



Korea Conference 2019

Investment Intentions Survey 2019 Highlights Diversifying a Global Portfolio

Amelie Delaunay

Director of Research &
Professional Standards, ANREV

Henri Vuong

Director of Research & Market
Information, INREV



ANREV

Korea Conference 2019



144 INSTITUTIONAL INVESTORS

10 FUND OF FUNDS MANAGERS



ANREV

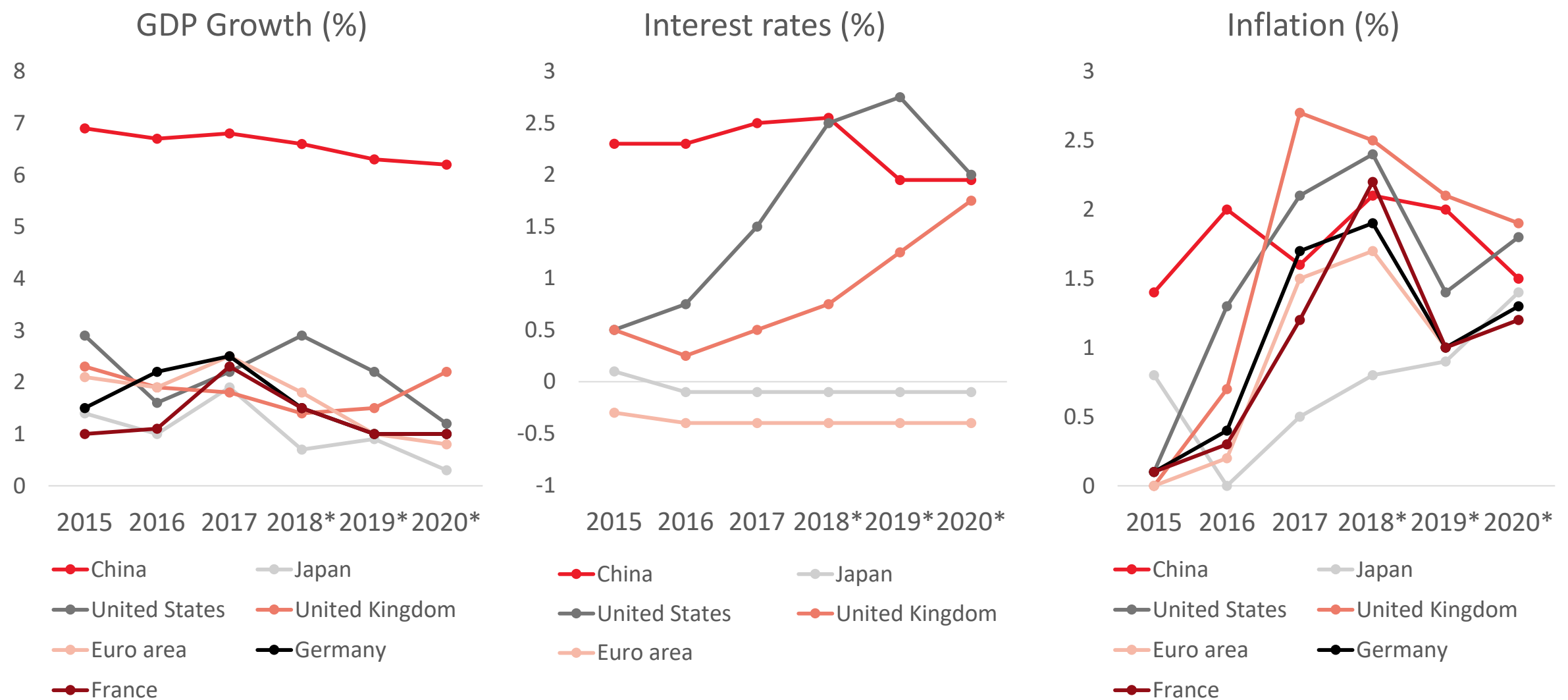
INREV

PRREA
pension real estate association

Representing Real Estate AUM of **US\$874.6** billion



Steady growth across global economies despite macro uncertainties



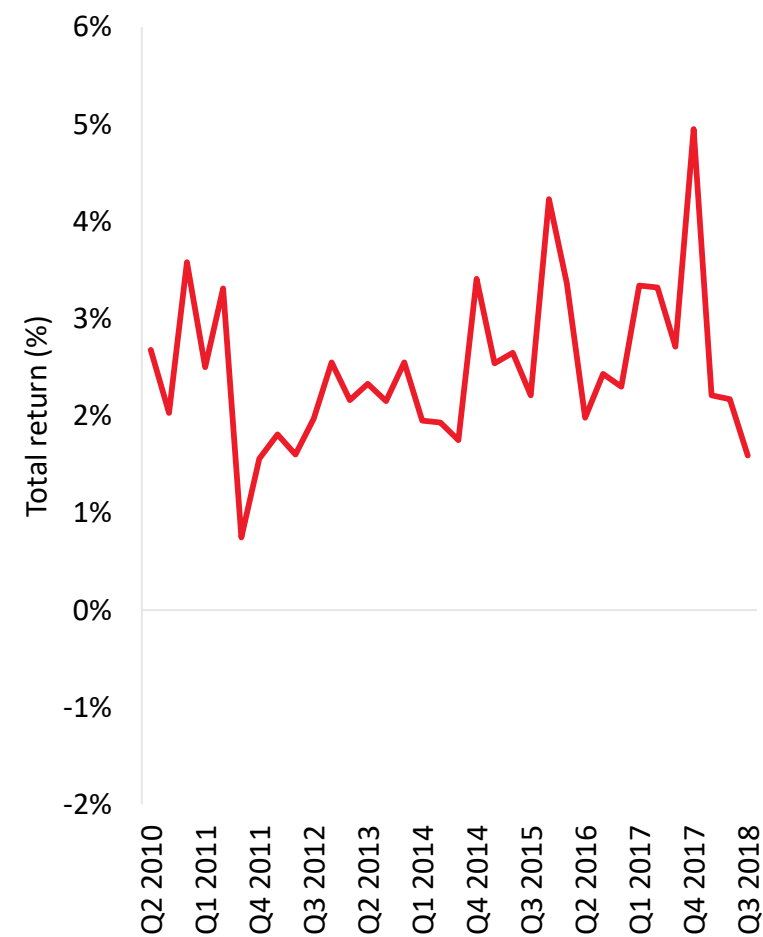
