



## Catella predicts Asian wave on European real estate markets

A study compiled by Catella Research shows that the Asian investments will increase by 44 percentage point this year up to €14 billion. Potential investment volume from Asian investors into Europe of up to €25 billion by 2019. The role of Asian real estate investors in European countries will fierce the competition especially for high-quality property in prime locations. Chinese money on the way to diversify out of UK.

"The motivation and reasons for this analysis are curiosity about the unknown and certain expectations. Because never in the past 20 years have we seen a wave of investments head for Europe preceded by an announcement, as it were", says Dr. Thomas Beyerle, Group Head of Research at Catella.

Especially as, compared to the Asia-Pacific region and North America, Europe has so far hardly featured on the investment radar of Asian investors. Expectations are high, therefore, especially in the property markets of Continental Europe. While London has been and still is the number one destination for Asian capital, this sentiment has spread in the past four quarters not only to France (2.5% of the share of the commercial investment market attributable to Asian investors in 2014), but also in Belgium (14%), Germany (6%) and Spain (3%).

"It was important for us to provide some general transparency for the many different announcements, expectations, search profiles and above all ways to differentiate Asian investors. It is also high time we gave the stereotyping of the Asian investor category a more transparent structure", continues Dr. Thomas Beyerle.

Currently sovereign wealth funds and insurance companies from Singapore, Malaysia or South Korea still dominate perceptions, but Catella's analysts expect the biggest investment drive into Europe to come from Chinese pension funds by 2019. This means that the concentration of institutional capital will shape the markets for the time being.

According to the study, another factor that is often forgotten when analysing capital flows into Europe is the wave of socio-political liberalisation in the respective source countries, where the movement towards Europe is primarily justified quoting factors such as "diversification, "stability" and "inflation reasons". The most valued aspects are the "rule of law", "political stability", "market transparency" and "market standards".

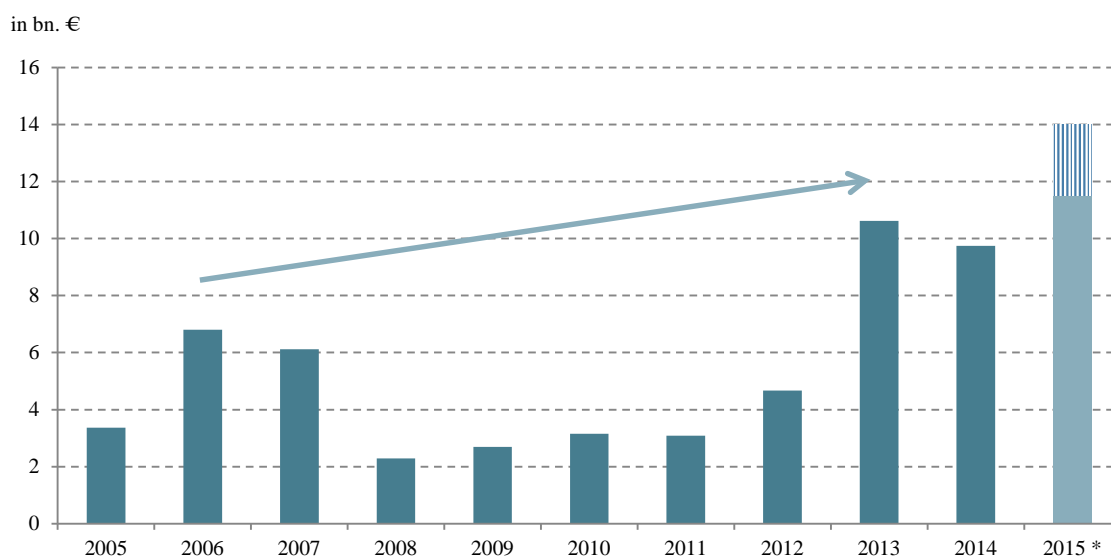
"On the basis of this line of argument we can also deduce that the strategy of investing in core or high quality properties in prime locations will continue for some time to come. The strategic shift towards value-add investments is happening rather sluggishly at present, although interest in this market segment has increased slightly in recent weeks. In addition to the traditional investment criteria, Asian investors above all love story telling – i.e. anecdotes about the building that give it its unique character", adds Dr. Thomas Beyerle.

Other key findings of the study:

- Chinese pension funds to have a strong market presence by 2019
- Asian investors will increase in average the debt ratio for investments from the current 15% to 25% in 2019
- Potential investment volume from Asian investors into Europe of up to €25 billion by 2019

One core element revealed by Catella's study is that, although the European investor market as a whole will continue to expand in the coming quarters, the role of Asian investors will shape its structure in this process. Asian investors are expected to have an average share of around 10% p.a. of the European investment volume by 2019.

Figure: Asian investment volume in Europe, 2005 – 2015 (office/retail)



\* Forecast

Source: Catella Research

The study "Asian Investors in Europe" can be downloaded from [Catella.com](http://Catella.com)

For more information, please contact:

Thomas Beyerle  
Group Head of Research  
+49 69 31 01 930 220, +49 172 52 55 909  
[thomas.beyerle@catella.de](mailto:thomas.beyerle@catella.de)

Press contact:

Ann Charlotte Svensson  
Head of Communications  
+46 8 463 32 55, +46 72 510 11 61  
[anncharlotte.svensson@catella.se](mailto:anncharlotte.svensson@catella.se)