

Investments - Flash



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ONGOING REVALUATION OF EUROPEAN SECURITIZED REAL ESTATE

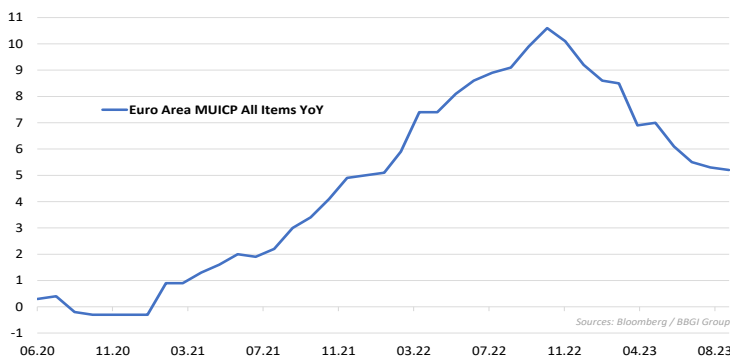
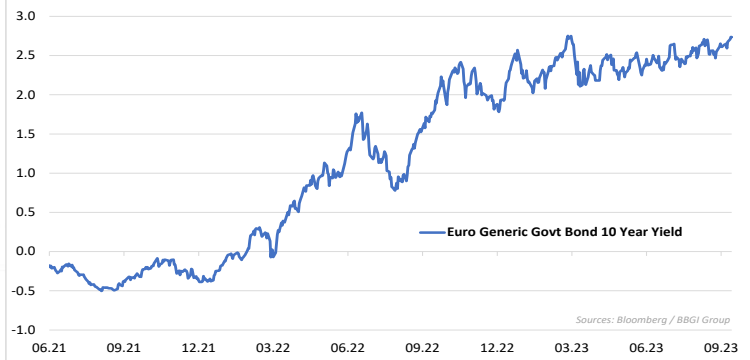
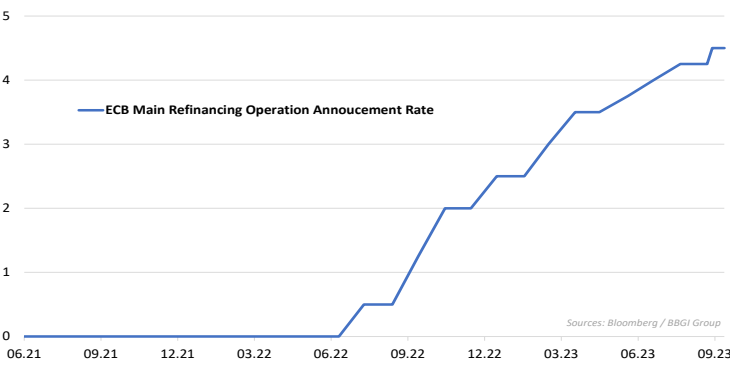
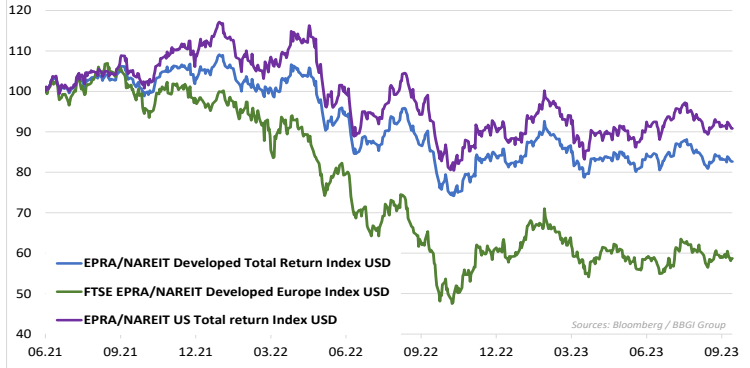
The segment offers rare investment opportunities

Securitized real estate in Europe is still suffering from the effects of inflation, the ECB's restrictive monetary policy and interest rate pressures over the past two years. Listed real estate stocks are still trading close to their two-year lows, down almost -45% from the peak of the EPRA Nareit Developed Europe index reached in August 2021. The Bear Market in listed real estate stocks thus continued for an extended period, causing prices to fall by an overall -50% at the end of June 2023, before a notable but still insignificant recovery during the summer.

In fact, over the last quarter, European real estate stocks benefited from a certain return to more serene investor assessment of their medium-term prospects, despite the ECB's continuing restrictive monetary policy. Better news on the inflation front helped the EPRA Nareit Europe index to rebound. A more positive inflation trend and hopes that the ECB's upward rate cycle would soon come to an end reduced the

fears that had previously caused prices to fall by 25% between February and March, and triggered the beginning of a price adjustment. The major uncertainties linked to the difficulties anticipated in March in accessing credit and refinancing their activities could therefore be put into perspective six months later, when they were finally dismissed.

As a result, we believe that European securitized real estate presents interesting opportunities after a price collapse which we feel was clearly excessive, as the monetary tightening cycle nears its end. At less than 50% of book value and with an average yield of 4.5%, some securities seem undervalued, while their financing and rental income are not really threatened. We therefore believe that the European real estate market offers rare investment opportunities, and should continue its current upward trend.


Euro Area CPI YoY

Govt Bond 10 Year Yield - Europe

Key Rate - Europe

EPRA Nareit Indices (in USD)


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