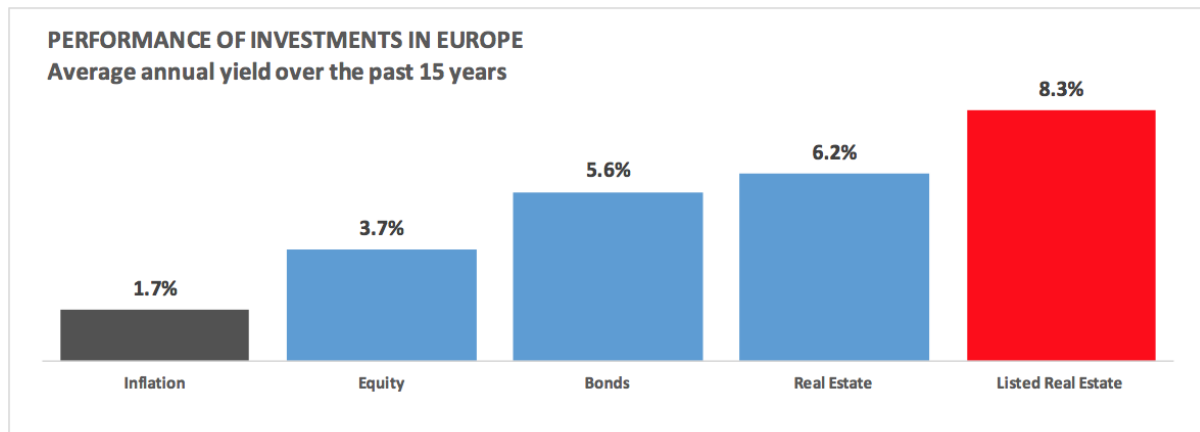


## Philip Charls: “Listed real estate could double in five years”



Source: EPRA

**The volume of listed European real estate could double in the next five years. In Europe, this currently represents only 4.9% of all real estate, versus 12% in the US.**

The performance of listed real estate has been impressive. In the past 15 years there was no better investment. With an annual yield of 8.3% it performed significantly better than general equities and other investments (see graph).

There is still much opportunity for growth, says Philip Charls. He is the CEO of EPRA, the association serving the interests of European listed real estate companies, mostly consisting of REITs (Real Estate Investment Trusts). REITs enjoy a special fiscal regime for the regulated real estate companies in Belgium known as GVV's (Gereguleerde Vastgoedvennootschap).

### Where do you see growth?

**Philip Charls:** “Listed real estate in Europe only represents a fraction (4.9%) of the total real estate market. As a comparison, in the US this figure is above 12%. A doubling of the European market in the next five years is a realistic scenario”.

### Does this also apply to Belgium?

**Charls:** “The stock value of the six largest GVV's grew by 60% in the last five years. Due to the attractive proposition offered by the GVV status, Belgian listed real estate is already 5.8% of the total market. GVV's have a great advantage: since the crisis of 2008, investors are looking for pure players. In contrast to foreign real estate companies, almost all GVV's have a strong focus on one segment: Befimmo invests in offices, Aedifica in care homes, WDP in logistics, etc.”

“Belgium is certainly not lagging behind when it comes to the internationalisation of REITs. Aedifica is expanding into Germany and the Netherlands, Cofinimmo into France, Germany and the Netherlands, and Leasinvest into Luxemburg. Internationalisation is a priority for most REITs”.

### **Why is listed real estate successful in one country, and not in another?**

**Charls:** “It is a political decision as to whether an attractive proposition will be made. In Sweden and Switzerland there are no REITs, but they still have larger listed real estate markets than Belgium. In Germany it exists for offices but not for residential. Why? The Germans are very conservative when it comes to residential property. They are limiting the ways in which this sector can be impacted by the free market”.

### **How important is sustainability for the sector?**

**Charls:** “Very important. In contrast to traditional real estate funds, REITs don’t have a limited term period. The portfolios are more closely managed or even redeveloped. In the case of REITS, buildings are in better condition, adapted to modern requirements and much more sustainable. These are the arguments that trigger the interest of politicians, rather than an 8.3% annual yield on listed real estate in Europe”.

***The interview was originally published in [De Tijd](#) and [L’Echo](#) on June 24.***