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## **Fund Commentary: Open-Ended Real Estate Special AIF Grew Faster during First Eight Months of 2022 than during Prior-Year Period**

- ◆ Net fund assets of all open-ended real estate special AIF grows to 169.4 billion euros (+13.2 billion euros since beginning of the year)
- ◆ Net cash inflow between January and August 2022 approximates 10.2 billion euros

The sector of open-ended real estate special funds is growing in 2022 despite difficult parameters. In fact, the growth has been faster than it was during the prior-year period. This is one of the findings that an analysis of the latest Bundesbank figures returned. According to the stats, the net fund assets of all open-ended institutional property funds increased from 156.2 billion euros in January 2022 to 169.4 billion euros by August. This implies a growth by 13.2 billion euros or 8.4 percent. Compared to the prior-year period, the net fund assets grew from 135.8 billion euros (January 2021) to 146.8 billion euros (August 2021). It implies a growth by c. 11 billion euros or 8.1 percent.

The year 2022 to date has also outperformed 2021 in terms of the net cash inflow for funds of this type. During the first eight months, the funds received c. 10.2 billion euros in net cash inflow or capital drawn down by their managers. For the sake of comparison: The sum total compares to 7.6 billion euros during the same period last year.

Michael Schneider, Managing Director at INTREAL, commented: “Due to the consequences of the war and the rapid rise in interest rates, the real estate market in general is defined by serious unease. Many institutional investors have adopted a wait-and-see attitude, and are reviewing their current and future asset allocation in light of the ongoing developments. As a result, investment decisions are often postponed.”

### **Equity-Rich Funds Already Seizing Opportunities**

Against this background, the figures released by Germany’s central bank come as a surprise, and seem to contradict general market sentiment. How do you explain the growth in 2022? To some extent, the growth figures are attributable to existing commitments which are successively drawn down at present. In addition, some investment funds have enough equity to act on emerging opportunities and to engage in pinpoint investments. But the figures also show that new funds are being launched and that fundraising efforts continue. “These trends are confirmed by what we see in our day-to-day business. We managed to increase our assets under administration by a total of 7.3 billion euros during the first eight months of 2022.”

Schneider went on to say: “Our outlook is therefore defined by cautious optimism. We assume that the market will keep growing in 2023, although it may do so at a slower pace than what we have seen so far. I am convinced that once the prevailing parameters get better safety ratings—the keywords here being volatile capital markets and high inflation rates—institutional investors will drop their reticent attitude again, especially in regard to real estate fund investments.”

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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 every service an AIF management company (KVG) provides without having to form one of their own. Options include the launching of open-ended and closed-end property funds or the outsourcing of AIFM back offices to INTREAL. Employing 452 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 283 investment funds with a combined investment volume of c. 57.2 billion euros (all figures as of quarter-end Q2 2022).