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## **Fund Commentary by INTREAL Luxembourg: Net Fund Assets of All European Real Estate AIF Topped Mark of One Trillion Euros in 2022**

- ◆ Net fund assets of all real state AIF grew to 1.06 trillion euros in 2022 (+76 billion euros year on year), according to EFAMA
- ◆ European real estate AIF registered a net cash inflow of 6.2 billion euros in 2022
- ◆ Upward trend of cash inflows emerged in the course of 2022
- ◆ Fund domicile Luxembourg grew particularly quickly with +20.6 billion euros
- ◆ With net fund assets totalling 137.4 billion euros, Luxembourg ranks third for real estate AIF in Europe

The net fund assets of all European real estate AIF topped the mark of one trillion euros in 2022. This was revealed by an analysis of the European Fund and Asset Management Association (EFAMA) which covered 29 countries in Europe. Despite cash outflows during the first quarter—due to the outbreak of the war in Ukraine—net fund assets increased. By the end of 2021, the sector total had been 0.99 trillion euros. In the course of 2022, the sum grew successively from 1.0 trillion euros (Q1) to 1.03 trillion euros (Q2), then 1.07 trillion euros (Q3), before ending the year at 1.06 trillion euros (Q4). The aggregate growth in net fund assets thus approximated 76 billion euros.

In the real estate asset class, the countries of Germany, France, Luxembourg and the Netherlands account for almost 80 percent of the total of 1.06 trillion euros in net fund assets. The leading domicile for real estate funds is Germany with 348.8 billion euros, followed by France with 231 billion euros. Luxembourg comes in third with 137.4 billion euros, while the Netherlands place fourth with 122.8 billion euros.

Rudolf Kömen, Conducting Officer of INTREAL Luxembourg, commented: “Although Luxembourg, in terms of population, is around 120 times smaller than Germany, it has a very large share of regulated real estate funds that add up to c. 137.4 billion euros. The growth is attributable primarily to the high level of acceptance and recognition that Luxembourg vehicles have among international institutional investors.”

### **Net Cash Inflow of 6.2 Billion Euros in 2022**

European real estate funds (alternative investment funds, AIF) added a net inflow totalling c. 6.2 billion euros in 2022. That said, the year had started out with a drop by around 9.9 billion euros – probably due to the outbreak of the war in Ukraine and the resulting market jitters – making the first-quarter performance the poorest one. Cash inflows subsequently improved with each quarter, climbing from +4.5 billion euros in Q2 to +4.9 billion euros in Q3 and finally to +6.7 billion euros in Q4.

A drilldown shows that the net cash inflows vary considerably from one country to the next. Luxembourg stands out with very high net cash inflows in a total amount of 20.6 billion euros. This put it well ahead of the runner-up: Ireland ranked second with cash inflows of 1.6 billion euros. Conversely, several countries

reported significant cash outflows – most notably the Netherlands with -12.5 billion euros and the United Kingdom with -3.6 billion euros.

Rudolf Kömen, Conducting Officer of INTREAL Luxembourg, commented: “The figures show that real estate funds launched in Luxembourg were subject to very strong demand even in the difficult year of 2022. There are quite obviously fund initiators and investors who perceive opportunities even in a challenging real estate market.”

The EFAMA database contains data on UCITs and AIFs in 29 European countries, including Turkey, the United Kingdom and Switzerland. The quarterly statistics are compiled by EFAMA and the Investment Company Institute (ICI) on behalf of the International Investment Funds Association (IIFA).

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### **About INTREAL**

As a third-party AIFM, INTREAL focuses 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 real estate funds or the outsourcing of AIFM back offices to INTREAL. Employing 495 staff, the INTREAL Group offers extensive real estate know-how along with detailed and highly professional fund management expertise.

In Luxembourg, the largest fund location in Europe, INTREAL is represented by its subsidiary, INTREAL Luxembourg. INTREAL Luxembourg is an independent AIFM and Central Administrator for Luxembourg-domiciled real estate funds and real-estate-related assets classes for German and international clients.

Through another subsidiary, INTREAL Solutions, the company makes its comprehensive real estate fund experience available to other market players within the scope of best-practice consultancy. These advisory services combine the IT subject with other specialist areas like ESG, risk management and process consulting.

INTREAL collaborates with a large number of third-party fund partners to administrate 294 investment funds with a combined investment volume of c. 63.7 billion euros (all figures as of the end of Q1 2023).