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Fund Commentary by INTREAL Luxembourg: Net Fund Assets in European Real Estate Funds Cross the Mark of One Trillion EUR after Moderate Growth during the First Nine Months of 2024

- ◆ Growth by approx. 26.8 billion EUR, reaching a total of 1,026.2 billion EUR
- ◆ Net funds outflow of 2.2 billion EUR during first nine months of 2024
- ◆ Outflows in Germany, the UK and Austria, inflows in Ireland and Switzerland
- ◆ INTREAL Luxembourg anticipates net cash inflows in 2025

The net fund assets of all regulated European real estate funds (AIFs) grew gradually during the first three quarters of 2024, according to figures released by the European Fund and Asset Management Association (EFAMA). Total net fund assets increased from 999.4 billion EUR at the end of 2023 to 1,026.2 billion EUR by the end of Q3 2024, an increase of 26,8 billion EUR, thereby crossing the mark of one trillion EUR. The increase translates into a growth by around 2.7 percent.

Rudolf Kömen, Conducting Officer of INTREAL Luxembourg, commented: “The modest increase during 2024 is remarkable, given that investment funds reported a net cash outflow. Between January and September, these outflows amounted to a total of 2.2 billion EUR, with 1,4 billion EUR occurring in the third quarter alone. That the fund assets as a whole increased in value nonetheless is attributable to mark-ups that are explained by stabilising price levels in the real estate markets.”

The data reveal a mixed picture across countries: While real estate funds in Austria, Germany and the United Kingdom, recorded cash outflows during the first three quarters, other countries saw the opposite trend. Particularly real estate funds in Ireland (+1.2 billion EUR) and Switzerland (+782.8 million EUR) experienced substantial cash inflows.

Statistically, a total of 3,949 alternative investment funds (AIF) of the real estate category were recorded by the end of Q3. This implies an increase of 38 funds compared to the end of 2023.

Rudolf Kömen added: “2024 was not an easy year for real estate funds. The market in general saw only a small number of fund launches. However I am confident that this will improve in 2025. In particular, I anticipate higher cash inflows from institutional investors. We are currently engaged in fund launches and in several funds in an advanced stage of preparation. Private investors on the other hand will probably need a little more time. They tend to be more cautious than institutional investors and typically follow with some delay.”

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As a third-party AIFM, INTREAL concentrates exclusively on the business of launching and managing regulated real estate funds on behalf of third parties under the German Capital Investment Act (KAGB). The platform lets clients take advantage of every service an AIF management company (KVG) provides without having to form one of their own. Options include the launching of open-ended and closed-end real estate funds or the outsourcing of AIFM back offices to INTREAL. Employing 514 staff, the INTREAL Group offers long-term real estate know-how along with detailed and highly professional fund management expertise.

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 EUR (all figures as at end of Q3 2024).