

For professional and institutional investors only – not to be further circulated. In Switzerland for qualified investors only.
In Australia for wholesale clients only.

Active management within the global listed real estate securities market offers a dynamic approach to investing that can significantly benefit long-term investors. This is especially true when navigating the market's complexities and opportunities.

At Aberdeen, we've identified several key proof points substantiating our rationale for adopting an active management approach.

- Structural trends,
- Dispersion of returns,
- Diverse nature of real estate market
- ESG

Tapping into structural growth trends

The global real estate market is continually evolving. Our Global Real Estate Research team has identified several structural trends that will substantially influence long-term investment demand and sustained growth. These include supply chain reconfiguration, shifting demographics, and digitalisation of the economy.

Backed by our Global Real Estate Research, we believe our Global Real Estate Securities team has the requisite expertise to identify and invest in companies ideally positioned to benefit from these trends. Taking a forward-looking approach and investing in the real estate of the future, allows active managers to allocate capital to the most promising segments of the market before these trends become fully recognised and reflected in asset prices.

Current thematic trends in real estate

Structural trends that are expected to be highly influential to investment demand over the longer-term.



Supply chain reconfiguration

Supply chain resilience, faster delivery and turnaround times, nearshoring



Changing demographics

Aging societies, lifestyle choices, urbanisation



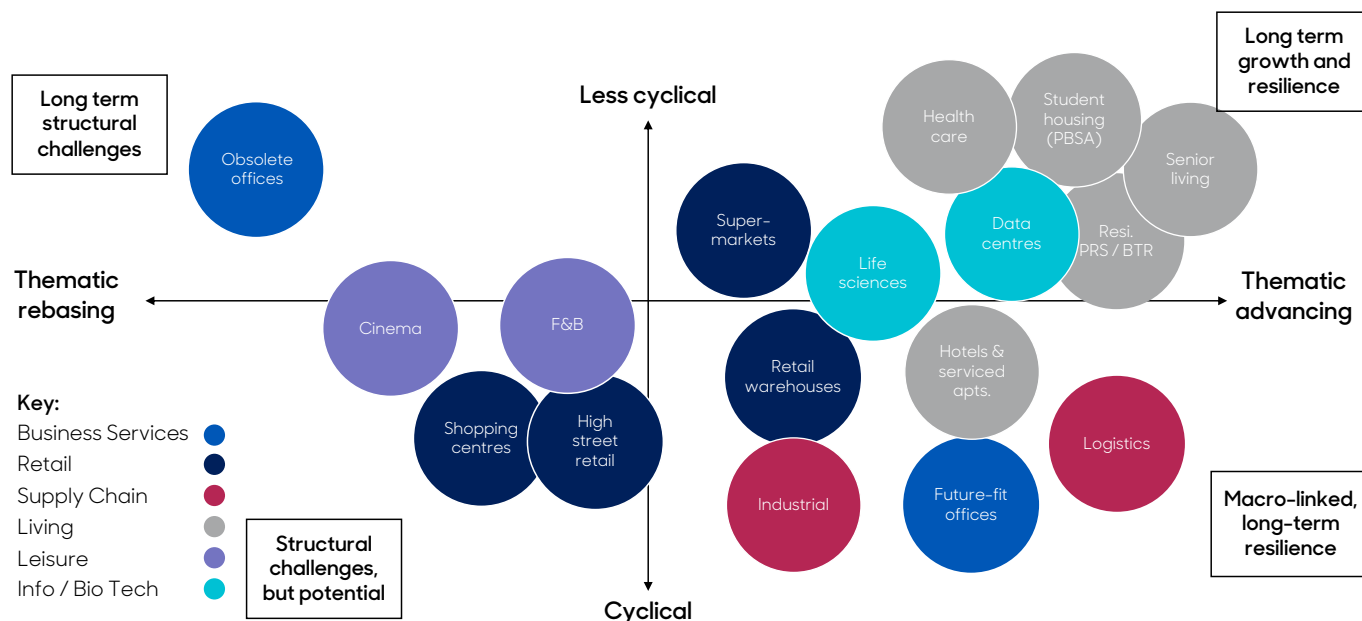
Digitalisation of the economy

Digitisation and growth in data, e-commerce, cloud & 5G

Future performance drivers

Long-term thematic pressures and cyclical timing

The chart below illustrates key structural trends expected to drive future performance in the global real estate market, reinforcing the case for investors to be forward-looking within their actively managed investment approach.



Source: Aberdeen, October 2024

This visual is not based on specific data and only represents our views on sector trends from a thematic perspective. It should not constitute specific allocation advice in isolation.

Dispersion of returns

There's a significant distribution of returns between the best and worst-performing global listed real estate sectors year-on-year. This dispersion can be driven by various factors, including geographic location, asset quality, management efficiency, and sector-specific dynamics. Active management enables investors to navigate this landscape more effectively. They can conduct thorough research and analysis to identify and invest in the higher-performing sectors and subsectors while avoiding those areas of the market expected to face continued headwinds. This selective approach can enhance portfolio returns and reduce risk compared to passive strategies that simply track a broad market index.

Why flexibility is so important

Significant dispersion in sector performance creates opportunities for active investors.

The table below outlines the significant polarisation in returns across different real estate sectors year-on-year.

Year	Best performing sector	Worst performing sector	Dispersion of returns
2024	+28.1% US Suburban Offices	-72.7% German Industrial	100.8%
2023	+43.3% German Residential	-56.3% German Industrial	99.6%
2022	+15.2% US Student Housing	-56.3% German Residential	71.5%
2021	+92.7% US Mall REITs	-12.2% German Residential	104.9%
2020	+35.6% German Residential	-54.3% UK Retail	89.9%

Source: abrdn, FTSE EPRA NAREIT Developed Index DATA, December 2024.

