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**Capping a year characterized by uncertainty, the fourth quarter of 2022 offered glimpses of economic stabilization.**

US gross domestic product grew by an annualized rate of about 3% in real terms for the second straight quarter, more than offsetting contraction earlier in the year. US employment increased by about a quarter million net jobs per month, reflecting the labor market's resilience while demonstrating a slowing pace of hiring, perhaps slow enough that the Federal Reserve would consider lifting its foot gently off the brakes of restrictive monetary policy. Bolstering that case, inflation slowed somewhat, although it remained well above the Fed's target rate. The central bank and its European counterpart, the ECB, did trim their rate increases to 50 basis points (bps) from previous 75 bps hikes, but their stance and tone remained hawkish.

Amid these economic signals, public equities performed strongly during 4Q2022. The S&P500 rose 7.6%. The MSCI World Index advanced 9.8%, its value components far outpacing its growth constituents. Stocks in the eurozone and UK were standouts, with the MSCI EMU rising 22.8% and the FTSE All-Share Index up 17.4%. The FTSE Nareit US Real Estate All REITs Index rose 4.5% during the quarter. Despite positive returns for 2022 as a whole, early indications are that private equity real estate returns turned negative in the fourth quarter. PREA's Greg MacKinnon and MSCI's Elizabeth Francis shared the latest performance data from the MSCI/PREA US Property Fund Index during a webinar on Feb. 9, accessible for replay on the PREA website.

For a forward-looking perspective, [PREA's 2023 Investment Intentions Survey](#) presents institutional investors' survey responses to questions about their reasons for investing in real estate, the ESG characteristics they look for in funds, and their current and target allocations to real estate. Within their real estate portfolios, they share information about allocations by strategy, sector, vehicle, and geography and their plans for capital deployment and allocation. To gain further understanding of what industry peers are thinking today and anticipating for the future, I recommend the recent webinar [Using REITs to Complement a Private Real Estate Portfolio: Benefits and Potential Pitfalls](#) in which Greg MacKinnon speaks with a respected group of investors and managers about the advantages and risks of using REITs to gain exposure to nontraditional real estate sectors.

Meeting with peers is one of the most effective ways to assess where we are and may be headed. The [2023 Spring Conference](#), to be held March 22–23 in Seattle, will provide many opportunities for robust dialogue, on topics including the capital markets, performance across property types, data analytics in real estate decision-making, and property investing from the investor point of view. Several of the keynote speaker selections are inspired by the event's location in a corporate and tech hub. I am looking forward to seeing many of you there.

The Spring Conference marks the conclusion of my tenure as PREA Chair. It has been an honor to serve in this role for the past year, and I thank you for placing your trust in me to guide the strategic direction of this distinguished organization. Manuel Casanga, who has been an outstanding partner in his capacity as Vice Chair, will succeed me. I am confident he will bring great skill and insight to his leadership of PREA. I am excited to work with him, the full board, and all of you to pursue PREA's educational mission with continued vigor in 2023.

Regards,

**Catherine Marcus**

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