

Capital raising for real estate exceeds €200 billion in 2019

- > Globally a total of €196.4 billion was raised for investment into the non-listed real estate industry
- > The largest portion of the new equity raised, €73.3 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 €201.3 billion in 2019. The majority of this, €196.4 billion, is destined for investment into the non-listed real estate industry worldwide, substantially higher compared to last year's €154.8 billion.

Most of this, €73.3 billion, is headed for Europe, €50.7 billion destined for North America and €29.3 billion targeted at Asia Pacific strategies. Further, €42.4 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, 30.2%, although this portion has decreased for the fourth consecutive year since 2015. Insurance companies provided 22.5% of the total capital raised.

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

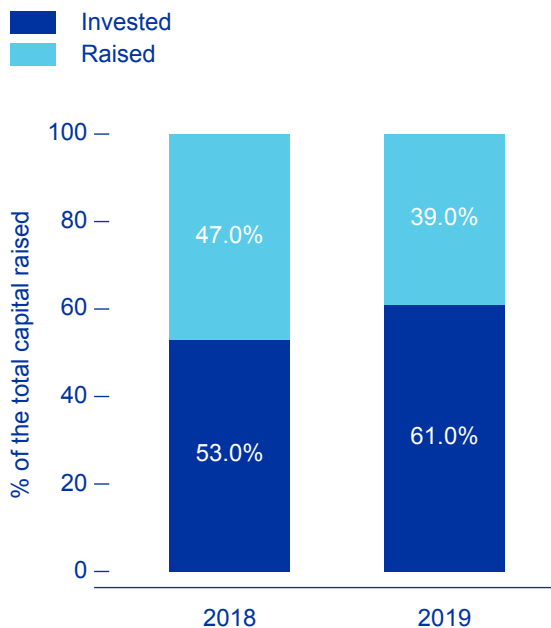


Figure 2: Equity raised for the non-listed real estate industry by regional strategy



Pension funds continue to be the main source of capital for most vehicles' types including non-listed funds, separate accounts investing directly into real estate, joint ventures and club deals and funds of funds. For separate accounts investing into indirect real estate the largest portion of new capital was provided by government institutions whereas insurance companies were the most important source for non-listed debt products.

European investors contributed the largest share of all new equity raised, 36.5%, while

North American investors provided 25.6%. Investors from Asia Pacific accounted for 19.7% of the total capital raised.

Home bias continues to exist. Compared to last year, European and Asia Pacific managers earmarked an equal part, 79.6% and 76.9% respectively, of new equity raised for vehicles targeting their home region. North American managers have traditionally deployed the most diversified strategies allocating only 42.1% of the capital raised in 2019 to their home region compared to 66.2% in 2018.

In total, 48.5% of all capital raised for non-listed real estate vehicles was destined for funds. Vehicle type combined with investor domicile shows that European capital was the dominant source for most vehicle types. The exceptions being separate accounts investing into indirect real estate and non-listed debt products which attracted most capital from Asia Pacific and North America respectively.

For further details contact research@inrev.org. The full report is available to members at inrev.org/research.

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

