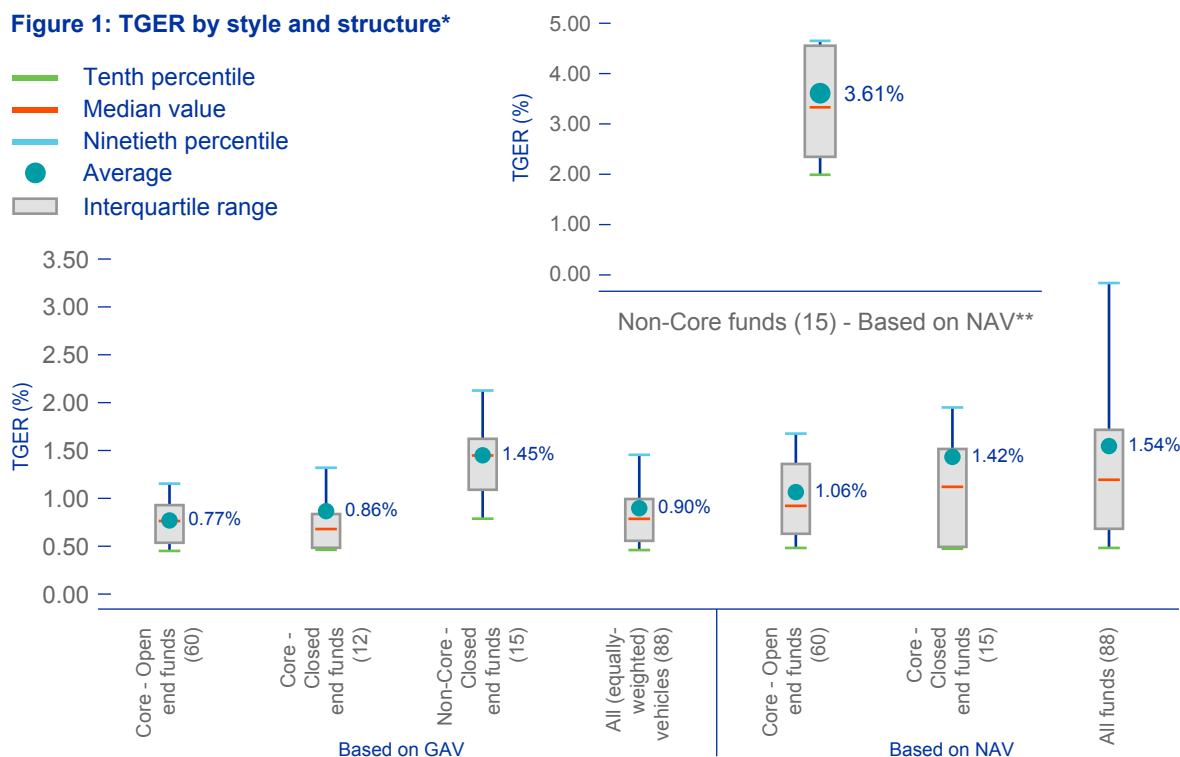


## Large, core and those funds with single country and single sector strategies report lower TGERs

- > The Total Global Expense Ratio (TGER) for 2024 averaged at 0.90% based on GAV and 1.54% based on NAV
- > Non-Core funds, younger funds, small Core funds, and those with Multi country and Multi sector strategies report higher TGERs
- > Consistent management fees for Core funds but high dispersion in vehicle costs
- > Non-Core funds and Nordic funds reported higher Real Estate Expense Ratios (REERs), albeit they were relatively consistent across different vintage groups

**Figure 1: TGER by style and structure\***



\*For the analysis by style and structure, the sample of 88 funds is split into three categories: Core – Open end funds (60), Core – Closed end funds (12) and Non-Core – Closed end funds (15). The total sample does include one Non-Core – Open End fund.

\*\*The Non-Core funds (15) - Based on NAV are shown separately for better visualisation purposes.

In 2024, the average TGER stood at 0.90% on GAV and 1.54% on NAV, according to a sample of 88 funds. Core funds reported lower TGERs compared to Non-Core funds, 0.78% vs. 1.40% on GAV and 1.12% vs. 3.44% on NAV. This highlights the structural efficiency of Core vehicles. On the other hand, Non-Core, smaller funds, and particularly those with Multi country or Multi sector strategies, exhibit higher expenses.

