

ANREV / INREV / NCREIF Capital Raising Survey 2022

Research

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. Our aim is to improve the accessibility of non-listed real estate vehicles for institutional investors by promoting greater transparency, accessibility, professionalism and standards of best practice.

As a pan European body, INREV represents an excellent platform for the sharing and dissemination of knowledge on the non-listed real estate industry.

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Executive summary

- > Capital raising activity reached a record high of €254 billion in 2021
- > Non-listed real estate funds remain the most favoured route, with 56% of the total global capital raised in 2021
- > The US strategy is most in demand with €90 billion, pushing European strategies into second place with €73 billion
- > European strategies display the widest spread of non-listed vehicle types
- > Residential and industrial/logistics led capital raised for Europe's single sector equity strategies

Capital raising activity in 2021 has reached a record high with a minimum of €254 billion raised for non-listed real estate investment globally. After 2020's dip in capital raising activity to €123 billion in light of the pandemic, 2021 shows an exceptional recovery. Not only the total amount is much higher than in previous years, but only 53% of the capital raised in 2021 is already invested. At 78%, the share of managers who raised capital is back to the pre-2020 average.

According to the 2022 survey, investment managers are also slightly more positive about the future, with 76% of respondents expecting an increase in capital raising activity over the next two years.¹

The US attracted most of the capital raised in 2021

Capital raised in 2021 has increased for each of the regional strategies. At €90 billion, it hit record levels for North American strategies, with the capital raised more than tripling from the 2020's €29 billion and almost doubling compared to 2019 (€51 billion). New records were reached for Asia Pacific and global strategies too, whereas European strategies

were on a par with their previous record set in 2019 with €73 billion.

European investors are the main source of capital in 2021

At 56%, non-listed funds continue to attract the lion's share of the total capital raised in 2021. They are dominating the landscape for each regional strategy.

Pension funds remain the main source of capital globally (39%), followed by insurance companies with 19%.

By domicile, European investors are the main source of capital, representing 41% of the total raised globally in 2021. North American and Asia Pacific investors account for a third and 26% of the total capital raised, respectively.

Residential and industrial/logistics raise the most capital among Europe's single sector strategies

For those non-listed real estate vehicles targeting Europe, the total capital raised for multi country and single country strategies were at similar levels, with €28.6 billion and €27.4 billion, respectively.

Non-listed real estate funds was a vehicle of choice for multi country strategies, while single country strategies exhibit a greater variety. Of those vehicles following single sector strategies, residential and industrial/logistics sectors raised the most capital in 2021.

Non-listed debt vehicles targeting Europe raised a record-high level of capital

Capital raised for European strategies is more dispersed among different non-listed vehicle types compared to other regional strategies. Non-listed real estate funds remain the largest in terms of total capital raised but other vehicle types claim an increasing proportion. Capital raised for non-listed debt rose to €12 billion, underlining the growing appetite for this evolving market while the joint ventures and club deals category raised €6 billion, doubling its share of the total capital raised for European strategies.

¹ Please note the Survey was conducted end of January to early March 2022, which makes the assessment of the extent to which participants took the invasion of Ukraine into account difficult

Introduction

The ANREV / INREV / NCREIF Capital Raising Survey 2022 explores capital raising activities in the non-listed real estate industry in 2021. The survey provides insights by region, vehicle type, and investment strategy, where possible presenting a historical comparison with previous studies.

This global survey has been conducted every year since 2015.

The total sample for this year's survey includes 130 managers. The majority (68) were domiciled in Europe, followed by those in North America (32) and Asia Pacific (30).

The results presented in this study are based on the data provided directly by the managers. Only aggregated results are shown and are restricted to those categories with a minimum sample size of three. Furthermore, for some charts, unreported figures have been excluded so that percentages are based on the actual data reported by fund managers, in that case, the sample size is disclosed for each chart. When not stated, the percentages are based on the whole sample and the total capital raised.

The information was gathered through a two step process. The first part of the questionnaire is focused at the manager level, the second - at the non-listed real estate funds level to capture the funds' characteristics.

ANREV, INREV and NCREIF do not use publicly available information and both members and non-members can provide data to the survey.

Use

The results of the Capital Raising Survey may be used for research and information purposes only. They may not be used for the following:

- To determine the value of a fund
- To determine the value of a financial instrument
- To determine the amount payable under a financial instrument
- To determine the amount payable under a financial contract
- To calculate performance fees
- To define the allocation of a portfolio

It is important to note that the sample size and composition of the survey vary by year. Therefore, historical comparisons should be treated with caution.

Figures are quoted as of 31 December 2021, unless otherwise stated.

ANREV, INREV, and NCREIF would like to thank the managers for their participation in the Capital Raising Survey 2022.

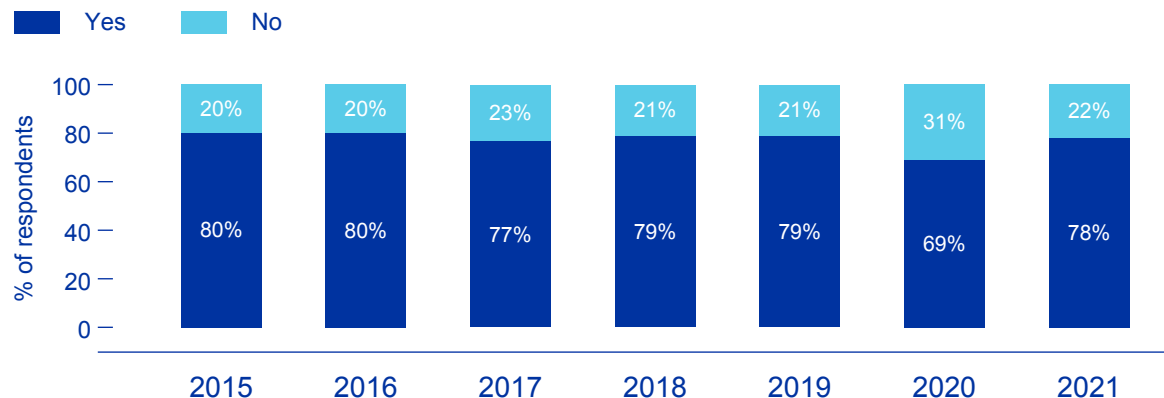
2. Capital raised for the non-listed real estate industry globally

The majority of investment managers surveyed indicated that they raised capital in 2021 (78%). The ratio between the number of managers that raised capital and those that did not has remained relatively stable over time, with the exception of 2020 when their share fell back to the lowest level since the start of the time series in 2016.

In 2021, investment managers surveyed raised a minimum of €254 billion of new capital for investment into the non-listed real estate market globally¹, a record level since the beginning of the survey. The sharp increase in total capital raised is partly explained by a sample variation. However, on a like-for-like basis that includes the same fund managers as in 2021, the total capital raised also shows a substantial increase, confirming the growing importance of real estate as an asset class.

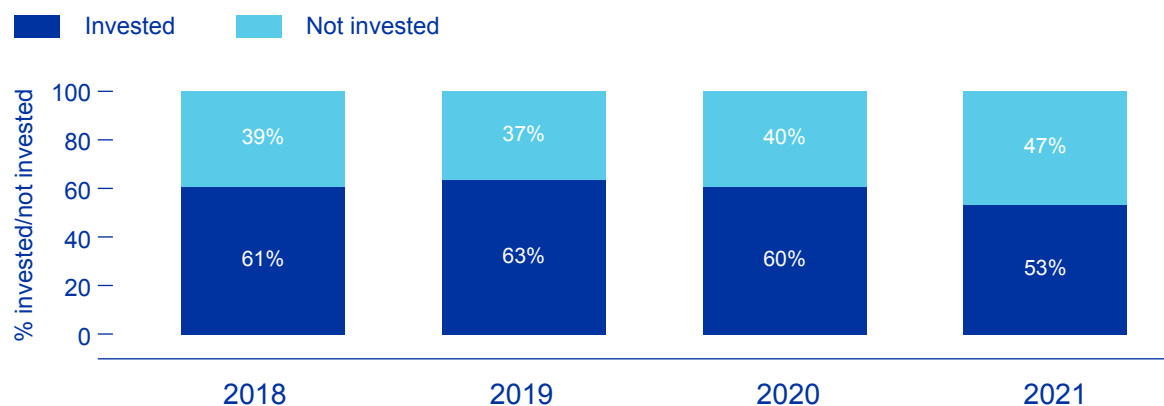
In 2021, the share of the capital raised that was already invested in 2021 stood at 53%, which means a lot of capital is yet to be invested. Although the absolute capital invested in 2021 is higher compared to the previous year, the share decreased compared to the 2020² results when 60% of the total capital raised had been invested during that year.

Figure 1: Global capital raising activity



Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Figure 2: Capital raised and invested for non-listed real estate



Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

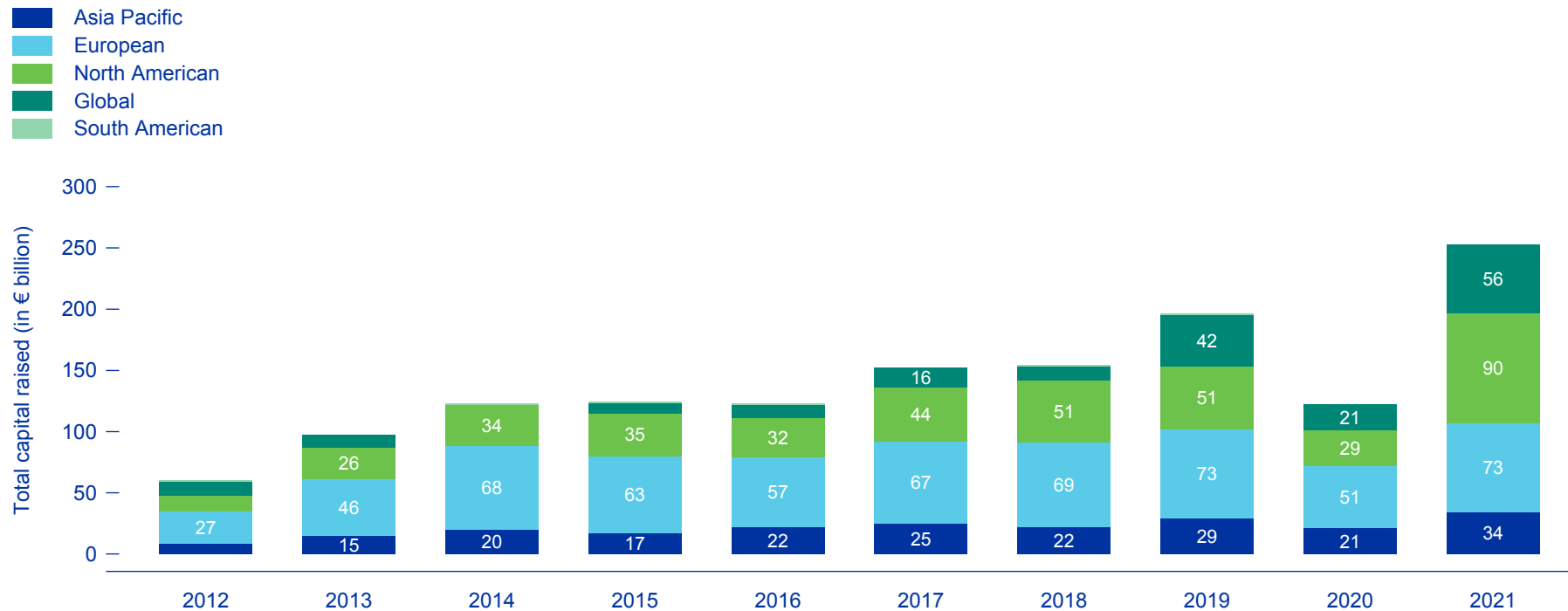
² The global capital raised for non-listed real estate is made up of investment via non-listed real estate funds, separate accounts investing directly into real estate and investment into indirect vehicles, joint ventures and club deals, funds of funds and non-listed real estate debt products.

