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Market size project

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Relevance of market sizes

Project provides a series of important benefits **for IPD**

- Weightings for multinational benchmarks & composite indexes
- Information of IPD's market coverage

Project provides a series of important benefits for **Asset owners**

- Weighting in multinational indexes
- Replication of global universe in portfolios

Project provides a series of important benefits for **Asset managers**

- Geographic focus and growth opportunities for new funds and expansion of existing funds
- Weighting in multinational portfolios



Previous literature

- Relationship with GDP (Lian and McIntosh, 1999)
- DTZ, LaSalle and Pramerica produce their own estimates

Despite benefits, there have been **significant limitations**

- Inconsistencies in approach between countries (IPD)
- Limited depth of coverage in terms of sector weights, portfolio types, etc

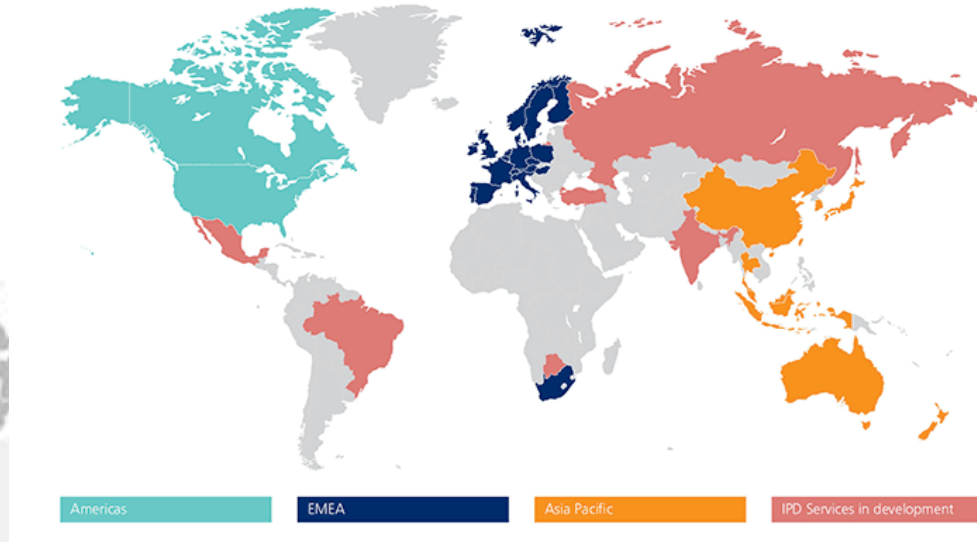
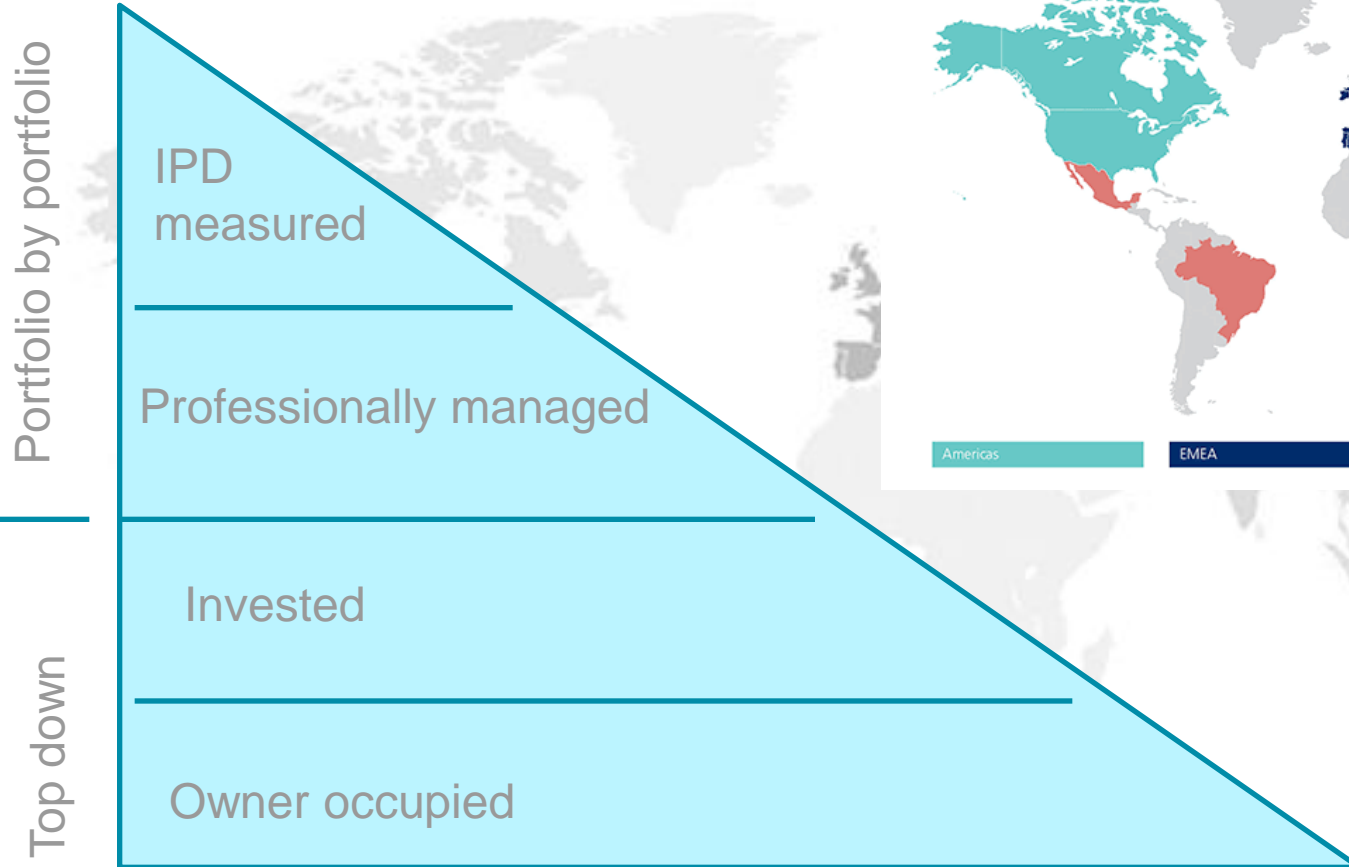
IPD Global Market Size numbers are **unique**

