

THE NEXT FRONTIER

Bringing Hines Private Wealth Solutions to Europe



MARCH 2025



ABOUT HINES

1957 to Today

Since its founding in 1957 by Gerald Hines, Hines has expanded into a leading global real estate investment manager with 5,000 employees working across 30 countries with \$90.1 billion¹ of assets across property types. Guided by the leadership of generations of the Hines family (currently led by Co-CEOs Jeff Hines and Laura Hines-Pierce), Hines has consistently remained committed to investing in, developing, and managing some of the world’s best real estate over its 68-year history. As a multigenerational firm, Hines looks at its relationships from a long-term perspective and has built lasting partnerships through its emphasis on integrity, quality, and innovation.

DEEP EUROPEAN ROOTS

Hines’ expansion into Europe marked a critical turning point in the firm’s history. Under the leadership of Jeff Hines (who assumed leadership of the firm in 1990 and served as the force behind the company’s global expansion and its investment management business), Hines opened its first office outside of the U.S. in Berlin in 1991. By 1995, Hines quickly grew its regional presence by opening offices in Paris, Frankfurt, and Prague. It also established its European regional office in London that same year. Since then, Hines’ reach in Europe has grown to over 900 employees across 34 cities in 14 countries with €28.3 billion in assets under management.²

A 20-YEAR LEGACY IN PRIVATE WEALTH SOLUTIONS

Known for partnering with institutional investors, Hines entered the private wealth space with the launch of the first Hines-backed retail investment opportunity in 2004. Since that time, the private wealth business has grown, bringing institutional-quality, global real estate access to Americas-based investors. In April 2024, Hines announced the launch of Hines Private Wealth Solutions (Hines PWS or HPWS) with industry veteran Paul Ferraro serving as global head. The move built upon Hines’ two decades in the private wealth space and reflected its dedication to providing a suite of offerings designed to meet individual investors’ increasingly diverse needs.

EXPANDING INTO THE EUROPEAN PRIVATE WEALTH LANDSCAPE

We’re currently at another critical juncture in Hines history as these three forces (a global footprint, long-standing commitment to Europe, and the power of the PWS platform) come together to enable the platform’s European expansion.

Under the leadership of Eugenio Cicconetti, recently appointed as Hines’ European Head of Private Wealth Solutions, European individual investors will have access to investment opportunities designed with their unique goals in mind. Specifically, the platform intends to provide individual investors with potential solutions across the risk/return spectrum, including access to an investment program featuring diversified, institutional-quality assets across nine countries;³ private placements including one-off development projects; institutional funds with various geographic focus areas, and more.

“European investors are increasingly seeking greater diversification within their portfolios, and HPWS is well positioned to help them achieve their optimal investment mix through the power of global real estate investing.”

Eugenio Cicconetti
Hines’ European Head
of Private Wealth Solutions

HINES RESEARCH

The Opportunity for European Investors

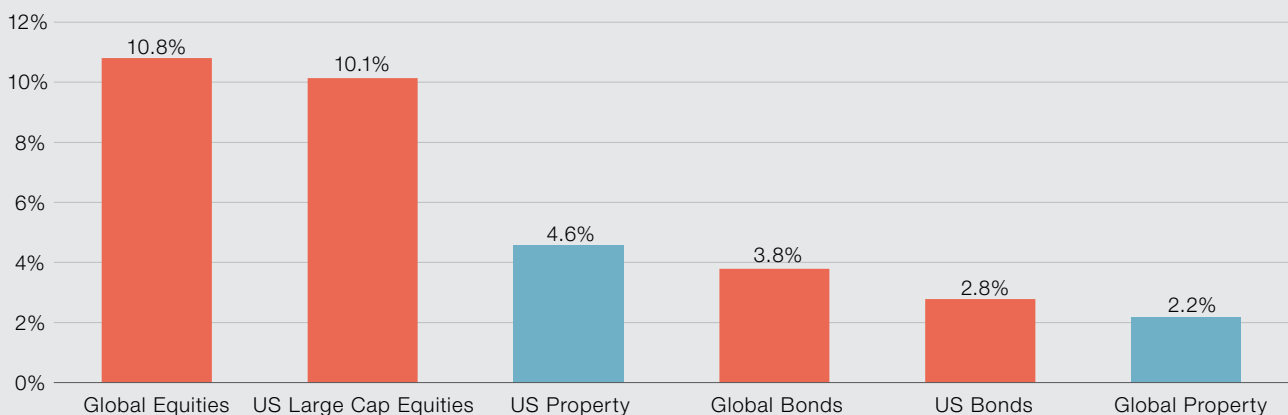
The Global Financial Crisis, the COVID-19 pandemic, and the more recent bout with high inflation has brought long-term uncertainty to global financial markets. As of early 2025, the landscape remains unsettled, with inflation staying stubbornly elevated, interest rates expected to remain “higher for longer” in many markets, and geopolitical tensions mounting.

