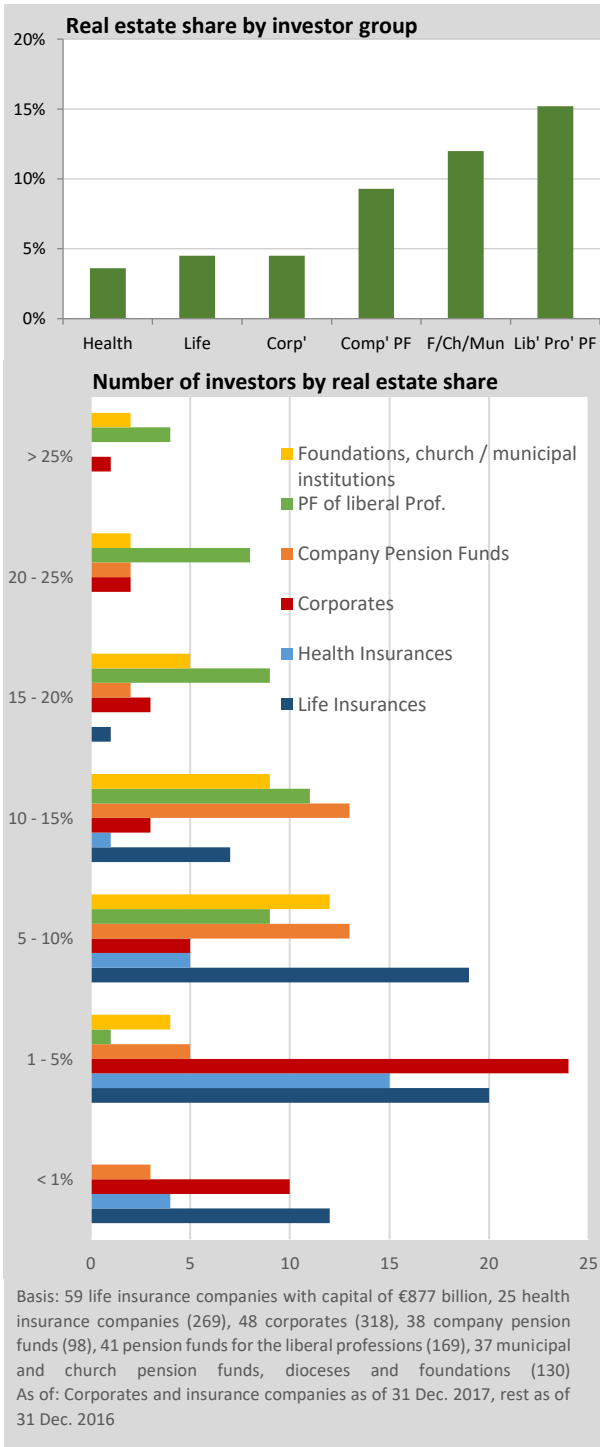


Real estate investments by institutional investors

May 2018

Since the financial crisis in 2008, in Germany the investment volume in real estate has risen considerably among numerous investors. In particular, the indirect share has increased.



Many institutional investors have considerably raised their real estate exposure in search of returns. Above all, pension funds for the liberal professions have increased their share on average to over 15%. Almost one in every three pension funds examined has a share of at least 20%. Some of them have already reached the regulatory cap of 25%, and in some cases special permits have been obtained for an increase above this cap. Only a few pension funds for the liberal professions have a share of less than 10%.

By contrast, life insurance companies have only slightly increased their share to a good 4% in recent years. However, this is backed by a total real estate volume of around €40 billion.

Company pension funds also significantly increased their real estate share. Almost half of the company pension funds examined have exposure of more than 10%. Some foundations, dioceses and municipal and church pension funds also have a high percentage of real estate.

Corporates are more cautious, as they have hardly increased their share in recent years and on average have less than 5% of their plan assets invested in real estate. Not even one in every five companies has a share of 10%.

In recent years, more than €30 billion has been invested in the real estate sector by life insurance companies, company pension funds and pension funds for the liberal professions alone. The indirect share was often raised via funds in order to promote diversification across regions and sectors. In some cases, investors and funds find it increasingly difficult to identify suitable properties and rely more on special segments (e.g. project developments, student residences).

The detailed reports as a book and the InstiPortal on the GAC website provide insight into the structure and development of various investor groups with an investment volume of over €3 trillion (company pension funds, pension funds for the liberal professions, corporates, insurance companies, municipal and church pension funds, churches, proprietary custodial accounts (Depot A), foundations, social security funds), and offer systematic access to the individual structure, asset allocation and performance of over 400 institutional investors.