Source: Capital Economics

* Denotes forecast

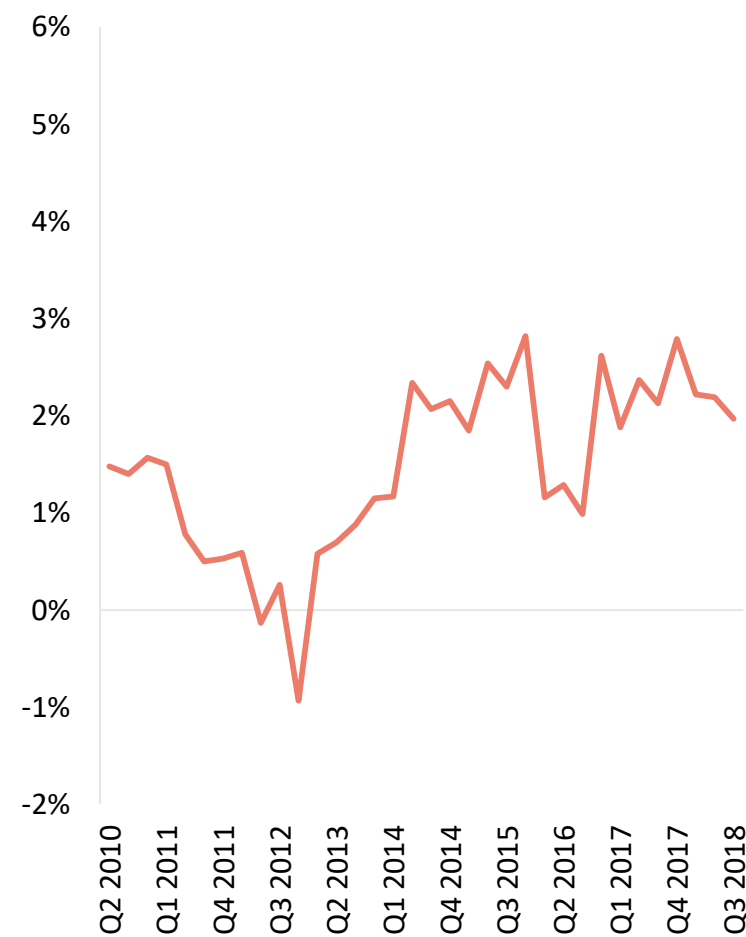


Real estate continues to deliver positive returns

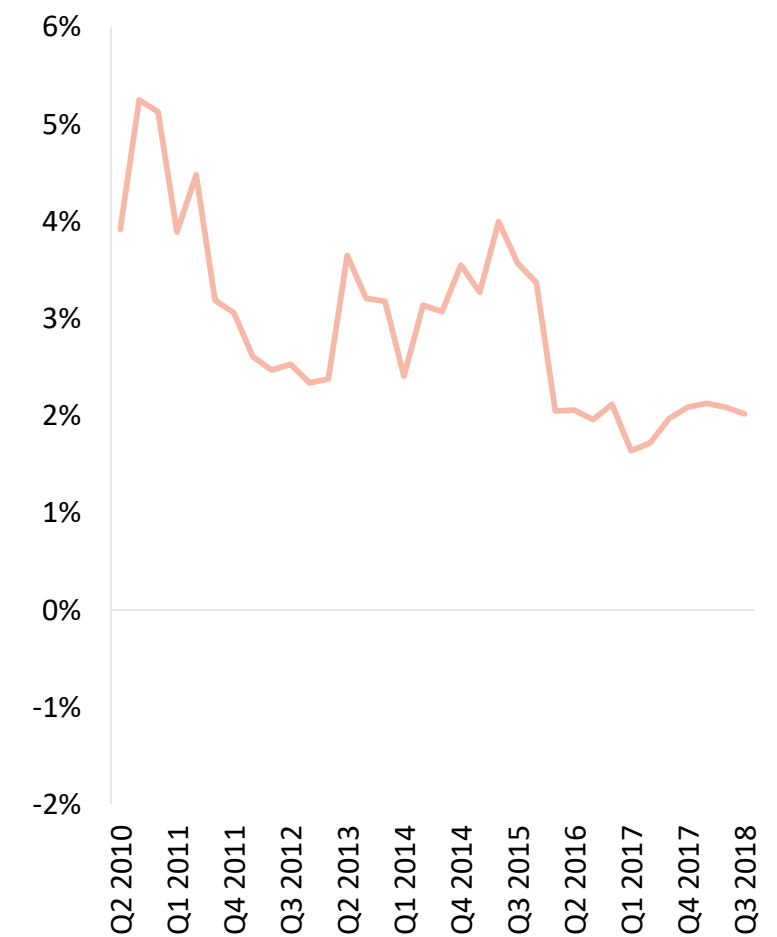
Asia Pacific



Europe



US

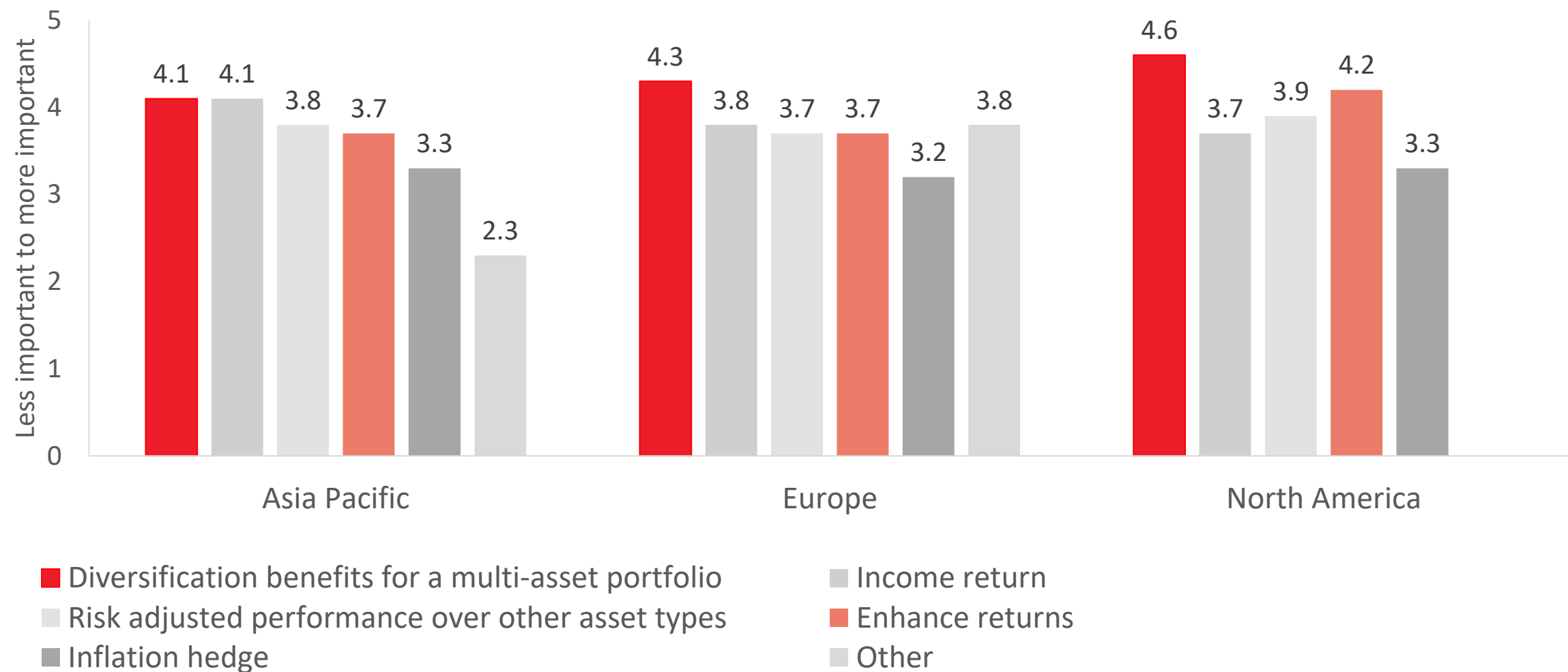


Source: ANREV INREV NCREIF Global Real Estate Fund Index Q3 2018



Diversification benefits main reason to invest in real estate

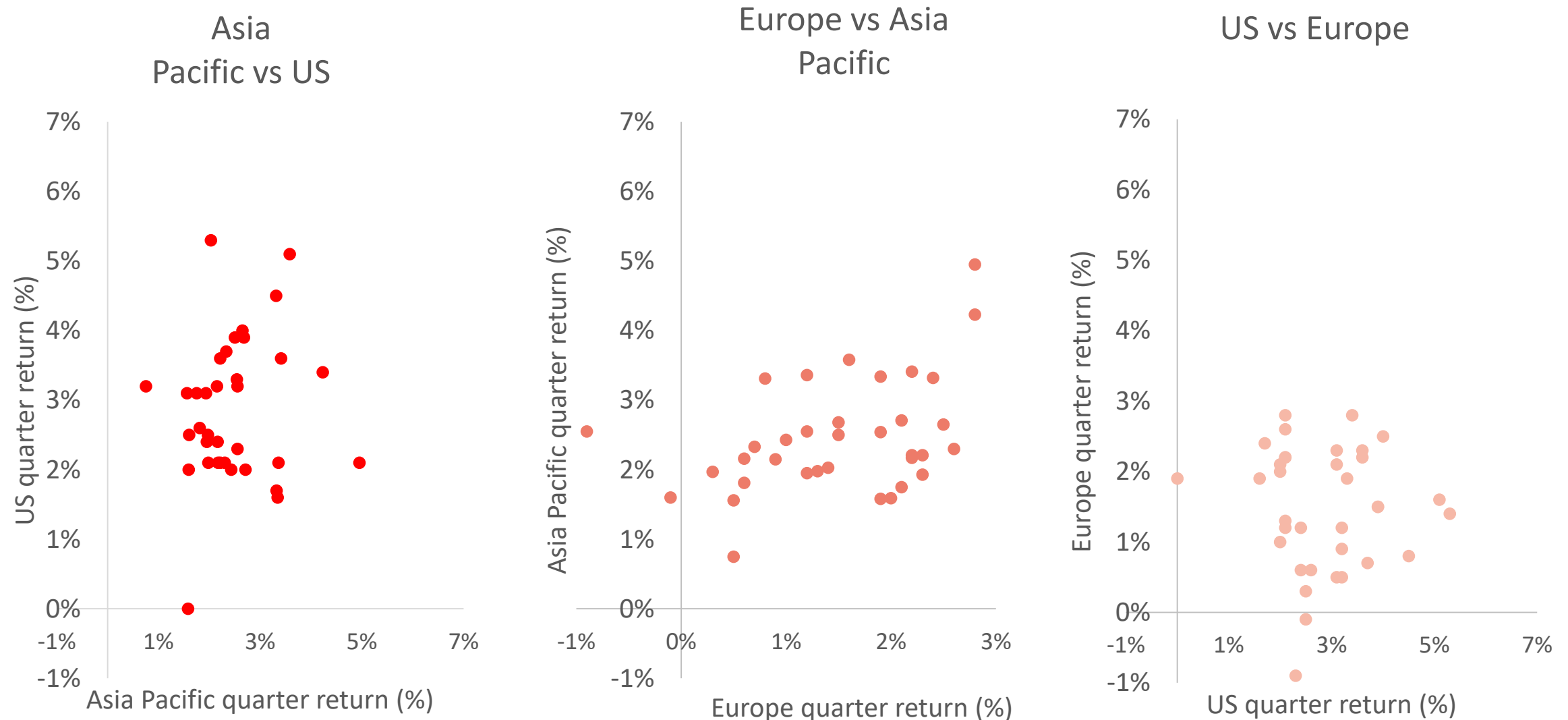
Reasons to invest in real estate



Source: Investment Intentions Survey 2019



Low correlations indicate international diversification benefits to global investors

