

## Europe Property Performance Monitor

Second Quarter 2022

### IN A NUTSHELL

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- Private real estate returns slowed over the second quarter of 2022, with the MSCI Pan-European Quarterly Property Fund Index (PEPFI) recording quarterly fund-level total returns of 3.9%. Nevertheless, year-on-year returns continued to improve, reaching 17.8%, an all-time high for the index.
- Quarterly asset-level returns remained positive across all sectors, although a slowdown in performance was evident across the board.
- European private real estate comfortably outperformed other asset classes over the second quarter, with broad equities, bonds and the listed real estate market all recording significant declines.

### Private Real Estate Performance<sup>1</sup>

- The European private real estate market slowed over the second quarter, with quarterly asset-level total returns totalling 2.2%, the lowest level since the third quarter of 2020. Year-on-year asset-level returns also fell slightly, although remained healthy at 15.1%.
- At the fund level, quarterly total returns dropped to 3.9% after reaching a sixteen-year high in the previous quarter. On a year-on-year basis, however, fund-level total returns edged up further to 17.8%, representing the strongest annual result since the index began in 2004.
- The industrial sector continued to record the strongest performance, with quarterly asset-level total returns totalling 3.3%, although this was some way below the record high of 6.3% at the end of 2021. The office sector was a notable underperformer, with quarterly returns falling to a modest 0.6%.<sup>2</sup>
- From a geographical perspective, Poland and the Netherlands saw the strongest quarterly total returns at 3.5% and 2.9%, respectively. Following strong performance in the first three months of the year, Sweden was the only market to record negative total returns in the second quarter.
- On an annual level, all countries continued to record double-digit returns. The United Kingdom saw the strongest performance, with year-on-year returns of 18.8%, with Germany and the Netherlands not far behind.
- In a wider multi-asset context, European private real estate significantly outperformed broad equities and bonds. In addition, following on from a weak first quarter, the listed real estate market saw a further notable decline.<sup>3</sup>

<sup>1</sup> Past performance is not indicative of future returns.

<sup>2</sup> MSCI Pan-European Quarterly Property Fund Index. As of June 30, 2022.

<sup>3</sup> MSCI, Macrobond, Markit iBoxx. As of June 30, 2022.

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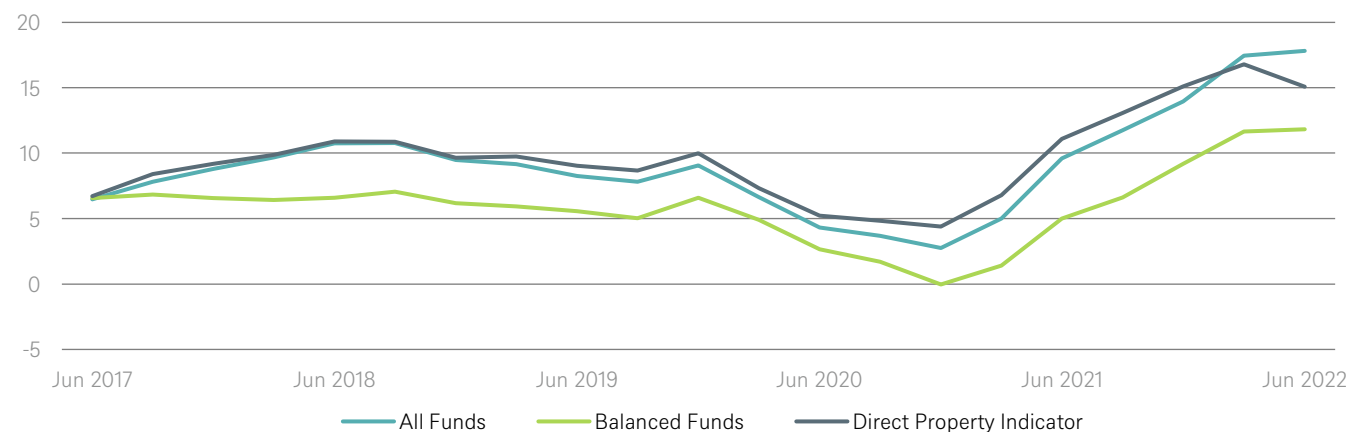
## Recent Performance Trends (% Y-O-Y)

	Quarterly		Annual	
	2022 Q2	2022 Q1	2022 Q2	2021 Q4
Private Real Estate - Fund Level	3.9%	5.3%	17.8%	13.9%
Private Real Estate - Asset Level	2.2%	4.0%	15.1%	15.1%
Equities	-9.5%	-8.0%	-9.7%	25.7%
Bonds	-7.2%	-5.6%	-12.8%	-2.8%
Listed Real Estate	-23.6%	-5.1%	-21.6%	18.4%
Euro Area 10-Year Govt. Bond <sup>1</sup>	2.2%	0.9%	2.2%	0.1%
Euro Area 12-Month LIBOR <sup>1</sup>	1.0%	-0.1%	1.0%	-0.5%
EU CPI	3.7%	2.4%	8.8%	4.9%

Sources: MSCI, Macrobond, Markit iBoxx. As of June 30, 2022. 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.

