

Europe Property Performance Monitor

September 2024

IN A NUTSHELL

- The MSCI Pan-European Quarterly Property Fund Index (PEPFI) recorded quarterly fund-level returns of 0.7% over the second quarter of 2024, the first positive fund-level return performance since the first half of 2022, indicating a turning point for European real estate.
 - Improved return performance was driven by further healthy income growth, alongside modest capital value recovery in several real estate sectors, notably the logistics and residential sectors.
 - European private real estate continues to underperform the other asset classes on an annual level, albeit has outperformed both bonds and listed real estate from a quarterly basis.
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Private Real Estate Performance¹

- In the second quarter of 2024, asset-level total returns remained positive for a second quarter. At 1.2%, the European real estate market improved again on the previous quarter, representing the strongest quarterly return in two years.
- In addition, for the first time since the second half of 2022, fund-level total returns also entered positive territory over the second quarter at 0.7%. The improvement in performance indicates a turning point for European real estate.
- On an annual level, asset-level total returns do remain negative, albeit are edging closer to positive territory at -0.9%. At the fund-level, however, year-on-year returns remain well in negative territory at -5.1%.
- Analysing performance across sectors, the logistics sector recorded the strongest quarterly returns over the second quarter at 1.7%, driven by both further healthy income growth, alongside positive value growth of 0.5%. The residential sector also saw positive value growth and returns over the quarter totalled 1.3%.
- Given the positive performance in logistics and residential, all-property capital value growth turned positive, albeit marginally at 0.1%. Further value declines were seen in the office and retail sector, however, at -1.0% and -0.2% respectively.
- From a geographic perspective, the strongest quarterly returns were recorded in Sweden, Portugal and the Netherlands, with the UK not far behind. On the other hand, Italy, Germany and Finland all underperformed over the second quarter.
- Private real estate outperformed bonds and listed real estate over the second quarter of 2024, although with returns remaining negative on an annual basis, real estate remains a notable underperformer year-on-year.

¹ Past performance is not indicative of future returns.

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RECENT PERFORMANCE TRENDS (% Y-o-Y)

	Quarterly		Annual	
	2024 Q2	2024 Q1	2024 Q2	2023 Q4
Private Real Estate - Fund Level	0.7%	-0.1%	-5.1%	-9.2%
Private Real Estate - Asset Level	1.2%	0.5%	-0.9%	-4.7%
Equities	1.8%	7.4%	14.7%	16.2%
Bonds	-0.9%	-0.4%	3.5%	7.2%
Listed Real Estate	0.4%	-2.4%	24.1%	17.1%
Euro Area 10-Year Govt. Bond ¹	3.1%	2.9%	3.1%	2.8%
Euro Area 12-Month EURIBOR ¹	3.6%	3.7%	3.6%	3.5%
EU CPI	1.3%	0.4%	2.5%	3.4%

Sources: MSCI, Macrobond, Markit iBoxx. As of June 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)

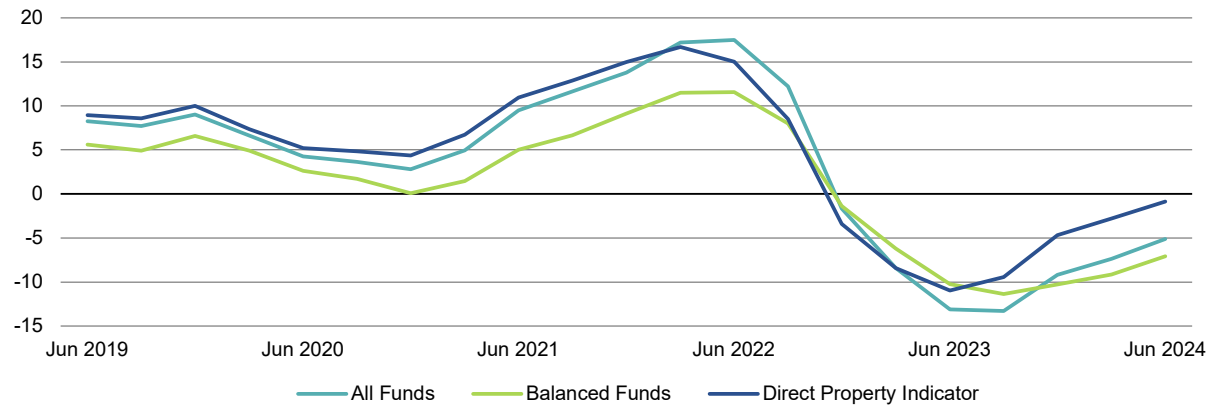
	Jun 2020	Jun 2021	Jun 2022	Jun 2023	Jun 2024
Private Real Estate - Fund Level	4.3%	9.5%	17.5%	-13.1%	-5.1%
Private Real Estate - Asset Level	5.2%	10.9%	15.0%	-11.0%	-0.9%
Equities	-4.8%	30.3%	-9.7%	16.7%	14.7%
Bonds	1.8%	0.3%	-12.6%	-3.7%	3.5%
Listed Real Estate	-6.1%	24.8%	-21.6%	-18.8%	24.1%
Euro Area 10-Year Govt. Bond ¹	0.2%	0.2%	2.2%	3.1%	3.1%
Euro Area 12-Month EURIBOR ¹	-0.2%	-0.5%	1.0%	4.1%	3.6%
EU CPI	0.6%	2.2%	8.8%	7.2%	2.5%

