How a small market built Europe's REIT heavyweights

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Solid rules, "Belgian dentists" and early niche bets have created competitive listed companies



Brussels Stock Exchange

When Belgian logistics specialist Warehouses De Pauw (WDP) floated in 1999, its founding family chose to share ownership rather than hold on to full control – something family businesses are usually reluctant to do. They wanted to grow the business internationally and needed international capital to do so.

“We would never have been so successful without the solid market access for capital-raising that the REIT regime creates,” said Mickaël Van den Hauwe, WDP’s finance chief and president of the BE-REIT association.

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Twenty-seven years later, WDP is on track to merge with France's Argan to create a €13bn logistics platform across eight countries. Healthcare specialist Aedifica absorbed peer Cofinimmo this summer and now oversees a pan-European portfolio worth €12.5bn.

Belgian REITs make up just 1% of the global REIT index according to EPRA, yet they have grown faster than their European peers. Their combined market value has risen to almost €25bn, up from around €11bn a decade ago.

That figure includes Cofinimmo, now merged into Aedifica, and Shurgard Self Storage, which is listed in Brussels but has been a UK REIT since 2023 and sits outside the Belgian regime. A handful of Belgian companies now account for 12% of the Stoxx Europe 600 REITs index.

So what did the Belgians get right? The regime's rules are solid, but having a regime doesn't explain growth. A 2023 EPRA-commissioned study found no direct link between the two. From 2010 to 2022, Sweden and Switzerland – which have no REIT regimes – outgrew Europe as a whole, while France and Italy – which do – shrank.

What mattered more was the ecosystem surrounding it: bets on specialised sectors loyal retail investors and a knack for tapping cheap capital.

An early start

REITs were created in the US in 1960 to give small investors access to income-producing commercial property through a vehicle taxed like a mutual fund, avoiding double corporate taxation. The Netherlands brought the concept to Europe in 1969.

Belgium came later. Collective investment was popular, but few legal structures existed for pooling money in property. Its regime dates back to a 1990 law that created new investment vehicles with favourable tax treatment, including the fixed-capital investment company. A property-specific version, the SICAFI, followed in 1995. France introduced its SIIC regime in 2003, and

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the UK and Germany followed in 2007.



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When the Belgian REIT regime debuted, it was seen as a disruptive innovation, arriving at a time when direct investment and open-end non-listed property funds dominated. Its early establishment also helped it largely avoid the financial issues of the global financial crisis.

Tax treatment added to the pull. A Belgian property company outside the regime pays corporate tax on rental income and gains. Inside it, both are

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largely exempt at company level, and taxed once at shareholder level. Entry carries a one-off exit tax on unrealised gains, set well below the standard corporate rate – around 17% against 34% in the mid-2010s, and 15% compared with 25% today.

Sturdy foundations

That framework pairs tax treatment with tight supervision. Belgian REITs operate under a dedicated law on top of general stock-market supervision, with rules on diversification, leverage and payouts.

They must distribute at least 80% of operating profit, less any debt repaid, which is below the 90% or more common among most European peers, according to EPRA's 2026 comparison of the continent's 14 regimes. This leaves more cash to reinvest. Debt is capped at 65% of assets, mid-table among regimes with a cap, and above 50% a REIT must present a financial plan to the regulator. At least 30% of shares must be free float, more than other regimes that set a minimum requirement.

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Van den Hauwe calls these safeguards “built-in stabilisers”: mechanisms he says automatically improve leverage and liquidity in a severe downturn. With all these features, he said, the regime “acts as a sort of quality label to the outside world” that “works with investors, with banks, with suppliers”.

That oversight made Belgian REITs easy to lend to. Aedifica’s CEO Stefaan Gielens said they were “very bankable from the start,” with access to unsecured corporate bank loans at “really interesting spreads.” Analysts, he recalled, wondered how Belgian players secured relatively cheap bank debt compared with their Dutch peers. “That really had to do with regime, with the whole legal framework that was put in place,” he said.

Bets on niche sectors

Strategy mattered as much as the rules. Belgium’s small home market left little room in crowded sectors such as offices and retail, which pushed its

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REITs to specialise and look abroad.