In 2021, the capital raised has increased for each of the regional strategies to reach new record levels for North American, Asia Pacific, and global strategies. In total €90 billion has been raised for North American strategies in 2021, accounting for 35% of the total capital

raised. The biggest increase was recorded for North American strategies, where the amount of capital raised more than tripled from 2020 (€29 billion) and almost doubled compared to 2019 (€51 billion). Capital raised for Asia Pacific strategies increased by 61%, whereas

capital raised for European strategies recorded a year-on-year increase of 44%. At the same time, capital raised for global strategies nearly tripled.

Figure 3: Capital raised for investment in non-listed real estate by regional strategy³



Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

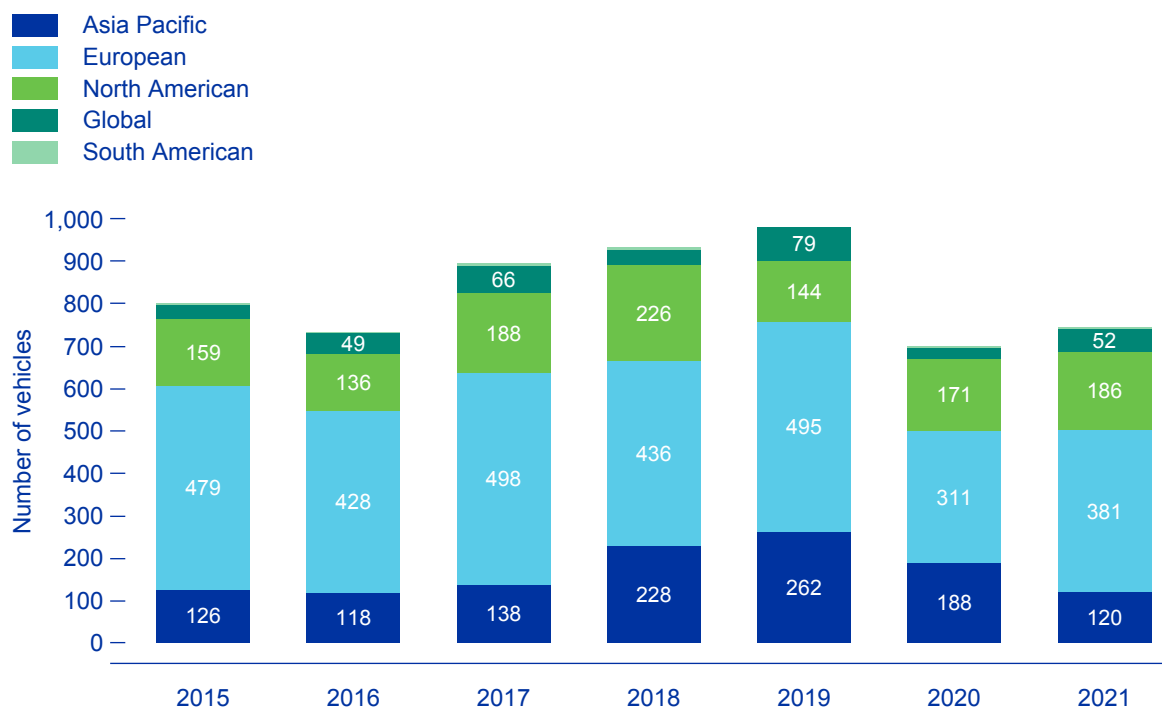
³ For a vehicle to have a global strategy, no more than 90% of the total Gross Asset Value (GAV) may be invested in a single region.

In terms of the number of vehicles, 743 vehicles raised capital in 2021. Yet, the number of vehicles that raised capital did not reach the record level registered in 2019 (980), indicating that the average capital raised per vehicle was higher this year.

In 2021, there were notable differences in the average amount of capital raised by regional strategy. In 2021 European strategies have the highest number of vehicles raising capital: 381 but the smallest amount of average capital raised per vehicle at €191 million. Comparatively, there was less increase in the number of vehicles that raised capital for North American strategies at 186, but their average raised was higher at €481 million per vehicle. Meanwhile, the number of vehicles raising capital for Asian Pacific strategies decreased to 120 in 2021, with an average capital raised of €286 million per vehicle.

Noticeably, the number of vehicles raising capital for global strategies has bounced back from 26 in 2020 to 52 in 2021, with the biggest average size of €1.1 billion raised per vehicle.

Figure 4: Number of vehicles that raised capital by regional strategy



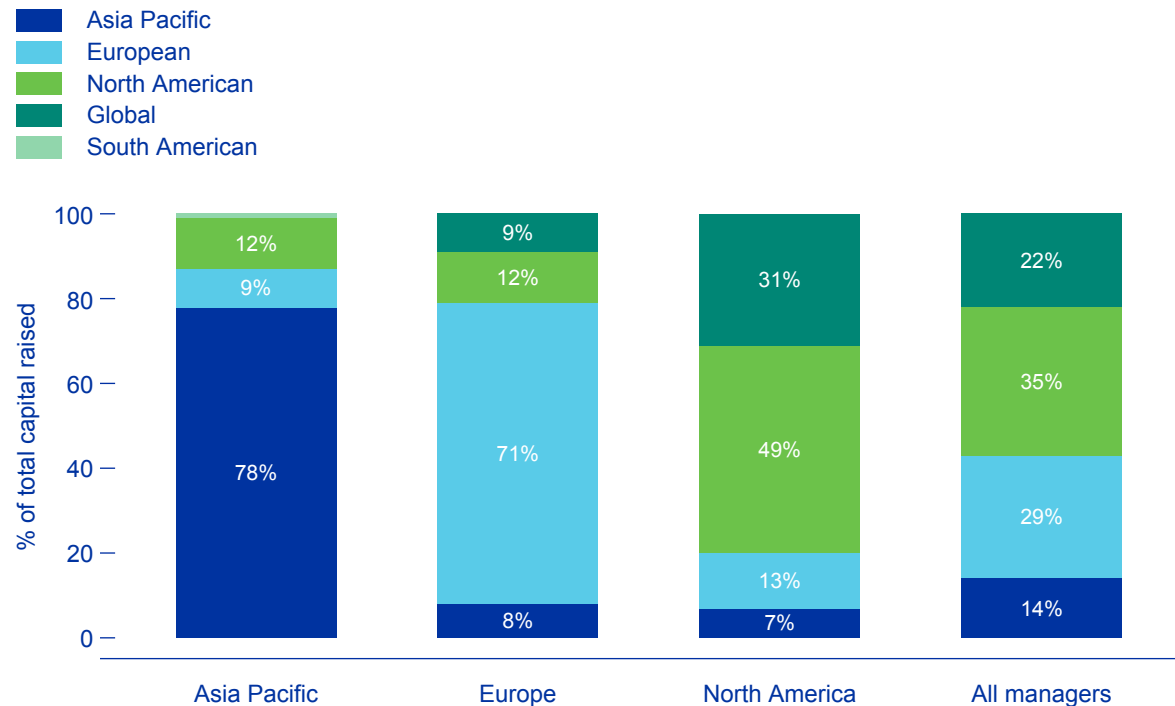
Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Capital raised by regional strategy and by investment manager domicile

Capital raised by regional strategies in 2021 is biased towards the domicile of the investment managers, especially for Asia Pacific and European managers which tend to have a more regional focus compared to their North American peers.

Investment managers from the Asia Pacific region have the highest home bias. Of the total capital raised in 2021, 78% was allocated to Asia Pacific strategies and only 12% and 9%, respectively, for North American and European strategies. Of the total capital raised by European managers, 71% is targeting Europe compared to 86% last year, while the remainder was assigned to North America (12%), global vehicles (9%) and Asia Pacific (8%). As in previous years, North American managers have the most global outreach among all, with 31% allocated to global strategies, 49% of new capital raised for North American strategies, and the remaining 13% and 7% allocated to European and Asia Pacific strategies, respectively.

Figure 5: Capital raised by regional strategy and investment manager domicile



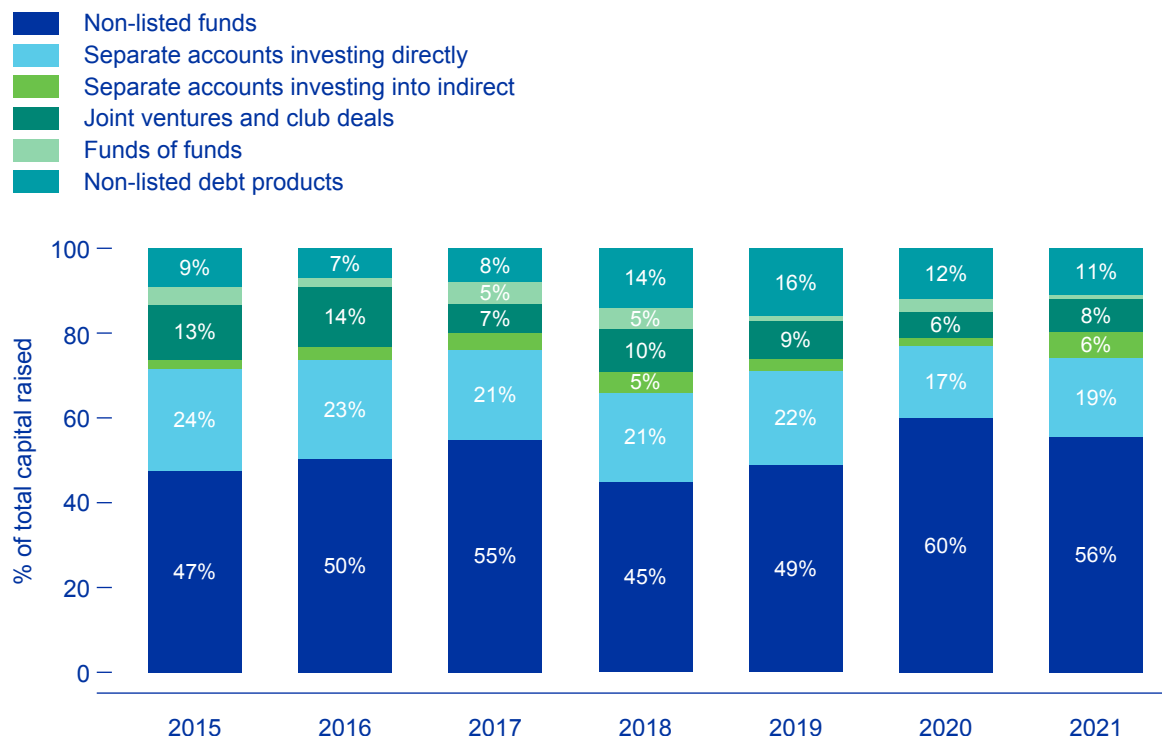
Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Capital raised by vehicle type

Out of the €254 billion that was raised in 2021, the fund managers participating in the survey provided detailed information by vehicle type on €189 billion, ie, the type of vehicle has not been specified for €65 billion. Of the €189 billion of capital raised during 2021, non-listed real estate funds raised €106 billion in 2021, representing 56% by value. Non-listed real estate funds attracted the highest share of capital raised in 2021, maintaining their position as the most popular route to invest into real estate.