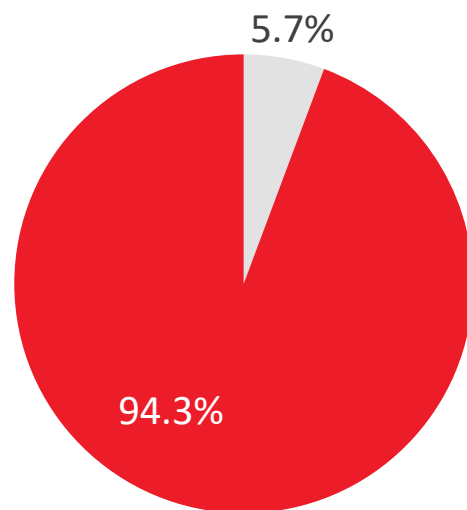


Source: ANREV INREV NCREIF Global Real Estate Fund Index Q3 2018

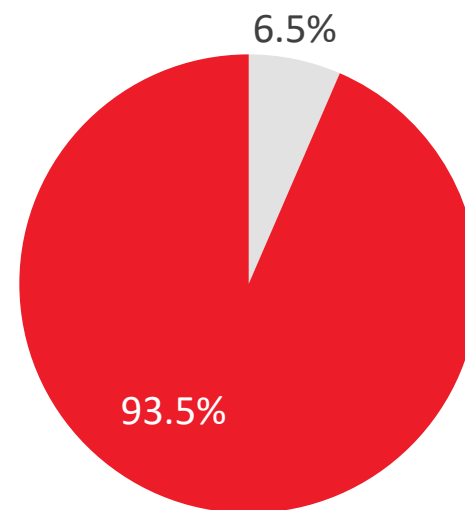


Real estate is a significant part of investors' portfolios

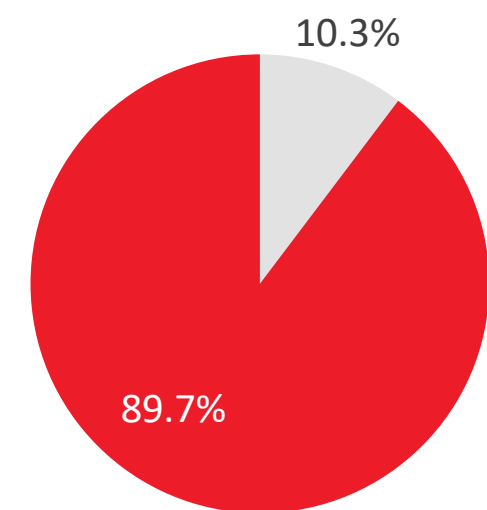
Banks' asset allocation



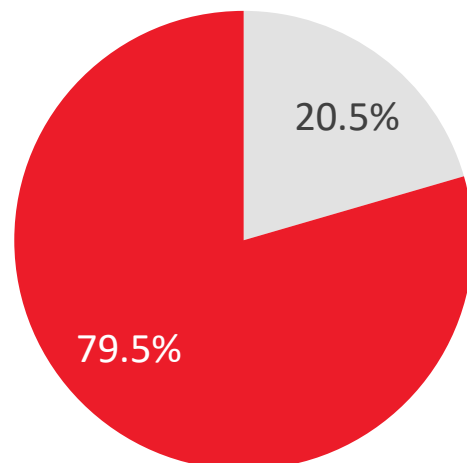
Insurance companies' asset allocation



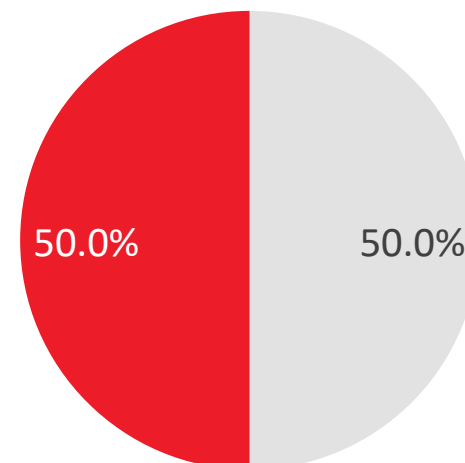
Pension funds' asset allocation



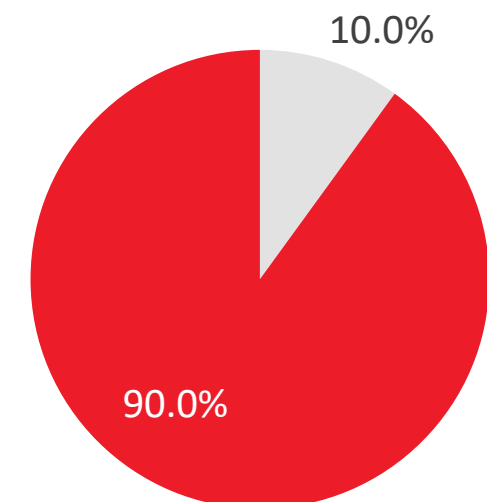
Endowments' asset allocation



Family offices' asset allocation



All Investors' asset allocation

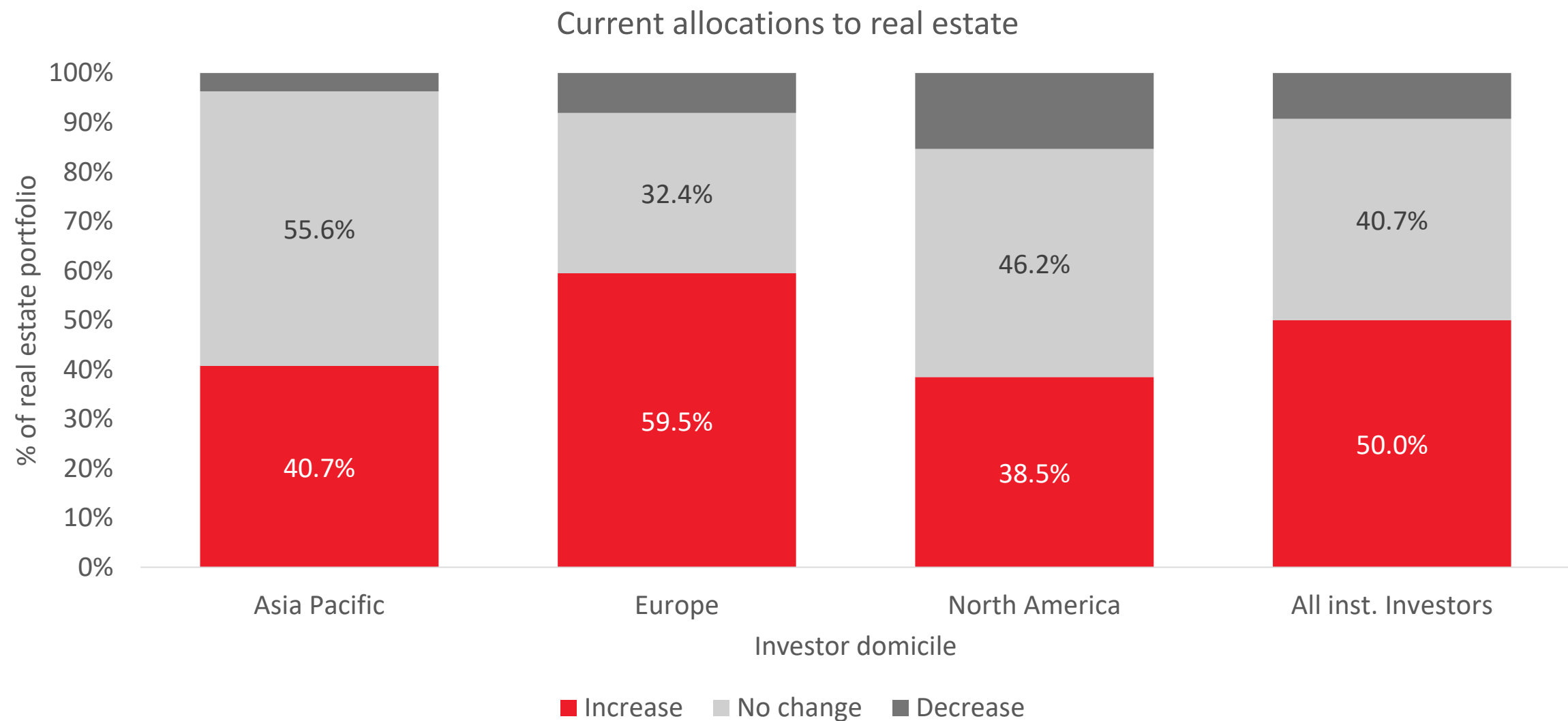


Source: ANREV / INREV / PREA Investment Intentions Survey 2019

■ Real estate ■ Rest of the assets



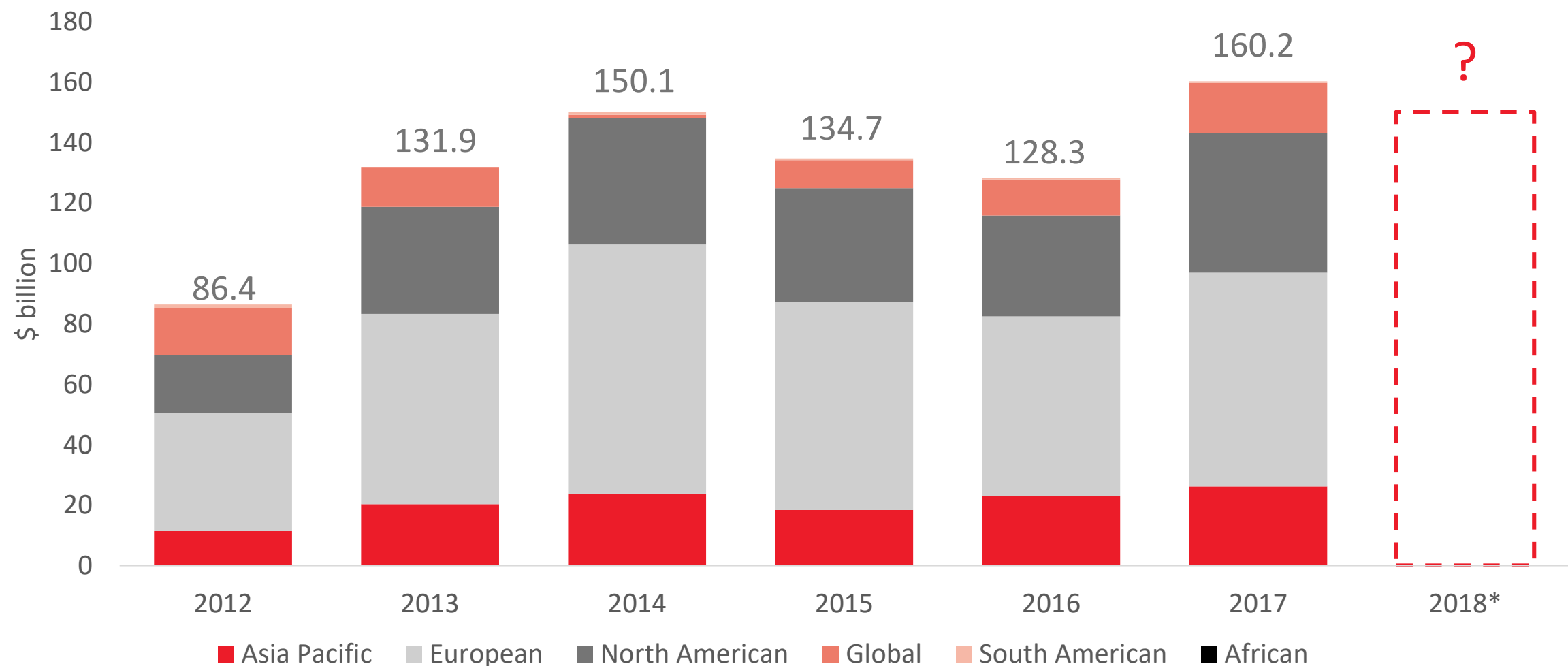
Enthusiasm for real estate investment remains positive





New equity raised for non-listed real estate globally remains strong

Equity raised for the non-listed real estate industry globally



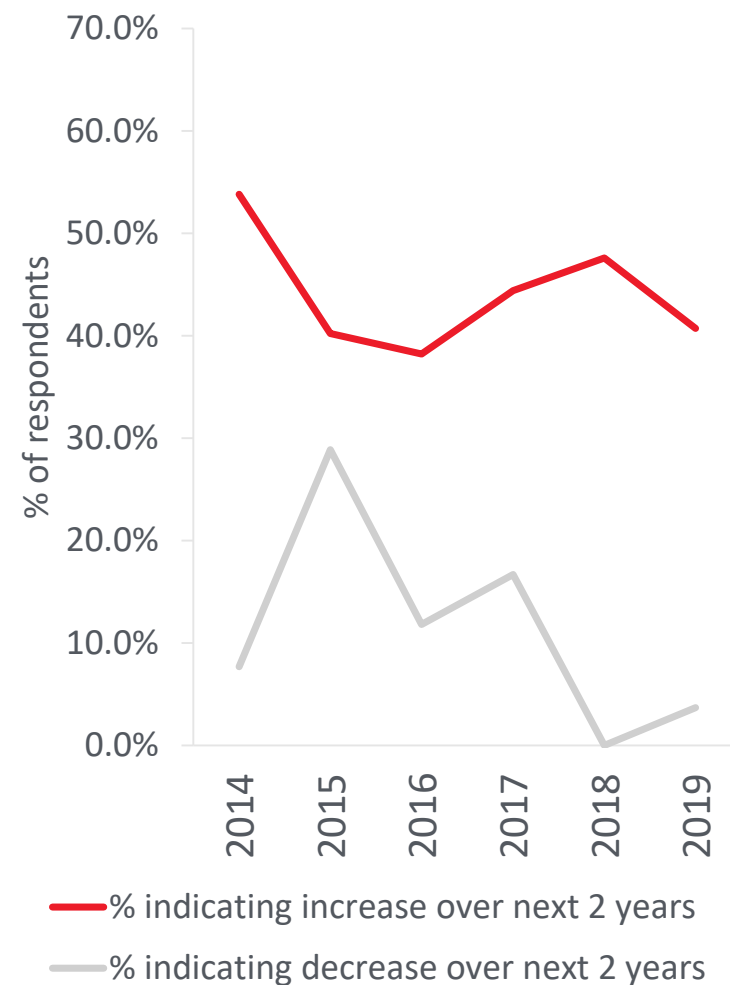
Source: ANREV INREV NCREIF Capital Raising Survey 2018

