

Hamburg, 20 July 2021

**FUND COMMENTARY:  
THIRD-PARTY AIFMs CLAIM MARKET SHARE OF 55 PERCENT AMONG OPEN-ENDED INSTITUTIONAL PROPERTY FUNDS**

- ◆ Third-party AIFMs maintain market share on high level
- ◆ Regulatory regimes will keep elevating the role of third-party AIFMs
- ◆ INTREAL seeing fast growth in its AIFM services division
- ◆ Third-party AIFMs also gaining in significance for public funds

The market share of third-party AIFM in the segment of open-ended institutional property funds approximates 55 percent, according to a recent analysis of statistics compiled by the BVI Federal Association for Investment and Asset Management. Out of the net cash inflow registered in 2020, around 55 percent were paid into investment funds managed by three third-party AIFMs, these being INTREAL, HANSAINVEST and Universal Investment. The remaining 45 percent were collected by investment funds of management AIFMs. These are asset managers that have their own AIFM license and thus need no third-party AIFM for launching and reporting on investment funds. In 2020, institutional investors committed a net total of c. 9.4 billion euros in open-ended institutional property funds.

Michael Schneider, Managing Director at INTREAL, commented: “More than half of the money that institutional investors committed in open-ended institutional real estate funds was collected by investments funds initiated and administrated by third-party AIFMs. This confirms the trend toward a division of labour between administration, on the one hand, and management, on the other hand. It is safe to say that the principle of third-party AIFM is now established on the market for good. Since regulatory and other administrative requirements keep tightening—not least due to the ESG regime—third-party AIFM can be expected to keep gaining in significance.”

**Brisk Growth in Third-Party AIFM Market Share since 2012**

The market share of third-party AIFMs in the segment of open-ended institutional property funds has steadily increased over the past ten years. From around 21 percent in 2012, it rose to 63 percent by 2015, which has been the high-water mark ever since.

According to the BVI statistics, the market share claimed by third-party AIFMs is split among just three companies: HANSAINVEST, INTREAL and Universal Investment. While there is one other third-party AIFM in Germany, namely Institutional Investment Partners (2IP), it is not a BVI member and therefore not included in the association’s stats.

INTREAL has raised more than 1.5 billion euros in net cash inflow for open-ended institutional property funds since 2015, the strongest of these years having been 2017 and 2020 with 2.2 and 2.1 billion euros, respectively.

### **Management AIFMs Taking Advantage of Third-Party AIFM Services**

The counterpart to third-party AIFMs are the management AIFMs. Michael Schneider elaborated: “In recent years, strong investor demand enabled both existing and new management AIFM to set up numerous new fund products. But quite a number of providers, especially new management AIFMs, have started to take advantage of third-party AIFMs for their back-office functions, using efficient, scalable services and IT systems of the latter to speed up the implementation of their new products. In the case of INTREAL, these services are provided in the AIFM services division. We are currently seeing fast growth in this business unit. To be exact, INTREAL increased its assets under administration (AuA) in the AIFM services segment by 1.2 billion euros in Q1, bringing the total up to c. 17 billion euros). This means that this business unit accounts for about 42 percent of all assets under administration.”

### **Third-Party AIFMs also Gaining Market Shares in the Public Fund Sector**

Barely noticed, INTREAL has moreover found its way into the statistics on open-ended public real estate funds. Out of the total AuA of INTREAL, public funds accounted for a total of 2.12 billion euros by the end of March 2021. Schneider commented: “The segment of open-ended public property funds is growing dynamically. I’m convinced that third-party AIFMs will expand their market share in this area, too, in future.”

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### **About INTREAL**

As a third-party AIFM, INTREAL concentrates exclusively on the business of launching and managing regulated real estate funds on behalf of third parties under the German Capital Investment Act (KAGB). The platform lets clients take advantage of all the options of a real estate AIFM without having to set up one in their own right. Options include the launching of open-ended and closed-end property funds or the outsourcing of AIFM back offices to INTREAL. Employing 360 staff, the INTREAL Group offers long-term real estate know-how along with detailed and highly professional fund management expertise.

INTREAL collaborates with a large number of third-party fund partners to administrate 214 investment funds with a combined investment volume of c. 40.6 billion euros (all figures as of quarter-end Q1 2021).