

DG FISMA
DG TAXUD
Submitted electronically

Brussels, 7 July 2025

SUBJECT:

Call for Evidence: Recommendation on Savings and Investment accounts

Dear Sir/Madam,

The European Real Estate Association (EPRA) is the voice of Europe's listed real estate companies, their investors, and suppliers. With more than 290 members covering the entire spectrum of the listed real estate industry, EPRA represents over EUR 880 billion in real estate assets and 95% of the market capitalisation of the FTSE EPRA Nareit Europe Index. EPRA's mission is to promote, develop, and represent the European publicly listed real estate sector. We achieve this by providing better information to investors and stakeholders, actively engaging in public and political debates, promoting best practices, and fostering cohesion and strength within the industry.

In this role, we welcome the opportunity to present our recommendations for the Savings and Investments Accounts, as it presents a key opportunity to strengthen capital markets for long-term investments. It also allows for an assessment of competitive models within and beyond the EU. Indeed, while the precise structure of a comprehensive SIU is still being debated, insights from successful existing models can provide a valuable blueprint for its development.

To ensure the success of such an initiative, it is essential to build upon the strengths that the EU already possesses. The foundation is in place, but what is now required is a coherent and fully functional savings and investments framework that allows for scalability. To this end, every available tool must be leveraged at both the EU and Member State levels, including targeted tax incentives designed to encourage households to channel their savings into wealth creation and economic growth.

THE LISTED REAL ESTATE MARKET (LRE)

LRE is a significant market with around **€3 trillion of market cap globally**. LRE companies are guardians of our cities' high-quality assets, covering all types of real estate, from offices to retail, as well as an increasing presence in healthcare, retirement facilities, life science facilities, and data centres. In Europe alone, European LRE companies own over 12,000 commercial assets. These diversified portfolios are spread across 9 different sectors in 20 different countries.¹ They are also great contributors to GDP and society as they represent hundreds of thousands of jobs across our continent.

¹ See Annex I, which showcases a set of data on the LRE market.

The LRE sector can be divided into two main categories: ordinary listed property companies and listed Real Estate Investment Trusts (REITs).² Operationally, there is very little difference between these two vehicles. REITs are property investment companies that benefit from special tax treatment in exchange for meeting certain conditions, such as restrictions on debt financing and an obligation to distribute the majority of their profits annually. Both standard listed property companies and REITs operate as regular listed companies with internal management structures. They are constituted with capital divided into tradeable shares (securities) and are managed by a CEO, CFO, board of directors, supervisory boards, and annual shareholders' meetings. They follow corporate governance and auditing requirements under national corporate and commercial rules, rather than investment fund rules such as AIFMD. Hence, their legal and operational structures resemble those of any industrial or commercial company that is publicly listed and traded.

LISTED REAL ESTATE: A COST-EFFECTIVE, RESILIENT, AND REAL-ECONOMY-LINKED INVESTMENT

Unlocking trillions in dormant savings

European households hold over **€33.5 trillion** in savings, including **€11.6 trillion** parked in low-yield bank deposits. **LRE** offers a powerful alternative: a high-yielding, reliable, liquid, and transparent investment option directly tied to the real economy.³ Over the past 15 years, European LRE equities delivered a **5.60% annualised total return**, underpinned by consistent dividend income, offering a compelling case for reallocating unproductive savings into productive assets.⁴

LRE enhances diversification and lowers risk in multi-asset portfolios due to its **low correlation** with other asset classes.⁵ Today, institutional investors allocate approximately **3.6% of their equity portfolios** to LRE⁶, underscoring its role in long-term investment strategies.

Accessible, liquid, and scalable for retail investors

For individual savers, LRE offers significant advantages over opaque, illiquid, or fee-heavy alternatives:

- **Low entry barriers** via ETFs and index-tracking funds;
- **High liquidity** through public exchanges;
- **Cost efficiency** relative to private real estate or hedge funds;
- **Transparency** in pricing and governance.

Moreover, LRE companies are already embedded in major European blue-chip indices such as the **DAX 40**, **CAC 40**, and **BEL 20**, highlighting their relevance and stability within national capital markets. They are also included in broad European indices like the **STOXX 600**⁷, as well as in a wide range of **equity-based investment products**, including ETFs and mutual funds. This broad inclusion ensures that LRE companies can be **seamlessly integrated into diversified savings and investment accounts**, making them an accessible and familiar component for retail investors across the EU.