Investment Intention Trends

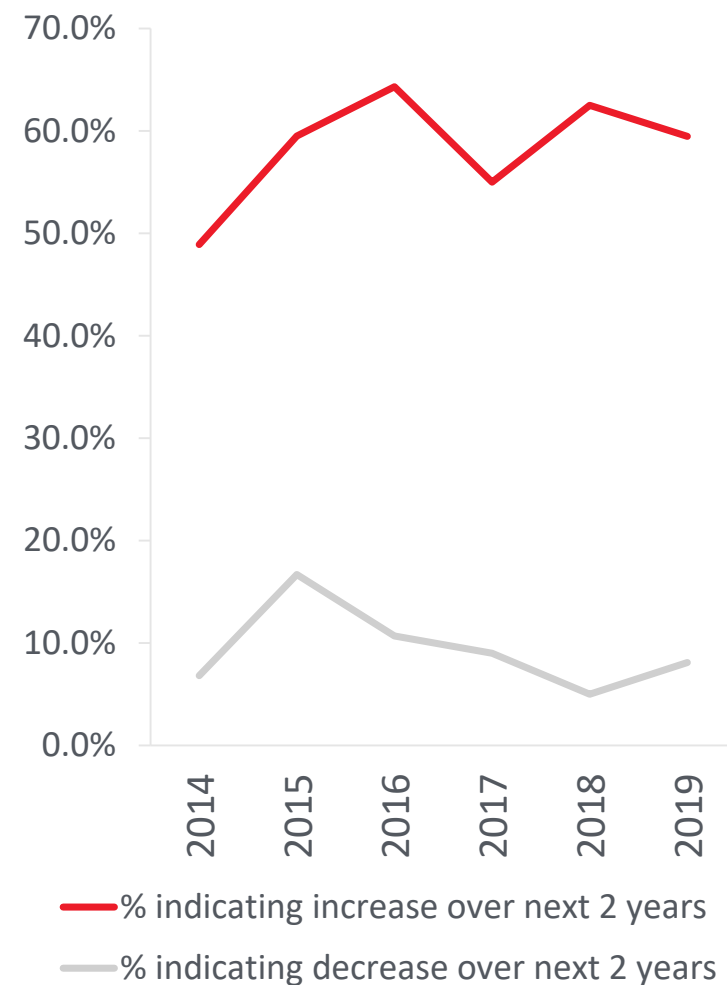


Half of all investors intend to increase allocations to real estate

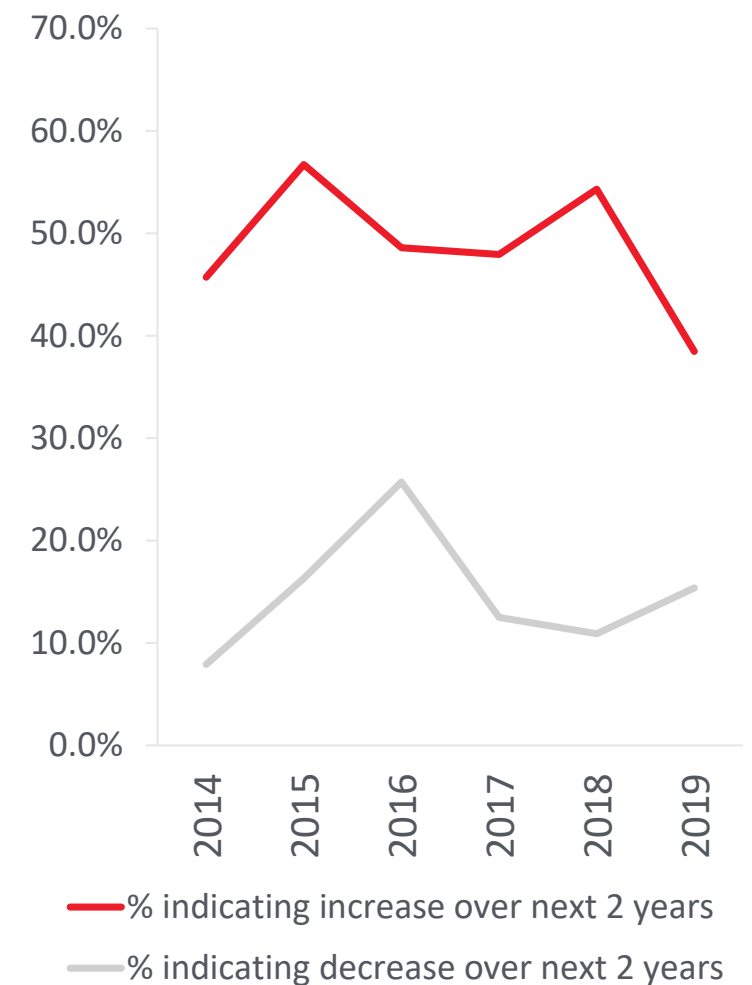
Asia Pacific Investors



European Investors



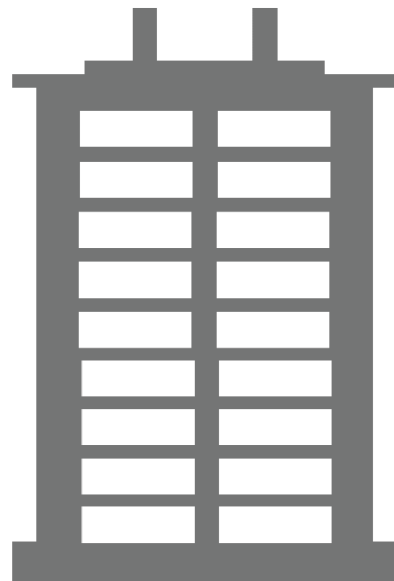
North American Investors





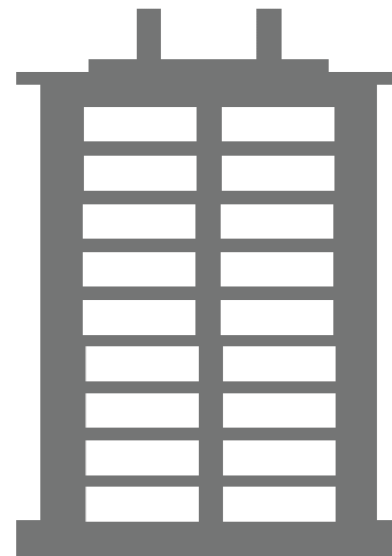
Global investors indicate that they intend to invest US\$72.7 billion in 2019

2017



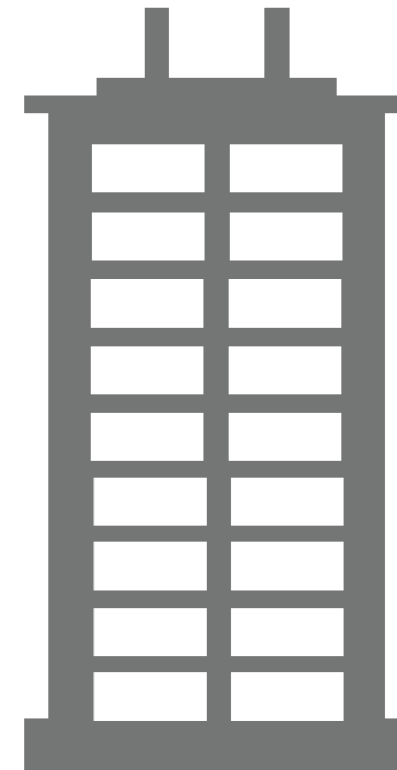
USD
\$57.3 bn

2018



USD
\$53.8 bn

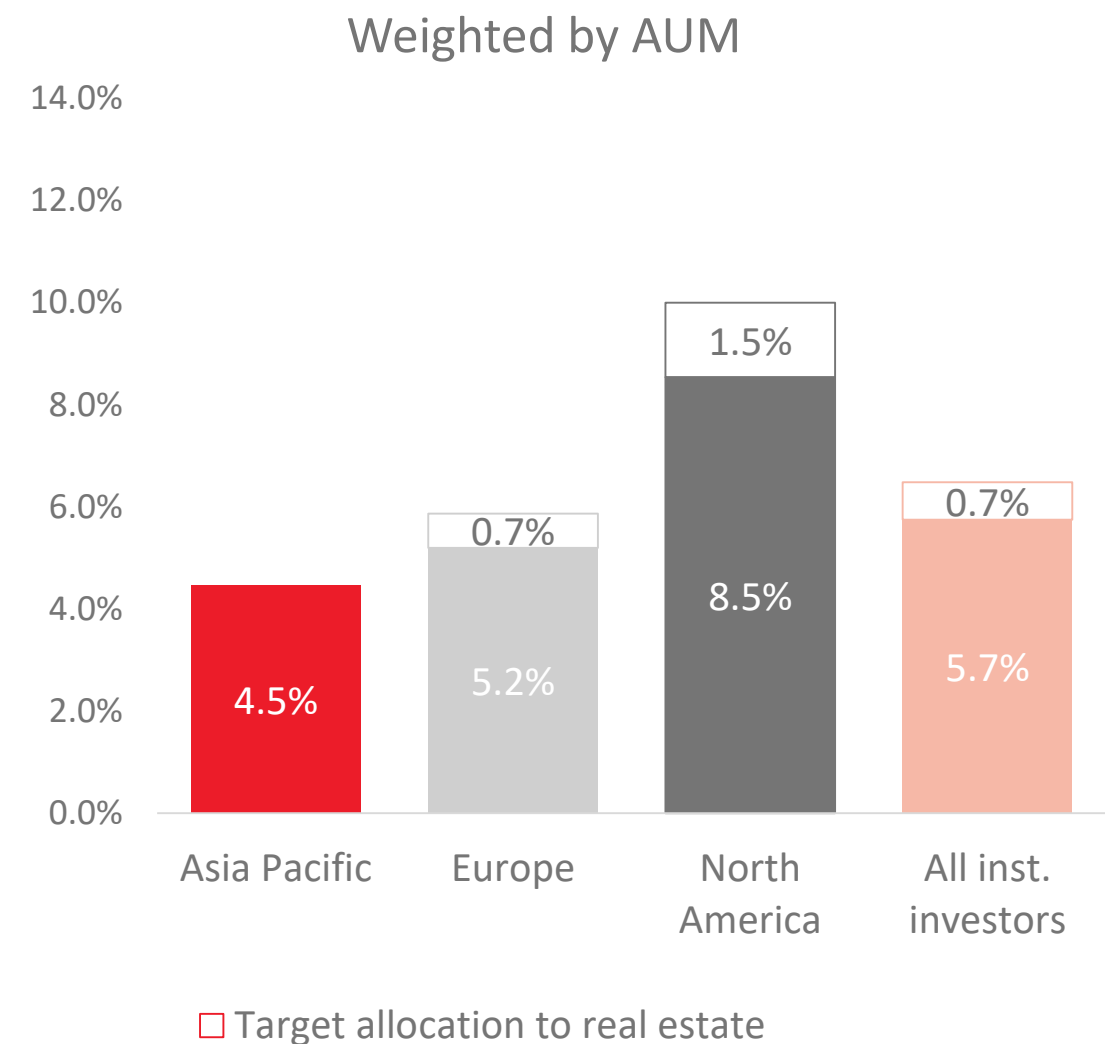
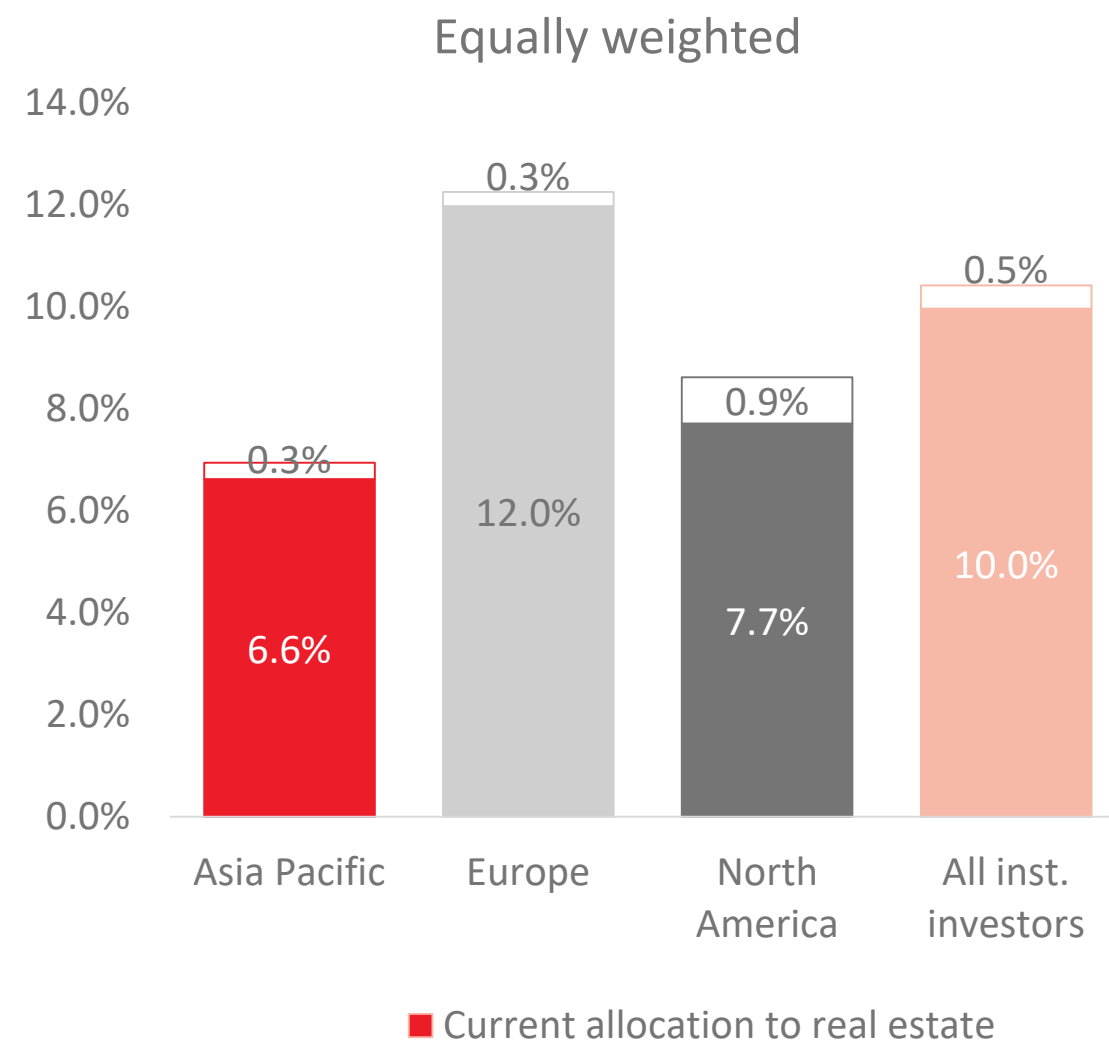
2019



