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SCPI AND OPC I IN THE THIRD QUARTER OF 2020: A CAUTIOUS RECOVERY

ASPIM-IEIF statistics show a slight improvement in inflows and investment volumes in the third quarter of 2020. In total, annual inflows into SCPIs and retail OPCIs at 30 September 2020 amounted to €6.4 billion, down 20% compared with the first three quarters of 2019.

For Jean-Marc Coly, Chairman of ASPIM, “investment, distribution and secondary market indicators performed favourably in the third quarter. However, the post-lockdown recovery in inflows was not as strong as hoped, due to the persistent wait-and-see stance adopted by investors. The new lockdown could have a further impact, but more marginal due to the mitigating effect of government support measures for landlords who offer rent holidays.”

Net inflows and investment

- **SCPIs**

Inflows into commercial and residential real estate SCPIs totalled €1.01 billion in the third quarter of 2020, down 44% compared with last year, but still up 16% versus the second quarter of 2020. In the first nine months of the year, SCPIs recorded inflows of €4.5 billion, down 26% versus the same period last year.

On the investment side, SCPIs made acquisitions worth €2.5 billion in the third quarter, compared with slightly under €2 billion in the third quarter of 2019. Offices account for the bulk of the acquisitions in value terms (70%), followed by retail (12%) and, in third place, healthcare (12% including nursing and retirement homes and health centres). Hotel properties (3%) and logistics facilities (1%) were proportionally less sought after than in the first half of the year.

Geographically, acquisitions were largely made in the Ile-de-France region (51%, including 21% in Paris), followed by international markets (26%) and the French regions (23%). Internationally, Germany is still the leading investment destination, with 9% of the amounts invested, ahead

of Spain (5%), the Netherlands (5%), the United Kingdom (4%), Ireland (2%) and Luxembourg (1%).

SCPIs also sold assets worth €305 million, compared with €520 million for the same period last year. 85% of the assets sold are offices and 81% are located in the Ile-de-France region.

Retail OPCIs

In the third quarter of 2020, retail OPCIs recorded inflows of €247 million, down 60% year-on-year and 25% versus the previous quarter.

Thanks to the robust inflows recorded in the first quarter, the year-on-year trend over the first nine months remains positive (+1.4%) compared with the same period in 2019. Since the beginning of the year, net subscriptions have reached €1.86 billion.

Capitalisation and net assets

- **SCPIs**

SCPI capitalisation totalled €69.9 billion as at 30 September 2020, up 11% year-on-year.

- **Retail OPCIs**

The cumulative net assets of OPCIs rose to €19.7 billion as at 30 September 2020, an increase of 13% year-on-year.

Secondary market

Shares in SCPIs traded on the secondary market amounted to €275 million in the third quarter of 2020 (versus €305 million in the second quarter), up 22% year-on-year. The share turnover rate in the third quarter was 0.42%, compared with 0.37% for the same period in 2019.

Performance

- **SCPIs**

The improvement in rent collection enabled more than half of SCPIs to increase the interim dividend amount paid for the third quarter of 2020. On average, interim payments for the quarter were up 12% versus the second quarter. Compared with the same period last year, interim distributions for the first nine months of 2020 were on average down by 8.4%.

According to the EDHEC IEIF French corporate real estate index, the overall performance of corporate SCPIs stood at 4.8% as at 30 September 2020 on a rolling year basis. This overall performance consists of a current yield of 4.2% (stable versus the previous quarter) and a +0.6% increase in the price of shares (down 0.6 points over the quarter).

- **Retail OPCIs**

According to the IEIF retail OPCi index as at 30 September 2020, the overall performance stood at -2.5% on a year-to-date basis and -1.4% year-on-year. The deterioration in the performance of retail OPCIs in the third quarter was due mainly to their exposition to listed property investment companies. Having already plunged 32% in the first half of the year, the Euronext IEIF SIIC France index lost a further 15% during the third quarter.

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, at 31 December 2019, real estate AIFs represented a total capitalisation of €231 billion.

ASPIM has 103 members, of which 86 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 17 highly-qualified experts from the real estate and financial ecosystem (lawyers, consultants, auditors and other experts).

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