Separate accounts investing in direct real estate represented 19% of the total capital raised globally in 2021. Meanwhile, non-listed debt products accounted for 11% of the total capital raised and a further 8% was assigned to joint ventures and club deals. Based on their total capital raised globally, separate accounts investing indirectly (6%) and funds of funds (1%) remain the least popular types of vehicle for accessing real estate.

Figure 6: Capital raised by vehicle type



Note: Based on the reported value of €189 billion
Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Capital raised by vehicle type and regional strategy

Non-listed real estate funds remained the vehicle of choice in 2021, regardless of the regional strategy.

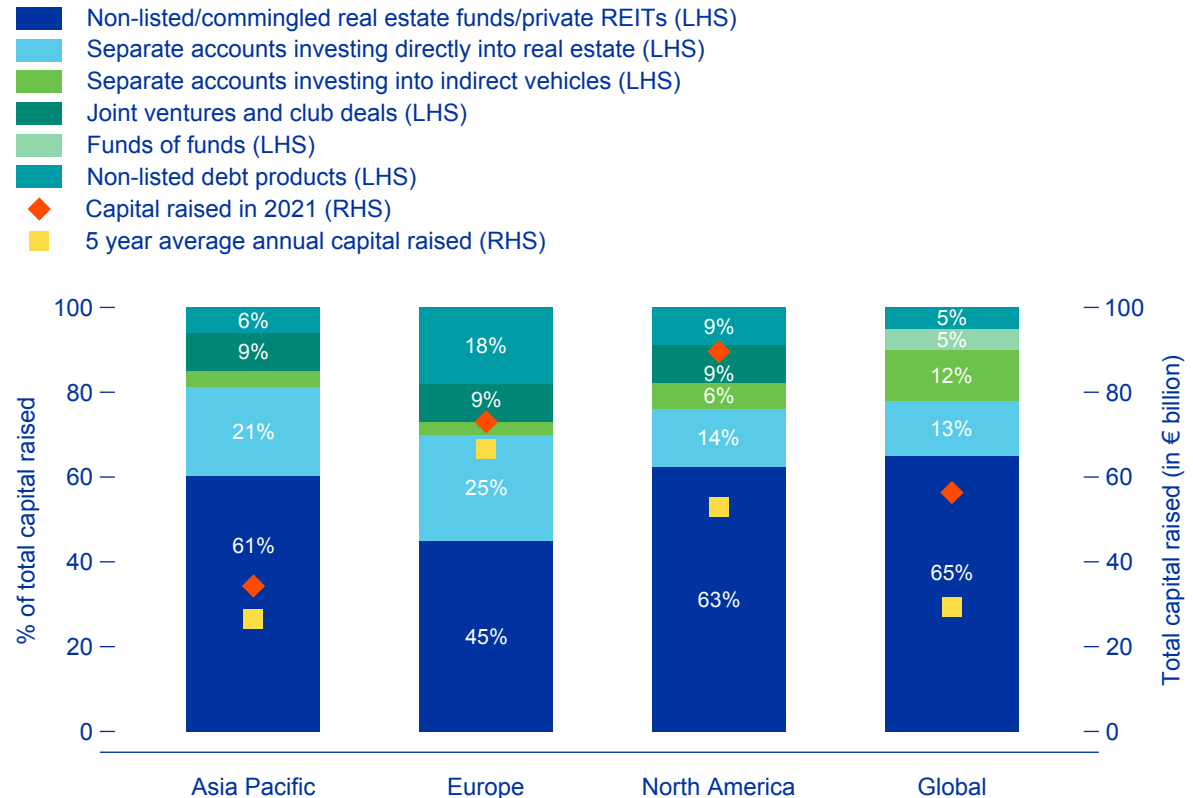
The majority of the total capital raised for Asia Pacific strategies in 2021 was allocated to non-listed real estate funds (61%) while the remaining capital was assigned to separate accounts investing directly into real estate (21%), joint ventures and club deals (9%), non-listed debt products (6%), and separate accounts investing into indirect vehicles (4%).

For vehicles with a European strategy, the largest share of capital was again raised for non-listed funds (45%), with the rest split between separate accounts investing directly into real estate (25%), non-listed debt products (18%), joint ventures and club deals (9%) and separate accounts investing into indirect real estate (3%).

Non-listed funds also attracted the largest proportion of capital targeting North America (63%) while separate accounts investing directly into real estate (14%) came second, followed by a tie between non-listed debt products (9%) and joint ventures and club deals (9%), then followed by the remaining of separate accounts investing into indirect vehicles (6%).

Non-listed funds also accounted for the largest share for those vehicles targeting a global strategy (65%) while the rest was

Figure 7: Capital raised by vehicle type and regional strategy



Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

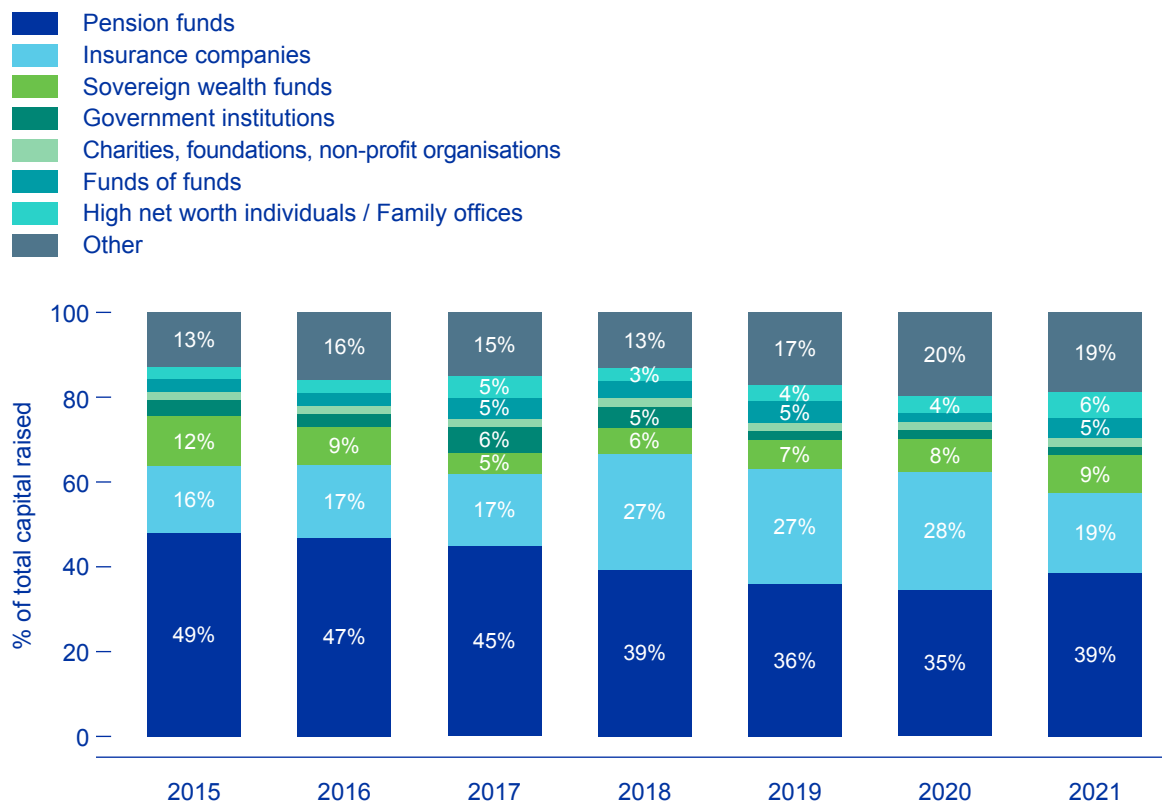
divided between separate accounts investing directly into real estate (13%), separate accounts investing into indirect vehicles (12%), and a tie between non-listed debt products (5%) and funds of funds (5%).

Capital raised by investor type

Pension funds continue to be the main source of capital for the non-listed real estate industry globally with €69 billion or 39% of the total capital raised in 2021, nearly double their 2020 allocation of €33 billion (35% capital raised in 2020). Insurance companies make up the second-largest source of capital, representing 19% of the total capital raised. Their share of the total capital raised was reduced compared to the previous year, although the amount increased from €26 billion in 2020 to €34 billion in 2021.

The remaining part of the capital originates from sovereign wealth funds €16 billion (9%), high net worth individuals/family offices €11 billion (6%), funds of funds €8 billion (5%), charities, foundations, and non-profit organisations €4 billion (2%) and government institutions €4 billion (2%). Other investor types accounted for 19% of the total capital raised.

Figure 8: Capital raised by investor type



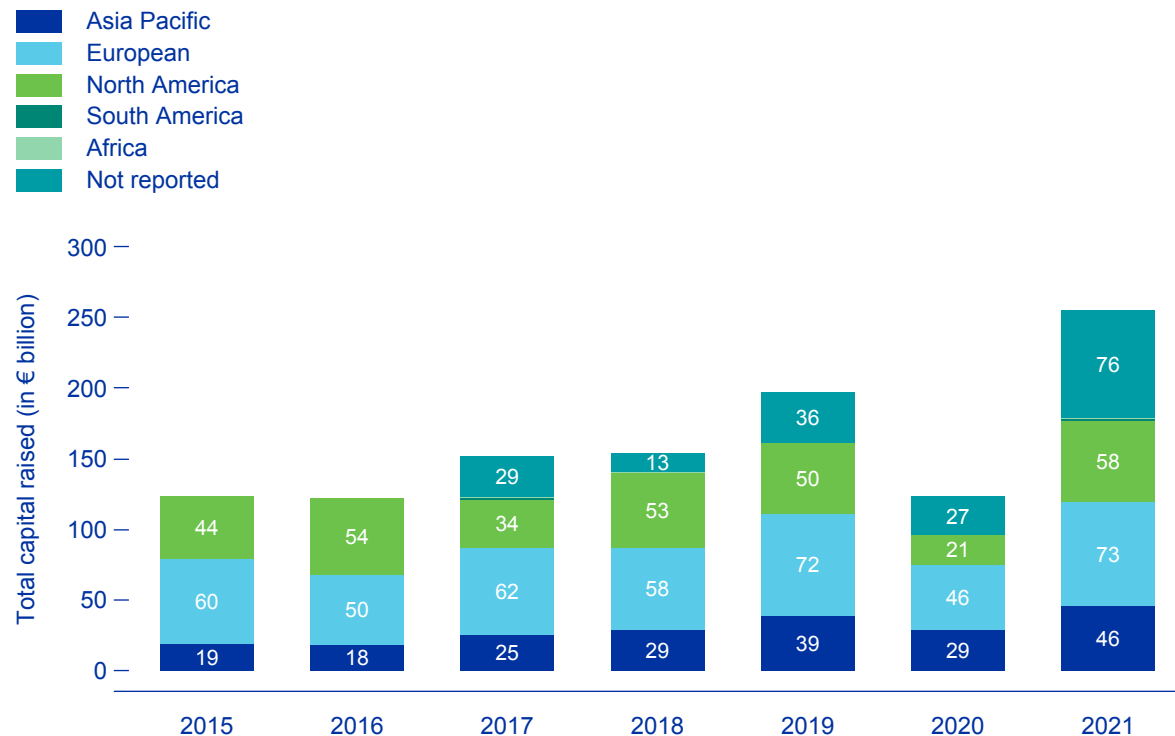
Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Capital raised by investor domicile

The amount of capital raised by different investor domiciles increased significantly across all regions in 2021.