USD
\$72.7 bn

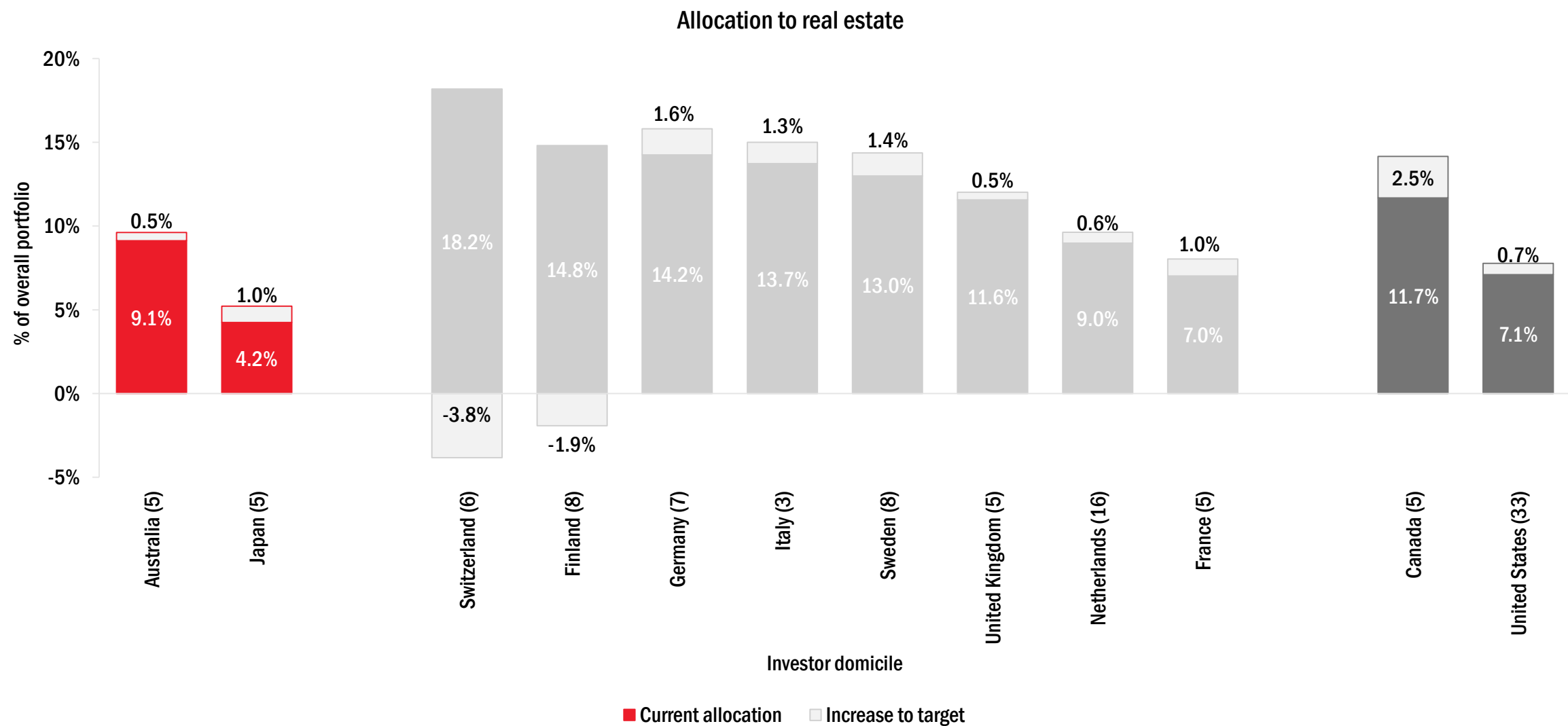


Investors remain under allocated to real estate regardless of their size



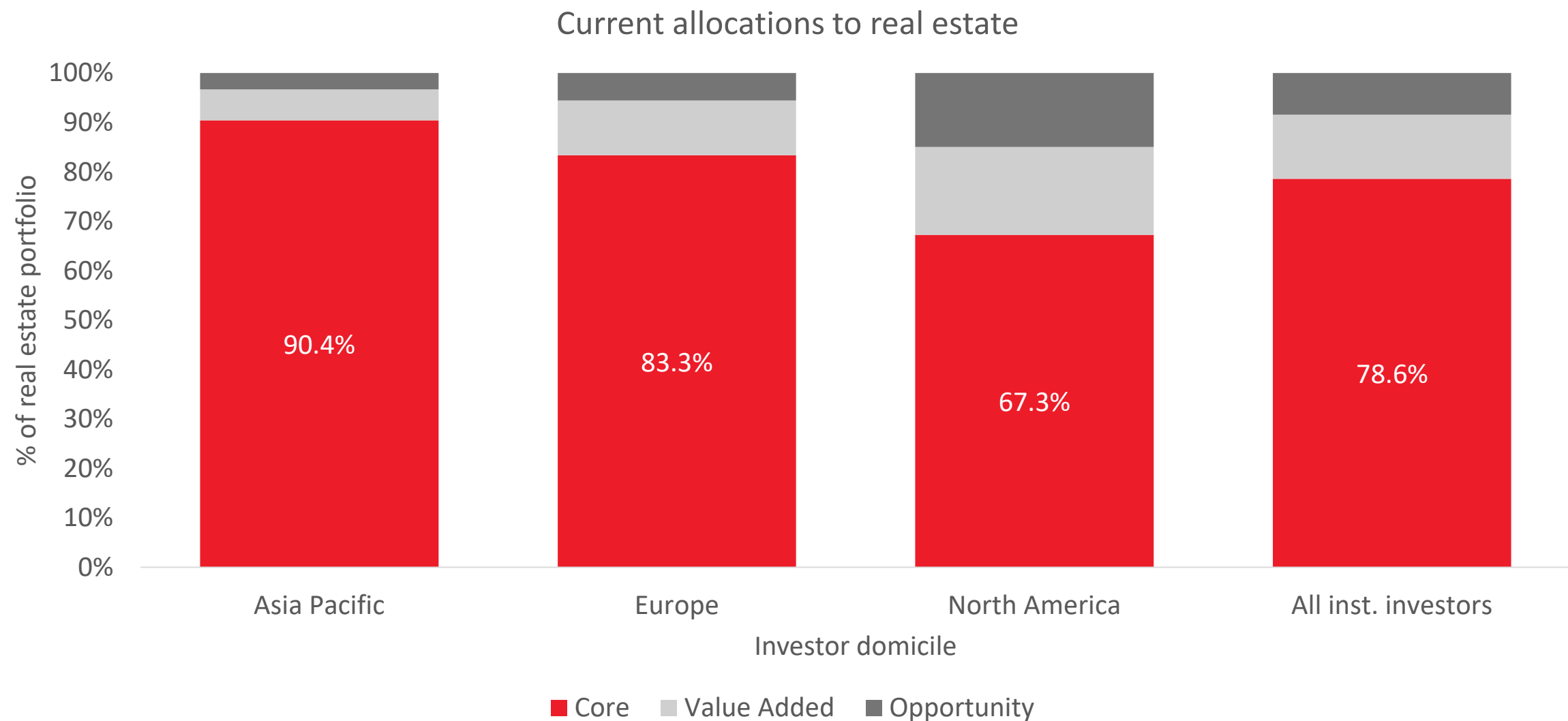


Some investors with high current allocations intend to reduce their real estate allocations





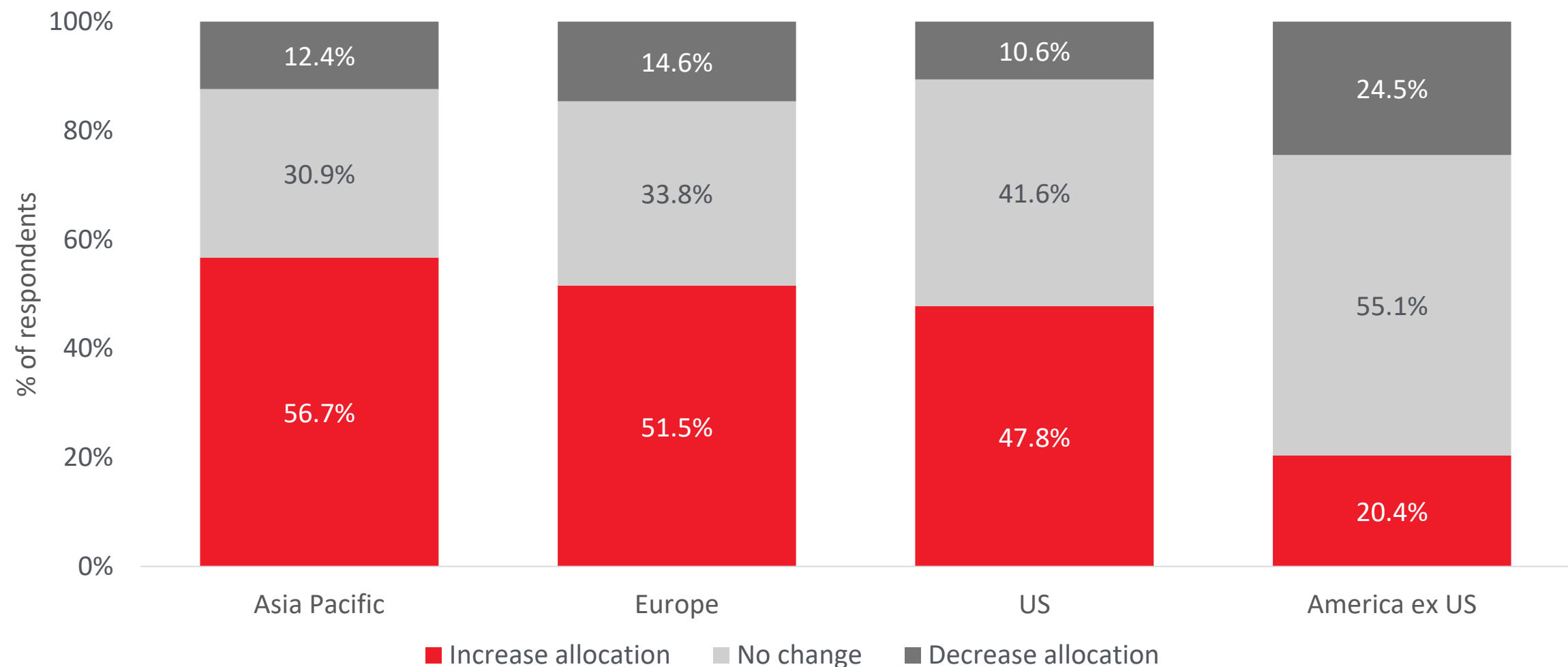
More than 78% of investors' portfolio is invested in core assets