Yet despite its strengths, awareness and uptake among EU retail investors remain low, highlighting the need for automatic enrolment and policy reform to democratise access.

² See Annex II, which showcases an infographic explaining REITs.

³ See how real estate supports growth, job creation, and sustainability, https://www.epra.com/download_file/3187/187.

⁴ See Annex I, which showcases a set of data on the LRE market.

⁵ See Oxford economics paper "unlocking diversification: the strategic role of real estate in multi-asset portfolios", https://prodapp.epra.com/media/Oxford_Economics_EPRA_portfolio_optimisation_report_2024_1727092189655.pdf.

⁶ Based on research conducted on 40 institutional investors.

⁷ See Annex I, which showcases a set of data on the LRE market.

Auto-enrolment and scalable design: What Europe can learn

As noted in the Letta Report⁸, increasing household participation in capital markets is urgent. Countries like **Sweden or the U.S.** have proven that automatic enrolment and alternative enrolment systems, paired with long-term savings products and low fees, can redirect household capital into productive investments.

The U.S. 401(k) and Target-Date Fund Model

- **170+ million Americans** have indirect REIT exposure via retirement investments.⁹
- Target-date funds (TDFs) serve as default options (QDIAs), automatically enrolling participants into diversified, age-adjusted portfolios.
- These funds include exposure to **over 200 listed REITs** through broad market index funds.
- Low fees (approx. 0.08%), automatic rebalancing, and employer matching make this system both accessible and efficient at scale.
- In addition to the default TDFs, large 401(k) plans often offer around 20 to 30 individual funds, including dedicated REIT funds, sector-specific funds, and ESG options, offering flexibility for more engaged savers.

This robust REIT inclusion—through S&P 500, total U.S. stock market index funds, and dedicated real estate index funds—has made REITs a standard component of 401(k) portfolios, ensuring that nearly half the U.S. population holds equity and REIT exposure, thereby giving the U.S.-listed real estate sector a significant edge in attracting long-term capital.

Sweden's AP7 Såfa Fund

- A state-run **default pension plan** that combines global equity, bond exposure, and lifecycle allocation.
- The equity fund part invests in a global index of approx. 3,000 companies across all sectors and regions. This **includes listed real estate companies and REITs** as part of the market.
- Low cost (approx. 0.05% for most savers) and universal access have made it a benchmark for efficient public wealth-building.
- Beyond the default AP7 Såfa fund, Swedish savers can choose from over 450 privately managed funds via the Premium Pension System (PPM), giving individuals significant flexibility while preserving a strong, simple default option. These funds are available by design, with lower fees and higher standards for the benefit of savers.

These models demonstrate how **automated, diversified, and low-fee frameworks** can successfully channel savings into long-term, real-economy investments. A “**Finance Europe Label**” as put forward recently could emulate these structures under a unified EU identity.

Real-economy impact: Buildings, infrastructure, and the green transition

LRE companies directly finance and manage essential buildings, not abstract derivatives or synthetic products. They invest in:

- Social and affordable housing
- Healthcare and senior living facilities

⁸ E. Letta “Much more than a market”, p. 30, <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>.

⁹ <https://www.reit.com/data-research/data/reits-numbers>.

- Data centres and logistics
- Retail hubs, offices, self-storage, and life science facilities

The EU's listed real estate portfolio currently stands at €620.8 billion, yet it still trails the U.S. in scale and reach. Embedding LRE into EU-wide investment accounts would trigger capital inflows that directly fuel the green transition, housing supply, and urban revitalisation.

A transparent, liquid, and stable asset class

Unlike private real estate, LRE offers:

- Instant liquidity via public markets;
- Regulatory oversight and robust governance;
- Decades of performance data and resilience through market cycles;
- No bankruptcies in the FTSE EPRA Nareit Developed Europe Index during the last financial crisis.

Its combination of maturity, scale, and transparency makes LRE a natural fit for any long-term savings product aimed at preserving and growing citizens' wealth.

