

Insurance companies dominate French investment landscape

- > Insurance companies represent more than 90% of the French institutional market's AUM
- > Diversification benefits are the most important rationale for investing in real estate
- > French investors have smaller allocations to real estate than their European peers.

The Investor Universe France Study examines real estate's role in French 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 half of 2019.

The survey sample is composed of 12 companies with total assets under management (AUM) of €1,838.5 billion and real estate AUM of €96 billion. This equates to more than 80% of the total French 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 French institutional investor market is dominated by insurance companies, with

more than 90% of the total AUM.

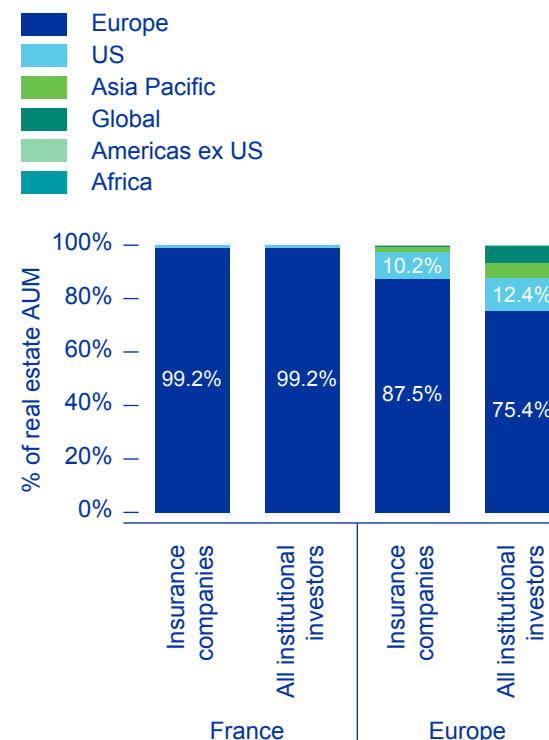
According to estimates from the French Insurance Federation and OECD, the average French investor allocates 4.6% of their AUM to real estate. For non-life insurance companies, this stands at 6.8%, life insurance companies 4.4% and pension funds 6.0%. These allocations to real estate are smaller than those from their European peers.

The main route to access real estate is through direct real estate or vehicles such as club deals and JV's. This is because French investors want to keep the control of their own portfolios, but when they invest through non-listed funds, it is mainly to access specific sectors and new markets.

French investors tend to allocate the majority of their portfolio to their own domestic market. They also invest a small part of their portfolio in other countries in Europe, while their allocations in APAC and North America are residual.

Survey respondents indicated that office is their preferred sector, due to its higher liquidity.

Figure 1: Current allocation by target region



Sustainability is more important for French investors than for their European peers. This is because France was the first country to introduce mandatory reporting on carbon and ESG for big institutional investors.

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