- bottom-up estimates of professionally managed portfolios



Methodology - Market size levels

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Methodology – Definition

Included:	Excluded:
Insurance & pension funds	Small private landlords (< USD 100 million)
SWFs	Owner occupied portfolios (pubs, hotels, hospitals)
Unlisted funds (closed & open)	
Traditional estates & charities	Mortgage companies
Listed funds	Development property
Large private landlords (> USD 100 million)	Fund of funds and indirect holdings (double counting)
Leased Office, retail, industrial, residential and other property Including self storage and parking	Municipal and social housing
	Forestry, Farmland & infrastructure



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Portfolio by portfolio data collection – end 2013

	Funds	Number of assets	Capital value
IPD databases	> 1400	> 77,000	> USD 1.4tn
Extra portfolios added	> 7500		>USD 5.5tn

Data collected:

- Debt, equity
- Sector and geographic real estate investment portfolio breakdown

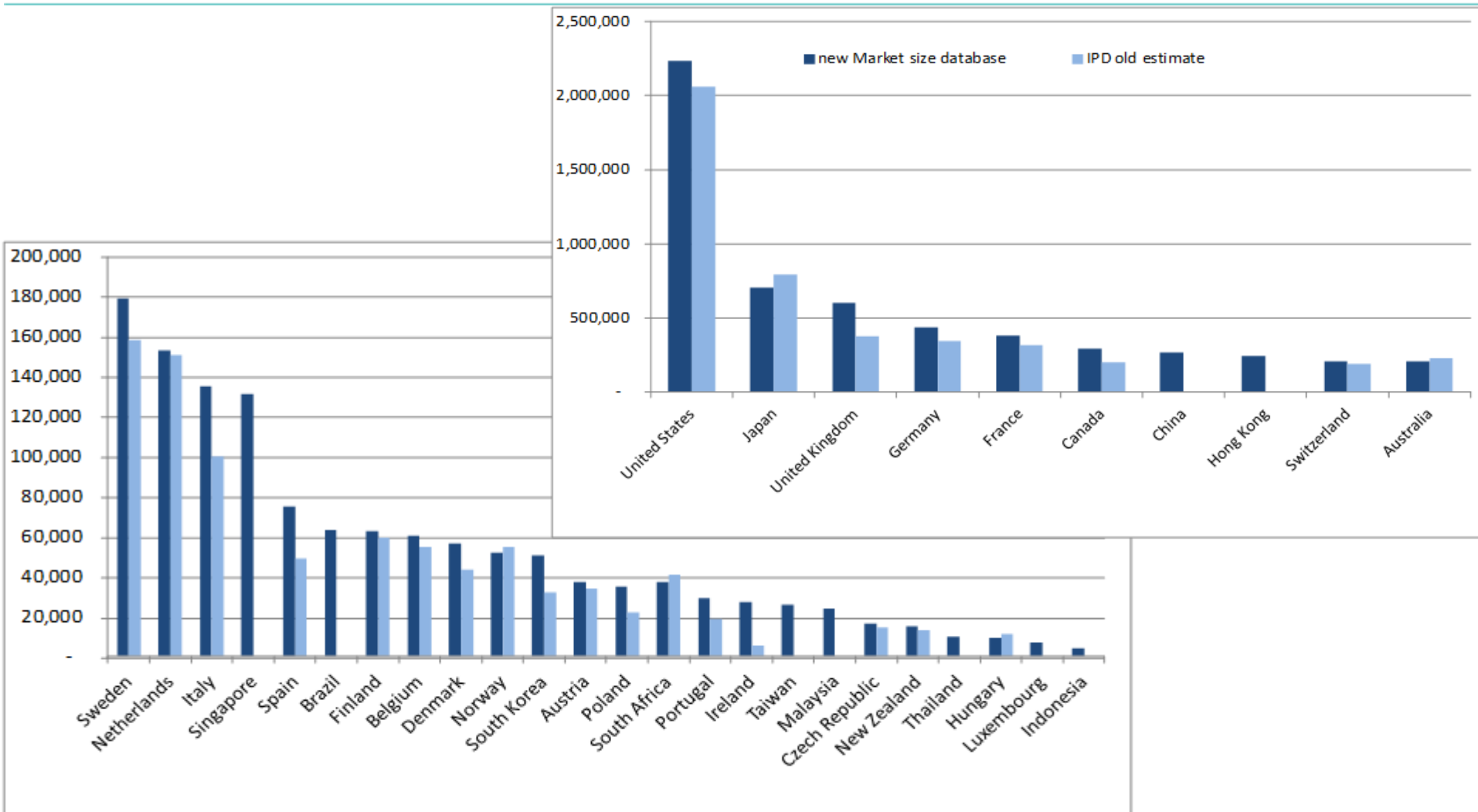
Sources: Annual reports, information on websites and confidential information received on portfolio level



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Absolute market size estimate compared to previous IPD estimate

