

# Core funds TERs are higher in Europe than in Asia Pacific

- > TERs before and after performance fees are higher in Asia Pacific than in Europe
- > Core funds in Asia Pacific have lower TERs than in Europe
- > REERs are on average lower in Asia Pacific than in Europe

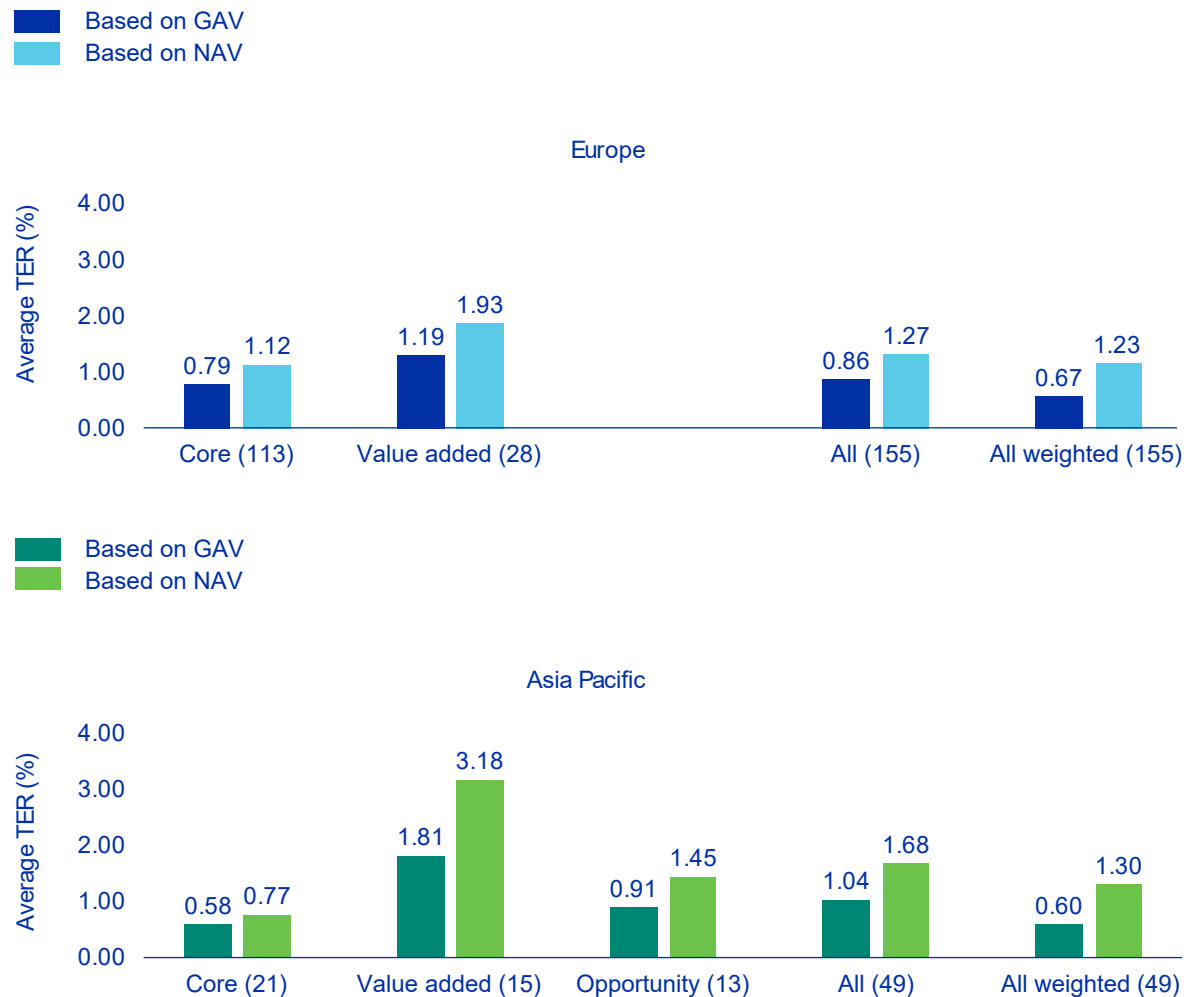
On average, TERs before and after performance fees are higher in Asia Pacific than in Europe regardless of GAV or NAV bases.

The average TER in Asia Pacific was 1.04% on a GAV basis and 1.68% on a NAV basis before performance fees and respectively 1.15% and 1.86% after performance fees, compared to 0.86% and 1.27% in Europe before performance fees and 0.88% and 1.30% after.

By style, Asia Pacific core funds have a considerably lower TER average than those in Europe, respectively 0.58% and 0.77% on a GAV basis and 0.77% and 1.12% on a NAV basis.

In contrast, TERs for value added funds are higher in Asia Pacific than in Europe respectively 1.81% and 1.19% on a GAV basis and 3.18% and 1.93% on a NAV basis.

Figure 1: TER by style before performance fees



By structure, open end funds TERs are similar in both regions, whereas closed end funds TERs are higher in Asia Pacific.

We found the same pattern in Asia Pacific and Europe on TERs by year of first closing: younger vehicles tend to have higher TERs than older vintages.

Similarly large funds have smaller TERs compared with smaller funds.

Regardless of the region, the dominant component of the TERs were management fees, whether based on GAV or based on NAV, before or after performance fees.

In Asia Pacific, the management fees comprised 89% of the TER on a GAV basis before performance fees and 11% for fund expenses. However fund expenses in Europe represents a higher proportion of the TER at 38% compared with 62% for management fees.

Looking at REERs, the average for all vehicles in Asia Pacific was 1.08%, and 1.16% in Europe. By style core funds in both regions have very similar REERs, recording 1.04% and 1.02% respectively in Asia Pacific and in Europe. However value added funds in Asia Pacific have a lower REER than in Europe, respectively 1.26% and 1.50%.

### About this study

This study compares the fees and cost structures of non-listed real estate investment funds in Asia Pacific and Europe with a focus on total expense ratios (TERs) and real estate expense ratios (REERs). The report is based on the regional studies conducted by INREV and ANREV during 2018.

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The full report is available to members at [www.inrev.org](http://www.inrev.org)

**Figure 2: REER by style**