European investors were the main source of the capital raised for non-listed real estate globally in 2021. With €73 billion, they accounted for 41% of the global capital raised compared to €46 billion in 2020. North American investors contributed 33% of the global capital raised (€58 billion, compared to €21 billion in 2020). With a 26% share, Asia Pacific investors were the third most important source of capital in 2021 (€46 billion compared to €29 billion in 2020).

Figure 9: Capital raised by investor domicile



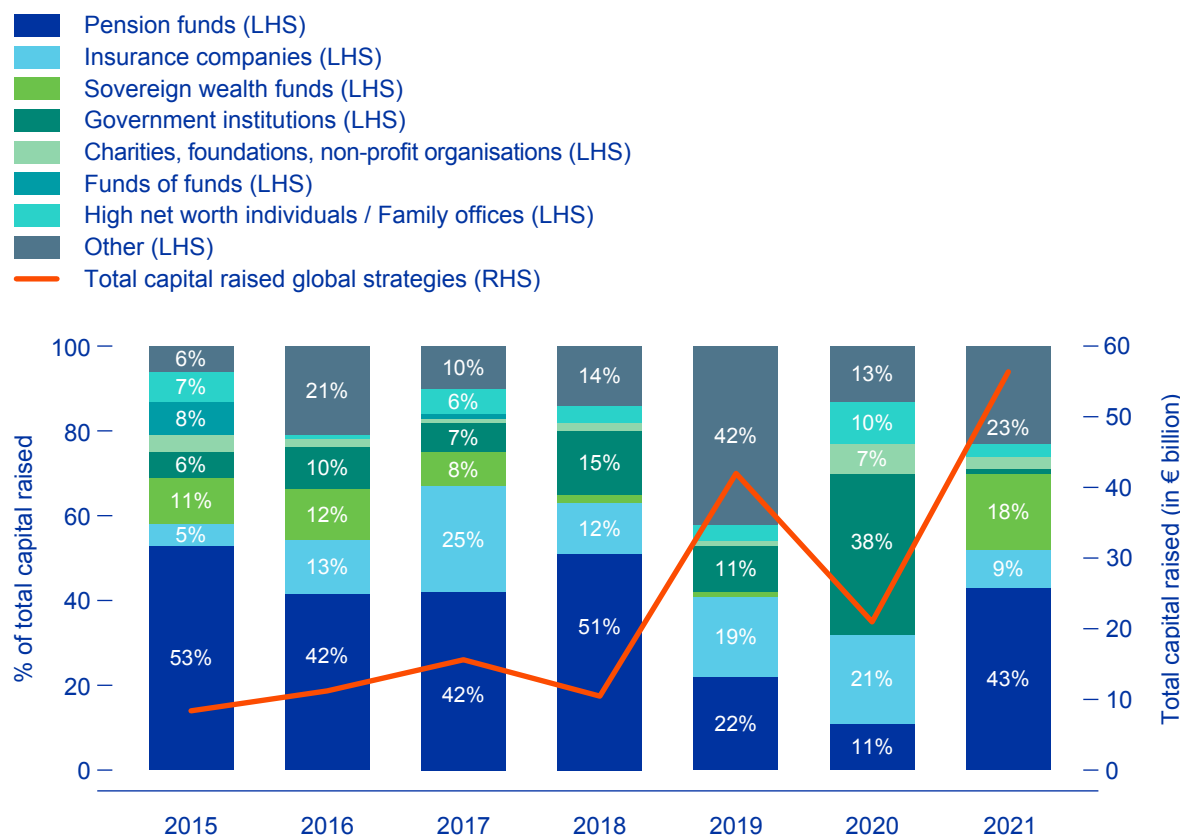
Note: Based on the reported value of €254 billion
Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

3. Capital raised for global strategies

In 2021, vehicles with a global strategy attracted a minimum of €56 billion of capital, a 164% increase compared to €21 billion raised in 2020. Global strategies accounted for 22% of all the capital raised for non-listed vehicles in 2021, up from 17% in 2020.

Of the total capital raised for global strategies in 2021, the source of capital was not specified for €41 billion. Of the €15 billion for which the investor type was reported, pension funds were the largest contributors with over 40%, followed by sovereign wealth funds with 18%. Other sources of capital contributed the remaining 23%.

Figure 10: Global strategy: capital raised by investor type

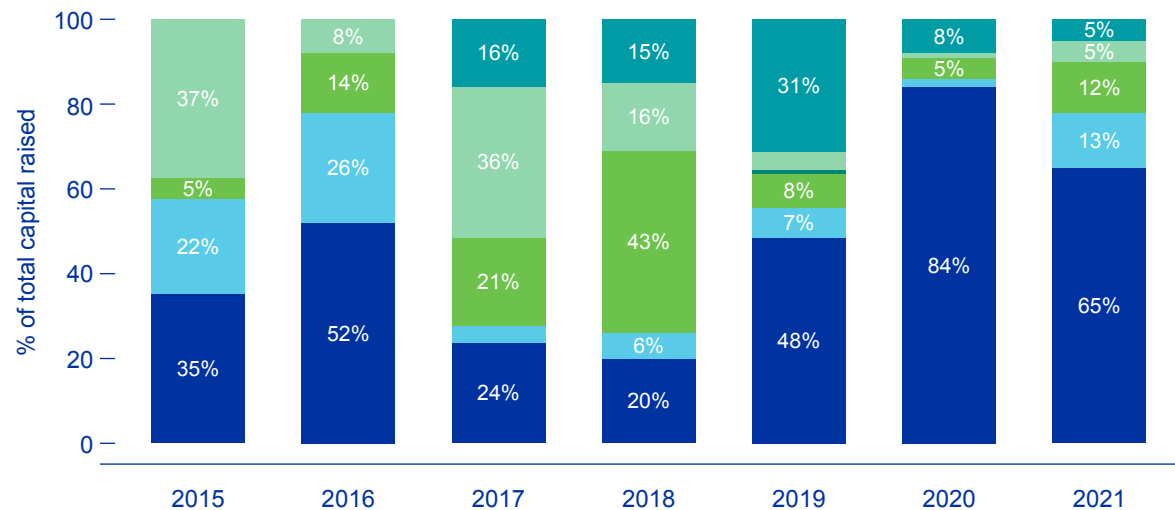


Notes: Percentages may not total 100 due to rounding. Based on the reported value of €15 billion in 2021. For a vehicle to have a global strategy, no more than 90% of the total Gross Asset Value (GAV) may be invested in a single region.
Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Non-listed real estate funds attracted most of the capital raised for global strategies in 2021 (65%), separate accounts investing directly and separate accounts investing into indirect vehicles attracted 13% and 12%, respectively. Funds of funds and non-listed debt products accounted equally for the remaining 10%.

Figure 11: Global strategy: capital raised by vehicle type

- Non-listed/commingled real estate funds/private REITs
- Separate accounts investing directly into real estate
- Separate accounts investing into indirect vehicles
- Joint ventures and club deals
- Funds of funds
- Non-listed debt products



Notes: Based on the reported value of €16 billion in 2021.

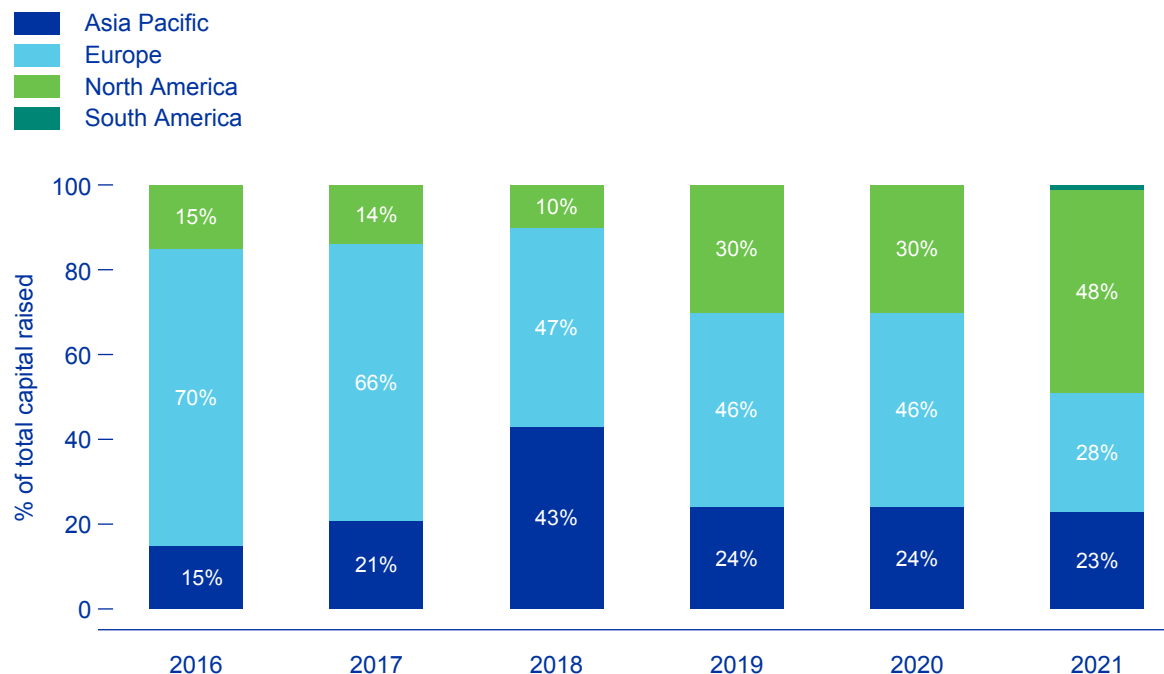
Sample size for this breakdown deviates from the total capital raised for global strategies (€56 billion) as for some submissions the breakdowns by investor type and vehicle type were not disclosed.

Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Similar to the breakdown by investor type, the investor domicile was not specified for €41 billion (73%) of the capital raised for global strategies in 2021.

Of the remaining (€16 billion) for which the investor domicile was reported, North American investors remain the leading source of capital, accounting for just under half of the total capital raised. European investors represent 28% and Asia Pacific investors account for the remaining 23%.

