Response to European Commission Call for Evidence on Savings and Investments Union Fostering integration, scale and efficient supervision in the single market

INREV

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Introduction

INREV (The European Association for Investors in Non-Listed Real Estate Vehicles[1]) welcomes the European Commission's Call for Evidence on Savings and Investments Union Fostering integration, scale and efficient supervision in the single market. We appreciate the opportunity to contribute evidence-based insights from the perspective of the non-listed real estate investment sector. We acknowledge and support the ambition of the Commission to create a more integrated, efficient and harmonised supervisory framework for financial markets, ensure a level playing field, and unlock the full potential of the EU's capital markets.

We agree with the Commission's observation that EU capital markets remain fragmented, as well as that there are various reasons for this, including inconsistent national supervisory practices, divergent national rules, inconsistent application of common rules, and market practices that favour national markets functioning in isolation from one another. Together, these elevate costs, limit market efficiency, and restrict opportunities for investment and innovation. At the same time, they increase compliance burdens, ultimately reducing market choices for businesses and citizens. We believe a more integrated and harmonised supervisory framework is essential to address these barriers, ensure a level playing field, and unlock the full potential of the EU's capital markets.

Our response focuses on the main areas of concern identified in the Call for Evidence and offers solutions based on extensive industry experience and input, including real estate industry bodies' guidance and working group reports.

Barriers that fragment the EU market infrastructure

The Call for Evidence recognises that while efficiency in EU capital markets requires scale and interoperability of market infrastructures, the existence of national regulatory and supervisory barriers and certain market practices present obstacles preventing or hampering such development. The most significant of these is 'gold-plating' by members states that erect barriers which either intentionally or

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[1] **About INREV: the European Association for Investors in Non-Listed Real Estate Vehicles**

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. We provide guidance, research, data and information related to the development and harmonisation of professional standards, reporting guidelines and corporate governance within the non-listed property funds industry across Europe.

INREV currently has more than 500 members. Our member base includes institutional investors from around the globe such as pension funds, insurance companies and sovereign wealth funds that provide critical income security for more than 172 million people, as well as investment banks, fund managers, fund of funds managers and advisors representing all facets of investing into non-listed real estate vehicles in the EU and UK. Our fund manager members manage more than 500 non-listed real estate investment funds, as well as joint ventures, club deals and separate accounts for institutional investors.

unintentionally result in additional requirements for market access, costs and reporting burdens. The practice of 'gold plating' regulations also fragments EU market infrastructure.

Despite progress in recent years, barriers still exist. These barriers deter institutional investors from investing in real estate in the EU through non-listed investment structures such as funds from realising the benefits of a truly frictionless single market. This situation also limits the benefits that can be achieved within groups that have multiple funds across the EU and abroad.

Barriers to the operations of asset managers and distribution of funds

Our industry commentary has repeatedly emphasised that asset managers, which are regulated at the level of each individual entity, when operating across multiple EU countries, face unnecessary barriers and costs, including the cost of allocating similar resources to each of their entities in the absence of the recognition of group synergies.

Real estate investment managers must also navigate multiple and sometimes diverging rules, which add costs and reporting burdens that hinder their competitiveness and agility. Gold-plating, national barriers, and divergent supervisory practices negatively impact the functioning of the AIFMD passport for EU funds in the single market. As a result, the EU is experiencing a lower performing funds sector than would otherwise be the case and institutional investors are faced with fewer investment opportunities and increased fees. This also makes the EU a less attractive investment market for global institutional investors such as pension funds, insurance companies and sovereign wealth funds.

Fragmented supervision

Our membership, which includes large institutional investors from around the globe, has reported various implementation challenges and undue operational costs that stem from the fragmented financial market supervision in the EU. For real estate funds and other non-listed investment vehicles, a major challenge stems from the differences in supervisory practices and lack of uniform enforcement which increase the cost of doing cross-border business in the EU, in particular for companies that are active in several EU countries.

