

Europe Property Performance Monitor

Fourth Quarter 2024

IN A NUTSHELL

- The MSCI Pan-European Quarterly Property Fund Index (PEPFI) returned to positive annual performance in the fourth quarter of 2024, signalling a significant turning point after more than two years of negative fund-level total returns.
 - Capital growth returned to most sectors, with the all property average increasing by 0.7%. However, performance varied significantly by sector and market, with residential and logistics leading gains, whilst offices continued to lag.
 - European private real estate outperformed other asset classes on a quarterly basis, but remained a slight underperformer over the full year.
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Private Real Estate Performance¹

- The fourth quarter of 2024 showed further signs of improvement. For the first time since Q3 2022, annual total returns turned positive at both the asset and fund-levels, a significant shift after eight consecutive quarters of negative returns.
- Asset-level total returns increased slightly to 1.8% on a quarterly basis, while fund-level returns improved more notably, rising to 1.2% from 0.1% in the previous quarter, the strongest quarterly performance since the second quarter of 2022.
- On an annual basis, asset-level total returns continued to outperform fund-level returns, standing at 5.3% and 2.0% respectively. A similar trend was observed in the post Global Financial Crisis era, reflecting the impact of leverage. However, given fund-level annual returns were -3.6% in the previous quarter, the latest figures indicate significant improvement.
- The recovery in returns was supported by a return to quarterly capital growth across all sectors except shopping centres. On an annual basis, the logistics, residential and hotel sectors all recorded capital growth, while retail and office values continued to fall by -0.5% and -2.1% respectively.
- In terms of geographic performance, Portugal, the UK and the Netherlands were the strongest annual performers, with total returns of 10.1%, 9.7% and 8.0% respectively. Finland was the only market where total returns remained negative.
- Income performance remained strong, supported by a robust occupational market. The retail sector recorded the highest annual income growth at 5.5%, followed by the logistics sector at 5.0%.
- European private real estate outperformed both broad equities and bonds over the final quarter of 2024. However, on an annual basis, real estate remained an underperformer at the fund-level. Following a strong rally in the third quarter of 2024, listed real estate saw a weaker performance in the fourth quarter, bringing annual returns to -2.6%, the lowest among all asset classes.

¹ MSCI. Balanced Fund Index. As of December 31, 2024. Past performance is not indicative of future returns.

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Recent Performance Trends (% Y-o-Y)

	Quarterly		Annual	
	2024 Q4	2024 Q3	2024 Q4	2023 Q4
Private Real Estate - Fund Level	1.2%	0.1%	2.0%	-9.2%
Private Real Estate - Asset Level	1.8%	1.6%	5.3%	-4.7%
Equities	-3.4%	3.5%	9.3%	16.2%
Bonds	0.1%	3.8%	2.5%	7.2%
Listed Real Estate	-11.4%	12.3%	-2.6%	17.1%
Euro Area 10-Year Govt. Bond ¹	2.7%	2.8%	2.7%	2.8%
Euro Area 12-Month EURIBOR ¹	2.5%	2.7%	2.5%	3.5%
EU CPI	0.3%	0.4%	2.5%	3.4%

Sources: MSCI, Macrobond, Markit iBoxx. As of Dec 31, 2024. Private real estate asset and fund level: 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)

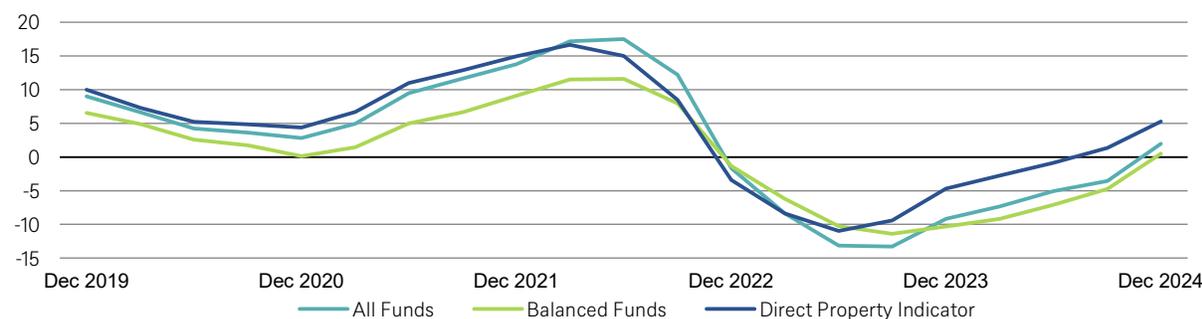
	Dec 2021	Dec 2022	Dec 2023	Dec 2024
Private Real Estate - Fund Level	13.8%	-1.7%	-9.2%	2.0%
Private Real Estate - Asset Level	15.0%	-3.4%	-4.7%	5.3%
Equities	25.7%	-12.3%	16.2%	9.3%
Bonds	-2.8%	-17.2%	7.2%	2.5%
Listed Real Estate	18.4%	-36.3%	17.1%	-2.6%
Euro Area 10-Year Govt. Bond ¹	0.1%	2.9%	2.8%	2.7%
Euro Area 12-Month EURIBOR ¹	-0.5%	3.3%	3.5%	2.5%
EU CPI	4.9%	11.0%	3.4%	2.5%

Sources: MSCI, Macrobond, Markit iBoxx. As of Dec 31, 2024 Private real estate asset and fund level: 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 Pan-European Quarterly Property Fund Index, MSCI Pan-European Quarterly Balanced Property Fund Index, as of December 31, 2024. Past performance is not indicative of future returns. It is not possible to invest directly in an index.

