INREV / ANREV / NCREIF Capital Raising Survey **2016**

Snapshot Research

A total of €123.6 billion new equity was raised for non-listed real estate in 2015

> Equity was raised from investors of all types
> Europe was the most popular target market
> Non-listed funds and separate accounts were the most popular vehicles

Top three investment destinations

1. **EUROPE**
2. **NORTH AMERICA**
3. **ASIA PACIFIC**

Non-listed real estate remains in favour among investors of all types, and in particular with pension funds and insurance companies. That is the key message from the latest Capital Raising Survey in its annual round-up of where fresh capital was raised.

The Survey aims to provide market participants with greater insight regarding capital flows into non-listed real estate, as seen from multiple angles. What sort of investors are contributing capital and where are there based? Which regions and sector are they targeting and which vehicles do they prefer to use? Is there interest in debt funds?

> 'Pension funds give non-listed real estate a resounding vote of confidence in 2015'

This year marks the 10th anniversary of this Survey. Since its inception in 2006 the survey has seen ups and down in the level of new capital raised annually. Despite this year-on-year variability, the capital has not ceased to flow, and in fact the amount of new capital raised for funds has grown significantly since 2011. Clearly there continues to be confidence in the non-listed real estate sector as a place to invest.

Collectively, respondents raised a record amount of capital (€123.6 billion) for the non-listed real estate industry. Expectations for the next two years are also optimistic - 73.2% of respondents believe capital raising will increase.

The largest pool of capital (51.1% or €63.1 billion) was committed to vehicles with a European strategy, showing that Europe continues to ride high in terms of investor preferences. The preference for Europe is consistent with last year's Capital Raising Survey, which was the first such survey to be based on a global sample of fund managers. It showed that 55.3% of all the capital raised worldwide was destined for vehicles with a European strategy.

Vehicles with a North American strategy saw 27.9% (or €34.5 billion) raised in 2015. Vehicles with an Asia Pacific strategy attracted 13.6% (or €16.9 billion) of total capital raised last year.

Globally, in terms of the investor types choosing to apply new capital in 2015, it is not just about insurance companies and pension funds - other types of investors such as sovereign wealth funds, high net worth individuals and family offices are also present, though their capital contribution is less significant.

European investors contributed the largest share (48.7%) of equity being raised last year. North American investors contributed 35.9%, with the remaining 15.4% coming from Asia Pacific based investors.

For Europe, funds targeting the residential market accounted one-third of all the equity raised for the single sector category. This sector has been attracting considerable investor intention in recent times, particularly in the UK and the Netherlands.

In 2015, €3.6 billion of equity was raised for European debt funds. There is considerable choice of product in this part of market, including a range of funds operating at different points of the capital structure. So, for example, an investor could choose senior debt on its own, or a more diversified mix of senior with subordinated.

Finally, funds of funds are also a feature of the market, and their core and value added offerings with a European strategy drew substantial new equity (€3.3 billion) in 2015.

There are many other areas of interest in this year's survey, such as analysis of how capital was raised (for example, via their existing relationships with investors, through placement agents or otherwise).

For further details contact research@inrev.org

The full report is available to members at inrev.org/library/publications

Figure 1: Expectations for capital raising activities

- **73.2%** Increase
- **7.8%** Decrease
- **17.6%** No change
- **1.3%** Undecided

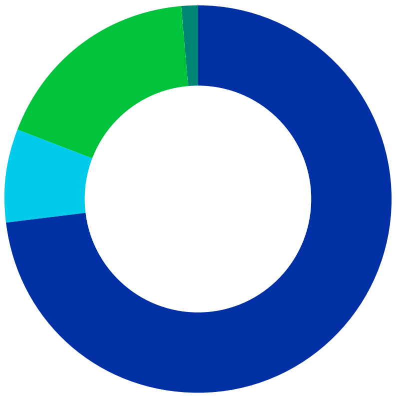

Figure 2: Equity raised by vehicle type by value

- **47.3%** Non-listed funds
- **24.4%** Separate accounts investing directly
- **2.0%** Separate accounts investing into indirect
- **13.3%** JVs and club deals
- **4.0%** Funds of funds
- **9.0%** Non-listed debt products

Figure 3: Equity raised by investor type by value

- **46.4%** Pension funds
- **14.6%** Insurance companies
- **10.8%** Sovereign wealth funds
- **3.4%** Government institutions
- **1.5%** Charities, foundations, non-profit organisations
- **2.5%** Funds of funds
- **2.6%** High net worth individuals/ Family offices
- **18.2%** Other

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