PRESS RELEASE

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Catella sees higher proportion of real estate by multi-asset investors and Ecological Social Governance investments on the rise

German multi-asset investors currently allocate an average of 9.8% of their assets under management (AuM) to the "Real Estate" category, although they are anticipating an increase to 11 – 13%, according to the results of a survey of banks, insurance companies, investment/asset managers and funds conducted by Catella Research. The survey was aimed at finding out more about investment behaviour against the background of the continuing zero-interest environment. It also revealed that German open-ended real estate funds are the most popular form of investment with direct investments ranking second, followed closely by Luxembourg-based open-end real estate investment funds.

"In current transaction market activities, it is evident that the majority of investments are made at a deal-by-deal level, with an ever-increasing trend for investors to invest more selectively", comments Prof. Dr. Thomas Beyerle, Head of Group Research at Catella. "In the target markets, most of the fungible properties appear to be 'too expensive' overall. Alternative strategies are primarily aimed at the value-add segment, provided that the risks are considered to be manageable", Beyerle continues.

Looking ahead, office property remains the most attractive asset class, however with a lower proportion of total investments. Whereas an average of around 30% is still being invested in this segment, the survey participants plan to invest around 4% less in office properties in the next two years. Residential property ranks second. Around 27% is currently being invested in this class. This will probably fall by 2.5% over the next two to five years.

When asked about "sustainability", 59.38% consider that it will increase in importance in the next few years. 9.38% were "neutral" on this point. Not a single respondent believed that this aspect of Ecological Social Governance investments will decrease in importance.

The geographical investment prospects for the next year among the selected markets in Germany are rated as the best. They are rated as "very good" by 15.6% of the participants, "good" by 53.1% and "average" by 28.1%. Only 3.1% considered them to be "below average". Similar results were achieved in the EU (excluding Germany). North America and Asia also do relatively well in the assessment, with the UK and Japan coming off worst.

"We consider that, for future investments in real estate, urbanity will outperform the short-term returns outside the conurbations. Long-term conservation of value and thereby future viability resulting from sustainability will be decisive factors for the success of investments. Stable returns will primarily be generated in locations that are currently well suited to investment – even with rising interest rates", says Thomas Beyerle.

View the complete analysis at https://www.catella.com/en/germany/research.

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