Figure 12: Global strategy: capital raised by investor domicile



Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

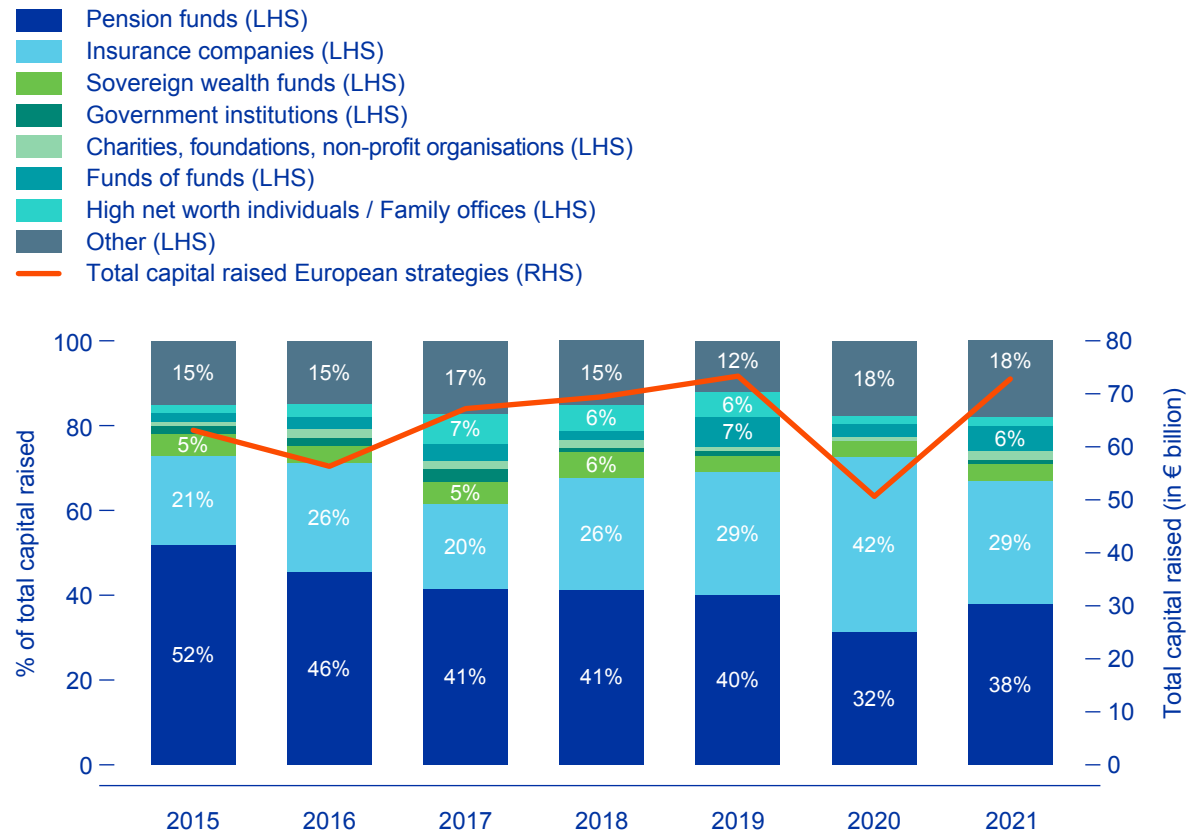
4. Capital raised for European strategies

Capital raised for European strategies by investor type

Total capital raised for non-listed vehicles with a European strategy amounted to €73 billion in 2021. This is considerably higher than the 2020 equivalent of €51 billion, which is no surprise given the period of economic and investor uncertainty in light of the Covid-19 pandemic during most of 2020. That said, the share of European strategies of the total capital raised globally continued its downward trend from 55% in 2014 to 29% in 2021, with capital raised for Asia Pacific and North American strategies increasing at a faster pace. For the first time since the start of the survey, North American strategies saw a higher amount of capital raised than for European strategies (€90 billion vs €73 billion, Figure 3), albeit corporate activity and variation in sample size may have had an influence on the latest results.

With 38% of the capital raised in 2021, pension funds constituted to be the largest source of capital for non-listed real estate vehicles with a European strategy. This is reversing the trend of a declining share that started in 2015. With 29%, insurance companies, which were the main source of capital in 2020, came in second place in 2021. This is significantly lower than their 42% share in 2020, but similar in absolute terms, at around €21 billion in both years. Together, insurance companies and pension funds make up 2/3rd of the reported total capital raised for European strategies in 2021.

Figure 13: European strategy: capital raised by investor type



Note: Based on the reported value of €65 billion

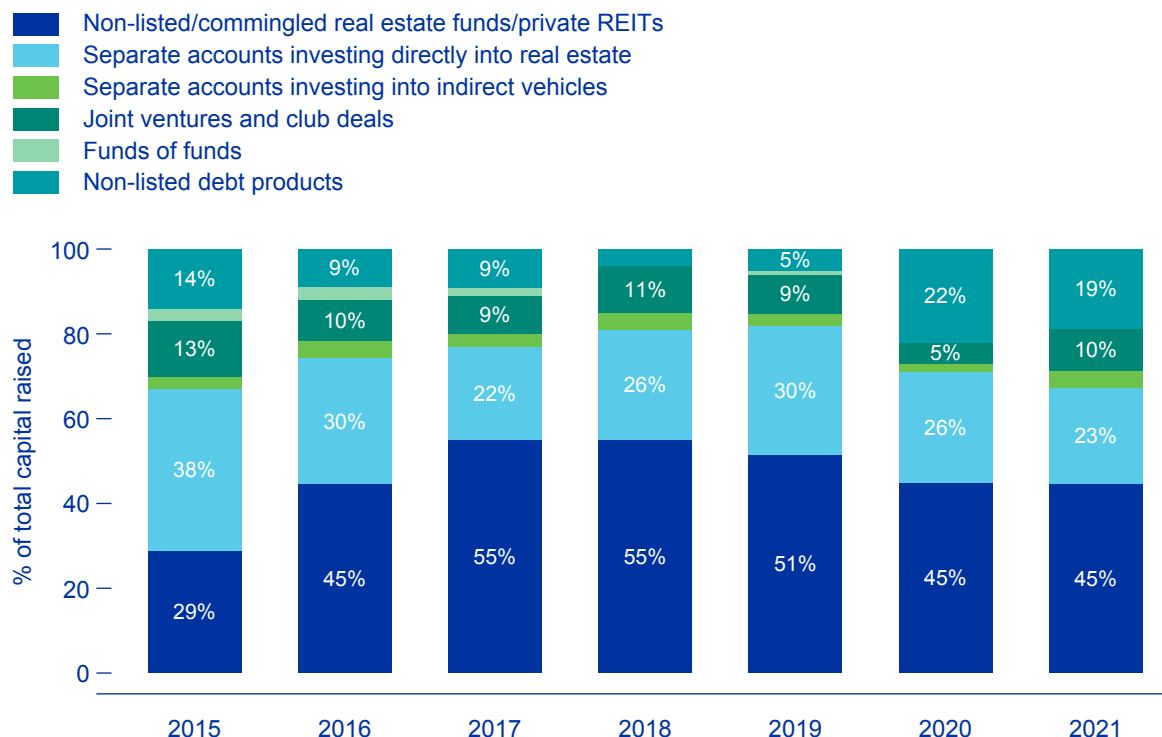
Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Capital raised for European strategies by vehicle type and investor domicile

Capital raised targeting Europe is more dispersed among different non-listed vehicle types compared to other regional strategies. With 45%, non-listed funds remain the biggest beneficiary of capital allocations, although that share has declined over the past few years, with joint ventured and club deals reporting a notable gain in allocations. Compared to last year, joint ventures and club deals doubled their share of capital raised from 5% to 10%, which is in line with the long-term average and amounts to an all time record €6.3 billion in absolute terms. This closely resonates with the [2022 ANREV / INREV / PREA Investment Intentions Survey's](#) findings, which reveal an increased appetite for this type of vehicle, in particular from larger investors.

Separate accounts investing directly into real estate were the second most important vehicle type (23%), while non-listed debt products show sustained momentum with a total share of 19% in 2021. These elevated levels of capital raising activity have now designated non-listed debt products to be the third most attractive vehicle type for the second year in a row. Underpinned by a shift in investor sentiment and reflective of the growing product offer [INREV Debt Vehicle Universe](#) more than doubled in size over the last six years.

Figure 14: European strategy: capital raised by vehicle type



Notes: Based on the reported value of €65 billion.

Percentages for 2021 deviate from Figure 7 as for some submissions the breakdowns by investor type and vehicle type were not disclosed.

Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

The remaining 4% of capital raised was allocated to separate accounts investing into indirect vehicles.

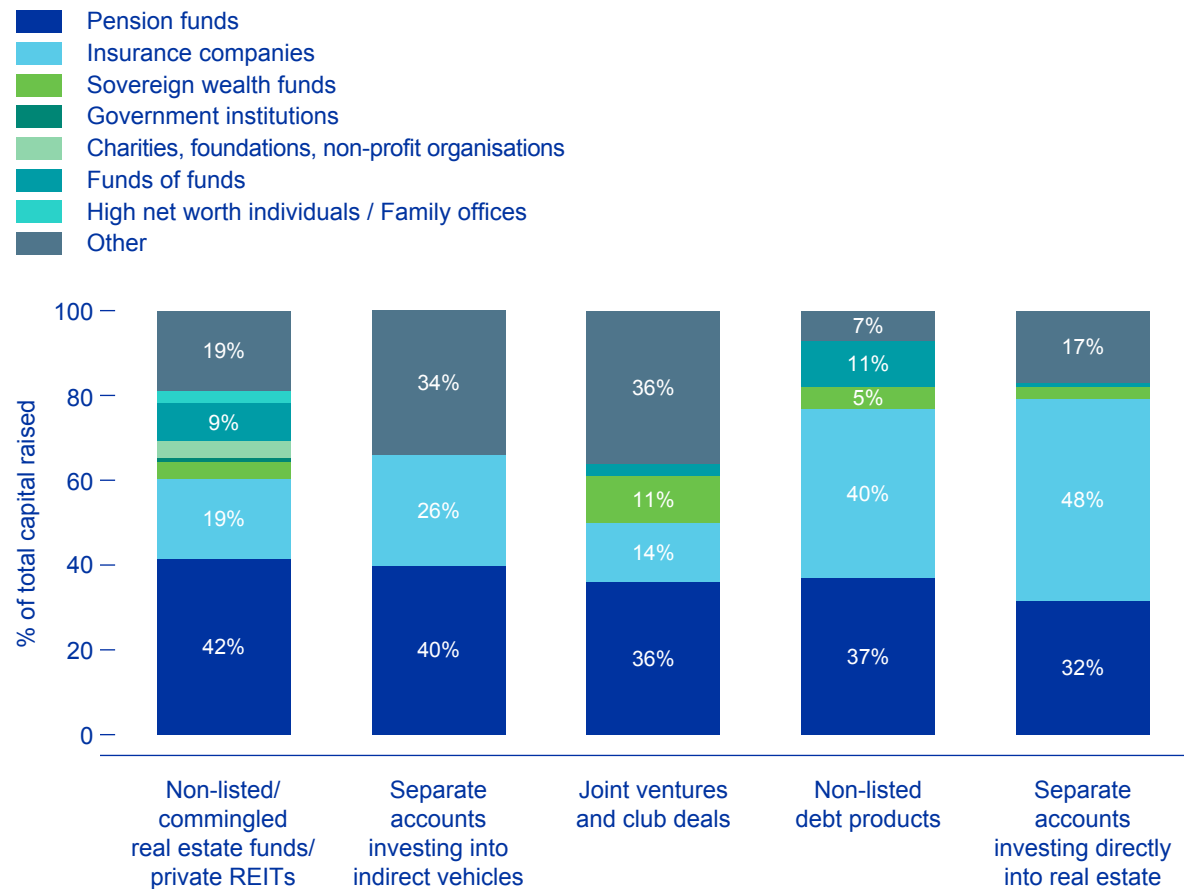
Turning to investor domicile, 82% of the total capital raised for European strategies came from European investors, indicating a strong home bias as was the case in previous years. Asia Pacific investors are the second most important source of capital with a share of 11%, while North American investors account for the remaining 7%⁴. As Asia Pacific and North American investors represented 18% and 28% of the planned capital deployments to European strategies⁵, it follows that these non-European investors converted their intentions to a lesser extent into actual capital allocations.