Estimates in USD million

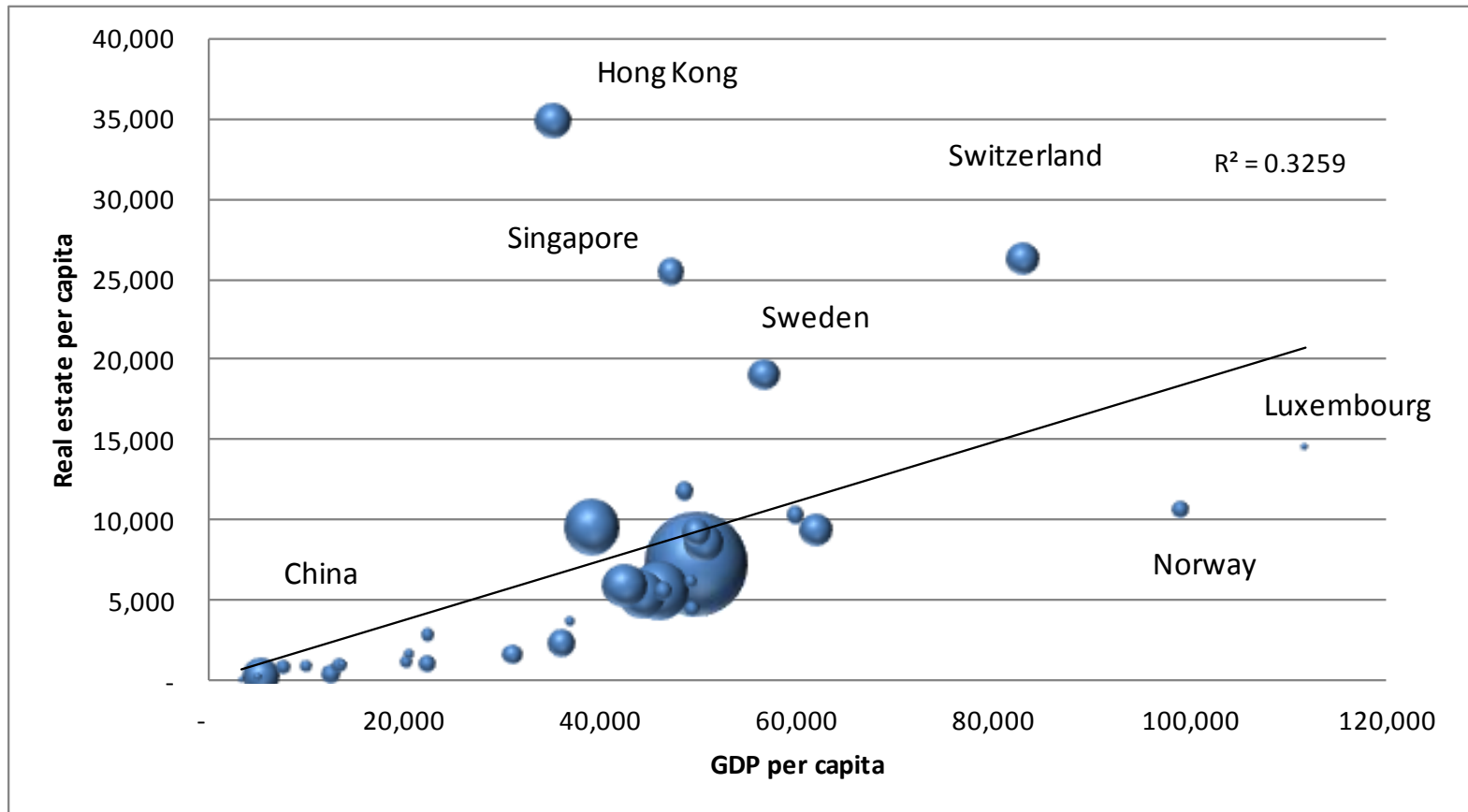




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Relative market size estimate - comparison

Relative estimates per capita & GDP (USD)



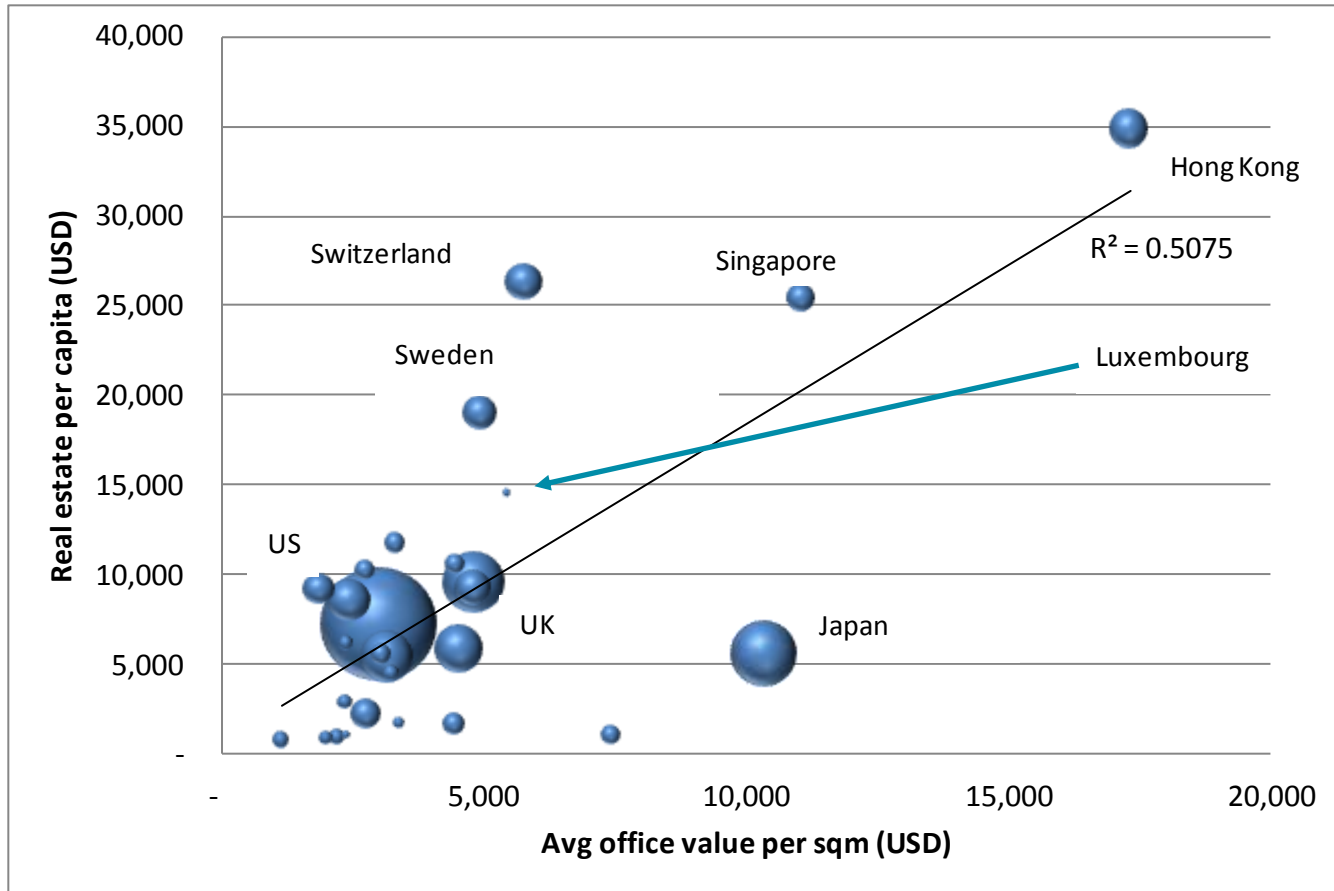
Source GDP and population: Worldbank



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Relative market size estimate - comparison

Relative estimates per capita & CV per sqm. (USD)