Diversification is critical for investors navigating these challenging market conditions.⁴ That likely means looking beyond the commonly accepted 60/40 stock and bond portfolio and embracing alternative investing solutions such as real estate.

Analysis from Hines Research suggests that a real estate allocation can support an equity portfolio during periods of low growth by offering income and potential appreciation. It may also complement an underperforming bond allocation during periods of strong equity growth. Historically speaking, real estate has had lower volatility, even in periods of price declines (see Exhibit 1). Since 2001 (the oldest global return data available), the asset with the lowest downside volatility (a measure that considers only the severity of negative returns for any investment) is global real estate. This is due, in part, to the diversification benefits which may come from investing across global regions and sectors. Lower volatility generally translates into better capital preservation in down markets.

Exhibit 1

Downside Volatility for Various Asset Classes for the Period From 2001 – 2023⁵



Past performance cannot guarantee future results.

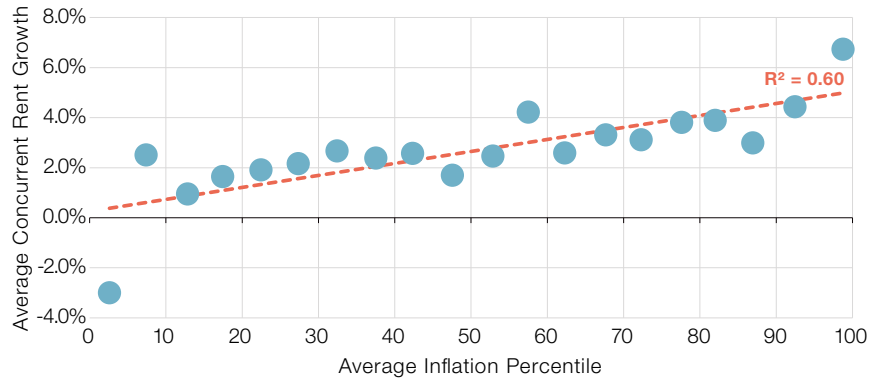
Sources: MSCI, Standard & Poor's, Bloomberg, and Hines Research. As of 4Q 2024, but for the period from 2001 – 2023.

Further, real estate has historically behaved as an inflation hedge by offering capital appreciation underpinned by cash flow growth. In fact, historical data reinforces a robust correlation between global property rents and inflation. As the analysis in Exhibit 2 highlights, as inflation rates rose, property rents tended to increase in tandem, suggesting that the steeper the inflation curve, the more pronounced the rent growth. For investors, this served as a dual advantage: providing an avenue for attractive returns while also acting as a shield against any eroding effects of inflation.

Property rents have historically risen in inflationary periods, offering global investors higher potential for positive returns.

Exhibit 2

Historical Global Property Rent Growth Relative to Inflation⁶



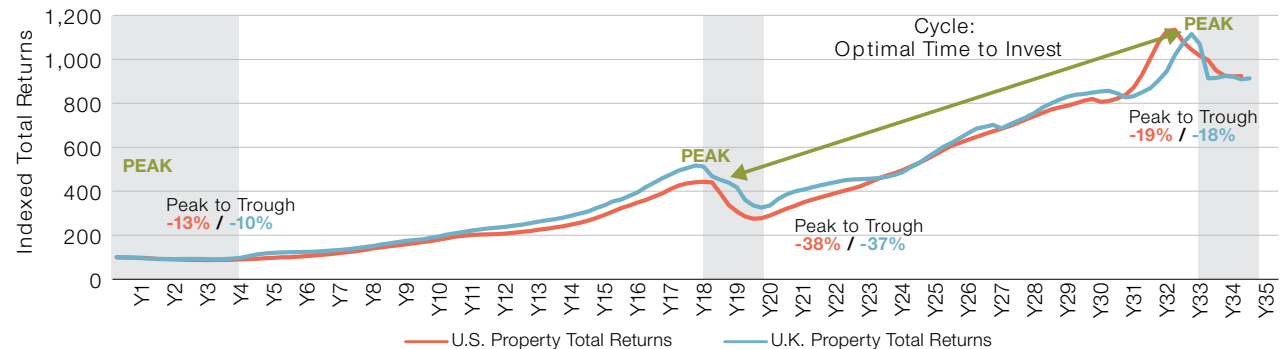
Past performance cannot guarantee future results. Sources: Oxford Economics, JLL, CBRE, PMA, NCREIF, CoStar, and Hines Research. As of 1Q 2024.

Additionally, analysis from Hines Research indicates that we’re likely at an optimal time in the real estate cycle to put money to work. Exhibit 3 represents a detailed analysis of “long cycles” (defined as the period from one peak to another, followed by significant downturns) from 1989 to the present.