Capital raised for European strategies by investor type and vehicle type

Due to their size and market share, pension funds and insurance companies typically represent the largest share of capital raised across all different vehicle types and this year was no exception. It is only in the case of joint ventures and club deals that insurance companies were not as prominent, with a 14% share, only somewhat above the 11% share for sovereign wealth funds.

Investor size plays an important role in relation to vehicle type preferences. Smaller investors, such as charities, foundations, non-profit organizations, and government institutions, allocate nearly all capital towards non-listed funds. This allows them to access the European real estate market in a diversified way, whilst leveraging on the manager's expertise at the same time.

Figure 15: European strategy: capital raised by investor type and vehicle type



Note: Based on the reported value of €65 billion

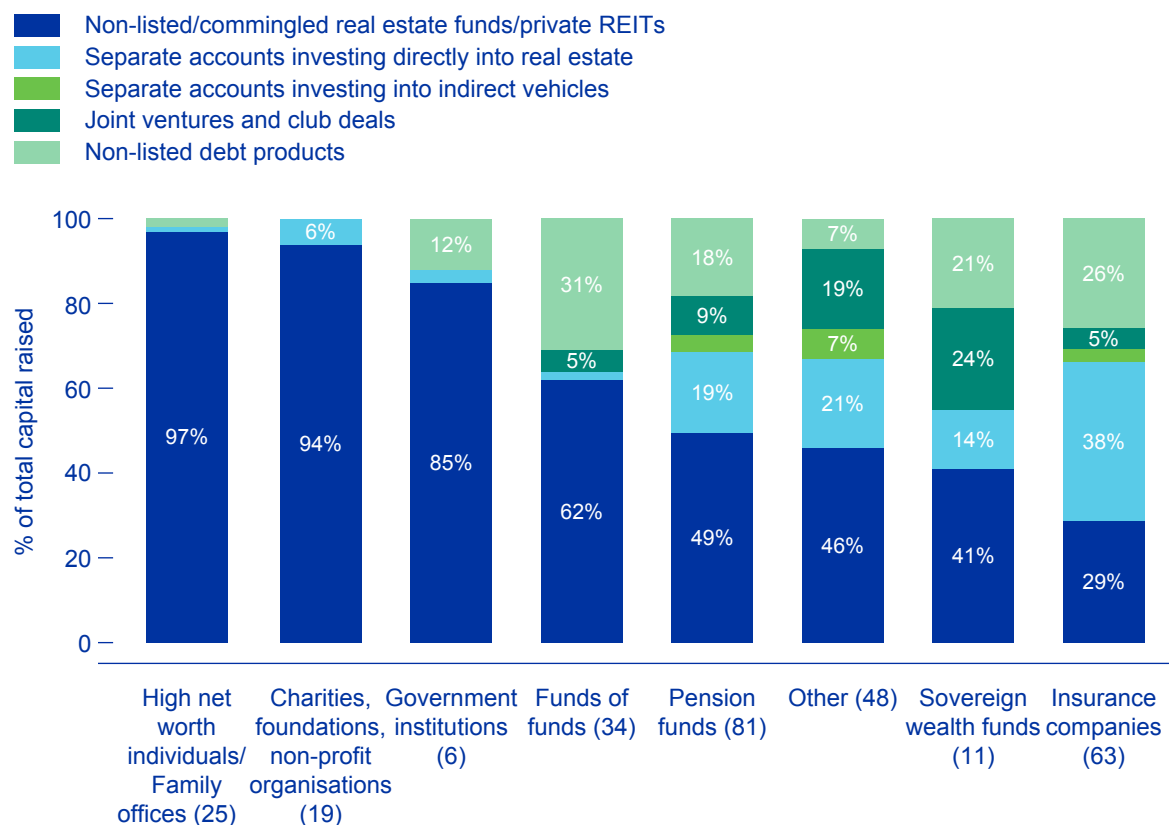
Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

⁴ INREV Capital Raising Survey 2022 - Excel Supplement, additional Figure 10

⁵ ANREV / INREV / PREA Investment Intentions 2022, p.34, Figure 29

For larger investors, there is clearly more dispersion in their breakdown of capital allocations. Pension funds, for example, allocated over half of their capital towards structures other than funds, most notably towards separate accounts investing directly into real estate (19%) and non-listed debt products (18%). With only 29%, insurance companies allocated the least amount of capital to non-listed funds. Instead, their preferred route to the market is through separate accounts investing directly into real estate (38%) and non-listed debt products (26%). Sovereign wealth funds allocated the highest share of their capital towards joints ventures and club deals (24%) amongst all investor types, which is in line with the latest results from the [ANREV / INREV / PREA Investment Intentions Survey](#).

Figure 16: European strategy: capital raised by vehicle type and investor type



Note: Based on the reported value of €65 billion
Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Capital raised for European strategies by country and sector strategy

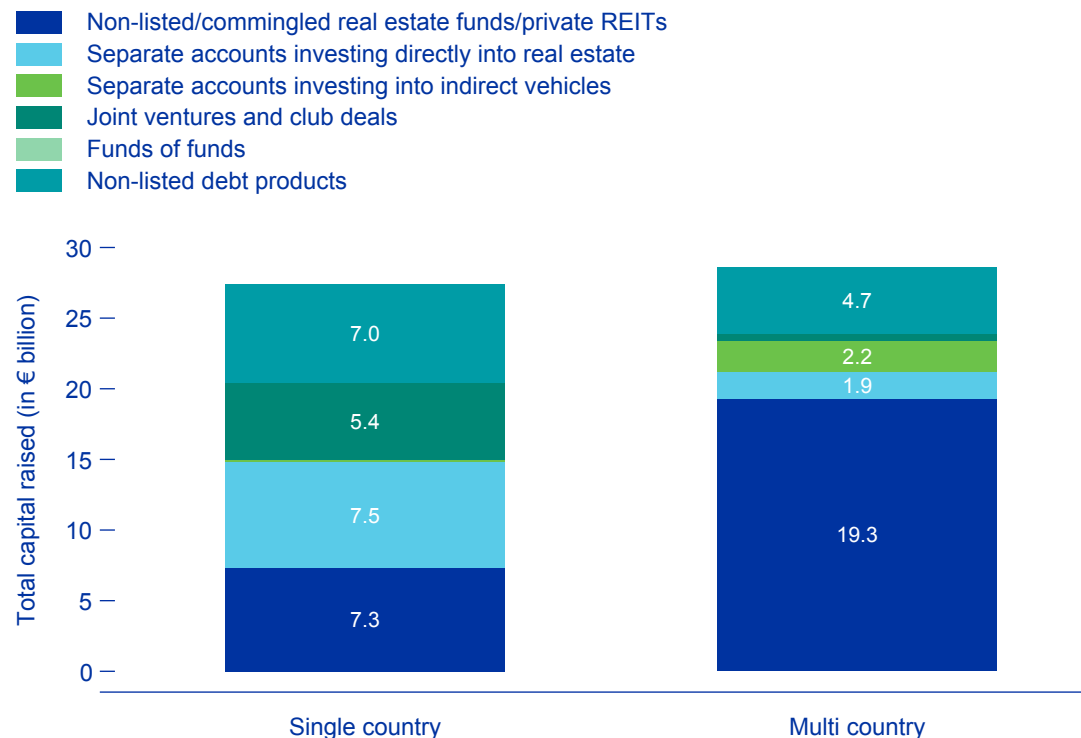
In 2021, vehicles with a multi country European strategy raised a total of €28.6 billion, slightly higher than the €27.4 billion that was raised for European single country vehicles.

Non-listed funds with a multi country strategy raised the most capital in absolute terms with a total of €19.3 billion. This equates to 68% of the total capital raised for vehicles with multi country strategy, supporting the argument that non-listed funds offer notable diversification benefits to their investors. Non-listed debt products also accounted for a relatively large share (16%) of capital raising activities for vehicles with European multi country strategy, which equated to €4.7 billion.

Turning to single sector strategies, the breakdown by vehicle type is more balanced. Separate accounts investing directly into real estate constituted the largest share of €7.5 billion, albeit only marginally higher than the €7.3 billion raised for non-listed funds. Non-listed debt products are also a popular vehicle of choice for single country strategies, with a total capital raised of €7.0 billion.

Capital raised by sector strategies is also broadly on par as vehicles with a single sector strategy and multi sector strategy raised a total of €27.9 billion and €26.8 billion, respectively. That being said, some notable differences within these specific categories merit further clarification.

Figure 17: European strategy: capital raised by country strategy and vehicle type



Note: Based on the reported value of €56 billion

Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Capital raising of vehicles with European multi sector strategy reveals a large concentration of capital for the main sectors (offices, industrial/logistics, residential and retail). Out of the total €26.8 billion that was raised in 2021, €20.2 billion (75%) targeted main sectors, of which the majority was designated for non-listed funds. This mirrors the results

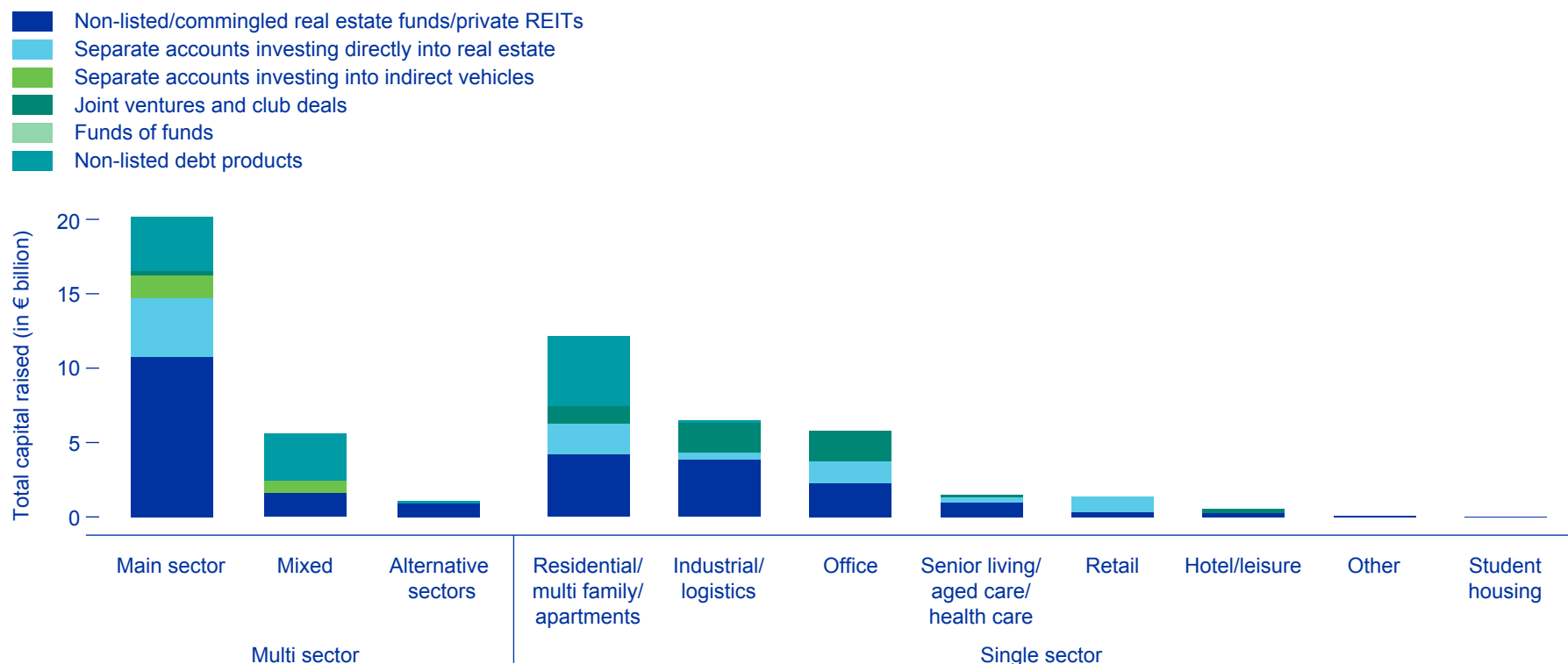
for single sector strategies described earlier and, in that sense, are no surprise. Multi sector strategies that target both main sectors and alternative sectors raised a total of €5.6 billion, while multi sector strategies with a focus on alternative sectors raised only €1.1 billion in 2021.