This fragments the market along national borders, resulting in the duplication of reporting and outdated, inefficient processes. Cross-border entities lack a single supervisory counterpart that can oversee their entire European activities, ensure consistent compliance, and safeguard investor interests irrespective of jurisdiction. At the same time, for some new or emerging real estate investment sectors, it may be less efficient to develop new national supervisory capacity than to centralise it at the EU level. Overall, these structural inefficiencies hinder the development of the EU capital markets by limiting companies' ability and incentives to scale and compete effectively.

EU-level action

INREV agrees with the Commission statement that national solutions cannot adequately address the cross-border and fragmented nature and the regulatory divergences of EU capital markets. We further agree that EU-level action is best positioned to remove regulatory barriers, ensure a level playing field, boost market integration, increase market efficiency and competitiveness, and provide a unified regulatory framework. These goals cannot be achieved by EU countries individually.

All real estate investment funds and other financial sector market operators should receive the same supervisory treatment irrespective of their location across the EU. More efficient and harmonised supervision provides added value by reducing costly and inefficient fragmentation and creating a cohesive single market framework. Without EU intervention, this fragmentation is sure to persist, which will continue to exacerbate market discrepancies, deter financial market innovations and limit the investment options available to institutional investors in real estate funds in Europe. Additionally, as the Commission notes, European supervisory authorities are EU bodies, and their governing regulations can only be amended by EU legislation.

INREV strongly supports the aims of the Savings and Investments Union initiative to foster a seamless, integrated capital market across the EU by strengthening the supervisory framework, addressing regulatory fragmentation and ensuring better integration and deepening of capital markets throughout the EU, including in EU countries with less developed markets to realise the Savings and Investments Union’s full potential. Eliminating regulatory and supervisory barriers to achieving truly integrated capital markets within the EU will also contribute to the EU’s overarching goals of simplifying legislation and reducing the regulatory burden.

Replacing directives with regulations

INREV strongly supports more efficient and unified supervision of capital markets within the EU and believes the best way to achieve this is through replacing directives with regulations whenever possible that national authorities cannot ‘gold-plate’, along with strengthening existing European Supervisory Authorities’ supervisory convergence tools and transferring certain tasks to the EU level. EU-level supervision can bring very useful synergies. These regulations should be principles-based to simplify their implementation, which will also further the Commission’s streamlining and simplification goal.

We agree with the Commission view that more uniform supervision and reducing barriers to integration are interlinked. More supervisory competences and powers at the EU level will reduce the capacity of national supervisors to diverge. This, in turn, will eliminate supervisory barriers. At the same time, when reducing national regulatory barriers, supervisory competences at the EU level will remove regulatory arbitrage and should create trust that is necessary for a more integrated capital market.

Interoperability and equivalence with non-EU frameworks

INREV strongly supports the Commission’s ambition to more integrated, efficient and harmonised supervisory framework for financial markets, ensure a level playing field, and unlock the full potential of the EU’s capital markets. However, to be effective and reduce market inefficiencies, financial sector regulation must also strive for interoperability with international regulatory frameworks.

Real estate investment managers often operate across multiple jurisdictions and are subject to a growing set of parallel compliance and disclosure regimes. Without alignment, these overlapping requirements create costly unnecessary complexity, inconsistent definitions, and duplication of effort. We believe that interoperability is not merely a technical enhancement but a policy necessity that supports investor trust, reduces administrative costs, and enables real comparability across borders.

We therefore urge the Commission to explicitly encourage recognition of equivalent international frameworks, especially the UK AIFMD, as interoperable with the EU AIFMD, ensuring that real estate managers can ‘plug in’ existing permissions, disclosures without compromising regulatory intent or sectoral relevance. In addition, National Private Placement Regimes (NPPRs) should be replaced by an EU Private Placement Regime, that would allow non-EU investment managers to market non-EU funds across Europe subject to minimally necessary appropriate notification and reporting requirements.

Conclusion

INREV believes that the successful implementation of measures addressing the fragmentation of EU capital markets will benefit both the non-listed real estate investment sector and the broader EU capital markets. A more harmonised and efficient environment will reduce unnecessary burdens, enhance cross-border investment opportunities, and ultimately contribute to the long-term growth and stability of the European economy.

We welcome further engagement on these matters and offer the expertise of our members and working groups to assist in finalising these reforms.