INREV response to Public consultation on the
draft recast ECB Regulation on investment fund
statistics

INREV

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Summary

INREV* strongly supports the European Central Bank's draft recast Regulation on investment fund statistics. We agree that the recast regulation would fill a significant gap in the availability of statistical information on the assets and liabilities of investment funds which is needed to analyse developments in the investment fund sector in the euro area. The collection of high-quality, consistent data on the financial activities of investment funds is critical to success and will ultimately lead to more informed analysis and recommendations.

Collection of high-quality, consistent data is critical

As the ECB noted in the draft recast Regulation, the extent of data on financial activities of investment funds currently reported under ECB regulations is not sufficient to provide policymakers with a comprehensive and timely picture of developments in the euro area investment fund sector. Therefore, we support the aim of the recast regulation to amend the existing reporting requirements.

We believe that increased data granularity and income statement components are crucial to better understand market dynamics and support future policy recommendations. This detailed information should be complemented with enhanced timelines and frequency of reporting to satisfy regular and ad hoc analytical needs. Regrettably, the lack of such data until now has sometimes led to policy recommendations that are not based on actual situations in the market.

As investment funds experts and researchers in all sectors know, the value of data is not just about the quantity but also its quality and consistency. A particular challenge to the ability to conduct research on real estate investment funds across jurisdictions is the lack of sufficiently detailed and consistent data. Beyond INREV's own research on real estate markets in Europe for more than twenty years, a good example of this is the International Property Forum (IPF) European Consensus Forecasts, which have been published half-yearly since 2006 (the November 2023 edition can be downloaded at: https://www.ipf.org.uk/resourceLibrary/ipf-european-consensus-forecasts--november-2023--report.html).

Obtaining good real estate investment fund data is critical if the ECB intends to continue producing research and recommendations on the sector. In the past, data from the listed real estate investment sector has been used as a proxy for the non-listed real estate funds sector, which is actually much larger although also more opaque. The ease of collection and consistency of information of listed real estate funds and property companies under the stock exchange rules in each jurisdiction make this practice understandable, but the two sectors are actually quite different, with leverage in non-listed funds, for example, being dramatically lower than listed funds and property companies. We note that the European Commission's recent initiative on Commercial real estate statistics would also contribute to the ECB's efforts and to a more comprehensive understanding of the real estate investment landscape.

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Furthermore, we appreciate emphasis on harmonisation and integration with existing data frameworks. Leveraging existing resources like the ECB's Securities Holdings Statistics, Register of Institutions and Affiliates Data, and ESMA's AIFMD and UCITSD data streams reduces unnecessary reporting burdens for stakeholders. This comprehensive approach widens the net of captured investment funds, ultimately presenting a more cohesive and representative picture of the euro zone's investment fund landscape.

Conclusion

As the association representing institutional investors globally in non-listed real estate markets in Europe, we urge to the European Central Bank to take measures to ensure European institutions and Member States have high-quality, consistent data necessary to make informed analysis and recommendations concerning our industry. The non-listed real estate industry is a critical financial sector and a major asset class for pension funds and insurers seeking to generate returns necessary to meet their commitments to pensioners and policy holders.

We believe the proposed recast Regulation strikes a positive balance between enhanced data availability and manageable reporting burdens. We are confident that these improvements will ultimately benefit the entire euro area investment fund sector and contribute in particular to monitoring financial stability and systemic risk necessary for fiscal, monetary and macro-prudential policymaking, as well as for research and policy recommendations on real estate investment funds.

* INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. We provide guidance, research and information related to the development and harmonisation of professional standards, reporting guidelines and corporate governance within the non-listed property funds industry across Europe, including all EU Member States and the UK. INREV currently has approximately 500 members. Our member base comprises institutional investors from around the globe including pension funds, insurance companies and sovereign wealth funds, as well as investment banks, fund managers, fund of funds managers and advisors representing all facets of investing into non-listed real estate vehicles in the UK and the rest of Europe. Our fund manager members manage more than 500 non-listed real estate investment funds, as well as joint ventures, club deals and separate accounts for institutional investors.

Specific comments

ID	Chapter	Article	Paragraph	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	Annex II	Table 5	Point 20	20	Amendment	Please add 'non applicable' to Redemption frequency answers options	Redemption is applicable only for open end funds. Based on our data, most of European real estate funds are closed end. Not giving a N/A option could falsely increase the frequency to choose 'other/irregular' answer.	Rupp, Jeff	Publish