Europe Real Estate CIO Spotlight

August 2026

By Dr Ulrich von Creytz

“The task is not to trade for the sake of activity, but to continuously assess where assets stand in their lifecycle.

Dr Ulrich von Creytz, CIO Real Estate, Europe

The Evolution of Core: From “hold by default” to “sell by signal”

Earlier this year, I watched a decisive World Cup qualifying match together with my colleague Giuseppe Colombo, our Head of Real Estate in Italy. For Italian football, it was a painful evening. Another missed qualification, another disappointment for a nation whose footballing history is among the richest in the world.

There was no Schadenfreude in the room – only frustration and a sense of disbelief. A team that once stood at the very centre of global football, arguably even at its prime, is now struggling to keep up. The conclusion is uncomfortable but unavoidable: Italian football is no longer core. Cycles have turned, requirements have changed, and what once dominated now needs renewal. Recent World Cup events suggest that Germany may not be entirely immune to this reality either.

Real estate is not so different.

Very few assets remain core forever. “Core” is not a static label, but a phase within a lifecycle – and those lifecycles are becoming shorter.

Back to Giuseppe. As we continued our conversation, he pointed to one of the most illustrative assets in our own portfolio: an office building near Milan’s Duomo that we have held for around 25 years. The building has never been flawless from a technical perspective, but its location and intrinsic characteristics have consistently supported strong demand. It is precisely this combination – resilience, adaptability and continuous relevance – that has allowed the asset to remain core over such a long period. Yet examples like this are becoming increasingly rare.

Shorter lifecycles and rising capital intensity

In real estate, it is the rule rather than the exception that assets lose quality over time. User requirements evolve, regulatory pressures increase, technology advances and occupiers become more demanding. A property that qualifies as core today will, sooner or later, require reinvestment to stay competitive.

This is hardly a new insight; it is the basic arithmetic of our industry. What has changed, however, is the **speed** at which this happens.

My observation is that property lifecycles are currently shortening across most sectors. Office real estate is a particularly telling example. We increasingly see higher tenant improvement costs, sometimes already triggered by a lease extension after ten years. Assets that once generated stable performance with limited intervention now require substantial capital expenditure much earlier in their lives.

Without timely reinvestment, perceived quality deteriorates rapidly – and with it rental potential, tenant demand and liquidity. What started as a core asset gradually turns into a repositioning case. Not because something went wrong, but because the environment around the asset moved on.

Active portfolio management is value preservation

This makes active portfolio management indispensable. The task is not to trade for the sake of activity, but to continuously assess where assets stand in their lifecycle – and whether they risk drifting from core to non-core.

Seen from this perspective, disciplined selling is not **"Hin und Her macht Taschen leer"**[1]. Quite the opposite: it is about protecting value in core funds, avoiding late-cycle capital intensity and ensuring that capital remains allocated where it generates attractive risk-adjusted returns. Holding an asset for too long can destroy value just as surely as selling too early. The real challenge lies in timing.

Why signals matter

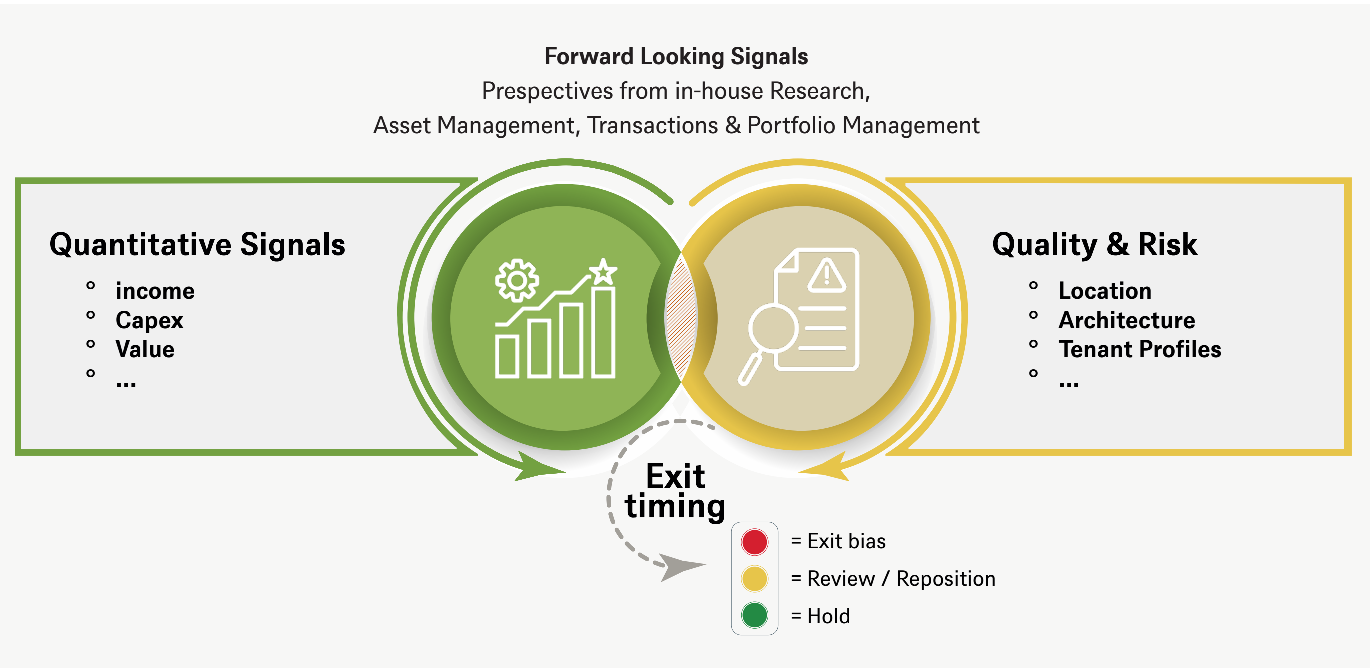
As real estate professionals, we tend to argue in qualitative terms – location quality, micro-markets, architecture, tenant profiles. That is both appropriate and necessary. But a purely qualitative perspective can blur judgment when it comes to identifying the **right** moment to exit an asset.

If that moment is missed, the portfolio manager may face an uncomfortable choice: invest significant capital to reposition the asset; or sell it to a value-add investor at a material discount. To avoid this, we have introduced **quantitative signals across all assets.** These signals are derived from a wide range of inputs: our business planning, in-house research, asset management insights and feedback from local transaction teams. Once an asset generates sell signals, the burden of proof shifts.

In that case, the portfolio manager must clearly justify **why** the asset should still be held – not why it should be sold.

Ultimately, as Giuseppe and Italian football know all too well, history alone does not secure future success. What counts are timely decisions, clarity of judgment and the willingness to act when cycles turn. We apply the same discipline to our core portfolios – and we are confident that, over time, this will prove to be the right approach.

Strategic Quantitative Signals Form Major Part of Critical Hold & Sell Decision-Making



[1] Translation: Too much activity destroys value.