POLICY RECOMMENDATIONS

To fully leverage the potential of LRE, we recommend:

- Ensure that EU-recognised savings and investment accounts **include exposure to listed real estate and REITs as eligible asset classes.**
- **Tax incentives** to encourage uptake;
- **Automatic enrolment mechanisms** tied to pension or employer-based systems;
- **Digital-first, low-fee, and portable account design;**

By learning from U.S. and Swedish success stories, the EU and its Member States can unlock their own capital markets and put household savings to work for growth, sustainability, and long-term financial security.

We are confident that this step could deliver substantial benefits for the real economy and wealth accumulation for EU savers. In the meantime, EPRA is readily available to provide any additional information you may need. You can reach us directly at publicaffairs@epra.com.

About EPRA

For 25 years, the European Public Real Estate Association (EPRA) has been the voice of Europe's listed real estate companies, investors, and their suppliers. EPRA achieves this through providing better information to investors and stakeholders, active involvement in the public and political debate, promotion of best practices, and the cohesion and strengthening of the industry. With more than 290 members (companies, investors, and their suppliers), EPRA represents over 880 billion EUR of real estate assets (European companies only) and 95% of the market capitalisation of the FTSE EPRA Nareit Europe Index. Find out more about our activities on www.epra.com.

EU Transparency Register no. 09307393718-06

Annex I – Set of data on the LRE market



European Listed Real Estate



European listed property companies own over 12,000 commercial assets. These diversified portfolios are spread across 9 different sectors in 20 different countries