Overall, TGERs declined in 2024 compared to the previous year. For all funds, TGER declined by 4 bps on GAV and 18 bps<sup>1</sup> on NAV. Core funds saw a marginal decline of 1 bps, while Non-Core funds experienced a more pronounced decrease of 6 bps on GAV and 37 bps on NAV. This suggests a broader cost compression, though differences between fund types remain quite significant. Fund strategy also plays a role in cost efficiency. Single country and single sector funds consistently reported lower TGERs, benefitting from operating within one jurisdiction or one sector. Single country – Single sector resulted in the lowest TGERs overall. Dutch funds, all

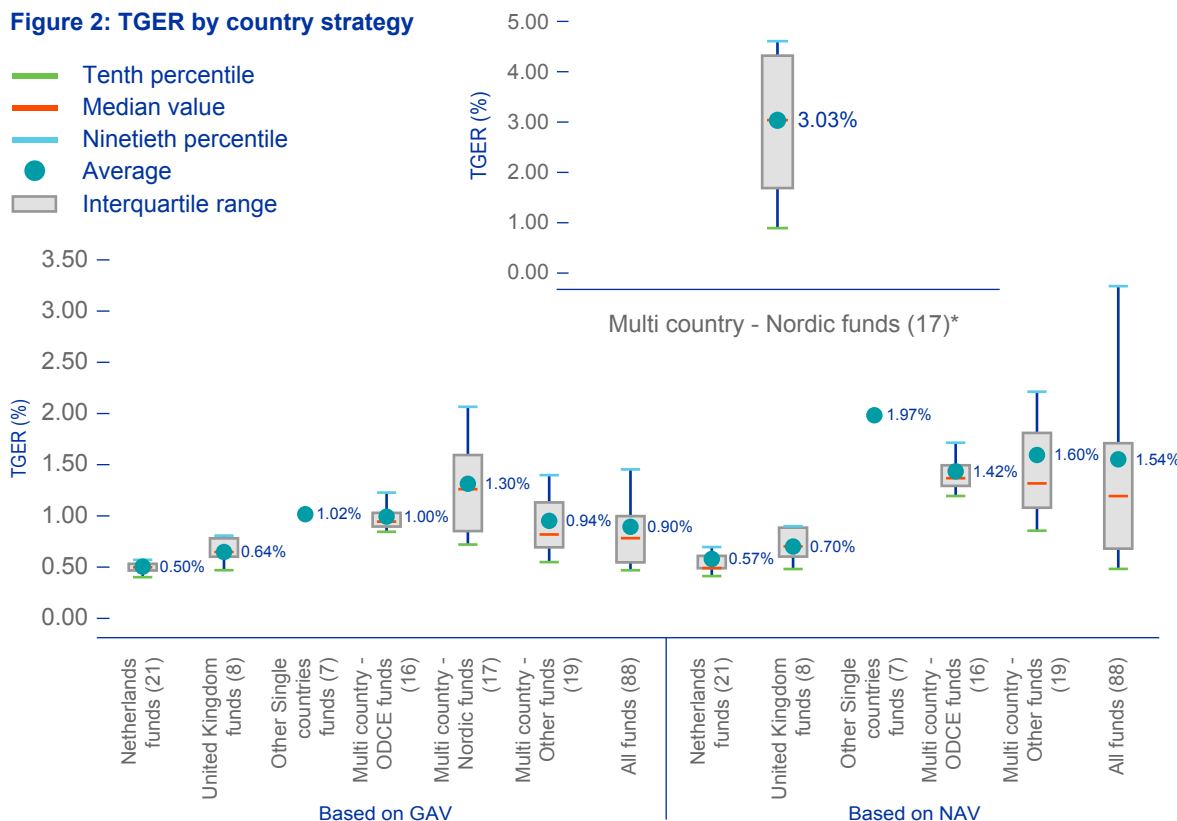
single sector, stood out by having the lowest average TGERs at 0.50%, and were least dispersed, benefitting from the high degree of uniformity in investment strategies.

Within Core funds, ODCE vehicles reported higher TGERs at 1.00% on GAV and 1.42% on NAV, compared to 0.72% and 1.04% for Core excluding ODCE funds, respectively. The difference is reflective of the larger share

of single country and single sector strategies in non-ODCE Core funds. Interestingly, ODCE funds, despite recording higher costs than other Core peers, showed lower TGERs than the set of Multi country – Multi sector funds, which averaged 1.38% on GAV and 3.14% on NAV. The difference could also partly be explained by fund size, as ODCE funds averaged €2.6 billion GAV vs. €1.0 billion for peers.

Lastly, Real Estate Expense Ratios (REERs) remained stable in 2024 at 1.04% on GAV, based on a sample of 83 funds. While Core funds reported more consistent REERs, Non-Core funds and Nordic-focused funds showed higher REERs. The latter is reflective of the region's higher operating costs, driven by all-in rental agreements that make the landlord more responsible for covering the utilities and add significantly to the expenses.

**Figure 2: TGER by country strategy**



\*The Multi country - Nordic funds (17) - Based on NAV are shown separately for better visualisation purposes.

1 It is important to note that the sample size and its composition vary year by year. As such, a historical comparison should be treated with caution.

## Background

Launched in 2007 and now published every two years, the INREV Management Fees and Terms Study explores the fee and cost structures of European non-listed real estate funds, with a focus on Total Global Expense Ratios (TGERs) and Real Estate Expense Ratios (REERs).

The TGER and the REER form part of the standard measures included in the regular reporting of overall performance to investors in a vehicle.

This year's sample includes 88 vehicles that provided information on their general fees and terms of the 331 vehicles that reported performance for 2024 in the INREV Data Platform. The 88 participating vehicles are managed by 39 managers and collectively represent a total reported GAV of €168.7 billion.