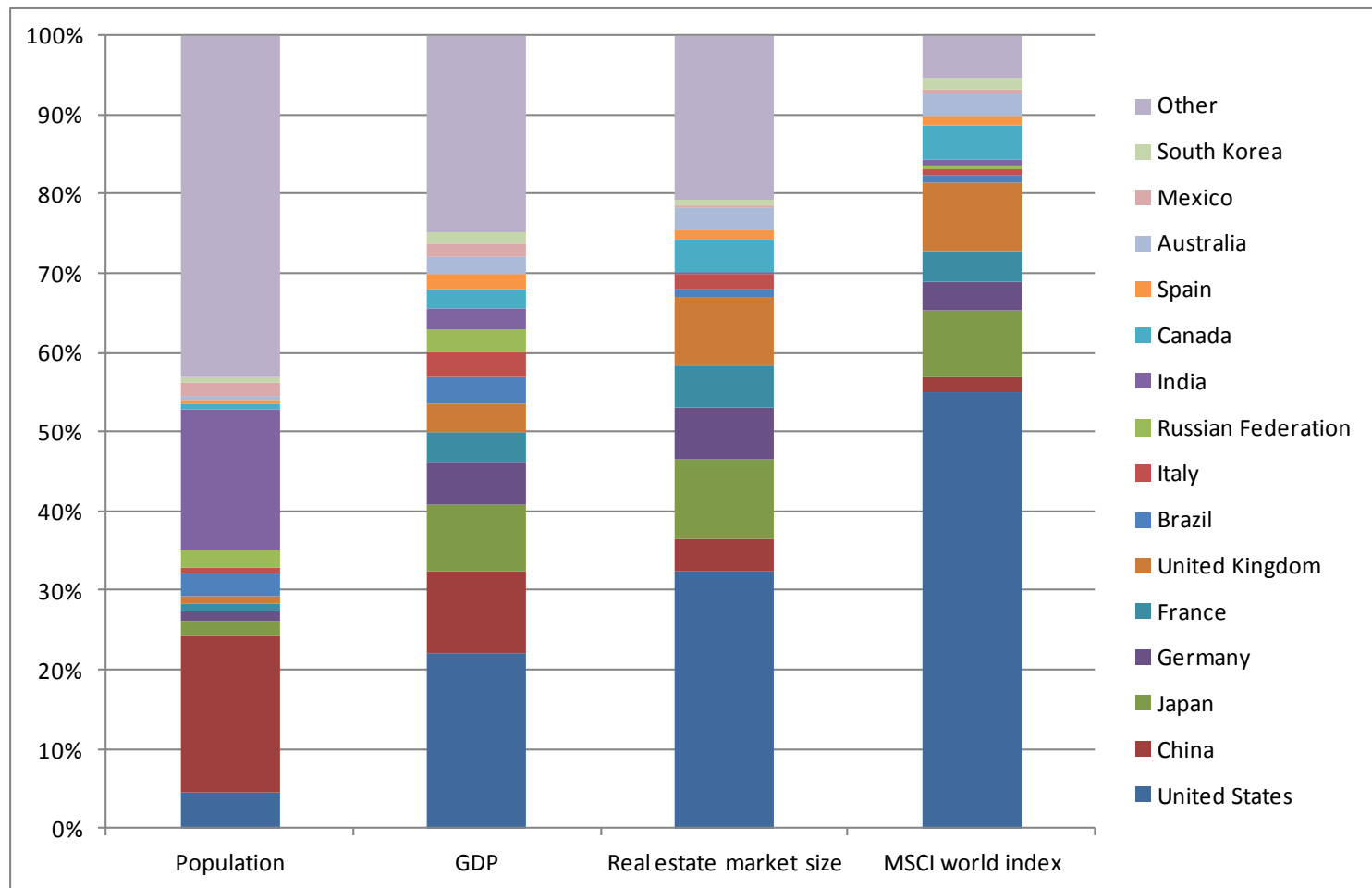
Source population: Worldbank



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Relative market size estimate – compared to other indicators

Global breakdown by market



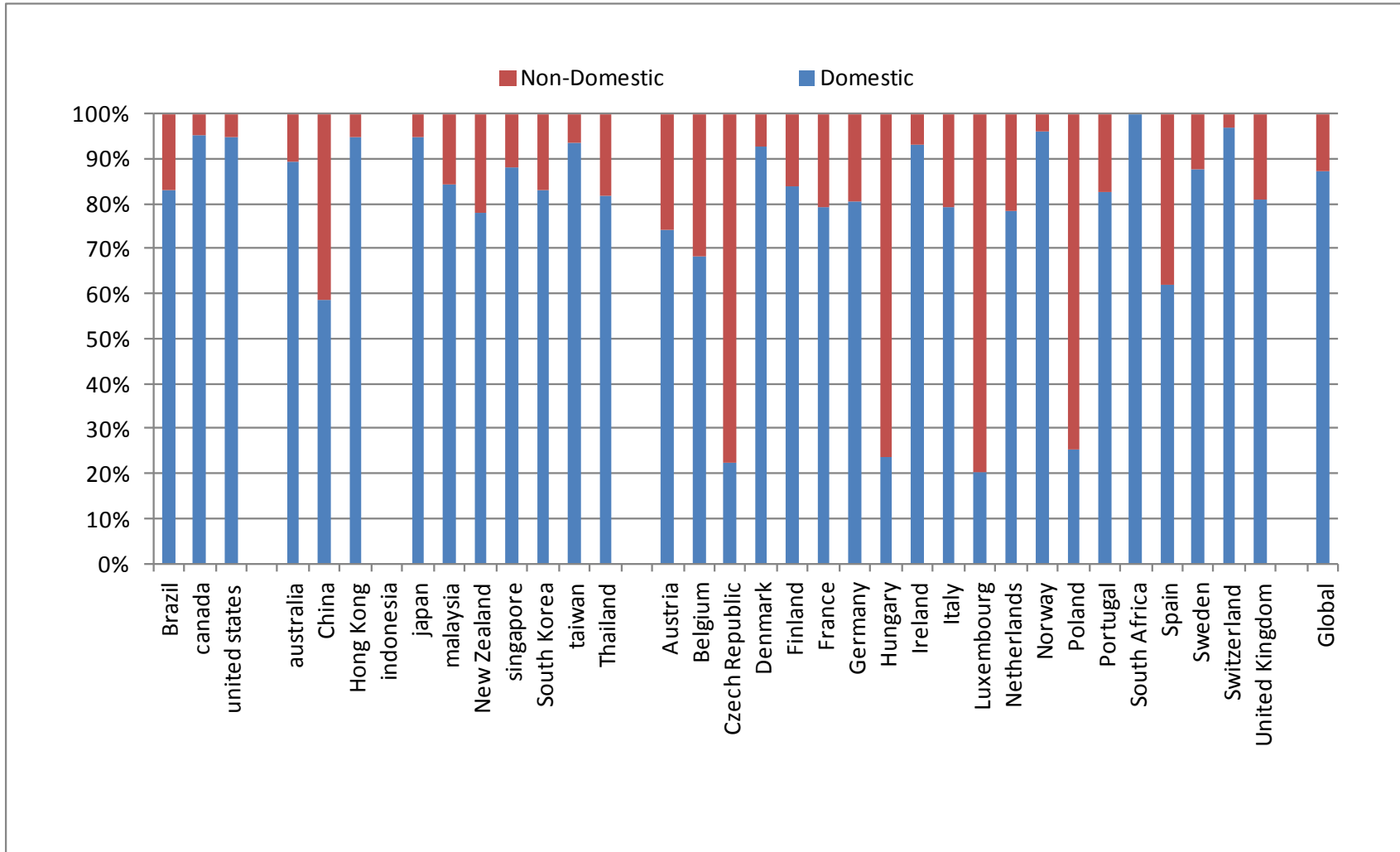
Source GDP and population: Worldbank



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Market size ownership by domicile of the fund

