

Houseview on real assets

Is 2025 is a good moment to enter
the market?

α.s.r. real assets investment partners



The latest a.s.r. real assets investment partners houseview explains the opportunities and challenges for real assets, including real estate, infrastructure and natural capital. a.s.r. real assets investment partners is fundamentally positive about real assets, especially those impacted by megatrends such as urbanisation, digitalisation and the energy transition. Recent market volatility has resulted in corrections in the valuations of real assets, and these values are expected to improve further, but is 2025 the right time to invest in real assets? In the latest edition of houseview, we give an insight into the most preferred real assets strategies of a.s.r. real assets investment partners.

Positive outlook and preferred strategies for real assets

a.s.r. real assets investment partners is fundamentally positive about most of the underlying markets. Sectors impacted by megatrends in particular show stable revenue growth. Recent market volatility and uncertainty in the market have led to (negative) revaluations within real assets. However, a.s.r. real assets investment partners

expects valuations of real assets to start improving in the coming period. This solid foundation indicates that it is a good moment to invest in real assets for the long term. The following preferred strategies have been identified in the a.s.r. real assets investment partners houseview:

Preferred strategies houseview a.s.r. real assets investment partners

	Demographic changes		ESG & climate change			Technology & innovation	Economic shift
	Residential	Health care	Natural capital	Renewable energy	Electrification transport	Digital infrastructure	Logistics
STRATEGY	Affordable rental housing in developed demographic regions with a strong target group approach	Health care focused on ageing population	Agriculture with a combination of annual and permanent crops	Generation and storage of solar and wind energy and expanding existing networks	Bus and rail transport and services such as EV-charging.	Data centres, fibre optics and telecommunications towers	Modern logistics at logistic hubs and with good infrastructure nearby
REGION	Netherlands, Europe and Australia	Netherlands, Europe, United States and Asia-Pacific	United States, Europe and Australia	Europe, United States and Asia-Pacific	Europe, United States	Europe, United States	Europe, United States and Asia-Pacific

Strong fundamentals with improved valuations

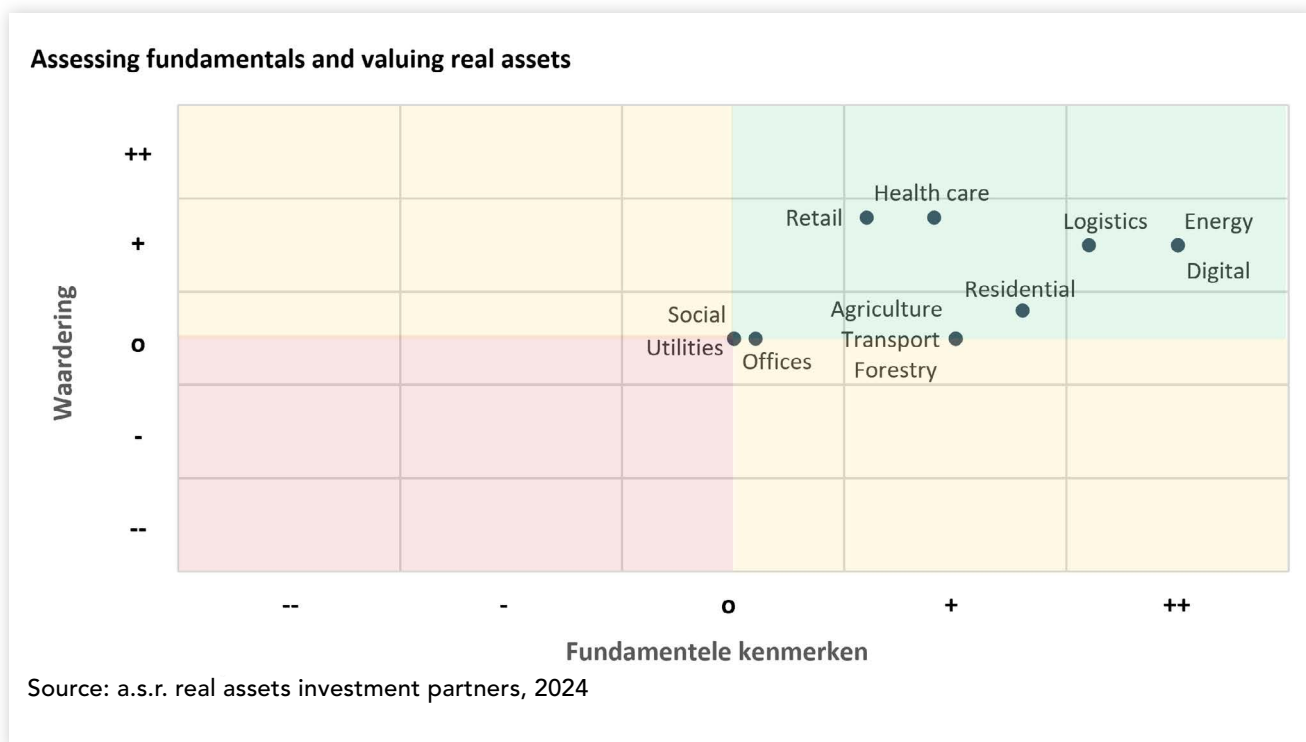
In the coming years, a.s.r. real assets investment partners expects continued growth in demand for residential, logistics, energy infrastructure and digital infrastructure. Driven by structural deficits and megatrends such as urbanisation, digitalisation and the energy transition, these sectors will generate both long-term stable revenues and value growth. From a valuation perspective, real assets markets are currently predominantly attractively priced.

Direct returns and their growth are expected to become the primary drivers of real assets returns over the next several years. To determine which markets are best positioned to deliver revenue growth, a.s.r. real assets investment partners analysed the fundamentals of the different markets. Demand and supply factors were assessed by looking at both the available product and the expected future need for real assets within specific sectors or regions, particularly in the context of relevant megatrends.

In addition to market fundamentals, the valuation of real assets plays a critical role. Since 2021, investors have priced in more risk due to market volatility and uncertainty. As a result, real assets markets have experienced downward adjustments. The key question is whether these risks

have already been sufficiently incorporated into valuations or if further declines are still anticipated. Currently, several Dutch and other European property markets are showing positive revaluations, suggesting that their valuations may have stabilized. For other markets, the downward adjustment may continue for several more quarters. It is important to assess whether risks are sufficiently priced in by comparing the expected returns with the minimum required returns over both the short and long term. . Based on this analysis, real assets markets are predominantly attractively priced.

The climate change megatrend is amplifying both transition risks and physical climate risks. According to a.s.r. real assets investment partners, current valuations inadequately reflect the investments needed to address evolving user preferences and necessary adaptations to mitigate the impacts of climate change. To address these challenges, a.s.r. real assets investment partners incorporates additional ESG capex to account for the investments required as a result of transition risks and includes a climate change surcharge in market valuation.



Is 2025 the right time to invest in real assets?

In the current economic environment, in which diversification and stable returns are increasingly important, real assets offer unique opportunities. a.s.r. real assets investment partners maintains a fundamentally positive outlook on the supply and demand dynamics for real assets, especially for the sectors benefiting from megatrends. These sectors are also well positioned to achieve revenue growth, which is one of the key drivers for returns in the coming years.

Based on current valuations, market risks appear to be largely priced in. However, a.s.r. real assets investment partners expect further downward adjustments for specific real assets markets in the coming quarters, before valuations will eventually improve. In view of further interest rate cuts and improving liquidity in the market, valuations will continue to improve in the coming period. Therefore, the coming period can be considered a good moment to invest in real assets, provided the right markets and sectors are carefully selected.





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