

For Professional Clients Only

## How real estate investment creates opportunities in this post-crisis environment?

Thanks to its positioning as a global real estate investment player, Amundi is in a privileged position to observe the trend changes taking place in the sector. In particular, the changes in the way offices are used are likely to be profound, but they also offer new investment opportunities that are attracting an increasing number of retail investors, as Marc Bertrand, CEO of Amundi Real Estate, explains.



Marc Bertrand  
CEO of Amundi Real Estate

**The office segment is the flagship of real estate investment and is at the heart of Amundi's expertise. Are we now able to draw initial conclusions about the permanent changes brought about by the health crisis?**

The crisis has indeed upset all our reference points in terms of work organisation. However, this organisation is now being restructured around new balances. The current rebalancing does not only concern this distribution between on-site and remote working. It also affects the organisation of work itself. There is now a clearer distinction between the more administrative tasks that are performed at home and the collaborative tasks for which employees specifically go to the office.

**What are the consequences for the office real estate market?**

The first consequence is geographical. For offices, there is still a significant central location premium and a search for proximity to interconnection hubs, especially rail. Yesterday, there was a above all a premium for proximity to a metro station, today companies are likely to focus on the connection to train stations, especially the main lines.

In addition to this location criterion, users show a clear preference for new, efficient buildings with high environmental qualities and a high level of services.

Lastly, the fact that we go to work to deal with more collaborative subjects creates demand for modular and flexible spaces. This trend is not entirely new; we already saw it before the crisis, but it has become much more pronounced.

Going forward, I believe that real estate players with portfolios in prime central city locations with good transport interconnectivity, able to provide modular and flexible offerings responding to environmental criteria, are best-placed to meet the challenges of the new post-Covid office real estate market.

**You mentioned an increased interest by occupants in the environmental qualities of buildings. Does it go hand in hand with a strengthening of ESG criteria among investors?**

ESG has actually become an integral part of real estate investment. More than a trend, it is now a profound transformation that must be taken into account. The financial analysis of investment cases is supplemented by increasingly detailed non-financial analyses that are an integral part of the investment decision. This rapid change in the investment market is taking place against a backdrop of a proliferation of new rules and labels.

**Is retail investors' interest in real estate investment products being confirmed?**

We are seeing strong interest in unlisted real estate. This asset class also caters to investors who seek a hedge against inflation and who search for long-term value. It makes it possible to maintain an attractive yield

with an acceptable risk/return ratio. We have therefore greatly expanded our real estate investment offering for unit-linked life insurance policies.

In the coming years, we have strong ambitions for the distribution of our retail investment products. We want to distribute our products more widely in

Europe. The context lends itself to this, as the universe of unlisted real estate funds has until now been structured around a very local offering. There are now mechanisms for distributing funds with a European scope, particularly to countries where the local industry is underdeveloped.

**Amundi aims to expand its distribution of funds invested in unlisted assets in Europe through ELTIF funds and is launching the first ELTIF with a real estate focus for retail investors**

**What is the attraction of ELTIF?**

The ELTIF fund has been specifically designed by the European Union to meet the need for investment in long-term and sustainable projects open to all European investors. Its particularity also may lie in the fact that it is governed by a European regulation applicable directly at the national level in all European Union countries and that it is aimed at all investors, institutional or retail, with a minimum investment amount of only €10,000.

**What are the innovations for this new ELTIF launched by Amundi?**

Amundi has already launched several ELTIF funds since 2019 and is now launching a new ELTIF fund that features several innovations in the ELTIF market:

- First of all, this is the first ELTIF fund aimed at retail customers which is invested mainly in real estate, an asset class that is highly sought-after by investors who wish to invest directly in recent and high-quality real estate building. In other words, this ELTIF fund will target buildings of the sustainable city of tomorrow.
- Second, the fund aims to offer investors relative liquidity by mixing several asset classes eligible for the ELTIF regulation. To this end, Amundi relies on its extensive expertise in unlisted real estate and its foreign subsidiaries, as this fund is registered in Luxembourg but also includes assets managed in other subsidiaries.
- Lastly, as part of its 2025 ESG plan, Amundi aims to make this real estate fund a benchmark in the market with the best ESG standards.
- We will also emphasise that it is very attractive for distributors. In addition to the fact that this same product could be distributed in several European Union countries, it is a semi-open fund, whereas most other ELTIF have a limited marketing period, which does not make it easy for a network reaching retail customers to distribute such products.

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ASSET MANAGEMENT

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