

Europe Property Performance Monitor

Third Quarter 2024

IN A NUTSHELL

- The MSCI Pan-European Quarterly Property Fund Index (PEPFI) recorded quarterly fund-level returns of 0.1% over the third quarter of 2024, reflecting a softening in performance against the previous quarter but crucially remaining in positive territory.
 - Without the drag of gearing and leakage, return performance is more positive at the property level. Asset-level annual total returns entered positive territory for the first time in eight quarters, driven by continued healthy income growth and modest value recovery across most sectors over the most recent quarter.
 - European private real estate underperformed the other asset classes both on a quarterly and annual basis, whereas listed real estate has outperformed significantly more recently.
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Private Real Estate Performance¹

- Over the third quarter of 2024, asset-level total returns improved again to 1.6%, marking the third consecutive quarter of positive returns and the highest quarterly return since the second quarter of 2022. In addition, for the first time since the third quarter of 2022, year-on-year asset-level returns also turned positive at 1.4%, a noteworthy improvement.
- At the fund level, however, gearing is still proving a meaningful drag on performance. Quarterly fund-level total returns were neutral at 0.1%, while year-on-year returns, despite showing some improvement, remained firmly negative at -3.6%.
- At the property level, the hotel sector achieved the strongest returns at 2.4%, supported by robust value recovery of 1.1% over the quarter, alongside continued healthy income growth. Elsewhere, the logistics sector remained one of the stronger performers, driven by solid income growth and a second quarter of positive value growth.
- Notably, the much challenged office sector saw a significant improvement in performance, with positive quarterly value growth for the first time since the first quarter of 2022, reflecting a notable turning point for the sector. Annually, however, the sector remains by far the weakest performer with year-on-year returns totalling -4.1% to the third quarter of 2024.
- Geographically, the strongest quarterly returns were recorded in Sweden and the United Kingdom, where value growth was 1.4% and 1.7% respectively over the quarter. The Czech Republic, Ireland and Finland stood out as underperformers over the second quarter, with performance largely dampened by a continued correction in pricing.
- European private real estate underperformed both broad equities and bonds over the third quarter of 2024 and remains the underperformer on an annual basis. By comparison, listed real estate saw strong performance over the third quarter.

¹ Past performance is not indicative of future returns.

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Recent Performance Trends (% Y-o-Y)

	Quarterly		Annual	
	2024 Q3	2024 Q2	2024 Q3	2023 Q4
Private Real Estate - Fund Level	0.1%	0.7%	-3.6%	-9.2%
Private Real Estate - Asset Level	1.6%	1.2%	1.4%	-4.7%
Equities	3.5%	1.8%	20.9%	16.2%
Bonds	3.8%	-0.9%	9.2%	7.2%
Listed Real Estate	12.3%	0.4%	33.1%	17.1%
Euro Area 10-Year Govt. Bond ¹	2.8%	3.1%	2.8%	2.8%
Euro Area 12-Month EURIBOR ¹	2.7%	3.6%	2.7%	3.5%
EU CPI	0.4%	1.4%	2.4%	3.4%

Sources: MSCI, Macrobond, Markit iBoxx. As of Sept 30, 2024. Private real estate: MSCI Pan-European Quarterly Property Fund Index; Equities: STOXX All Europe Total Market; Bonds: iBoxx € Overall; Listed Real Estate: FTSE EPRA/NAREIT Europe. Past performance is not indicative of future returns.

¹ Figures represent annual yield

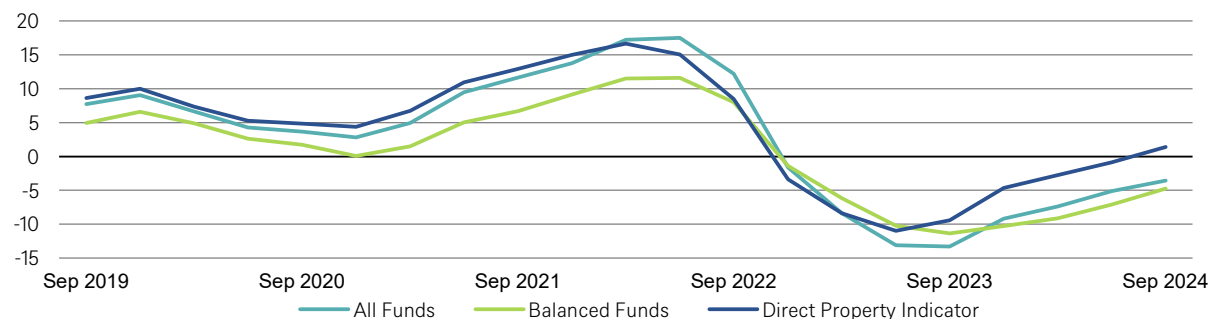
Performance Over The Past Five Years (% Y-o-Y)

	Sep 2020	Sep 2021	Sep 2022	Sep 2023
Private Real Estate - Fund Level	3.6%	11.6%	12.2%	-13.3%
Private Real Estate - Asset Level	4.8%	12.9%	8.5%	-9.4%
Equities	-6.5%	31.4%	-15.0%	20.0%
Bonds	0.6%	-1.1%	-16.9%	-0.6%
Listed Real Estate	-12.3%	23.1%	-34.5%	1.6%
Euro Area 10-Year Govt. Bond ¹	0.0%	0.1%	2.6%	3.4%
Euro Area 12-Month EURIBOR ¹	-0.4%	-0.5%	2.6%	4.2%
EU CPI	0.5%	3.1%	10.3%	5.7%

Sources: MSCI, Macrobond, Markit iBoxx. As of Sept 30, 2024 Private real estate: MSCI Pan-European Quarterly Property Fund Index; Equities: STOXX All Europe Total Market; Bonds: iBoxx € Overall; Listed Real Estate: FTSE EPRA/NAREIT Europe. Past performance is not indicative of future returns.