Non-domestic ownership still small

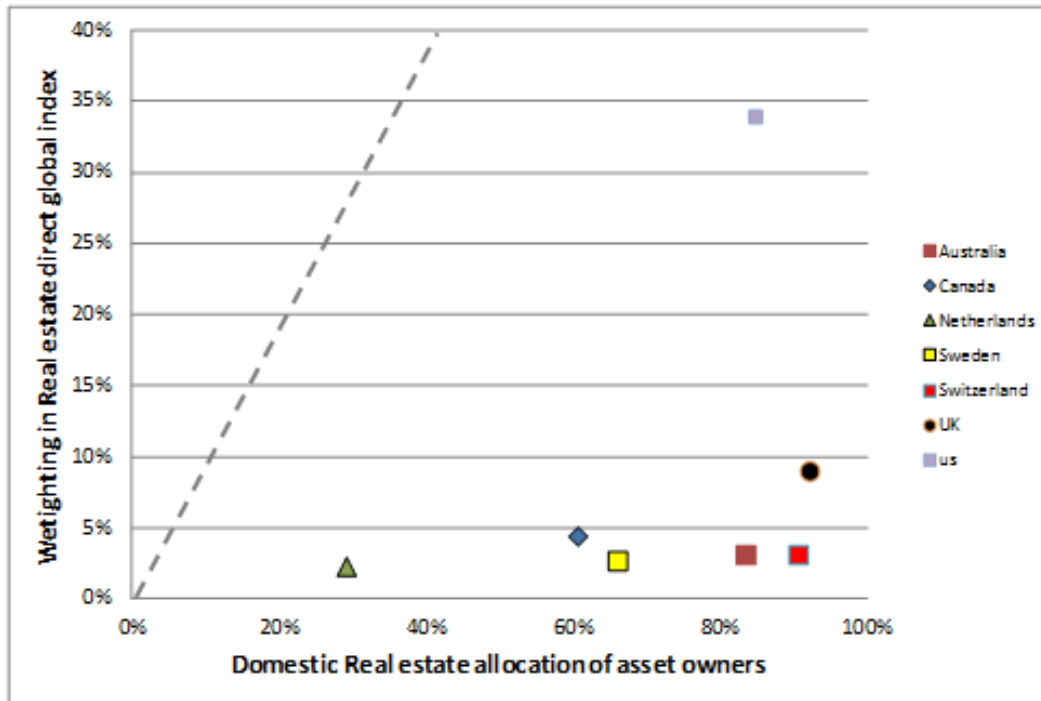




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Home bias in asset owners portfolio

Weighting in global index versus domestic exposure

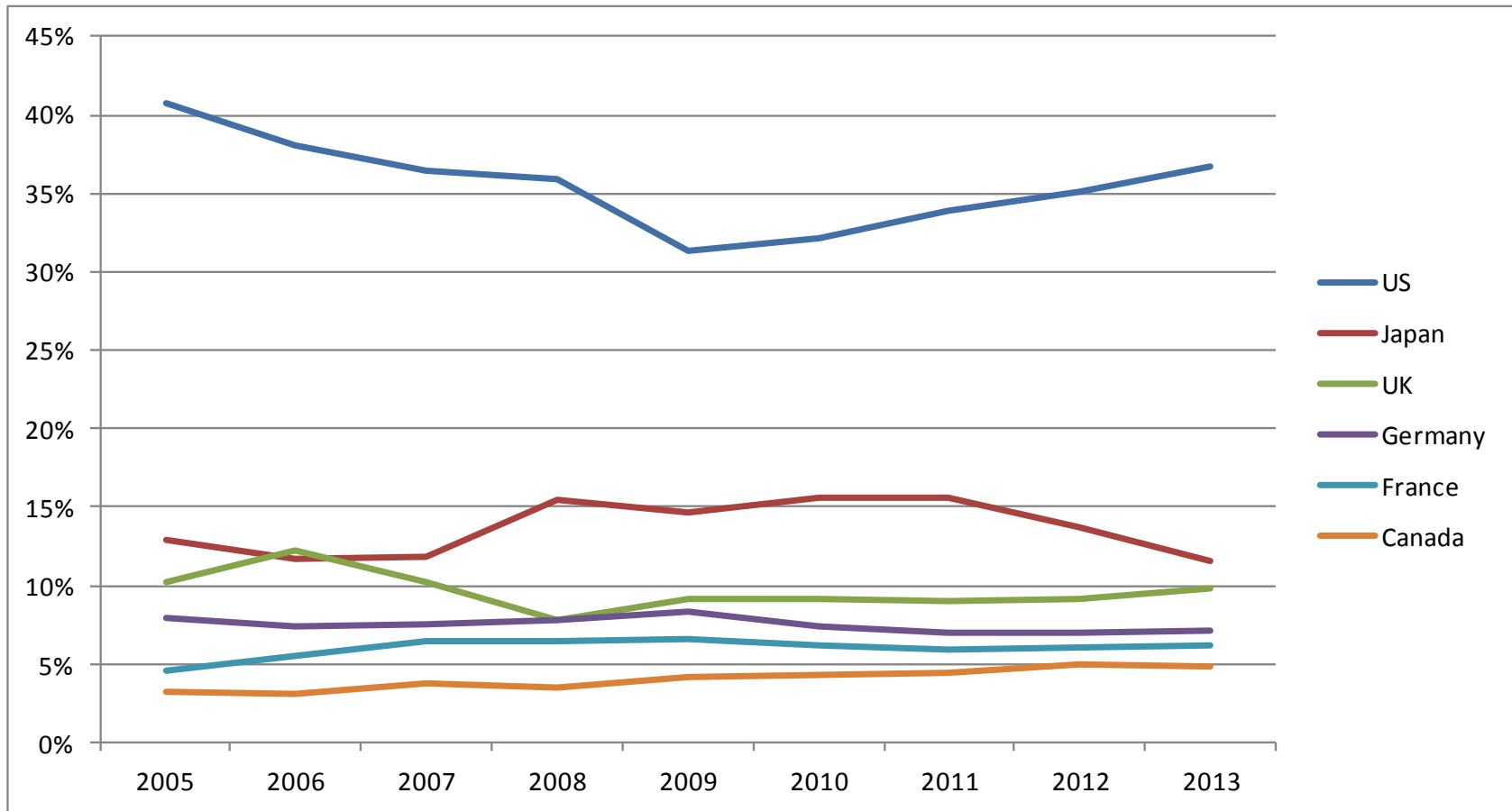




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Market size estimate - Development over time