Looking at vehicles with a single sector strategy it is apparent that those investing in residential are the most favored by investors, raising €12.2 billion or 44% of the total for European single sector strategies. This is supported by a strong performance of residential real estate as a result of the continuing imbalance between supply and demand in many markets. The significant

share of non-listed debt products for this sector is likely related to this as well. Equally, the strong performance of the industrial/logistics, partly supported by changing consumer behavior, has led investors to allocate €6.5 billion to the sector in 2021. Offices, still the largest sector by market share in many countries, was the third most popular single sector strategy, with €5.8 billion capital

raised, while being the second most favored sector in Europe in terms of planned capital deployments based on the [ANREV / INREV / PREA Investment Intentions Survey 2022](#). However, with hybrid working policies likely to stay, it will be interesting to see how the appetite for offices will develop in the near future.

Figure 18: European strategy: capital raised by sector strategy and vehicle type



Notes: Based on the reported value of €55 billion.

Main sector includes Office, Industrial/logistics, Residential/multi family/apartments, Retail

Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

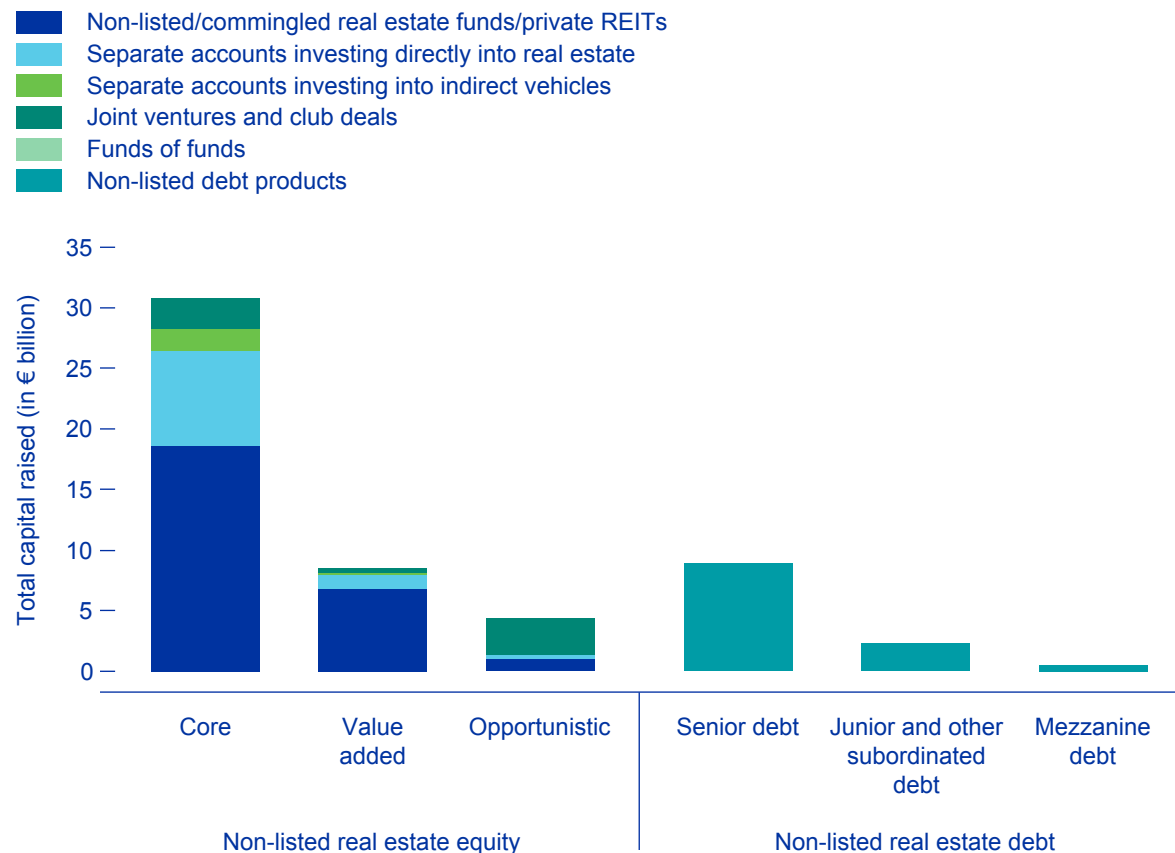
Capital raised for European strategies by investment style

Most capital raised for European strategies was earmarked for vehicles with a low-risk strategy. Out of the €55.4 billion that was raised in 2021, 72% was destined for core equity or senior debt strategies.

Out of the €43.7 billion raised for vehicles investing in equity, €30.8 billion targeted core strategies. The majority of which was invested through non-listed funds (€18.6 billion) and separate accounts investing directly into real estate (€7.9 billion). The composition in terms of vehicle type is similar for value added strategies, although the absolute amount of capital raised is lower at €8.6 billion. Opportunistic equity strategies attracted a total of €4.3 billion of capital in 2021. However, the breakdown by vehicle type shows most of this capital came through joint ventures and club deals (71%). Riskier strategies are typically executed through more specialist structures as these allow for a greater degree of control and flexibility.

The total capital raised for non-listed real estate debt products amounted to €11.7 billion in 2021. The breakdown by investment style follows a similar pattern to non-listed real estate equity. Most of this capital targeted senior debt (76%), while the remaining was allocated to junior and other subordinated debt (19%) and mezzanine debt (5%).

Figure 19: European strategy: capital raised by investment style and vehicle type



Note: Based on the reported value of €56 billion

Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

5. Capital raised for European non-listed real estate funds

The previous section showed that in 2021 a total of €73 billion was raised for investment into all European non-listed real estate vehicles.

This section of the report focuses on the capital raised for European non-listed real estate funds only, using data from the [INREV Vehicle Universe](#). A total of 186 funds raised new capital during 2021, the data of 35% of these funds are recorded in the INREV Vehicle Universe. While capital raised for closed end funds has been explicitly captured in the Universe since 2011, capital calls are used as a proxy for new capital raised for open end funds and do not include reinvestments into subsequent funds.

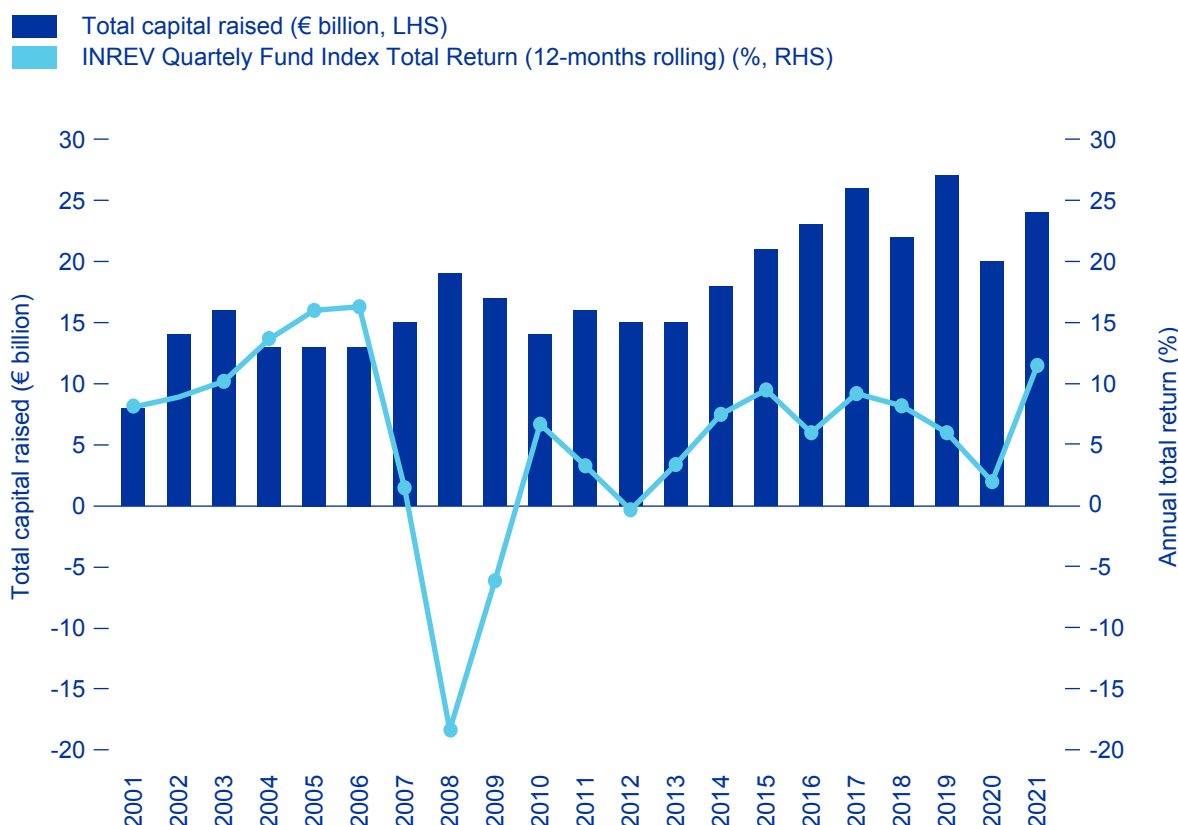
Total capital raised for European non-listed real estate funds increased to €23.7 billion in 2021, which is higher than the ten-year average of €21.1 billion and the €19.5 billion recorded in 2020. The €23.7 billion capital was raised by a total of 186 funds that were included in the INREV Vehicle Universe and is slightly below the levels recorded from the survey (Figure 20).

The uptick in capital raising activity in 2021 is likely to be a direct response to the turnaround in investor sentiment and the gradual economic and real estate market recovery after the weak 2020, muted by the COVID-19 pandemic.

This is also reflected in the [INREV Quarterly Fund Index](#) performance. According to the Index, European non-listed real estate funds

delivered an average total annual return of 11.51% in 2021, significantly higher than the 3-year (6.48%) and 5-year averages (7.39%).

