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Fund Commentary: Net Cash Inflow for Open-Ended Special Real Estate Funds Amounts to €4.7bn during First Nine Months of 2024

- ◆ Total asset value of the industry falls by 2.3 percent to €178.1bn
- ◆ Total number of funds increases by nine
- ◆ Distributions of earnings remain stable
- ◆ INTREAL anticipates slightly improved performance in 2025

Germany's open-ended special real estate funds recorded a net cash inflow of c. 4.7 billion euros during the first nine months of 2024. That is roughly 27 percent less than just a year ago. For the sake of comparison: During the first three quarters of 2023, open-ended special real estate funds had raised 6.5 billion euros worth of capital, and an actual 11.1 billion euros during the 2022 reference period. This is revealed by an analysis of the latest Bundesbank statistics.

Despite the positive cash inflow, the industry's net fund assets fell from 182.2 billion euros at the end of 2023 to 178.1 billion euros by the end of 9M 2024 – which implies a drop by -4.1 billion euros or -2.3 percent.

Camille Dufieux, Managing Director of INTREAL, commented: “The figures mirror the subdued general sentiment within the industry. Although there is a net inflow of cash, the inflow volumes are well below the level they had in previous years. That being said, it is reassuring to see that net cash inflows in September were significantly higher than in the preceding months. That the net fund assets of the industry are declining in spite of the cash inflow is probably attributable to minor impairments within the fund portfolios.”

Another thing that fits in with the overall picture is that the total number of funds has barely changed. On this subject, Dufieux said: “During the first three quarters of 2024, the number of open-ended special real estate funds increased by nine to a new total of 680.”

Equally interesting is a closer look at the distributions of earnings over the past three years – with the 9M figure quoted in each case. “The distributions are amazingly stable,” said Camille Dufieux. They added up to 2,241 million euros for the first three quarters of 2022, to 2,169 million euros for the same period in 2023, and to 2,176 million euros in 2024.

With a view to 2025, the head of INTREAL had this to say: “We expect the performance to improve next year. We won't be seeing a surge in growth, but will see a trend reversal. The talks we are currently having suggest as much.”

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In Luxembourg, the largest investment fund centre in Europe, INTREAL is represented by its subsidiary, INTREAL Luxembourg. INTREAL Luxembourg is an independent AIFM and central administrator for Luxembourg-domiciled real estate funds and real-estate-related asset classes such as infrastructure or private debt for German and international clients.

Through its subsidiaries, INTREAL Solutions and REAX Advisory, the company makes its comprehensive real estate fund experience available to other market players within the scope of best-practice consultancy. INTREAL Solutions provides consulting services in the IT sector, whereas REAX Advisory acts as management consulting firm, helping to organise processes and structures more efficiently, to cut costs, to manage risks or to develop and implement ESG strategies.

INTREAL collaborates with a large number of third-party fund partners to administrate 315 investment funds with a combined investment volume of c. 66.4 billion euros (all figures as of end Q3/2024).