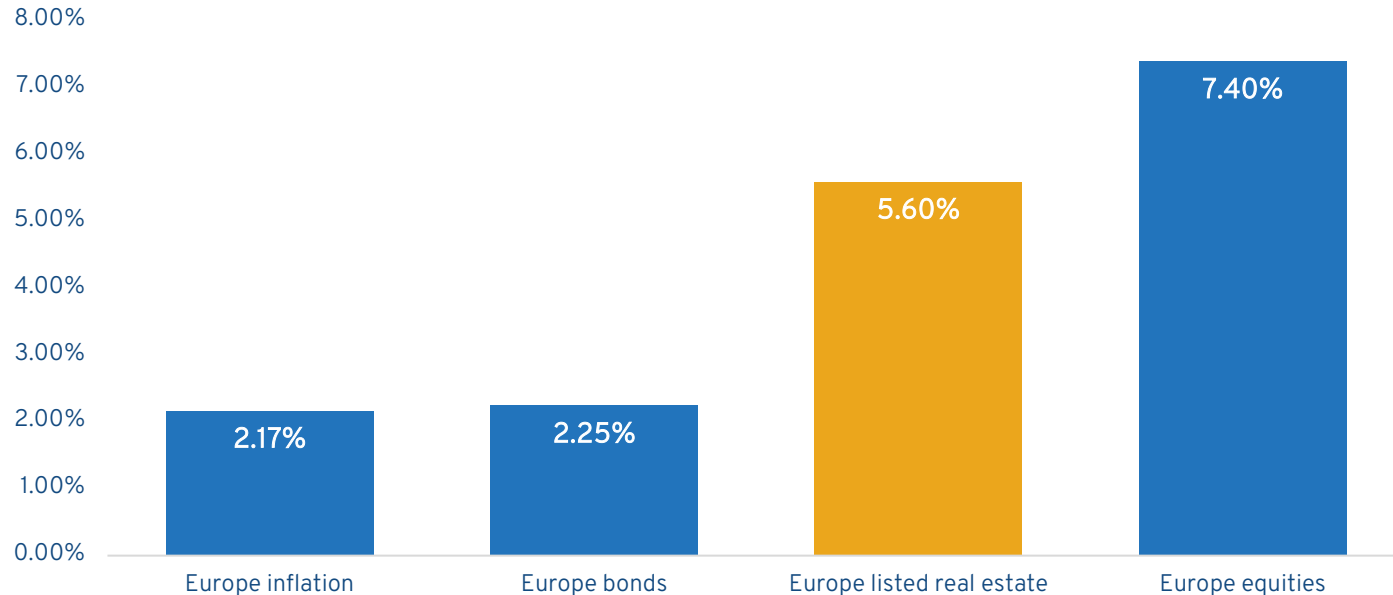


ESTATE ASSOCIATION

Pictures: URW, Segro, Merlyn Properties, Vonovia, Derwent London

Long-term performance of European Listed Real Estate

15-year annualised total return in EUR

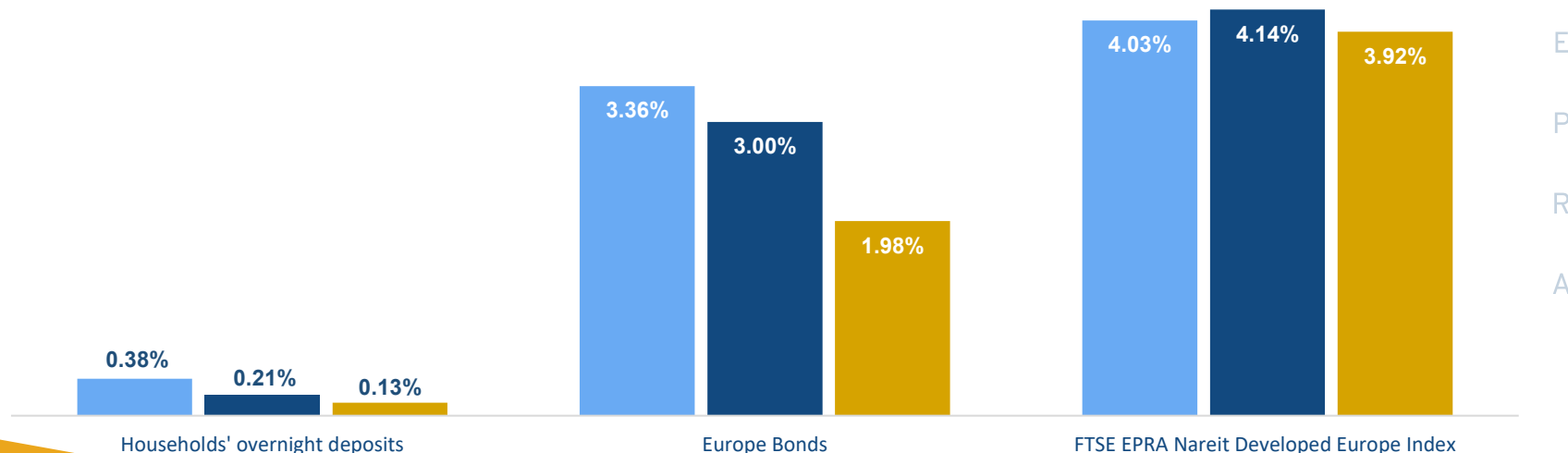


Dividend Yields consistently higher than bonds and deposits

Providing valuable support to the immediate current income crisis needs

Measures of yield

■ 1 Year ■ 3 Years ■ 5 Years



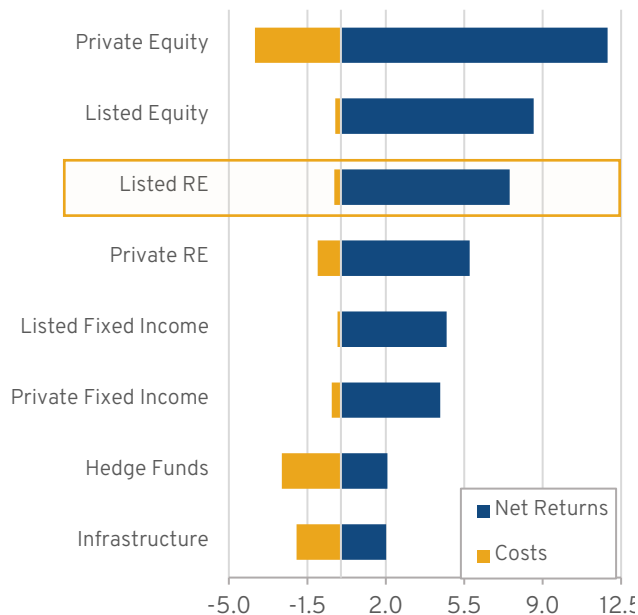
Sources: ECB, FTSE, EPRA, Nareit, JP Morgan
Data as of: December 31, 2024