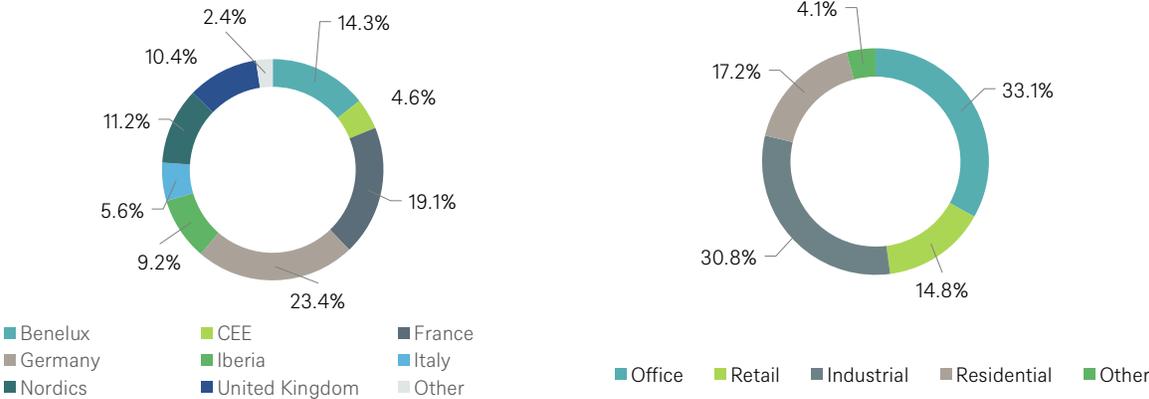
Returns By Property Type And Region

		Annual Returns						Standard Deviation		Descriptive Statistics				
		1 Year			3 years	5 years	10 years	All ²	10 years	All ²	Value (bn)	Number	Gearing (% GAV)	
		Total	In- come	Capital										
Fund-level Returns												GAV	Funds	
	All Funds	2.0%	3.5%	-1.5%	-3.1%	1.3%	5.1%	4.3%	5.1%	5.9%	€70.7	22	26.0%	
	Balanced Funds	0.5%	3.2%	-2.6%	-3.8%	-0.6%	3.0%	1.8%	3.8%	5.1%	€42.3	17	23.7%	
Asset-level Returns												CV	Properties	
Type	Office	1.6%	3.7%	-2.1%	-4.9%	-0.6%	4.1%	4.6%	4.1%	3.6%	€13.7	162		
	Retail	5.0%	5.5%	-0.5%	1.6%	0.2%	2.7%	2.7%	2.9%	3.2%	€5.7	110		
	Industrial	6.9%	5.0%	1.8%	0.2%	6.6%					€36.0	1,237		
	Residential	5.3%	3.0%	2.2%	-0.5%	1.9%					€7.3	337		
Country	Belgium	3.7%	5.3%	-1.5%	-0.9%	4.3%	6.0%	4.8%	4.1%	3.8%	€1.2	33		
	Finland	-0.6%	5.0%	-5.4%	-2.1%	0.2%	3.2%	3.9%	3.5%	3.1%	€0.8	39		
	France	4.8%	4.2%	0.6%	-3.1%	1.1%	5.8%	5.5%	4.6%	4.1%	€10.9	411		
	Germany	3.1%	4.3%	-1.1%	-2.3%	3.1%	7.4%	5.7%	4.6%	4.1%	€15.0	315		
	Italy	5.9%	4.5%	1.4%	0.7%	3.8%	6.1%	3.7%	3.7%	4.1%	€3.6	139		
	Netherlands	8.0%	4.9%	3.0%	-0.8%	3.7%	7.3%	4.5%	5.0%	4.4%	€7.6	221		
	Poland	2.8%	5.6%	-2.6%	2.7%	4.7%	6.0%	6.5%	2.7%	2.4%	€3.0	115		
	Spain	5.4%	4.9%	0.5%	1.2%	3.2%	6.6%	4.2%	3.4%	4.9%	€4.2	124		
	Sweden	5.2%	4.3%	0.9%	-4.0%	3.2%	5.8%	5.8%	6.6%	7.9%	€2.8	73		
	UK	9.7%	4.2%	5.2%	-1.0%	2.1%	3.6%	6.9%	8.4%	8.2%	€8.7	158		
All Property		5.3%	4.5%	0.7%	-1.0%	3.1%	6.2%	6.1%	4.3%	3.9%	€64.4	1,879		

Source: MSCI Pan-European Quarterly Property Fund Index, MSCI Pan-European Quarterly Balanced Property Fund Index, as of December 31, 2024. Past performance is not indicative of future returns. All 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. Balanced Fund Index. As of December 31, 2024.

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