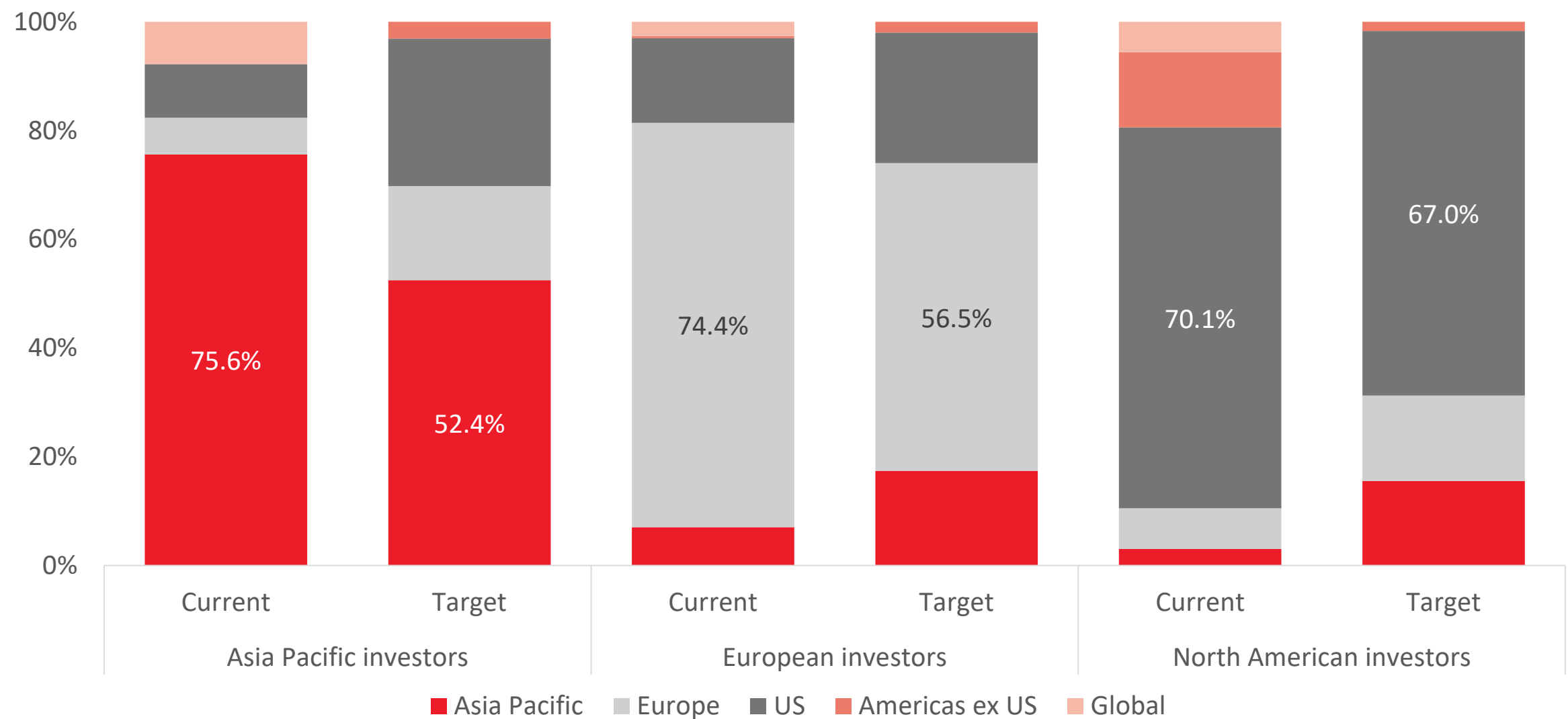
More investors intend to expand their exposure to Asia Pacific than any other region