Allocation, cost & performance of international investors in Europe

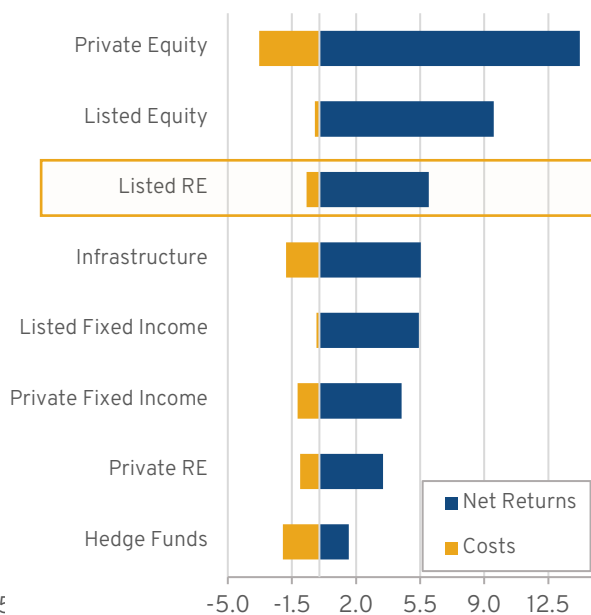
CEM Benchmarking studies show Listed RE among the top performers in the portfolio of institutional investors

Average of Reported Annual Net Total Returns per Asset Class – Netherlands. UK & Other European Countries

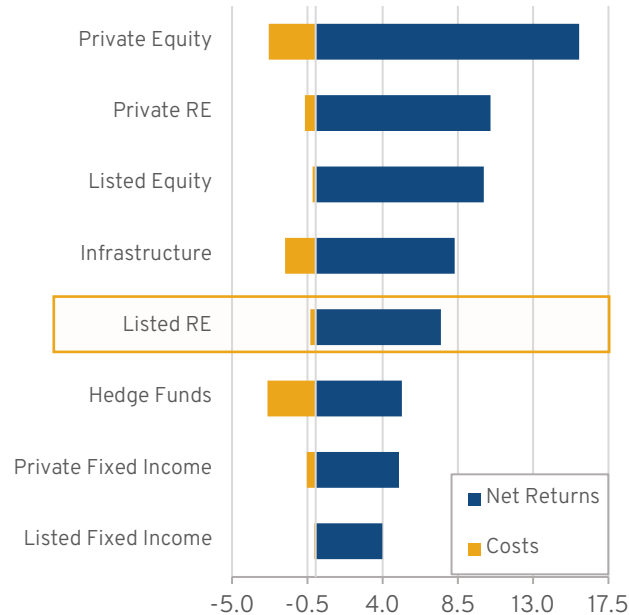
Dutch Institutional Investors (2005-2021)



UK Institutional Investors (2008-2021)