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WDP and Montea rode the logistics wave across major European trade corridors; Aedifica and Care Property Invest built senior housing and healthcare portfolios; and Xior assembled a pan-European student housing platform. Over time, those have become what Gielens calls “the wanted segments”, with growth supported by demographics and consumer patterns.

Belgium, Germany and Sweden grew faster than the European average because they favoured niche sectors over traditional ones, according to the EPRA study.

The “Belgian dentist”

Like the UK, Belgium has a base of domestic retail investors, which is a positive factor for listed property – dividend-focused private investors provided cheap equity and helped valuations and the sourcing of new funds. They gave young property companies early liquidity, before the big global institutions arrived and took a larger share of their registers.



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Some trace the habit to a deep-rooted culture of investing in bricks and mortar, captured by the Dutch phrase “een baksteen in de maag” and the French “avoir une brique dans le ventre” – literally “a brick in the stomach”. The archetype is the “Belgian dentist”, a term popularised in the 1980s Eurobond market for a well-paid professional seeking good returns on discreetly held bonds, and later shorthand for conservative, upper-middle-class retail investors more generally.

“What shareholders are looking for today is earnings growth, or at least the idea that earnings growth is possible in your market segment,” said Gielens.

Cheap capital and a knack for using it

For years, the best-run Belgian REITs had a funding advantage: their shares traded well above net asset value (NAV), so they could sell new shares to buy buildings without diluting existing shareholders.

Rogier Quirijns, head of Europe real estate at Cohen & Steers, whose European fund invests in Belgian REITs, ties that to investors prioritising operating cash flow over NAV. That let the stocks trade at structural premiums, which meant “you have a cost of capital advantage and you can indeed issue shares, continue to issue shares and grow externally,” he said.

A 2019 rule change, credited to the BE-REIT association, allowed them to act on that advantage more quickly. Previously, Belgian REITs could only raise equity through rights issues, which take longer and usually require steeper discounts. The change allows placements of up to 10% of capital with investors overnight, and more than €3.3bn in capital increases followed between 2019 and 2022, according to the 2023 EPRA study.

That edge has faded. Rising interest rates since 2021 widened the average discount of European listed property companies, and Belgian REITs’ premium disappeared with it. Selling shares at market price now dilutes NAV per share, making new equity costlier. REITs still issue when deals lift earnings enough to

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compensate – WDP used a €400m September placement to fund logistics investments and land purchases and to strengthen its balance sheet ahead of the Argan merger.

Funding growth without a premium

Belgian REITs lean more on other routes. The simplest is to reinvest. WDP earmarks around €500m a year for growth without changing its capital structure, which it expects to rise to about €700m once the Argan merger completes, and Xior said last year that its remaining pipeline was fully self-funded.

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Another route is contributions in kind, where sellers take new shares instead of cash. Montea's purchase of 10 assets in Italy and Germany is the latest example: last month, it agreed to pay part of a €383m package in stock to seller Weerts. WDP does it too: it recently paid about €23.5m in shares for a land reserve at the port of Antwerp-Bruges. A REIT trading at a discount can therefore still use shares as currency, if the counterparty agrees.

That leaves smaller REITs, which lack the cost-of-capital edge of the larger names, with less room to manoeuvre. Without a premium or a willing seller, they must grow through development and leasing, then wait for a re-rating.

Scale as the missing piece

Even so, the regime and Belgium's ecosystem aren't enough on their own for homegrown companies to expand. Only recently, through M&A, have Aedifica and WDP moved toward the scale needed to manage their cost of capital,

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improve liquidity, attract more investors, and compete with larger peers. Aedifica's Cofinimmo deal has already helped: S&P raised its rating to BBB+ from BBB, and Moody's assigned an A3.

Staying too small risks sticky real estate discounts, leaving companies as easy targets for faster-growing REITs – often American ones, Aedifica's Gielens said.

Jefferies named Xior and Shurgard as the likeliest takeover targets among Brussels-listed property companies because of their deep discounts, according to an M&A likelihood table in a research note last month. Aedifica and Montea ranked a notch below.

"We needed to get to a certain scale and a certain size," Gielens said. "We're finally getting there. Hopefully, we'll show the way for other REITs to go the same way."

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