

Pension funds and insurance companies dominate Italian investor landscape

- > Real estate forms an estimated 4.2% of the overall portfolio, lower than the European norm
- > Italian investors' main concerns about real estate investment are regulatory
- > They have a much stronger exposure to domestic real estate than other European investors

The Investor Universe Italy Study examines real estate's role in Italian 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 of 7 companies with total assets under management (AUM) of €550.8 billion and real estate AUM of €31.9 billion. This equates to around half of the total Italian 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 2019 Investor Universe Studies.

The Italian investor landscape is composed mainly of insurance companies and pension funds, although bank foundations and family offices are also present.

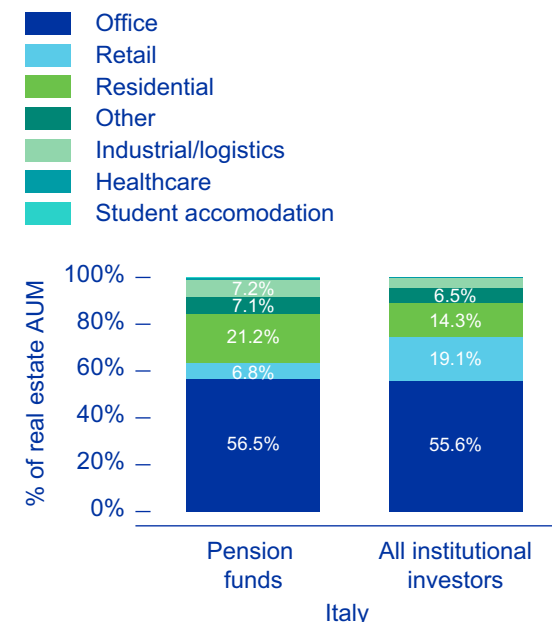
According to estimates from ADEPP, COVIP, ANIA, and ACRI, the average Italian investor allocates 4.2% of total assets under management (AUM) to real estate. For insurance companies, this stands at 2.3%, while for first pillar pension funds – as high as 22.7%.

Survey respondents have indicated that they intend to decrease their allocations to real estate in the future. The composition of their portfolios can be expected to shift, as investments abroad are becoming attractive.

At present, Italian investors are heavily invested domestically, unlike their European counterparts.

Ways of accessing real estate are different when investing domestically and non-domestically. At home, Italian investors prefer direct ownership, which allows for greater control.

Figure 1: Current allocations to real estate by sector



However, when accessing foreign markets, most indicate they rely on the expertise of a local fund manager.

Survey results indicate that offices is the most popular sector with institutional investors. A shift from residential to commercial real estate can be observed over the past few years.

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