

15 April 2020

## **Real estate investor sentiment remains stable in first quarter – effects of pandemic yet to be seen**

The most significant change we have seen in the first BrickVest barometer of 2020 is in geographic focus of real estate investment.

According to our first quarter survey, Germany and the UK have both taken a hit in terms of popularity among property investors (down by 12 and 7% respectively from the same period last year), with the UK at its lowest popularity rating we have recorded to date, 27%. Meanwhile, interest in property in France has increased by 21% over the same period last year, to reach 21%, the highest point we have seen.

We wonder if these changes are a reflection of Brexit on one side, and the ambitious reform programme commenced by the French government over the last year, on the other. We will continue to note, over the rest of the year, whether these trends establish themselves.

Half of the investors who responded to our survey this quarter cited capital growth as their main objective, while four-in-ten nominated income, and liquidity was the major motivator for most of the remaining respondents. Liquidity is continuing its slow growth towards becoming a significant motive for investment. We noticed this trend beginning last year, reflecting people's growing concern with accessibility of invested funds. Given the current uncertainty resulting from the COVID19 pandemic, we would expect this to continue.

Meanwhile, high risk strategies continue to fall in favour – although only down by 2% year on year, to be the strategy of choice of 19% of investors now – with low and moderate risk investments currently being preferred by 27% and 55% of respondents respectively. It remains to be seen how investors will reconcile the objective of capital growth with an aversion to risk: will new types and structures of real estate deals emerge over the coming months?

In terms of the share of property in investors' overall assets under management over the next 12 months, we have seen a small decline since this time last year (when it was at 3.9%) and since the start of the survey three years ago (when it was at 3.7%); but for the moment property's share holds relatively stable at a respectable 3.3% of total assets under management.

It will be interesting to see, from our barometers later in the year, what effects the huge social and economic shifts resulting from the COVID19 pandemic have on investment choices. Over the coming year, will investors flock towards property as a historically stable investment, or will they transfer funds to take advantage of stock market fluctuations and other out-of-the-ordinary occurrences?

### **About the BrickVest property investment barometer**

BrickVest brings together real estate developers, investors and lenders within a digital real estate marketplace. More than 6,500 investors and 1000 real estate firms use our services.



The BrickVest property investment barometer is a quarterly aggregation of the data gathered by BrickVest from surveying investors registered on our platforms. The barometer reveals and tracks investor sentiment regarding the real estate investment market, including risk appetite, preferred locations for investment, investment objectives and more.