Capital raising for real estate exceeds €160 billion in 2018

- > Globally a total of €154.8 billion was raised for investment into non-listed real estate
- > The majority of new equity, €69.4 billion, is destined for investment into Europe
- > Pension funds and insurance companies continue to provide the lion share of new capital

Capital raising for the real estate industry globally reached €161.7 billion in 2018. The majority of this, €154.8 billion, is destined for investment into the non-listed real estate industry worldwide, slightly ahead of last year's €152.3 billion.

Most of this, €69.4 billion, is headed for Europe, with €51.3 billion destined for North America and €22.5 billion targeted at Asia Pacific strategies. A lesser amount, €10.6 billion, is intended for global strategy vehicles.

Pension funds and insurance companies continue to be the main providers of new capital for the non-listed real estate industry globally. Pension funds accounted for the lion share, 34.9%, of new capital raised in 2018. Meanwhile commitments from insurance companies nearly doubled, from 13.2% in 2017 to 24.5% in 2018.

Other notable sources of capital include sovereign wealth funds, government institutions, funds of funds and high net worth individuals / family offices.

Figure 1: Equity raised and invested for total real estate investment in 2018

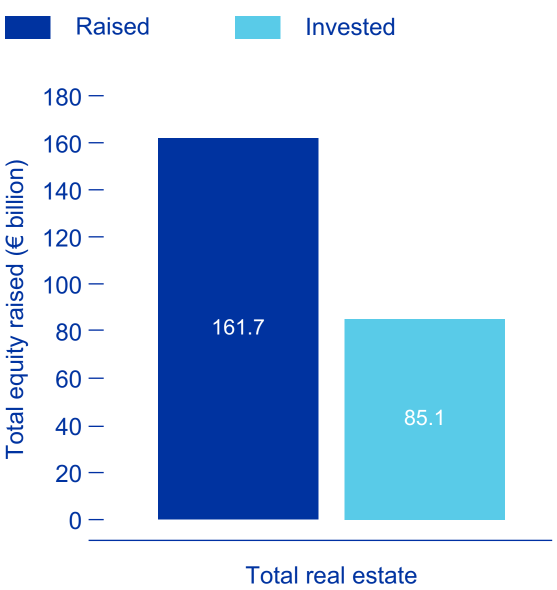
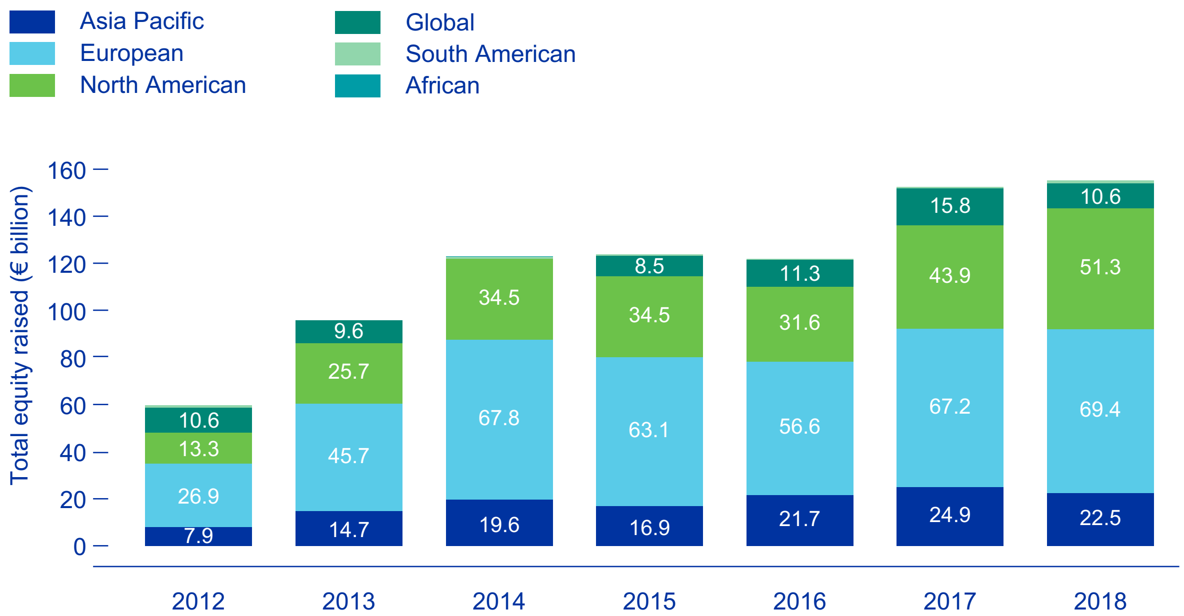


Figure 2: Equity raised for the non-listed real estate industry between 2012 to 2018 by regional strategy



Pension funds continue to be the main source of capital for most vehicles types. Capital raised for non-listed real estate debt products was the exception. The majority, 69.5%, of new equity for these vehicles was from insurance companies.

European investors contributed the largest share of all new equity raised last year, 37.7%, which is slightly lower than the previous year's figure. On the other hand, North American investors increased their participation from 22.5% in 2017 to 34.1% in 2018. Asia Pacific investors also contributed a larger share, from 16.6% to 19.0%.

Home bias exists. European managers earmarked 81.4% of new equity raised for vehicles with a European strategy, while Asia Pacific managers plan to deploy 74.9% of the capital they raised into their home region. North American managers, some of the largest of which have global operations, target the lowest proportion (66.2%) of new capital at their domestic market.

In total, 45.3% of all capital raised for non-listed vehicles was destined for funds. Vehicle type combined with investor domicile shows that European capital was the dominant source for most vehicle types. The exception was debt products which attracted most capital from North America, while Asia Pacific investors showed greater preference for separate accounts (indirect).

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Figure 3: Equity raised by investor domicile and by vehicle type by value