

The German investor universe is dominated by insurance companies

- > German investors are more optimistic about real estate’s prospects than their European peers
- > Enhancing returns is seen as the most important reason for investing in real estate
- > Short investment horizons and frequent allocation revisions typical for German investors

The Investor Universe Germany Study examines real estate’s role in German institutional investment, describing the overall investment landscape and investigating investors’ motivations for holding real estate and the ways these are being implemented in practice.

The study is based on data collected via an online survey throughout the last quarter of 2018 and interviews that took place over the first quarter of 2019.

The survey sample is composed by 11 companies with total assets under management (AUM) of €919.4 billion and real estate AUM of €101.2 billion. This equates to around half of the total German institutional investor universe.

The European sample includes survey responses from 103 companies in total: 94 investors and 9 funds of funds. Together they represent real estate AUM of €509 billion as at end 2018 and total AUM of €5,673 billion. The European sample is consistent across all the 2019 Investor Universe Studies.

The German institutional investor landscape

is dominated by insurance companies. The rest of the institutional capital is split between pension funds and other types of investors, such as family offices and funds of funds.

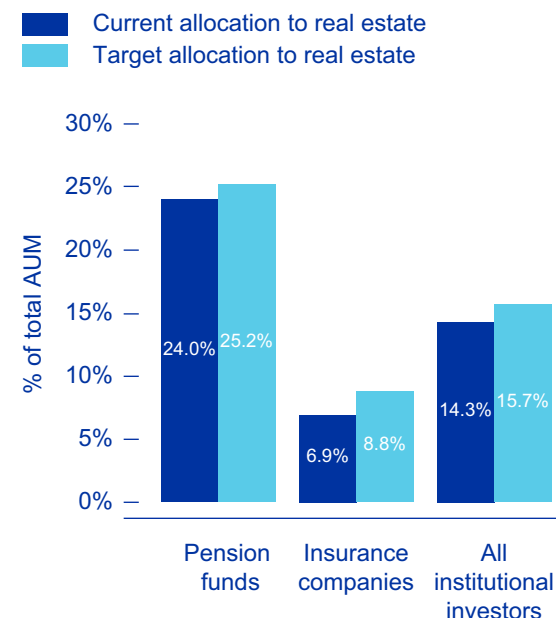
German investors that responded to this study have an estimated allocation to real estate of around 14%, higher than the share that European investors have (roughly 11.2%). German investors have increased their allocation to real estate during the last ten years and plan to expand it even further.

The three most important reasons for German investors allocating to real estate are enhancing returns, achieving stable income returns and diversification within the multi-asset portfolio. Even though real estate is considered to be a better inflation hedge than other assets, this is not one of the main reasons for investing in it.

The most popular type of real estate investments, both domestic and nondomestic, is non-listed, attracting over 90% of German investors.

While the investment horizon of German investors is at least five years, strategies are

Figure 1: Current and target allocations to real estate (equally weighted)



reconsidered at least every three years and tactical investment issues are decided on an annual basis.

Corporate social responsibility has become increasingly important for real estate professionals. This is not limited to sustainability but also includes other CSR topics such as diversity.

For further details contact research@inrev.org. The full report is available to members at inrev.org/research.