



**EPRA**

EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

**EUROPEAN ELECTIONS  
2024 MANIFESTO**

# Investing in Real Estate: Building our Future

**#buildingEU**

[www.epra.com](http://www.epra.com) [www.webildeu.com](http://www.webildeu.com)

















## PILLAR THREE

# Boosting growth opportunities for Europe and its Member States

Thirteen EU Member States have adopted REIT legislation, recognising a public benefit to incentivise real estate investment through public markets. This should be considered when designing legislation at the EU level.

Within the global real estate landscape, Real Estate Investment Trusts (“REITs”) are companies that own, operate, develop, and manage real estate assets to obtain returns from rental income and capital appreciation. REITs help communities grow, thrive, and revitalise and provide an investment opportunity that makes it possible for everyday citizens as well as large institutional investors to benefit from valuable real estate, dividend-based income, and total returns.

Thirteen EU countries have already recognised a public benefit to incentivise real estate investment through public markets and have introduced REIT legislation in their jurisdiction. This trend is gaining momentum, with additional Member States contemplating the adoption of similar REIT frameworks. This progressive shift reflects a growing recognition of **the pivotal role that real estate investments play in the broader economic landscape of Europe.**

Therefore, it is paramount that the specifics of these regimes are taken into account when designing legislation at the EU level to avoid disruptions and market fragmentation. The OECD e.g. has demonstrated an understanding of the functioning and contributions of REITs with a carve-out from its global tax framework **GloBE Pillar II**, providing customised solutions where necessary and adequate.

Moreover, the European REIT regimes are facing challenges that impede their ability to thrive and attract further investments, beneficial for millions of EU citizens. This situation contrasts sharply with the situation in the United States, where REITs form a crucial part of investment portfolios, including retirement savings, for around 150 million Americans. Actions need to be undertaken to make investments in and by REITs more attractive, which could bring significant benefits not only to investors but also to society at large.

## OUR PROPOSAL TO EU LEGISLATORS:

**1. Promote and develop the European REIT concept to facilitate real estate investments across the EU.**

We call on the EU legislators to recognise the importance of REITs for the European economy.

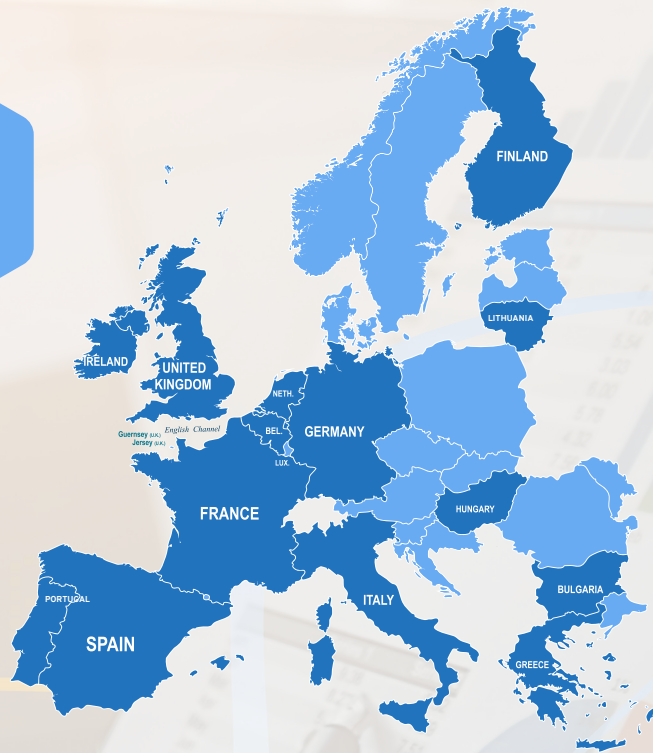
This can be achieved by encouraging Member States to further develop, introduce, or preserve their retail and institutional investor-friendly regimes to facilitate real estate investments while building a strong, prosperous, and sustainable Europe.

**2. Establish Soft-law initiatives to promote the mutual recognition of the 13 established REIT regimes in the EU.**

We call for EU soft-law interventions, which could pave the way for mutual recognition of REIT legislation among Member States.

Given that 13 countries in the EU have already acknowledged the public benefit of establishing a national REIT framework to incentivise property investment through public markets, we recommend the development of an EU recommendation for the mutual recognition of REIT regimes. This approach aligns with the Commission's objectives to advance CMU through non-legislative actions, thereby enhancing the EU single market and benefiting the entire EU economy.