<sup>1</sup> Figures represent annual yield

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



Source: MSCI, as of June 30, 2022. Past performance is not indicative of future returns. It is not possible to invest directly in an index.

## Returns by Property Type and Region

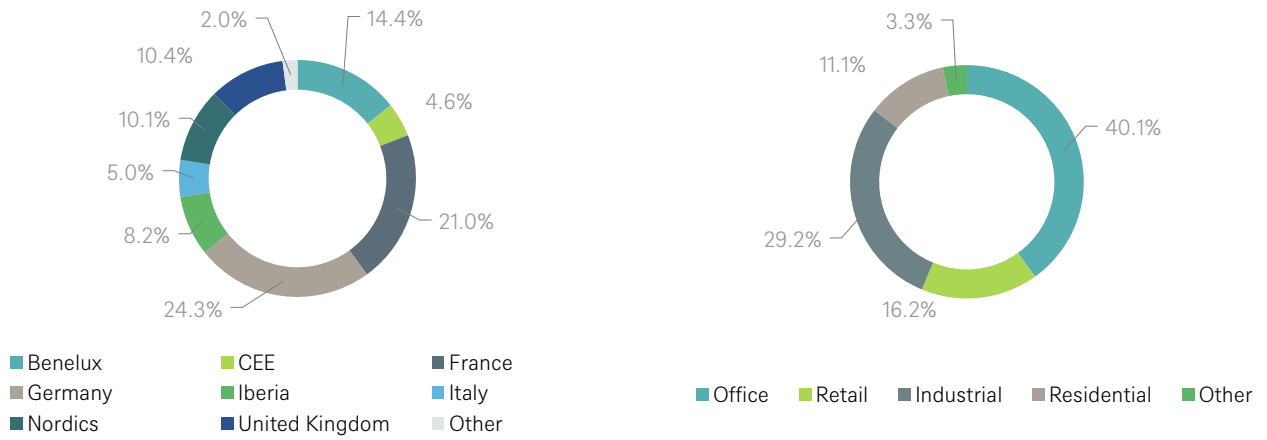
	Annual Returns							Standard Deviation		Descriptive Statistics		
	1 Year			3 yrs	5 yrs	10 yrs	All <sup>2</sup>	10 yrs	All <sup>2</sup>	Value (bn)	Number	Gearing (% GAV)
	Total	Income	Capital									
Fund-level Net Returns <sup>2</sup>										GAV	Funds	
All Funds	17.8%	2.9%	14.5%	10.4%	10.1%	8.9%	5.9%	2.9%	5.5%	€68.5	16	19.5%
Balanced Funds	11.8%	2.6%	9.1%	6.4%	6.3%	5.5%	3.1%	2.0%	4.9%	€44.6	14	20.0%
Asset-level Returns										CV	Properties	
Type	Office	7.7%	3.3%	4.4%	7.0%	7.6%	7.4%	6.2%	2.0%	2.7%	€17.3	163
	Retail	8.0%	4.7%	3.1%	0.5%	1.7%	3.8%	3.0%	2.6%	3.3%	€6.5	126
	Industrial	22.9%	3.9%	18.4%	17.1%						€32.8	919
	Residential	8.8%	2.0%	6.7%	6.3%						€4.5	289
Country	Belgium	13.8%	4.0%	9.5%	11.6%	9.5%	8.1%	6.1%	2.8%	3.3%	€1.0	26
	Finland	10.2%	4.0%	6.1%	5.3%	5.8%	5.7%	5.7%	2.3%	2.2%	€1.0	40
	France	12.3%	3.6%	8.5%	8.6%	9.4%	9.1%	7.3%	2.1%	3.2%	€11.7	348
	Germany	16.1%	3.2%	12.5%	12.3%	12.6%	11.1%	7.6%	2.0%	3.3%	€14.6	247
	Italy	14.7%	3.7%	10.7%	8.8%	8.6%	7.5%	4.6%	2.7%	4.0%	€2.9	89
	Netherlands	16.2%	3.7%	12.1%	12.8%	12.8%	9.5%	6.0%	2.6%	3.6%	€7.3	167
	Poland	14.1%	4.8%	8.9%	9.6%	8.8%	7.9%	7.8%	2.2%	2.0%	€2.7	97
	Spain	11.3%	4.1%	6.9%	7.1%	7.3%	8.4%	5.0%	3.6%	5.0%	€3.6	81
	Sweden	10.8%	3.1%	7.4%	12.7%	9.6%	9.4%	7.9%	4.9%	7.4%	€2.8	66
UK	18.8%	3.5%	14.9%	8.7%	7.6%	8.5%	9.4%	7.8%	7.6%	€8.7	125	
<b>All Property</b>		<b>15.1%</b>	<b>3.6%</b>	<b>11.1%</b>	<b>10.4%</b>	<b>10.2%</b>	<b>9.3%</b>	<b>7.5%</b>	<b>2.4%</b>	<b>3.3%</b>	<b>€62.4</b>	<b>1,527</b>

Source: MSCI Pan-European Quarterly Property Fund Index. As of June 30, 2022. Past performance is not indicative of future returns.

<sup>2</sup>Net of fees. The fund-level index includes the effect of leverage, fund management fees and cash balances 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. As of June 30, 2022.

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