Intentions to invest by region over the next 2 years





Portfolio rebalancing is taking place driving capital to cross borders



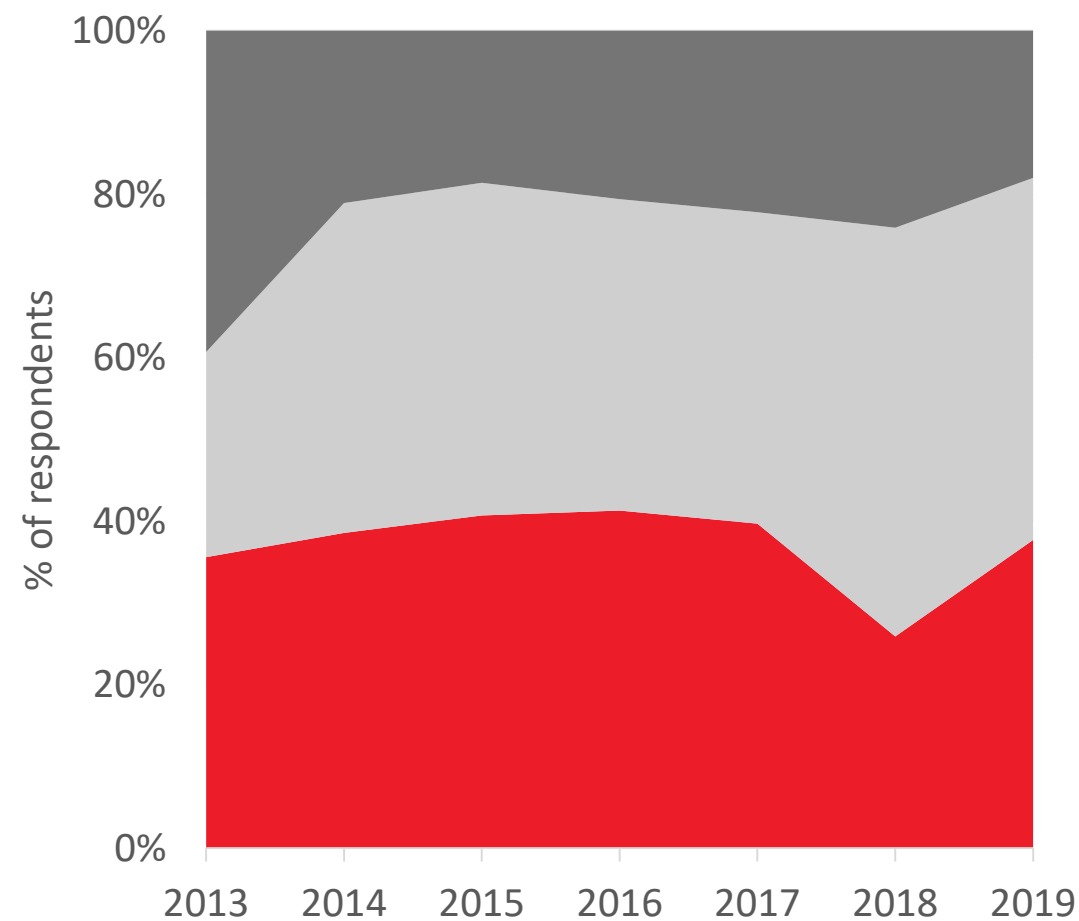


Most preferred markets and sectors

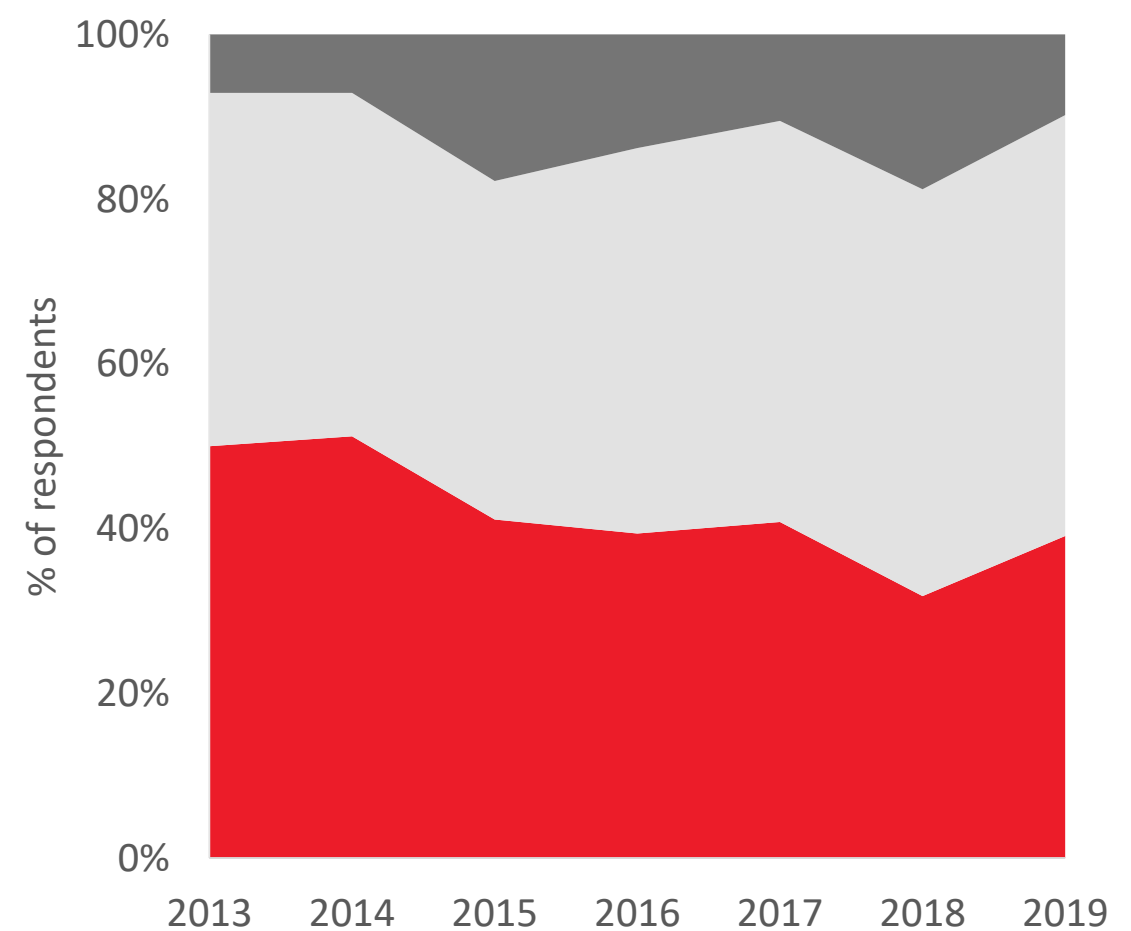


Investors moving towards core and away from opportunity

Investment style preferences in Asia Pacific

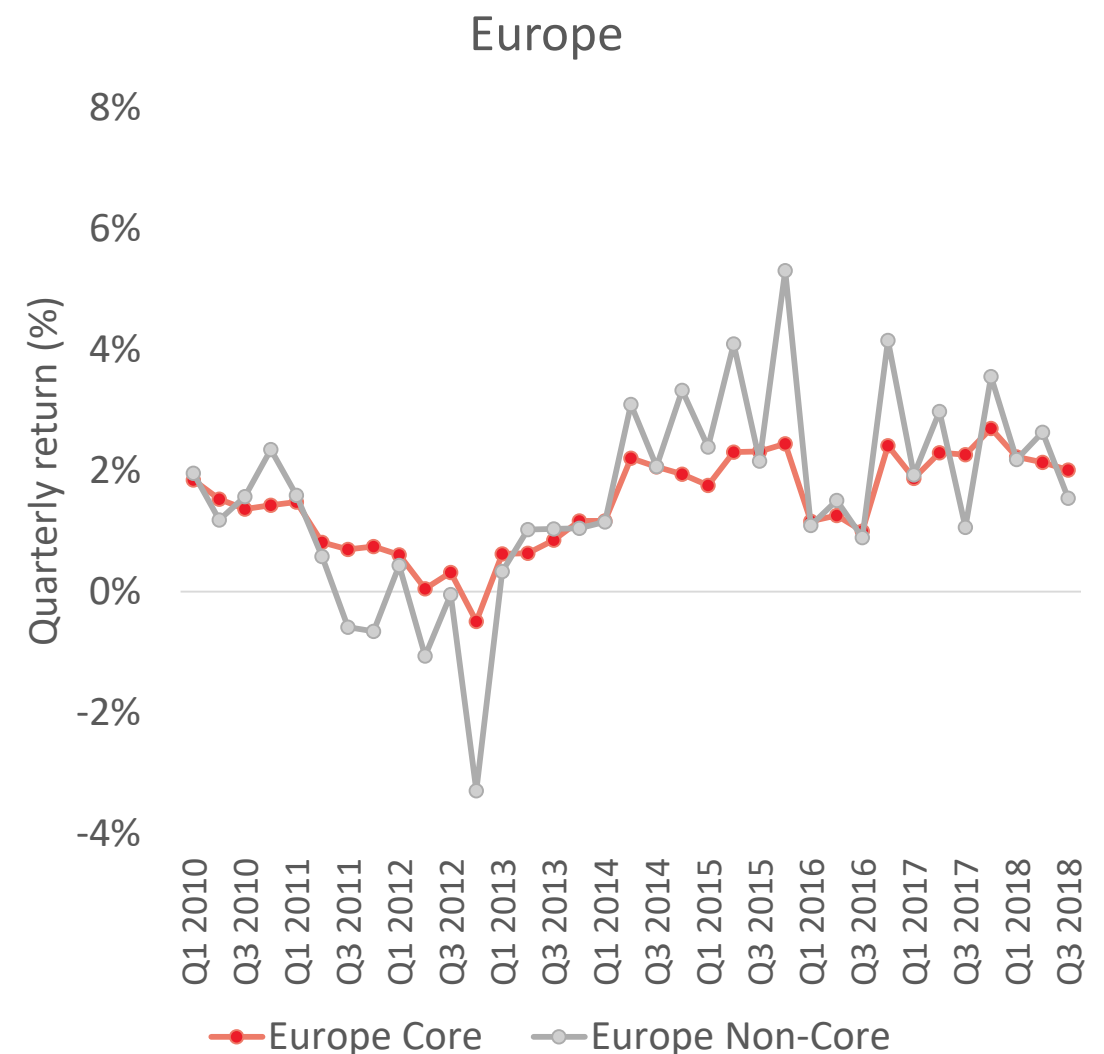
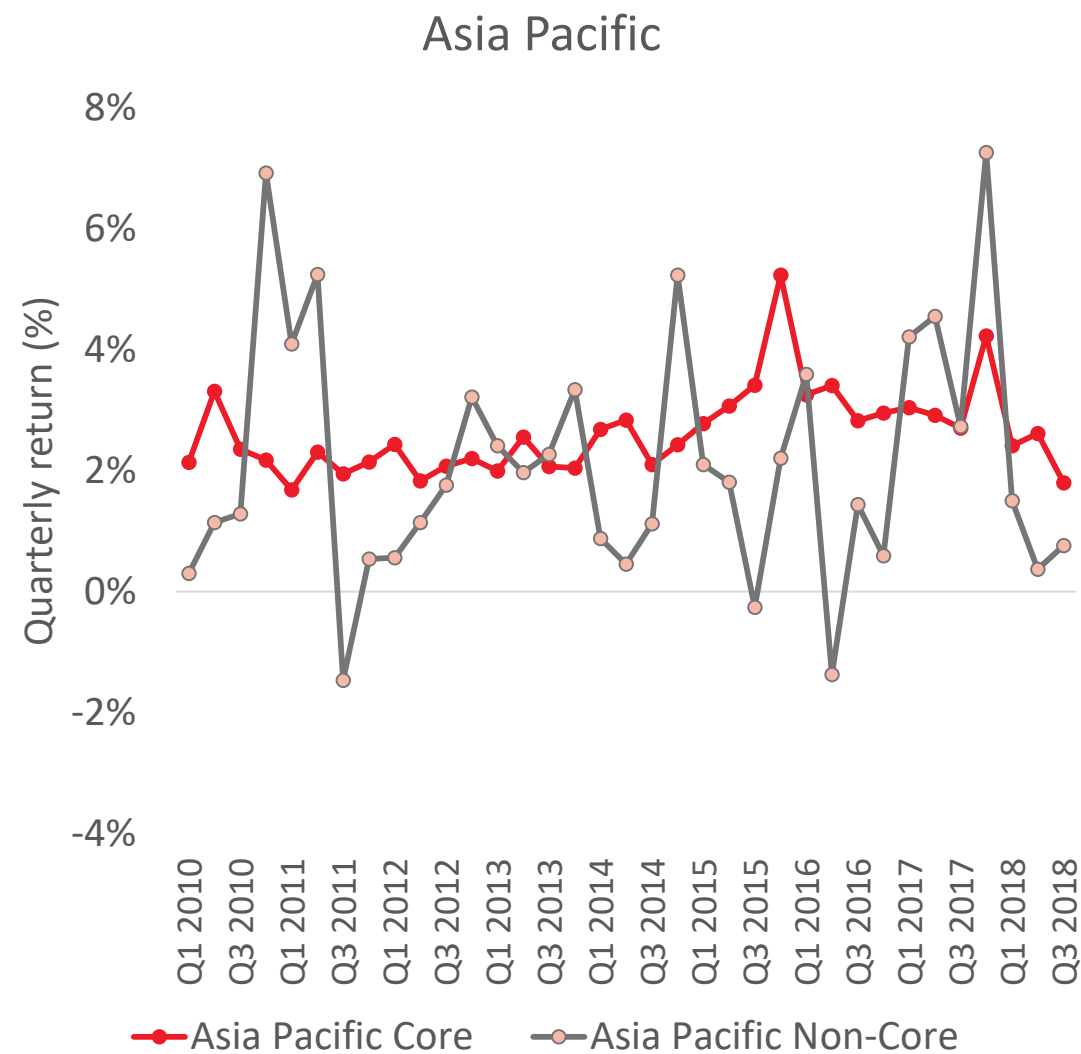


Investment style preferences in Europe





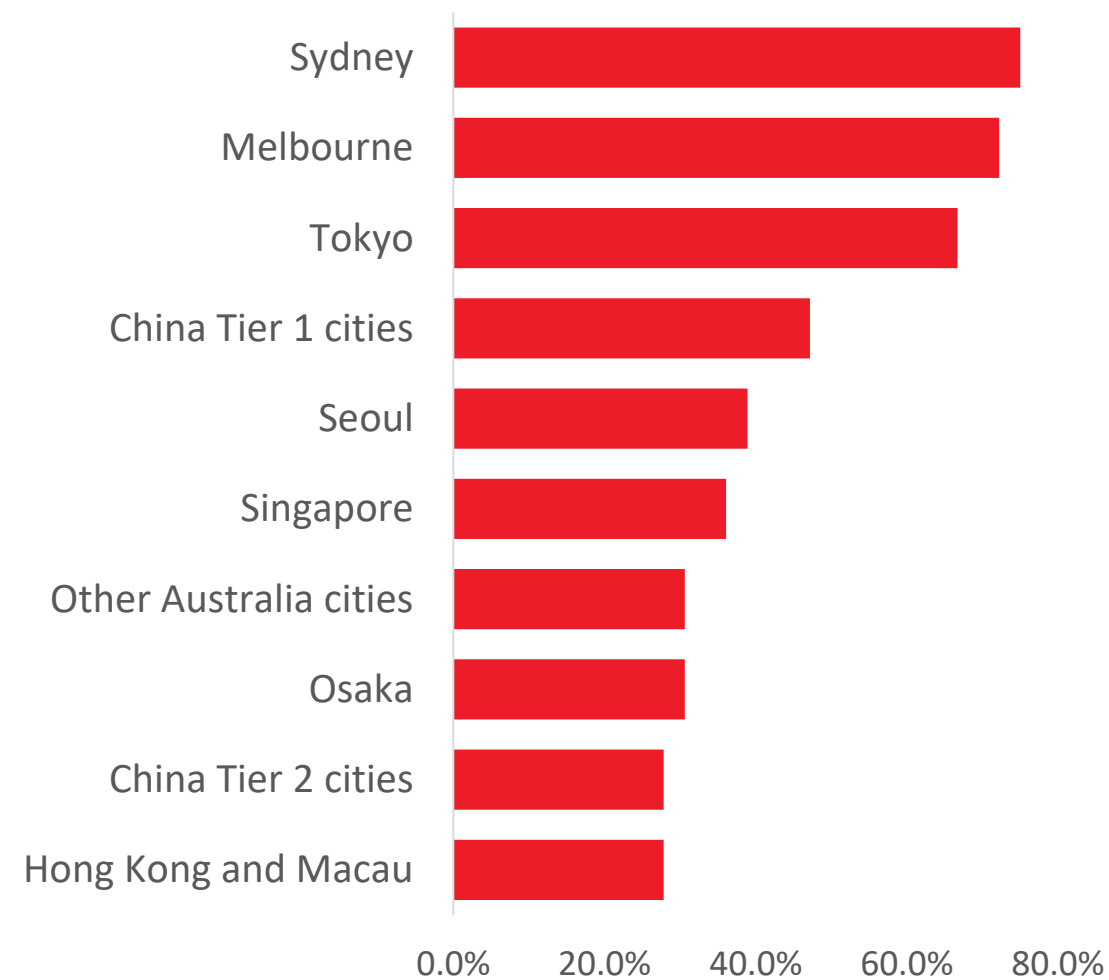
Non-core performance slowing at a faster pace than core