Changes over time, due to capital growth and currency impact

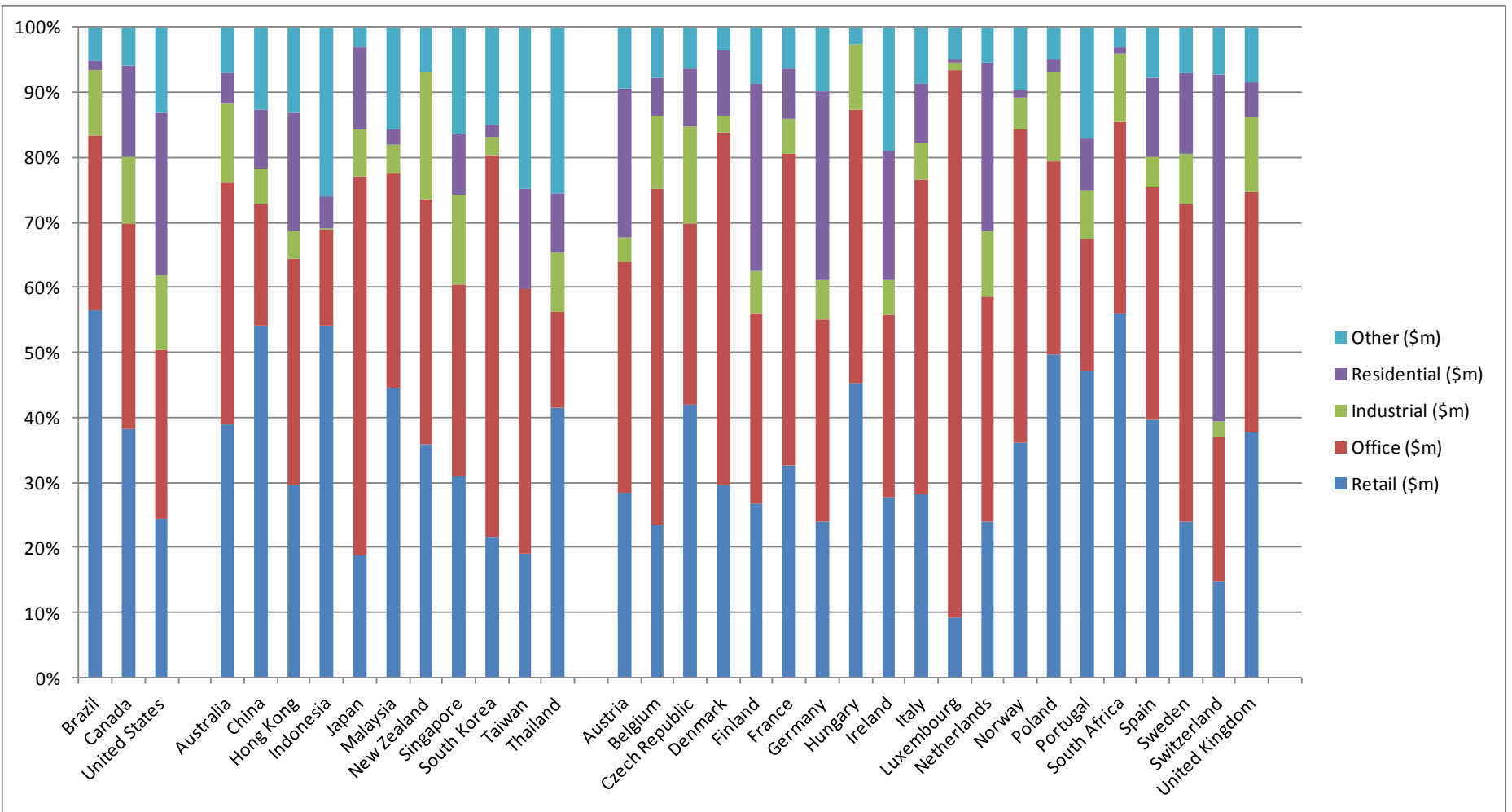




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Market size estimate – sector composition