Over that time, these cycles ended with a drop in total returns of at least 10%. For example, the U.S. faced a 13% drop between 1990 and 1993, and a 38% drop between 2008 and 2009. The U.K. has had similar patterns. Hines Research suggests investors have an opportunity to invest for the long haul at the beginning of a new cycle, which, according to Exhibit 3, is where we currently sit. Hines believes that by investing now, investors could take advantage of more favorable pricing in an asset class that offers capital appreciation supported by inflation. Additionally, they may benefit from the stabilizing factor of income returns.

Exhibit 3

U.S. and U.K. All-Property Long Cycles and Total Returns Based on Entry Point⁷



Past performance cannot guarantee future results. Sources: MSCI, NCREIF, and Hines Research. As of 3Q 2024.

CONCLUSION

In the current market environment, Hines sees an opportunity to participate in a global real estate market that has now reached the end of a long cycle downturn, with the possibility of a multi-year recovery on the horizon. A strategic allocation to geographically diversified global real estate assets could provide portfolios with the potential for capital appreciation, inflation hedging, income distributions, and downside risk mitigation resulting from a lower level of volatility. Through the expansion of the Hines PWS platform, European investors now have access to these global real estate investment opportunities.

Learn more at hines.com/privatewealth



JOSHUA SCOVILLE
Head of Global Research,
Hines

ABOUT HINES' PROPRIETARY RESEARCH TEAM

Joshua Scoville and his team, including Michael C. Hudgins, Senior Managing Director, the lead author on this paper, are responsible for constructing the Hines macroeconomic view and outlook for commercial real estate market fundamentals and pricing. Hines Research is also responsible for assisting with the development of investment strategies for the firm's investment programs; working closely with the local and fund management teams, clients and partners; and supporting geographic leaders in identifying market/submarket opportunities and risks. The views of the local and fund management teams on the latest market developments are exchanged regularly via biweekly conference calls and quarterly market updates and are essential for reviewing investment strategies and fund portfolio allocations.



MICHAEL C. HUDGINS
Senior Managing Director,
Hines

Additional members of Hines' Proprietary Research team include Ryan McCullough, James Purvis, Tim Jowett, Erik Thomas, Michael Spellane, and Anthony Witkowski.

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Past performance is no guarantee of future results. Investing involves risks, including possible loss of principal. The opinions presented herein cannot be viewed as an indicator of future performance.

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Endnotes

1 Includes both the global Hines organization and RIA AUM as of December 31, 2024.

2 As of December 31, 2024.

3 As of January 31, 2025.

4 Diversification does not guarantee a profit or eliminate the risk of loss.

5 We are using an annual index (MSCI Global Annual Property Index) of direct-owned private equity real estate total return performance from a single source to maintain comparability. For all country level indices provided by MSCI and included by MSCI in the Global Property Index, including the U.S., data is not yet available for 2023. Downside volatility is a measure of volatility that uses standard deviations of only negative returns, so a measure of the relative scale of declines. We are using annual returns for all property types in USD for this analysis as that is all that is available for the Global property index. Using annual series may understate actual peak to trough volatility, but this is true for all the asset classes shown. This is a valid relative exercise, in our view.

- Global equities are represented by the MSCI World Index
- U.S. Large Cap Stocks are represented by the dividend yield of the S&P 500 Index
- U.S. real estate is represented by the MSCI U.S. Annual Property Index
- Global bonds are represented by the Bloomberg Aggregate Bond Index
- U.S. bonds are represented by the Bloomberg Aggregate Bond Index
- Global real estate is represented by the MSCI Global Annual Property Index ("MSCI Global Annual")

6 Hines Research took country-level trailing annual inflation and scored each quarter's (normal distribution) against the country's own history. This was applied to all markets under coverage in Europe, Asia, and North America. All datapoints were bucketed into bands of 5 points (i.e., 0-5, 5-10, etc.). Then the trailing annual rent growth associated with each datapoint (each quarter for the market in question) was averaged for each band. The results are charted here. The period covered is from 1981 to present, though data availability differs by market. R2 is a measure that indicates the proportion of the variance in the dependent variable that can be explained by the independent variables in a regression model. It provides an assessment of how well the regression line fits the observed data points. R2 values range from 0 to 1, where a higher value indicates a better fit of the model to the data. An R2 value of 1 indicates that all the variability in the dependent variable can be explained by the independent variables, while a value of 0 suggests that the independent variables have no explanatory power.

7 We are using total returns for all properties. Hines Research uses the NFI-ODCE Fund Index for U.S. private real estate in this analysis. The "long cycle" is a concept that is the opinion of Hines Research, backed by the following rationale: Real estate cycles in two markets (in this case the U.S. and the U.K.) where Hines Research dates to at least 1989 and can extend from cyclical downturns equal to or greater than 10% declines using total returns (U.S.: (1) -13%, 3Q 1990-2Q 1993 (2) -38%, 2Q 2008-4Q 2009; U.K.: (1) -10%, 4Q 1989-4Q 1992 (2) -37%, 2Q 2007-2Q 2009). Any intermediate downturns, if any, are of a scale less than -10% using total returns. We show one cycle (averaged from two cycles) for each of the markets shown.

Hines