¹ Figures represent annual yield

Private Real Estate Total Returns (% Y-o-Y)



Source: MSCI, as of September 30, 2024. Past performance is not indicative of future returns. It is not possible to invest directly in an index.

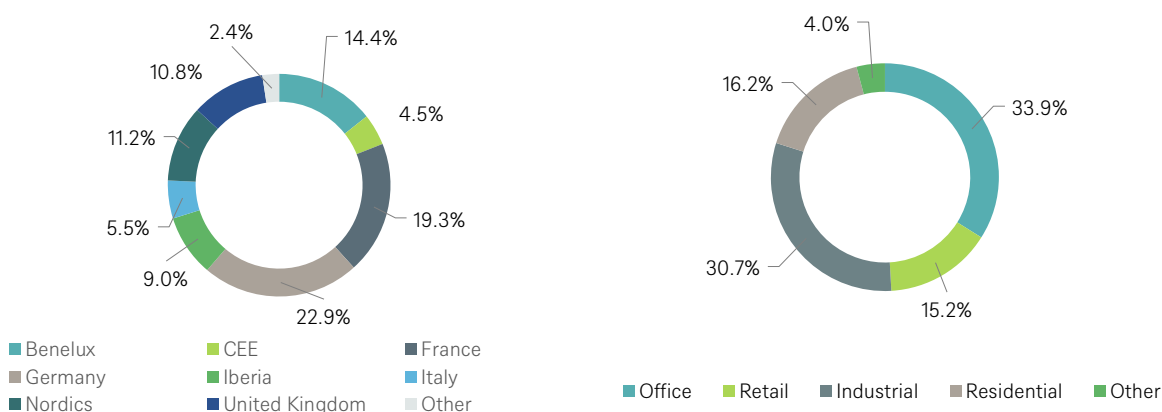
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Returns By Property Type And Region

		Annual Returns							Standard Deviation		Descriptive Statistics		
		1 Year			3 years	5 years	10 years	All ²	10 years	All ²	Value (bn)	Number	Gearing (% GAV)
		Total	In-come	Capit-al									
Fund-level Returns												GAV	Funds
All Funds		-3.6%	3.4%	-6.8%	-2.1%	1.7%	5.4%	4.3%	5.1%	5.9%	€70.2	22	25.3%
Balanced Funds		-4.7%	3.1%	-7.6%	-3.0%	-0.2%	3.1%	1.7%	3.9%	5.1%	€42.4	17	23.9%
Asset-level Returns												CV	Prop-erties
Type	Office	-4.1%	3.7%	-7.5%	-4.3%	-0.1%	4.3%	4.6%	4.1%	3.6%	€14.0	163	
	Retail	2.6%	5.5%	2.8%	2.1%	0.1%	2.7%	2.6%	2.8%	3.3%	€5.8	119	
	Industrial	3.5%	4.9%	1.4%	1.5%	7.0%					€35.8	1,246	
	Residential	2.1%	3.0%	-0.9%	0.2%	2.0%					€6.9	336	
Country	Belgium	0.9%	5.3%	-4.3%	-0.3%	4.6%	6.1%	4.8%	4.2%	3.8%	€1.2	35	
	Finland	-4.5%	5.0%	-9.1%	-1.5%	0.7%	3.3%	3.9%	3.6%	3.2%	€0.8	39	
	France	-1.4%	4.2%	-5.4%	-2.5%	1.2%	6.0%	5.4%	4.6%	4.2%	€10.9	411	
	Germany	-1.9%	4.2%	-5.9%	-1.3%	3.4%	7.6%	5.7%	4.6%	4.2%	€14.6	317	
	Italy	3.6%	4.4%	0.8%	1.6%	3.8%	6.2%	3.7%	3.7%	4.2%	€3.5	139	
	Netherlands	4.4%	4.9%	0.5%	-0.1%	4.1%	7.4%	4.4%	5.0%	4.5%	€7.6	224	
	Poland	0.9%	5.6%	-4.4%	3.6%	5.2%	6.3%	6.5%	2.8%	2.5%	€2.9	114	
	Spain	2.4%	4.9%	-2.4%	1.5%	3.2%	6.9%	4.2%	3.6%	5.0%	€4.2	125	
	Sweden	4.7%	4.2%	0.5%	-4.1%	3.6%	5.9%	5.7%	6.6%	8.0%	€2.8	75	
	UK	6.7%	4.3%	2.3%	1.1%	2.7%	4.0%	6.9%	8.5%	8.3%	€8.8	159	
All Property		1.4%	4.5%	-3.0%	-0.1%	3.3%	6.5%	6.1%	4.3%	3.9%	€64.0	1,896	

Source: MSCI Pan-European Quarterly Property Fund Index. As of September 30, 2024. Past performance is not indicative of future returns. ²All Funds index returns start in 2004, equivalent to an 18-year calculation. Returns for Balanced Funds index and asset-level indices may start later than 2004.

Balanced Funds Index Asset Allocation (% of GAV)



Source: MSCI. Balanced Fund Index. As of September 30, 2024.

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