Retail and office dominate, but large differences for residential

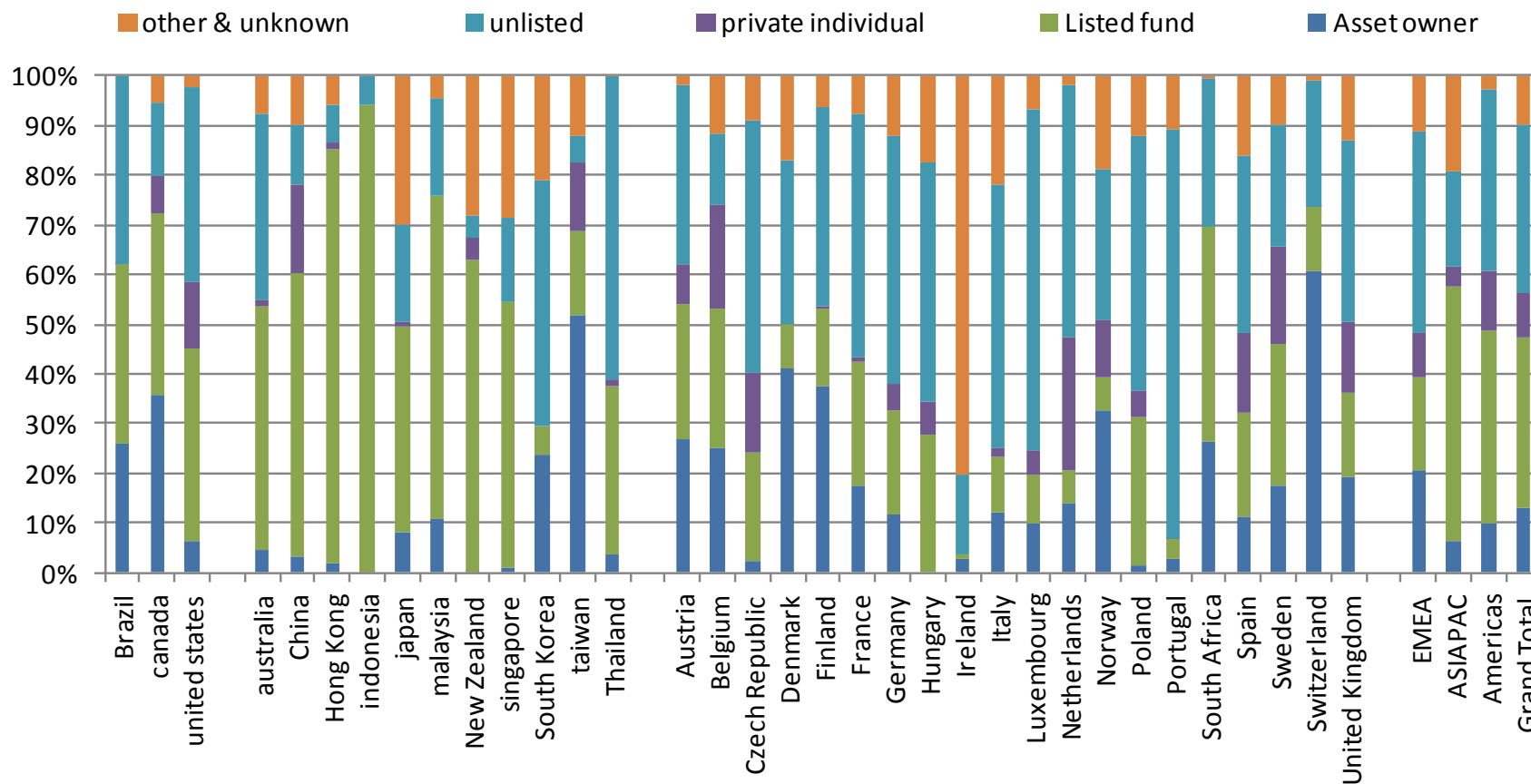




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Market size estimate – portfolio type by country of assets

Listed dominated dominates ASIA and unlisted funds Europe



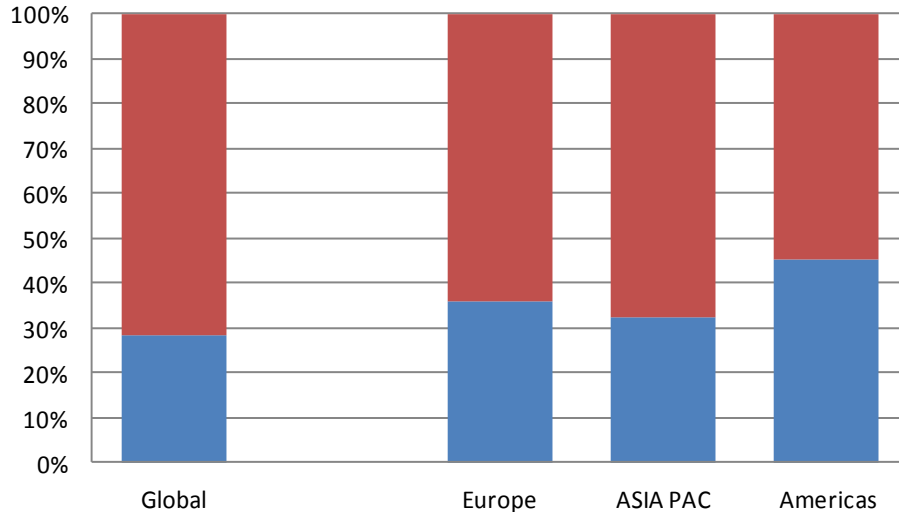


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Market size estimate – leverage Based on the country of assets

