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SCPI AND OPCI IN THE FIRST QUARTER OF 2020: SOLID GROWTH IN INFLOWS

ASPIM (*Association française des Sociétés de Placement Immobilier* - the French association for real estate investment companies) and IEIF (*Institut d'Épargne Immobilière et Foncière* - an independent real estate research organisation) have published statistics on the market for SCPI and retail OPCI real estate investment funds in the first quarter of 2020. Inflows into SCPIs and retail OPCIs amounted to €3.8 billion, representing a 47% year-on-year increase in volume.

For Frédéric Bôl, Chairman of ASPIM, “While it is still too early to assess the consequences of the health and economic crises on the sector and the performance of funds, it is clear that SCPIs and OPCIs have tackled the crisis on a solid footing. Not only was growth in inflows strong for both vehicles in the first quarter, there were no significant redemptions to report for March and April. Since the start of the crisis, ASPIM’s members have been supporting their struggling tenants in the retail sector through measures to adjust commercial rents, paying careful attention at all times to the interests of unitholders. It was with these support measures in mind that most SCPIs opted to reduce the amount of the first interim dividends of the year. However, these cyclical declines are not indicative of annual distribution levels. Despite the context, inflows continued in April, albeit at a much slower pace than before the confinement period, as could be expected.”

Net inflows and investment

- **SCPIs**

Inflows into corporate real estate and tax SCPIs stood at €2.56 billion in the first quarter of 2020, up 24% on the first quarter of 2019.

SCPIs made €1.45 billion in acquisitions in the first quarter of 2020, compared with €1.6 billion in the first quarter of 2019. Offices still represent the majority of acquisitions in value terms (61%), followed by logistics (14%), retail (9%), hospitality (9%) and healthcare (6% for nursing homes and health centres).

Geographically speaking, most acquisitions were made in foreign countries (45%), followed by Ile-de-France (38%, including 10% in Paris) and the French provinces (17%).

Germany (19%) is still the top foreign investment destination, particularly in the logistics sector during the first quarter. Benelux (9%) and Spain (6%) are the other two destinations in the top three. These figures confirm the increasing focus on European investments since 2013-2014.

SCPIs also sold €234 million worth of assets, compared with €308 million in the first quarter of 2019. Offices accounted for 81% of the assets sold in value, and two-thirds of these were located in the French provinces. Parisian residential properties accounted for 11% of the assets sold.

- **Retail OPCIs**

In the first quarter, retail OPCIs mainly distributed through life insurance policies registered €1.28 billion in total inflows, up 130% year-on-year. This marked the second highest quarterly inflows since retail OPCIs were first created in 2007. Despite the fall in the markets for transferable securities from mid-March, and in particular for listed real estate companies, fund sales did not show any significant slowdown up to the first half of April, staying positive. Net sales amounted to €60 million in the first half of April, compared with €190 million in the second half of March.

Capitalisation and net assets

- **SCPIs**

The capitalisation of SCPIs totalled €68.2 billion as at 31 March 2020, up 4.5% over a quarter.

- **Retail OPCIs**

The cumulative net assets of OPCIs went from €18.6 billion as at 31 December 2019 to €19.3 billion as at 31 March 2020, representing an increase of 3.7% over a quarter.

Secondary market

Shares in SCPIs traded on the secondary market in the first quarter of 2020 amounted to €271 million, up 7% year-on-year. The rate of asset turnover relative to capitalisation stood at 0.41%. Despite the considerable market volatility and the economic uncertainties connected with the strict containment measures introduced in an effort to contain the COVID-19 pandemic, no increase in redemption requests was observed in March and April.

Performance

- **SCPIs**

According to the EDHEC IEIF French corporate real estate index, the overall performance of corporate SCPIs stood at +6.7% as at 31 March 2020 on a rolling year basis. This overall performance consists of a current yield of 4.4% (down 0.1 of a point over a quarter) and a 2.3% increase in the price of shares. The government measures announced to tackle the COVID-19 crisis have led many fund managers to exercise caution by not distributing the full interim dividend amounts earmarked for the first quarter.

- **Retail OPCIs**

According to the IEIF retail OPCI index, the overall performance, as at 31 March 2020, of retail OPCIs stood at -2.9% on a year-to-date basis and 0% year-on-year. This was due to the poor performance of the “listed real estate companies” segment following the market sell-off in March (with the Euronext IEIF SIIC France index shedding 35% since 1 January).

ABOUT ASPIM

ASPIM promotes, represents and defends the interests of its members, all managers of alternative investment funds (AIFs) in real estate (SCPIs, OPCIs and other AIFs “by object”). Formed in 1975, ASPIM is a non-profit association that brings together all actors in the management of unlisted real estate funds. In France, alternative investment funds invested in real estate (SCPIs, OPCIs, OPPCIs and other AIFs) had an overall capitalisation of €200 billion as at 31 December 2019.

ASPIM has 97 members, of which 84 asset management companies (*Sociétés de Gestion de Portefeuille*) for SCPIs, OPPCIs, OPCIs and other real estate AIFs approved by the *Autorité des Marchés Financiers* (AMF - French financial markets regulator), be they subsidiaries of banking, insurance or foreign real estate management groups or entrepreneurial firms, and 13 highly-qualified experts from the real estate ecosystem (lawyers, consultants, auditors and other experts).

In its relations with French and international authorities in charge of matters that affect its members, ASPIM defends and promotes the interests of the investors in these funds and strives to demonstrate the sector’s contribution to the national economy.

In particular, ASPIM was behind the creation in 2006 of the new form of OPCl for private and institutional investors, together with the recent reform of the legal framework for SCPIs to coincide with the transposition into French law of the AIFM directive.

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