

## Holiday Havoc: Evolving Shopping Habits and Their Impact on Benchmark Composition Over Time

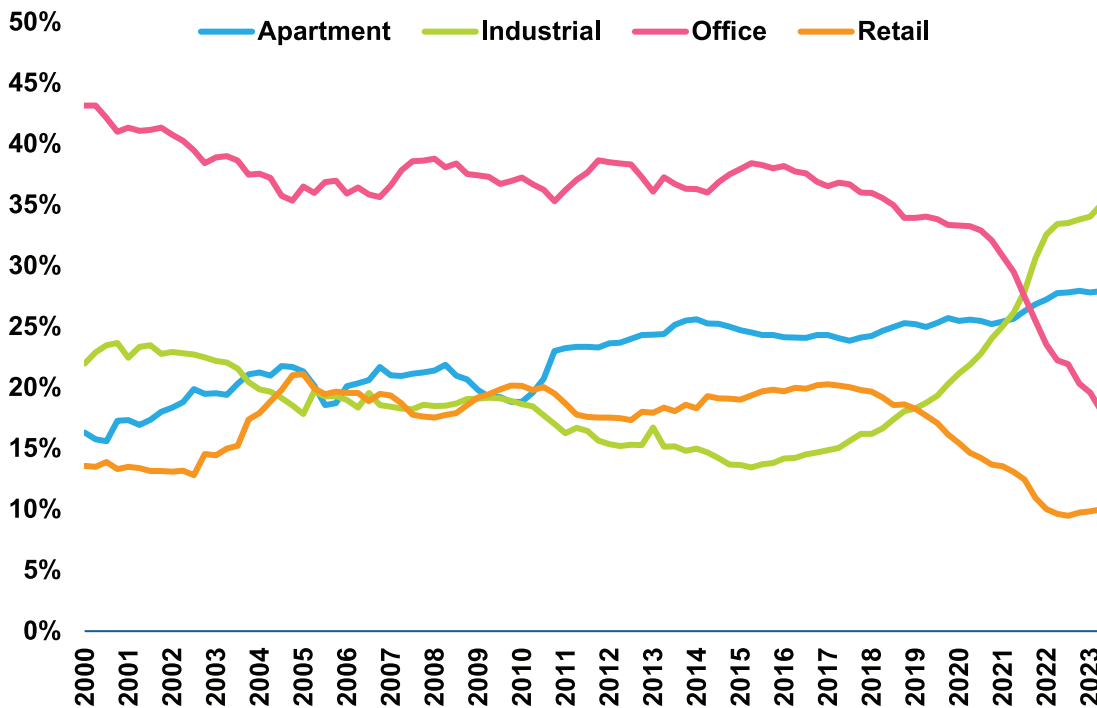
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**As families gear up for the festive holiday season, the frenzy of holiday shopping presents an opportunity to contemplate the influence of shifting shopping habits on real estate investments. Gone are the days of relying solely on rushing to the nearest mall, big-box retailer, or community shopping center, as consumers have wholeheartedly embraced online shopping. Today, holiday shopping might all be conducted online rather than in person.**

The changes in how we shop are reflected in the composition of the NCREIF Open End Diversified Core Equity (ODCE) Real Estate Index. In 2004, retail peaked at just over 20% of the total index, reflecting strong US demand for retail shopping experiences in places like big-box stores and shopping malls. Fast forward to the fall of 2023 and the retail sector is only ten percent of the ODCE index. Instead, shoppers are turning to on-line shopping, and thereby creating new demand for warehouse space.

The dramatic shifts in the composition of the ODCE Core Real Estate index may transform how institutional investors think about investing in core real estate.

In 2003, industrial real estate was 23% of the index, and today it is 35%. The shop-from-home dynamic is not the only change to the commercial real estate landscape. The work-from-home dynamic has placed tremendous pressure on the office sector, which has fallen from 43% of the index in 2000 to just 18% today. The dramatic shifts in the composition of the ODCE Core Real Estate index may transform how institutional investors think about investing in core real estate.



**FIGURE 1**  
ODCE Real Estate Sectors  
2000 – 2023

Source: ODCE benchmark sector weights by percentage as of June 2023.

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