Diverse nature of the real estate market



Unlike other equity sectors, the listed real estate market encompasses a range of property types. For example, office buildings, retail spaces, industrial properties, residential complexes, and more recently, specialist sectors such as data centres and healthcare facilities. The listed real estate market consists of 17 sub-sectors, each of which responds differently to economic cycles, interest rate movements, and other external supply and demand factors. Active managers can leverage their deep understanding of these dynamics to construct diversified portfolios that are resilient across different market conditions, optimising exposure to various real estate sub-sectors based on their growth prospects and risk profiles.

ESG Integration

Environmental, social, and governance (ESG) factors are increasingly important in investment decision-making. This is especially true in the real estate sector, where sustainability and social responsibility can significantly affect asset values and long-term viability.

Active management allows for a nuanced and forward-looking assessment of ESG factors. This enables investors to support companies that lead in sustainability practices, have strong governance structures, and positively contribute to society. By prioritising ESG integration, active managers can identify companies that are not only mitigating risks but are also poised for growth due to their responsible business practices.

Final thoughts....

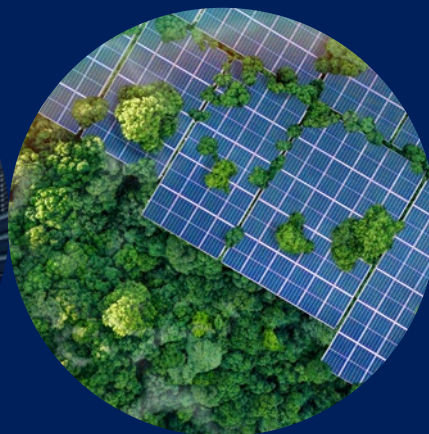
Active management in global listed real estate securities offers a strategic approach that leverages expertise, research, and a forward-looking perspective to navigate the complexities of the real estate market. By focusing on structural growth trends, managing the dispersion of returns, understanding the diverse nature of the market, and integrating ESG factors, active managers can potentially deliver superior risk-adjusted returns for investors.



Contact your local business development director for more information.



[aberdeeninvestments.com](https://www.aberdeeninvestments.com)



Important Information

Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up, and clients may get back less than the amount invested.

This communication constitutes marketing, and is available in the following countries/regions and issued by the respective Aberdeen Group members detailed below. The Aberdeen Group comprises Aberdeen Group plc and its subsidiaries: (entities as at 22 April 2025)

United Kingdom (UK)

abrdn Investment Management Limited registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL. Authorised and regulated in the UK by the Financial Conduct Authority.

Europe¹, Middle East and Africa

¹ In EU/EEA for Professional Investors, in Switzerland for Qualified Investors – not authorised for distribution to retail investors in these regions.

Belgium, Cyprus, Denmark, Finland, France, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, and Sweden: Produced by abrdn Investment Management Limited which is registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL and authorised and regulated by the Financial Conduct Authority in the UK. Unless otherwise indicated, this content refers only to the market views, analysis and investment capabilities of the foregoing entity as at the date of publication. Issued by abrdn Investments Ireland Limited. Registered in Republic of Ireland (Company No.621721) at 2–4 Merrion Row, Dublin D02 WP23. Regulated by the Central Bank of Ireland. **Austria, Germany:** abrdn Investment Management Limited registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL. Authorised and regulated by the Financial Conduct Authority in the UK. Switzerland: abrdn Investments Switzerland AG. Registered in Switzerland (CHE-114.943.983) at Schweizergasse 14, 8001 Zürich. **Abu Dhabi Global Market ("ADGM"):** abrdn Investments Middle East Limited, Cloud Suite 205, 15th floor, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, P.O. Box 5327224, Abu Dhabi, United Arab Emirates. Regulated by the ADGM Financial Services Regulatory Authority. For Professional Clients and Market Counterparties only. **South Africa:** abrdn Investments Limited ("abrdnIL"). Registered in Scotland (SC108419) at 1 George Street, Edinburgh EH2 2LL. abrdnIL is not a registered Financial Service Provider and is exempt from the Financial Advisory And Intermediary Services Act, 2002. abrdnIL operates in South Africa under an exemption granted by the Financial Sector Conduct Authority (FSCA FAIS Notice 3 of 2022) and can render financial services to the classes of clients specified therein. Aberdeen Investments Global is a business name of the foregoing entities.

Asia-Pacific

Australia and New Zealand: abrdn Oceania Pty Ltd (ABN 35 666 571 268) is a Corporate Authorised Representative (CAR No. 001304153) of AFSL Holders MSC Advisory Pty Ltd, ACN 607 459 441, AFSL No. 480649 and Melbourne Securities Corporation Limited, ACN 160 326 545, AFSL No. 428289. In New Zealand, this material is provided for information purposes only. It is intended only for wholesale investors as defined in the Financial Markets Conduct Act (New Zealand). **Hong Kong:** abrdn Hong Kong Limited. This material has not been reviewed by the Securities and Futures Commission. **Japan:** abrdn Japan Limited Financial Instruments Firm: Kanto Local Finance Bureau (Kinsho) No.320 Membership: Japan Investment Advisers Association, The Investment Trusts Association, Type II Financial Instruments Firms Association. **Malaysia:** abrdn Malaysia Sdn Bhd, Company Number: 200501013266 (690313-D). This material has not been reviewed by the Securities Commission of Malaysia. **Thailand:** Aberdeen Asset Management (Thailand) Limited. **Singapore:** abrdn Asia Limited, Registration Number 199105448E. Aberdeen Investments Global is a business name of the foregoing entities.