



EPRA Monthly Brief

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April 15, 2016

Since 2015, we have seen increased demand for European listed real estate from institutional investors, such as Sovereign Wealth Funds, who are looking for a long-term investment with significantly higher yields than government bonds. In the first week of April, Norway's €730 billion sovereign wealth fund announced it was raising the cap on the real estate allocation in its portfolio to 7.0% from 5.0% currently. The new cap would allow an additional EUR 14 billion to be invested in property markets this year, including a significant proportion in listed real estate companies, clearly demonstrating the huge potential for growth in the sector.

I would like to think EPRA's representations to Norges played a part in their decision-making and we will certainly continue this close engagement and monitor the evolution of the fund's real estate investment strategy.

I believe the shift in institutional investment illustrates perfectly what has become the main theme of EPRA's Annual Conference, namely "Preparing for change in real estate". We will be discussing change with no one else than Google's Ray Kurzweil, a futurist and inventor currently heading up a team developing machine intelligence and natural language understanding. So if you have not done so, do not wait to [register to our event](#). We very much look forward to seeing you in Paris this September.

A handwritten signature in dark ink, appearing to read "Philip Charls".

Philip Charls
CEO

Big boost for listed real estate in the Nordics

On 13 April, Castellum, Sweden's largest listed real estate firms, has agreed to buy peer Norrporten for around 1.5 billion EUR, in what is the second largest property deal in Sweden since the 2008 sale of state-controlled Vasakronan. As reported by [PropertyEU](#), the addition of Norrporten will boost the group's property portfolio by 60% to 7.7 billion EUR and strengthen its market position in cities like Stockholm and Copenhagen. The deal is expected to be finalised by end of June.

Trends and challenges for the listed real estate sector

On 16 March, during EPRA's Masterminds panel debate at the annual [MIPIM](#) real estate trade fair in Cannes, leading listed real estate CEOs discussed the major trends and challenges affecting the industry over the course of the next 12 months. Laurent Morel of [Klépierre](#), Chris Grigg of [British Land](#) and Rolf Buch of [Vonovia](#) agreed that property prices may rise higher this year, reflecting investors' appetite for real estate assets. The importance of real estate for today's markets has been confirmed by the [stock index changes](#) which will separate listed real estate from the traditional "financial" classification of equities and give the sector its own industry classification (bringing the S&P's sector total to 11), a move welcomed by all panelists. When asked about challenges, speakers pointed out to changing patterns of shopping and lifestyles of consumers driven by online commerce, the uncertain outcome of the UK referendum slowing down investments, as well as the influx of immigrants creating the need to provide affordable homes in addition to existing housing demand. Read more in the May edition of [EPRA's industry newsletter](#).

Anti-Tax Avoidance Package

In the light of the Panama Papers scandal, President Juncker's promise to deliver a comprehensive program to tackle corporate tax avoidance is even higher on the EU political agenda. The Anti-Tax Avoidance Package (ATAP), presented at the end of January, looks to build upon the OECD's BEPS package and expand it to all 28 Member States. While welcoming that the OECD is trying to encourage a level of harmonisation in global tax rules to minimise the ability of companies to take advantage of distortions between tax regimes, it is imperative that no EU Member State is unduly impacted by anti-competitive proposals. One of EPRA's key concerns, shared by our industry partners, is the potential limitations on interest deductibility for legitimately held third-party debt. Philip Charls, EPRA CEO, addressed a letter to President Juncker and First Vice-President Timmermans as well as to the Dutch Council Presidency highlighting the package's potential impact on the listed real estate sector.



Join us in Paris in September

Registration is now open for the leading event for the listed real estate sector in Europe, the EPRA Annual Conference taking place in Paris on 6-8 September. How do we cope with changes at increasing speed in a capital intensive industry where most buildings are prototypes taking years to plan, design, deliver and occupy? How to integrate market mega trends linked with urbanisation, demographics and wealth changes, sustainability, new technologies and regulation? Discover the three-day program and register [here](#). Want to know more? [Read](#) about the previous editions and join the conversation on Twitter using #EPRAParis2016. The event is open to EPRA members only and sponsored by Affine, alstria, CA Immo, CeGeREAL, Green Street Advisors, Hispania, JLL, Klépierre and PSP Swiss Property.

Additional reading

- [EPRA Industry Newsletter March 2016](#)
- [Norway Frees Wealth Fund to Add \\$17 Billion in Real Estate](#), (Bloomberg)

Selection for your agenda

- **21 Apr:** [Enabling the European Common Voluntary Certification Scheme \(VCS\) for non-residential buildings](#) (Paris, France)
- **26 Apr:** Capital Markets Union – Opportunities and Risks for the Real Estate Sector (Brussels, Belgium)
- **26-29 Apr:** [EUREKA Innovation Week 2016](#): Smart Cities – Sustainable & Attractive Communities (Stockholm, Sweden)
- **28 Apr:** [Prospects for the development of REITs in Poland](#) (Warsaw, Poland)
- **24-26 May:** [REALTY](#) (Brussels, Belgium)
- **1-2 June:** [Global Property Market](#) (New York City, U.S.)
- **7-9 June:** [REITWeek® 2016: NAREIT's Investor Forum®](#) (New York City, U.S.)
- **8 June:** [BPF Annual Conference: Building the Future](#) (London, UK)
- **8 June:** [ZIA Tag der Immobilienwirtschaft 2016](#) (Berlin, Germany)
- **6-8 Sept:** [EPRA Annual Conference](#) (Paris, France)



EPRA is the European Public Real Estate Association. For more information and our contact details, please visit www.epra.com or email us at info@epra.com.

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