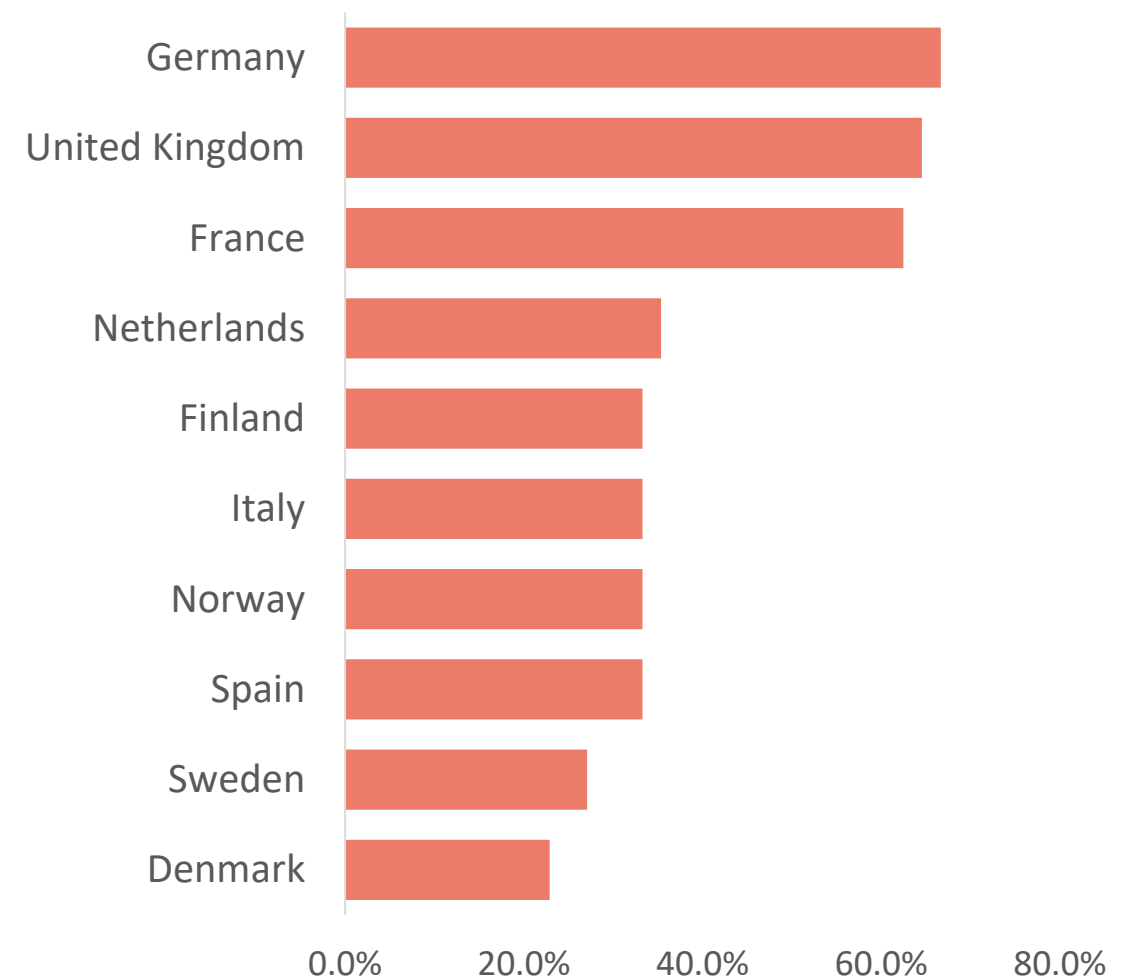


Investors intend to invest in the larger economies and most liquid markets

Top 10 markets – Asia Pacific






Top 10 markets - Europe







Offices in demand everywhere

Asia Pacific

1.  Office – 100%
2.  Industrial and logistics – 81%
3.  Retail – 63.6%

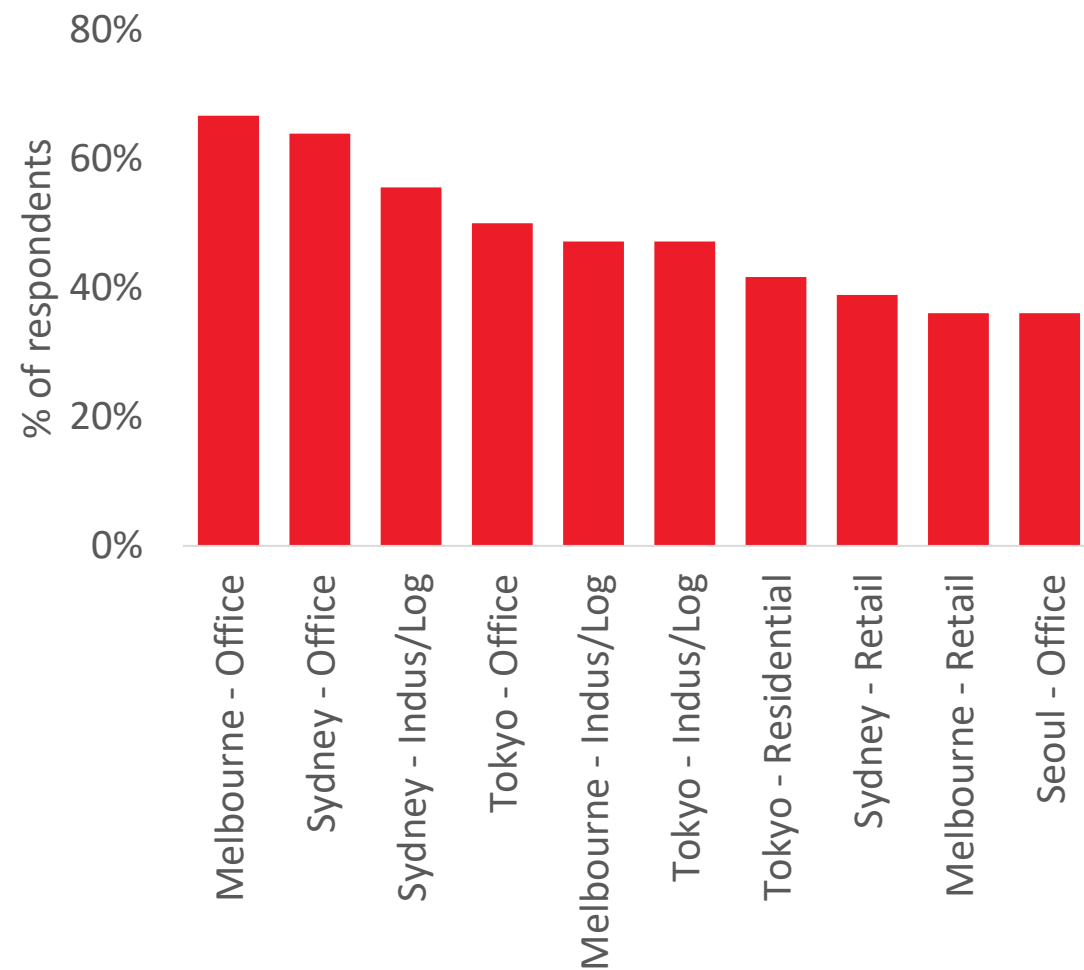
Europe

1.  Office – 93.8%
2.  Retail – 75%
3.  Residential – 70.8%

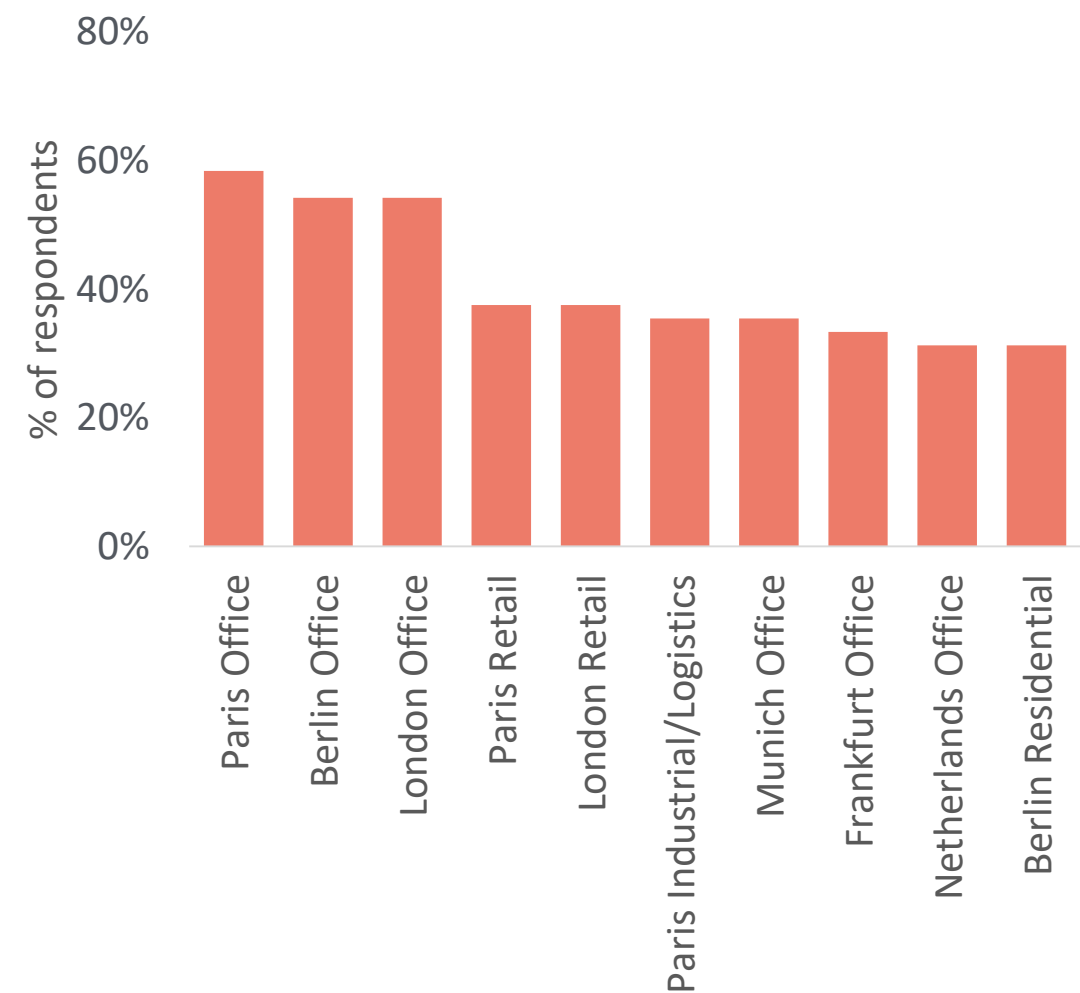


Most liquid and transparent markets are most in favour

Top markets in Asia Pacific



Top markets in Europe





Routes to investment in Asia Pacific and Europe



Funds most favoured by investors for all regions

Asia Pacific

APAC investors



Real estate fund



Real estate debt



JVs & clubs / separate accounts

European investors



Real estate fund / JVs & clubs



JVs & Clubs



Separate accounts

NA investors



Real estate fund



Directly held real estate



Separate accounts / JVs & club / Listed

Europe

APAC investors



Real estate fund



Real estate debt



JVs & clubs / separate accounts

European investors



Real estate fund / JVs & clubs



Directly held real estate



Separate accounts

NA investors



Real estate fund



Real estate debt / Private REIT



Separate accounts / JVs & club / Directly held real estate




Reasons to invest into non-listed real estate funds

Asia Pacific


1.  Access to new markets

2.  Expert management

3.  Diversification benefits

Europe

1.  Expert management










2.  Diversification benefits

3.  International diversification












Different challenges in different regions, but commonality in the lack of suitable products

Asia Pacific

APAC investors	European investors	North American investors
 Availability of products	 Availability of products	 Transparency and market information
 Cost	 Transparency and market information	 Currency risk exposure
 Transparency and market information	 Currency risk exposure	 Availability of suitable products

Europe

APAC investors	European investors	North American investors
 Availability of products	 Availability of products	 Currency risk exposure
 Current market condition	 Current market condition	 Availability of product/alignment of interest
 Alignment of interest/transparency/regulatory	 Liquidity	 Liquidity / Resources/ Transparency



Final remarks

- Half of investors intend to increase allocation to real estate in 2019
- Gap between target and current allocation narrowing
- Around US\$72.7 billion of capital to target real estate in 2019
- Value added preferred ahead of core and opportunity
- Non listed funds are the preferred route to market