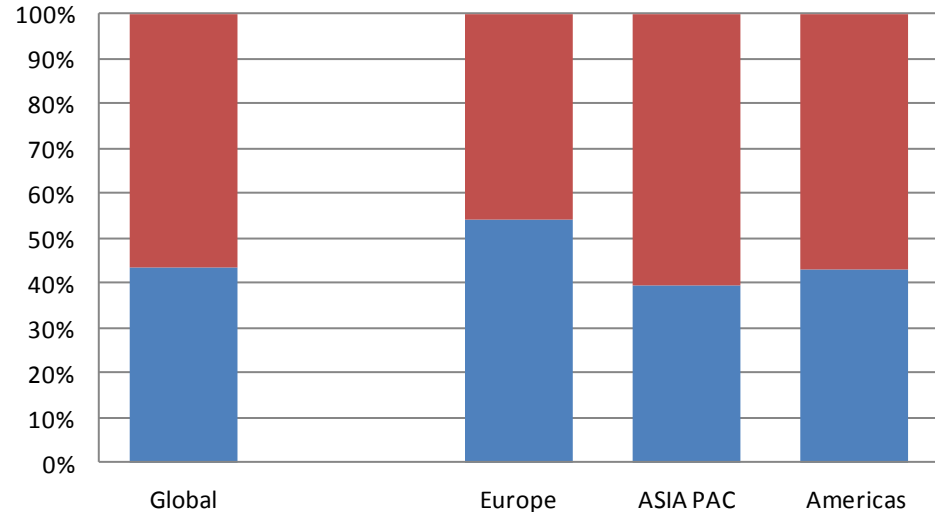
Unlisted funds

■ equity ■ debt



Listed funds

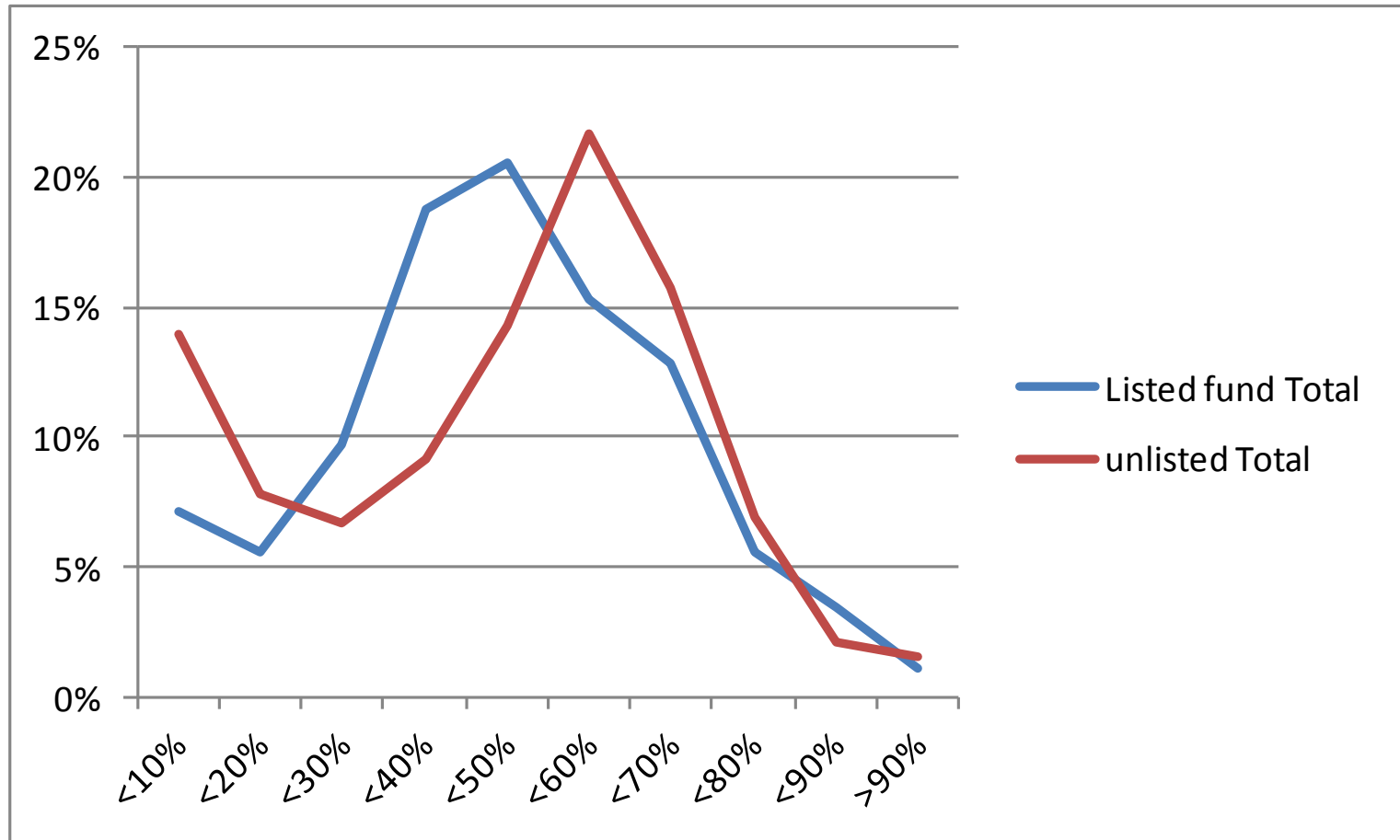
■ equity ■ debt





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Use of leverage LTV on individual portfolio level

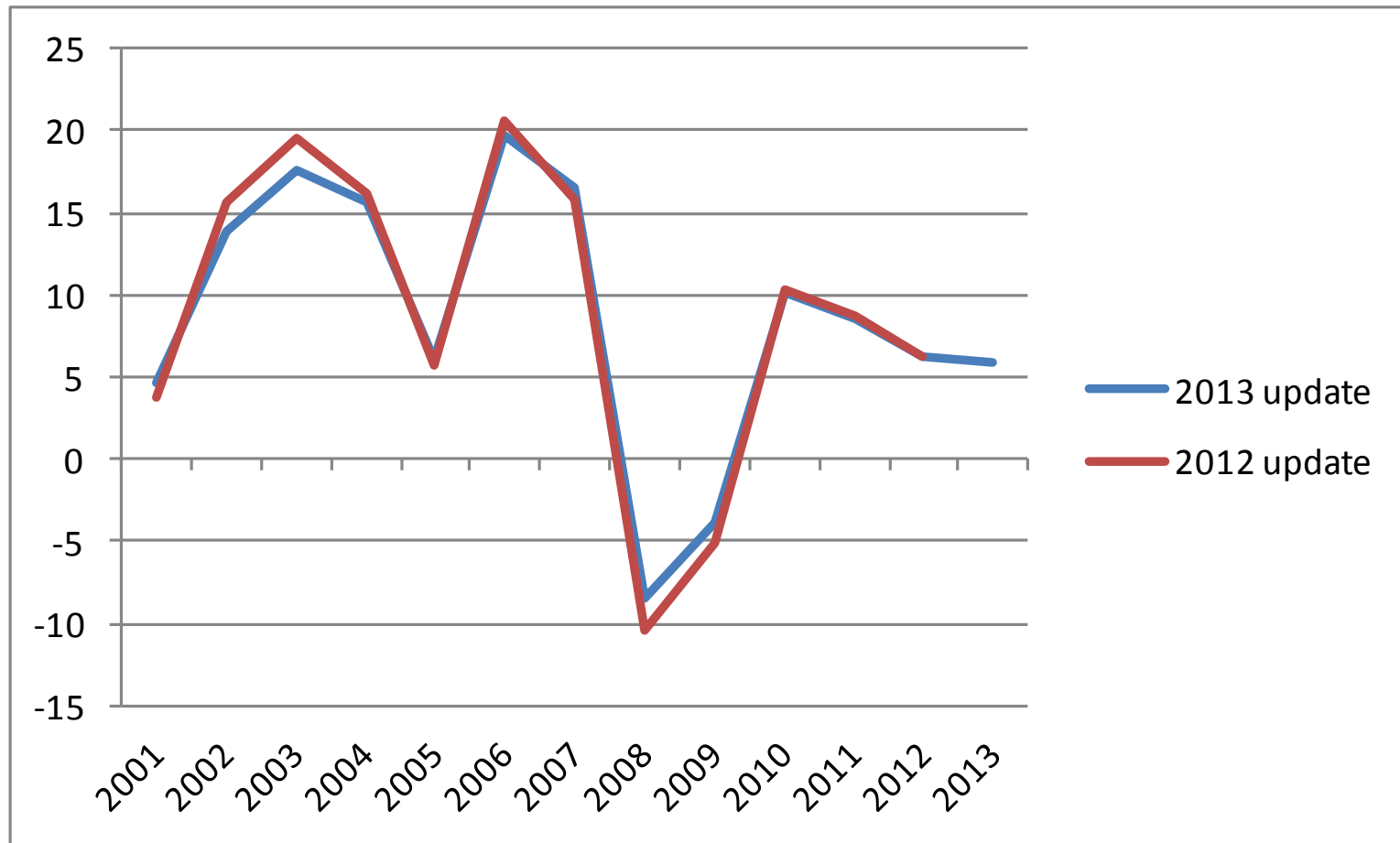




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New market size estimate impact on return in USD

Total return





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Conclusions

Real estate isn't concentrated like the equity market

Relative market size is more related to the capital value per square meter than the GDP

Portfolio type and sector composition differs by country, but also the use of leverage

Non-domestic investment in portfolios is still small and there is still a strong home-bias for asset owners