

## 2023 Pension Real Estate Association Graaskamp Research Award Winner



Michael Acton, CFA®  
Head of AEW Research & Strategy  
North America

# Congratulations, Mike Acton!

We proudly congratulate Mike Acton on winning this award in recognition of his research and insights that have contributed immeasurably to the advancement of real estate as an institutional asset class. As a founding member of the AEW Research team in 1990, Mike's own cycle-tested knowledge and experience have helped our investors identify what's next for over 30 years.

Today, we celebrate and send our thanks to PREA and its members, past winners of the Graaskamp Award, our plan sponsors, and the pension plan beneficiaries that put their trust and confidence in AEW.



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## CHAIR'S REPORT

**How is the economy, really?** This perennial question has taken on particular importance in recent months amid conflicting signals. Monthly employment reports provide a case in point. Although initial readings came in under 200,000 net positions in July and August, they surged to more than 300,000 in September. All were more than enough to outpace labor force growth, and the September figure generated headlines with terms like “stunning” and “sizzling.”

While such job growth might have been cause for celebration in an environment with higher unemployment and lower inflation, it raised the prospect of more hawkish activity by the Federal Reserve in the current context. Fortunately, the September report showed signs of moderating wage gains, which in concert with gradual Consumer Price Index declines suggested that an inflation spiral is less of an immediate concern. Indeed, the Fed raised rates by only a quarter point in July and maintained current levels at its September meeting.

Public equities markets nevertheless seemed preoccupied with the possibility of unfavorable central bank activity, as declines in the low- to mid-single digits pervaded global indexes in 3Q2023. During the same period, the MSCI/PREA Open-End US Property Fund Index experienced a comparable 2% decline, and the FTSE Nareit US Real Estate All REITs Index sank by a more considerable 8%. Such disparities between public and private real estate pricing were a widespread subject of conversation at PREA's 2023 Annual Investor Conference in Boston.

I commend Conference Co-Chairs Natalie Hong (United Nations Joint Staff Pension Fund), Barbara Jesuele (J. Paul Getty Trust), and Timothy Schlitzer (Mass PRIM) for crafting a conference program that so expertly covered the topics most on our minds today. In addition to a series of outstanding presentations and panel discussions on real estate and geopolitical issues, the conference featured timely analysis of the question at the beginning of this letter. In answering it, esteemed economist Christina Romer spoke about the mixed signals the economy has sent in recent months, as well as her conviction that the medium-term outlook is nonetheless clear, with reason to expect the Fed to remain committed to its inflation reduction targets. In a subsequent conversation with her, Ed Luce of the *Financial Times* posed illuminating and often humorous questions about work-from-home trends, interest rate effects on consumer sentiment, and other important subjects.

During the conference, PREA recognized industry leaders. The Association's James A. Graaskamp award was presented to Michael J. Acton for his many contributions to research excellence. Steven Hason accepted the 2023 Institutional Investor ESG Award on behalf of organizational recipient APG Asset Management. A number of talented participants in PREA Foundation programming joined us in the audience and onstage, sharing their inspiring stories. I congratulate all these individuals and institutions on the work they are doing to improve our industry. Whatever the market conditions we face, efforts like theirs give us confidence in our industry's capacity to respond effectively, persevere, and thrive.

Regards,

**Manuel Casanga**

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