Sources: MSCI, Macrobond, Markit iBoxx. As of June 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

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PRIVATE REAL ESTATE TOTAL RETURNS (% Y-o-Y)



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

RETURNS BY PROPERTY TYPE AND REGION

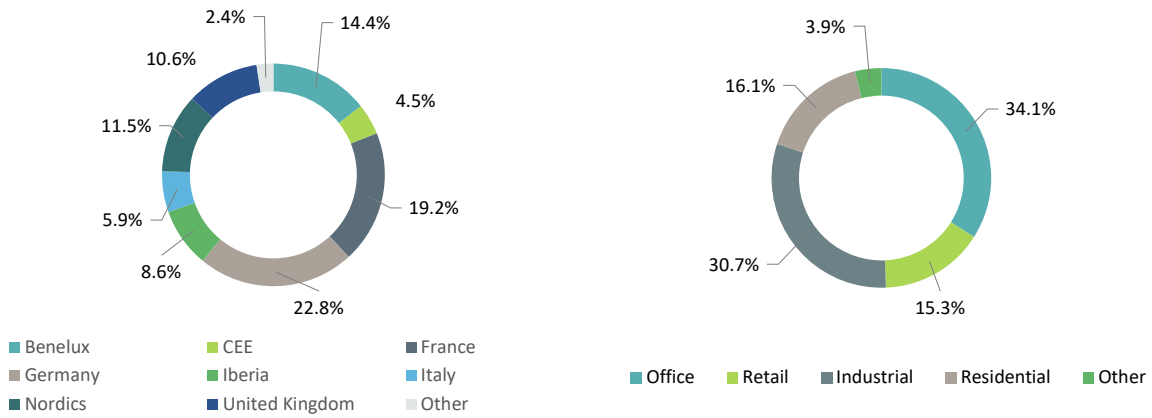
	Annual Returns							Standard Deviation		Descriptive Statistics		
	1 Year			3 yrs	5 yrs	10 yrs	All ²	10 yrs	All ²	Value (bn)	Number	Gearing (% GAV)
	Total	Income	Capital									
Fund-level Returns										GAV	Funds	
All Funds	-5.1%	3.4%	-8.2%	-1.1%	2.0%	5.8%	4.3%	5.2%	5.9%	€69.9	22	24.7%
Balanced Funds	-7.1%	3.0%	-9.9%	-2.4%	0.1%	3.2%	1.8%	3.8%	5.2%	€42.3	17	23.7%
Asset-level Returns										CV	Properties	
Type	Office	-8.6%	3.7%	-11.8%	-4.1%	0.0%	4.5%	4.6%	4.2%	3.7%	€14.0	167
	Retail	0.6%	5.5%	-4.6%	1.9%	-0.1%	2.7%	2.6%	2.8%	3.3%	€5.8	121
	Industrial	2.3%	4.9%	-2.4%	2.8%	7.2%					€35.8	1,261
	Residential	-0.4%	2.9%	-3.3%	0.3%	2.2%					€6.9	335
Country	Belgium	-1.6%	5.1%	-6.4%	0.6%	4.5%	6.1%	4.7%	4.2%	3.8%	€1.2	35
	Finland	-5.6%	4.8%	-9.9%	-0.3%	1.0%	3.4%	4.0%	3.6%	3.2%	€0.8	40
	France	-5.0%	4.1%	-8.8%	-2.1%	1.3%	6.1%	5.4%	4.6%	4.2%	€11.0	415
	Germany	-4.4%	4.1%	-8.2%	-0.6%	3.7%	8.0%	5.7%	4.7%	4.2%	€14.4	314
	Italy	2.2%	4.3%	-2.1%	2.2%	3.7%	6.1%	3.6%	3.7%	4.2%	€3.7	145
	Netherlands	2.8%	4.9%	-2.0%	0.5%	4.5%	7.3%	4.3%	5.0%	4.5%	€7.6	226
	Poland	0.9%	5.6%	-4.4%	4.3%	5.5%	6.6%	6.6%	2.8%	2.5%	€3.0	114
	Spain	1.1%	4.9%	-3.6%	2.1%	3.3%	7.3%	4.2%	3.7%	5.0%	€4.0	127
	Sweden	3.7%	4.1%	-0.4%	-3.2%	3.2%	6.1%	5.7%	6.7%	8.0%	€2.8	75
	UK	2.9%	4.2%	-1.3%	1.2%	2.4%	4.4%	6.8%	8.7%	8.4%	€8.8	164
All Property	-0.9%	4.4%	-5.1%	0.5%	3.5%	6.7%	6.1%	4.4%	3.9%	€64.0	1,914	

Source: MSCI Pan-European Quarterly Property Fund Index. As of June 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.

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BALANCED FUNDS INDEX ASSET ALLOCATION (% OF GAV)



Source: MSCI. As of June 30, 2024

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