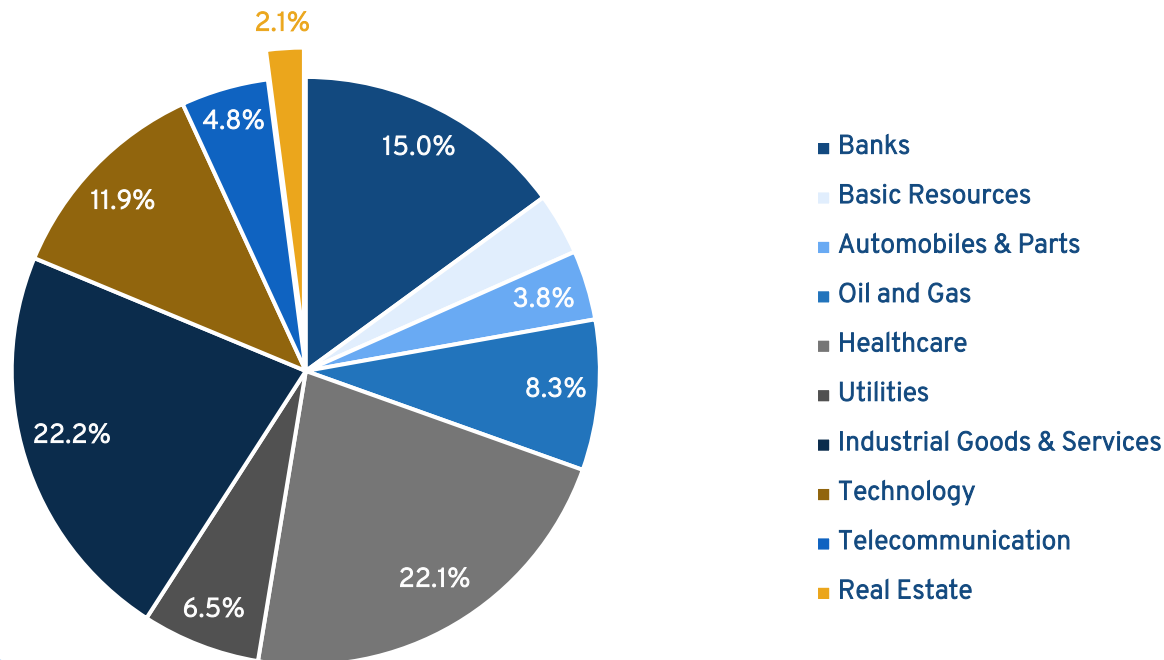


Other European Investors (2005-2021)



European Equity sectors' size as of December 2024

% weight of European equity sectors (STOXX 600 Index) in EUR billion



Annex II – Infographic on REITs and the Savings and Investments Union

Listed property companies
make essential buildings available for Europe's
economic growth and its citizens' wellbeing.

REAL ESTATE INVESTMENT TRUSTS

Within the listed property companies landscape, Real Estate Investment Trusts (REITs) are companies that own, operate, develop, and manage real estate assets to obtain returns from rental income and capital appreciation, with a **mandatory high dividend payout**.

RESIDENTIAL

Including social and student housing to tackle housing shortages

OFFICES

Including flexible office spaces to serve business needs

RETAIL

To boost the liveliness of urban areas and sustain retail expansion

In addition to **residential, office, and retail spaces** essential for EU citizens and businesses, REITs play a crucial role in providing the necessary assets **to address emerging challenges and support EU economy**.

HEALTHCARE AND SENIOR HOUSING FACILITIES

To meet the needs of a growing aging population

DATA CENTRES

To meet our European needs in trustworthy data centres facilities

LOGISTICS

To ensure the continuity of the supply chain



REITs offer low-cost, effective, and liquid means to invest in a diversified real estate portfolio that would otherwise be inaccessible to investors. With more than **240 REITs listed across Europe**, investors not only gain exposure to high-quality assets in multiple EU Member States but also contribute to enhancing the flow of capital within the Single Market and into the EU real economy.

LIFE SCIENCE FACILITIES

To foster innovation and the development of assets for human health purposes

Capital Markets Union and listed property companies at work for the EU real economy and its citizens

In addition to bringing **long-term investments, growth, and jobs** to the European economy, REITs also provide a predictable income stream through regular and mandatory dividends as well as capital appreciation.

HOW?

By acquiring ownership in European REITs

to obtain regular dividend distribution

and ensure an additional income stream

institutional investors alongside **retail investors**, in Europe and beyond, can seamlessly buy shares in REITs, in the same way they would purchase stocks in companies such as Apple, Tesla, or Amazon.

owing to their legal obligation to distribute on average **90% of their rental income** to shareholders, REITs provide reliable and recurrent dividend payments over the long term.

REITs can significantly contribute to the **financial security of millions of European citizens**, especially as they retire, while supplying the private capital essential for the European real economy.

To help reduce Europe's pension gaps



In the United States, REITs form a crucial part of investment portfolios, including retirement savings, for **around 170 million Americans**, boosting income returns and reducing risks for retirement savers.

DID YOU KNOW?



In the EU, incorporating REITs into a pan-European pension or savings product would offer a **stable and secure path for citizens to build their retirement savings**, in line with the goals of the Savings and Investments Union.

Listed real estate

enables investment in the real economy and serves society



EPRA, the European Public Real Estate Association, is the voice of the publicly traded European real estate sector. Founded in 1999, EPRA is a not-for-profit association registered in Belgium. With more than 290 members, covering the whole spectrum of the listed real estate industry (companies, investors and their stakeholders), EPRA represents over EUR 880 billion of real estate assets and 95% of the market capitalisation of the FTSE EPRA Nareit Europe Index.

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