EUROPE - REIT REGIMES

REIT REGIMES

NO REIT REGIMES

## LISTED REITs IN EUROPE

Listed Real Estate Investment Trusts (“REITs”) are companies that **own, operate, develop and manage** real estate assets for obtaining returns from rental income and capital appreciation. They help communities grow, thrive, and revitalise and provide an investment opportunity that makes it possible for everyday citizens as well as large institutional investors to **benefit from valuable real estate, dividend-based income and total returns**. As societies in Europe are facing challenges to provide for their rapidly greying populations, **REITs play a crucial part in providing retirement security to millions of people**, by offering long-time investors like pension funds and insurers stable and highly competitive assets to invest in. Fourteen European countries have already recognised a public benefit to incentivise real estate investment through public markets and have introduced REIT legislation in their jurisdiction. Providing an overarching framework for mutually recognising REIT legislations across jurisdictions would bring a significant boost to cross-border investments in Europe.

**Five-fold increase**  
since 2008

**Further potential compared with:**  
US REITs market cap is 5 times larger than the overall size of the European Listed REITs market

**Real Estate 11<sup>th</sup> sector**  
in GICS and ICB

### REITs in Europe

**240**   
COMPANIES

OF WHICH **67**  
INDEX CONSTITUENTS\*

VALUE OF THEIR ASSETS\*\*

**€326bn**

TOTAL MARKET CAP\*\*

**€120bn**

FREE FLOAT\*\*\*

**84.1%**

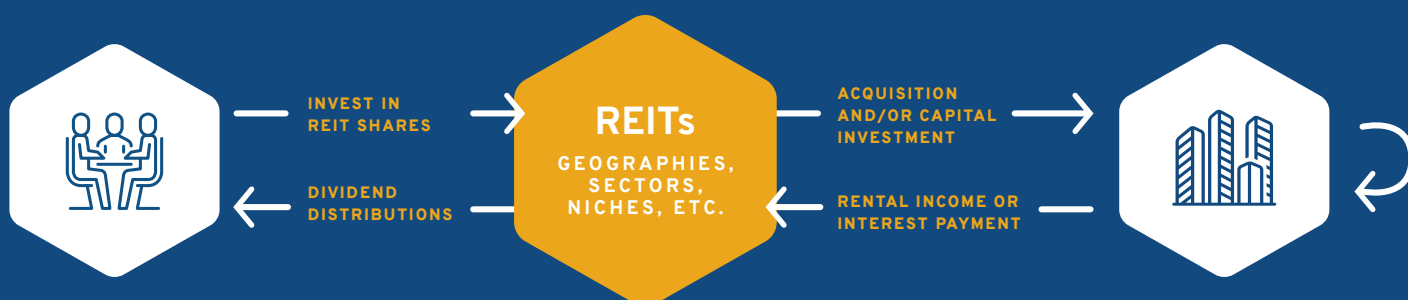
\* EPRA developed and emerging Europe index constituents in the EU and the UK as of December 2022  
\*\* EPRA developed and emerging Europe index constituents in the EU and the UK as of December 2022  
\*\*\* Free float represents the amount of shares available to investors on the market as of December 2022

## How does a REIT regime work?

Anyone, from retail investors to large institutional investors, can invest in the underlying assets of publicly quoted REITs, **the same way as investing in other industries** - through purchasing shares. The shareholders of a REIT earn a share of the income produced, without actually having to go out and buy, manage or finance property. Most of the income from the properties, on average 90%, **must be paid directly to investors as a dividend on a regular basis**. Conditional on the mandatory high dividend pay-out, REIT regimes waive corporate income tax on the trusts. Investors therefore pay tax once, on dividends at their personal rate, rather than incur double taxation at both the REIT level, and the personal level. Next to the 14 countries establishing REIT frameworks, **more European countries are looking to initiate specific legislation**. Although some governments fear a loss of tax income, studies have shown that REITs actually result in high tax revenues due to their economic activity.

## REITs operate like a real estate vehicle, but more efficiently

HIGHER LIQUIDITY, LOWER TRANSACTION COSTS  
AND BETTER LONG-TERM RETURNS



## REIT framework characteristics:

- ✓ democratise real estate ownership;
- ✓ help build national retirement savings in an efficient and stable manner;
- ✓ effectively deepen capital markets and investment opportunities in a jurisdiction;
- ✓ support economic development, generate social capital and other non-financial dividends;
- ✓ generate attractive and long-term total returns;
- ✓ promote professional management;
- ✓ encourage the free flow of equity within domestic markets and across borders;
- ✓ provide liquidity by ensuring real asset securities are easily tradeable;
- ✓ contribute to a more transparent and trusted marketplace;
- ✓ enable property companies to scale up their investment in sustainable real estate;



EPRA, the European Public Real Estate Association, is the voice of the publicly traded European real estate sector. With more than 290 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 840 billion of real estate assets\* and 95% of the market capitalisation of the FTSE EPRA Nareit Europe Index.

Find out more about our activities on [www.epra.com](http://www.epra.com)



**EPRA**

EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

**THE EUROPE WHERE WE  
LIVE, WORK AND THRIVE**

---

**#buildingEU**