

# Investment Intentions Survey 2015

## Snapshot Research

### Risk appetite increases as investors show strong preference for non-core products

- > Record number of 337 respondents
- > Real estate allocations to rise from 10.8% to 11.3%
- > Investors moving further afield

The real estate sector is expected to see an influx of capital in 2015 with a total of €42.5 billion earmarked for investment into global real estate. On balance investors intend to further increase their portfolio weightings to the sector, with the average allocation to real estate expected to rise to 11.3% from 10.8% currently.

Investors in Asia Pacific are leading the way continuing to build up their real estate portfolios with 59.4% expecting to increase real estate allocation over the next two years. European investors also have an optimistic outlook on the market, with 44.6% of respondents intending to increase their allocations. While half of the those in North America plan to maintain current portfolio holdings, a further 36.8% intend to further increase allocations to real estate.

Non-listed funds has been named by investors as the most preferred route to investing into European real estate over the next few years. The majority of investor respondents, 44.2%, indicated an intention to increase its allocation to non-listed funds

compared with only 17.1% that intend to decrease, while a further 23.3% expect to maintain current allocation and 15.5% do not currently invest in non-listed funds.

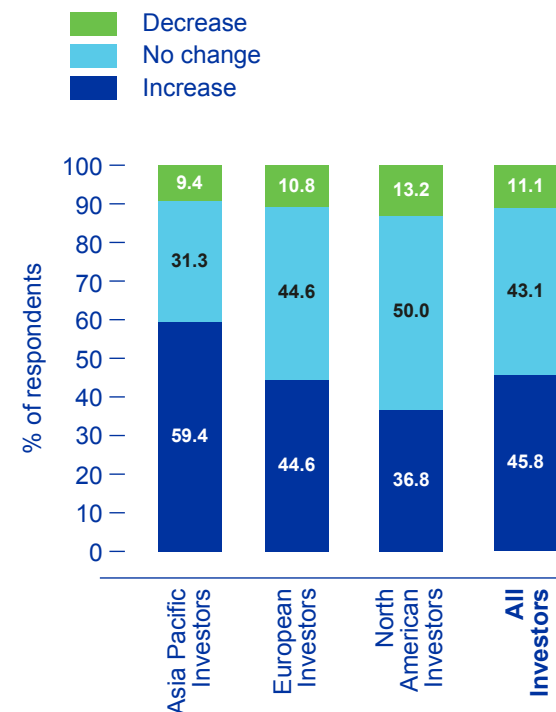
The next most popular route to investment is via joint ventures and club deals with 41.4% of investors expecting to increase its allocation to here. This route is generally preferred by larger investors who also prefer direct real estate investment.

Currently, 80.3% of European investors are invested in European non-listed real estate funds, compared with 78.1% and 68.2% of investors domiciled in North America and Asia Pacific respectively.

In 2014 more than half of the investors indicated that core was their preferred fund style for investment. This years' results show that core and value added are on par, each with 41.1% of investors indicating that this is their preferred investment style for 2015. The remaining 17.8% is attributed to opportunity funds; this is a significant jump from the 7.1% seen last year.



**Figure 1 Investors' views on development of global real estate portfolio**



The perception from fund managers is that investors' risk appetite will tilt further towards value added, with 45.7% indicating this, compared to core at 37.2%. However, opportunity funds are unlikely to see much further investment as only 17.0% of fund

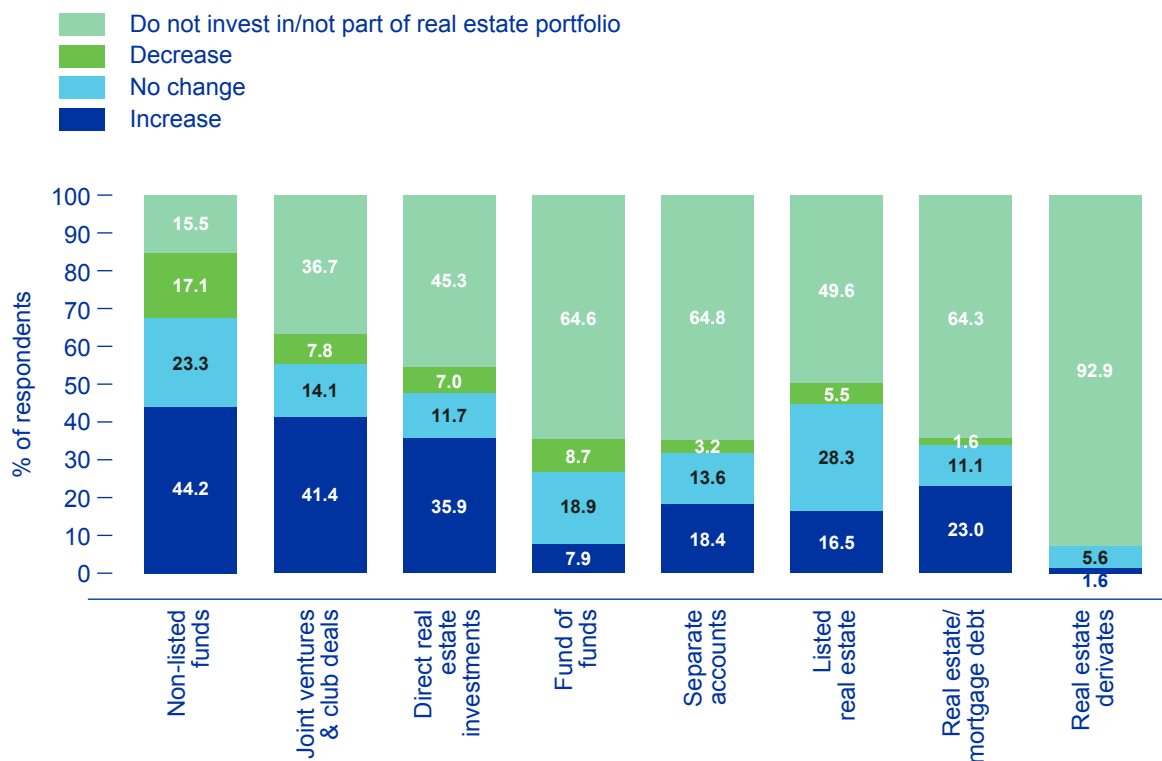
managers perceive these as an investment style investors would select.

Meanwhile fund of funds managers rank value added as their preferred style for investment into non-listed real estate funds, with 55.6% indicating so. Fund of funds managers

generally manage value added and opportunity funds rather than core.

Other highlights in the full report include most popular countries and sectors, preferred structures and strategy. The full report is available to members at [www.inrev.org](http://www.inrev.org).

**Figure 2 Expected change in investors' European allocations over the next two years (equally weighted)**



**Figure 3 Investors' preferred fund style and fund managers' perception of investors' preferred fund style**