Figure 20: Capital raised for European non-listed real estate funds



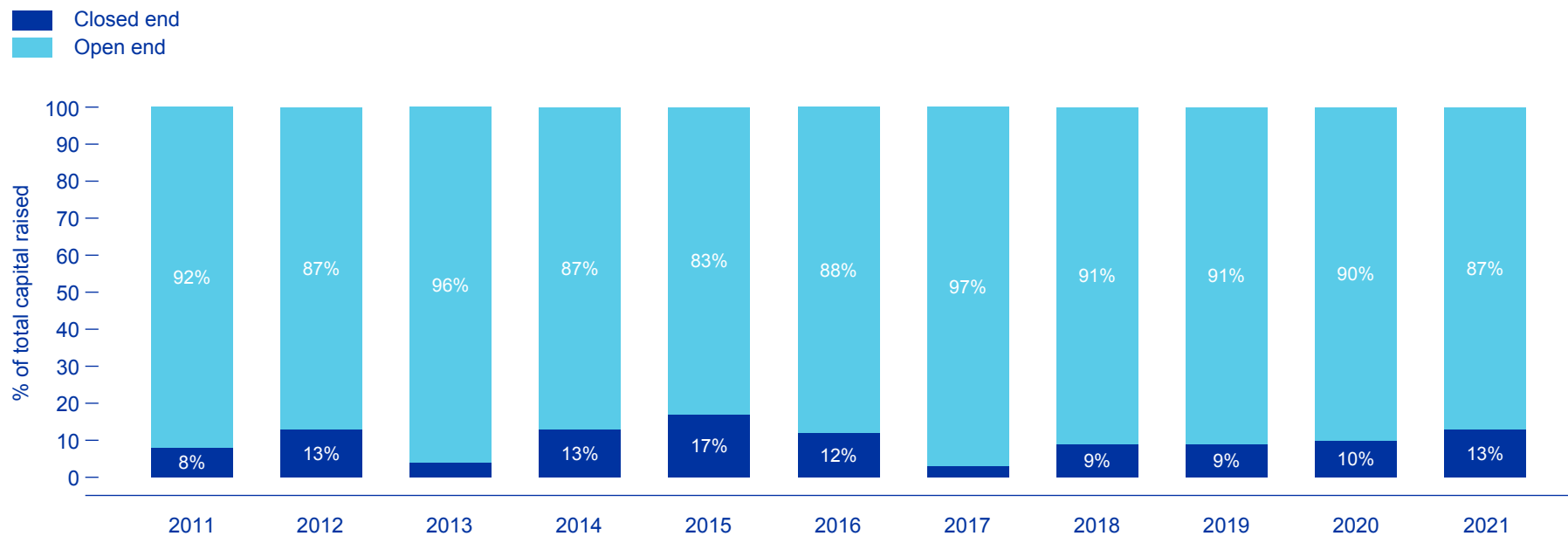
Source: INREV Quarterly Fund Index Q4 2021, INREV Vehicle Universe (capital raising figures are based on unfrozen historical data and may be subject to change)

Capital raised for European non-listed real estate funds by structure

In terms of fund structure, the 2021 sample from the [INREV Vehicle Universe](#) was split between 163 open end funds and 23 closed end funds. Open end fund structures raised

a total capital of €20.7 billion in 2021 (87%), whereas closed end funds structures raised €3.0 billion (13%). Although open end fund structures still account for the vast majority of capital raising activity, the share of closed end structures has been climbing steadily since 2017.

Figure 21: Capital raised for European non-listed real estate funds by structure



Source: INREV Vehicle Universe (capital raising figures are based on unfrozen historical data and may be subject to change)

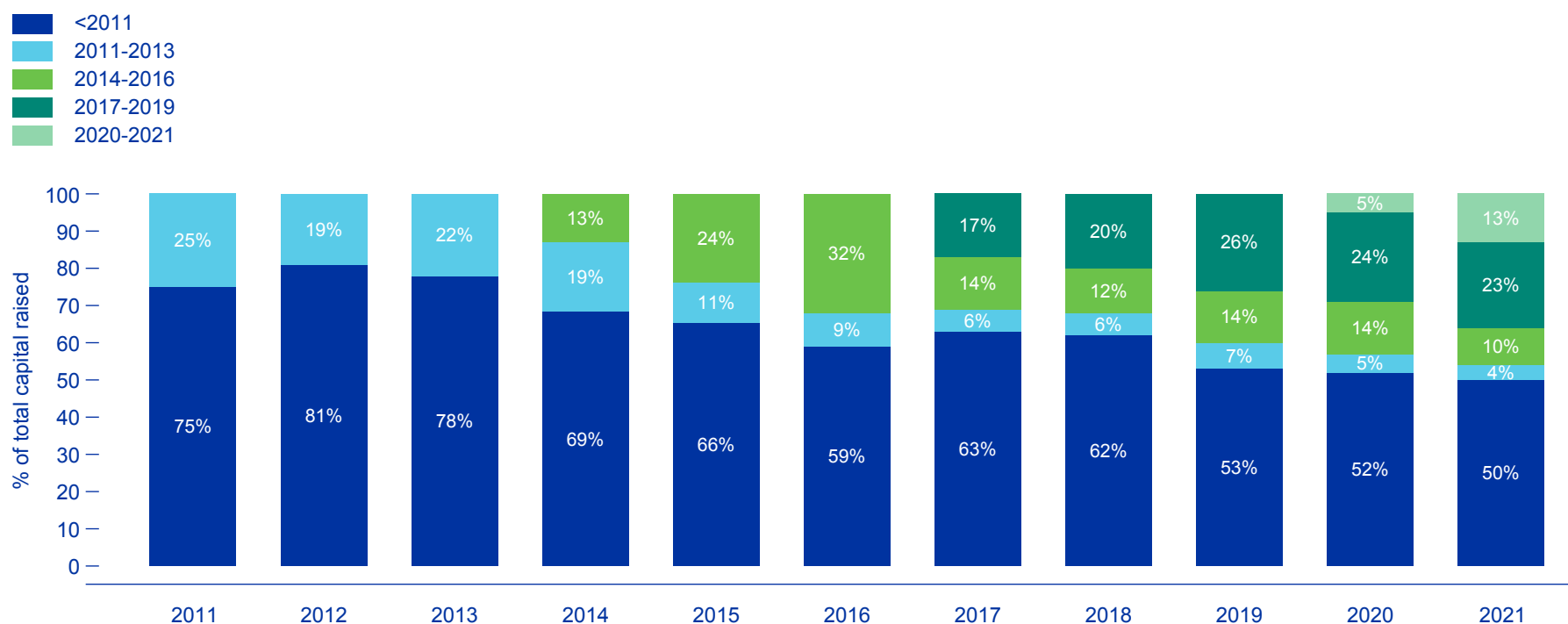
Capital raised for European non-listed real estate funds by year of first close⁶

Half of the new capital raised in 2021 was allocated to funds with a vintage prior to

2011. Although the share of capital raising activity for these funds has gradually declined over time, it still accounts for a significant proportion of the total. Funds with vintage years between 2017 to 2019 raised 23% of new capital in 2021, while those with first

closing in 2020 to 2021 represented a further 13% of the total. The remaining share is split between funds with their vintage between 2014 to 2016 (10%) and those with their vintage between 2011 to 2013 (4%).

Figure 22: Capital raised for European non-listed real estate funds by vintage year



Source: INREV Vehicle Universe (capital raising figures are based on unfrozen historical data and may be subject to change)

⁶ The year of first closing may be taken as a proxy for fund vintage. Of those non-listed funds that raised capital and were included in the INREV Vehicle Universe in 2021, 66 funds have a year of first closing prior to 2011, 16 between 2011 to 2013, 29 between 2014 to 2016, 48 between 2017 to 2019, and 27 between 2020 to 2021.

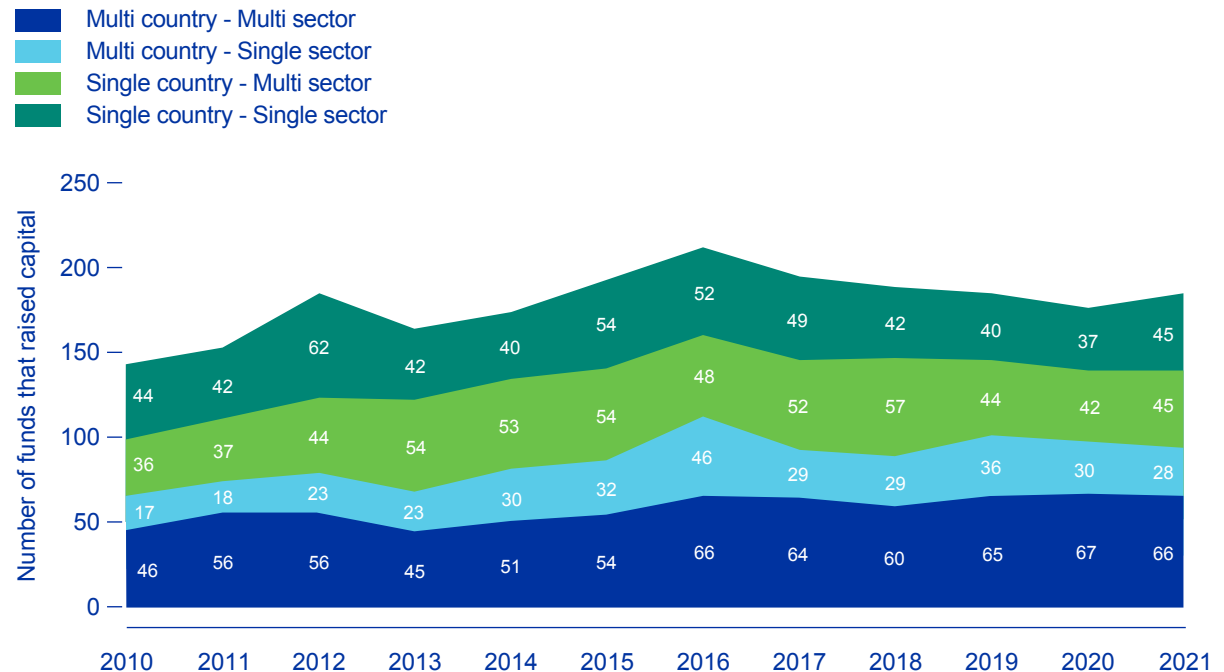
Capital raised for European non-listed real estate funds by country and sector strategy

For the first time since 2017, the share of capital raising activity for funds that follow a multi country and multi sector strategy has declined, albeit they still raised more than half of the total new capital in 2021. In turn, funds that followed a multi country and single sector strategy increased their share of capital raised to 18% last year.

Results from the [Nick Tyrell Prize Winning Paper 2021](#) indicate that country specialist funds (single country strategy) are associated with superior returns when compared to country generalist funds (multi country strategy)⁷. Interestingly, the share of these single country funds, either in combination with a single sector or multi sector strategy, has decreased significantly since 2013. Of those funds targeting Europe that raised capital in 2021, 66 funds (36%) followed a multi country and multi sector strategy, 29 funds followed a multi country and single sector strategy (16%), 45 funds followed a single country and multi sector strategy (24%) and another 45 funds followed a single country and single sector strategy (24%).

Although fairly balanced by the number of funds, the multi country strategies dominated capital raising activity, with almost 70% of the total new capital raised in 2021.

Figure 23: Number of European non-listed real estate funds that raised capital, by country and sector strategy

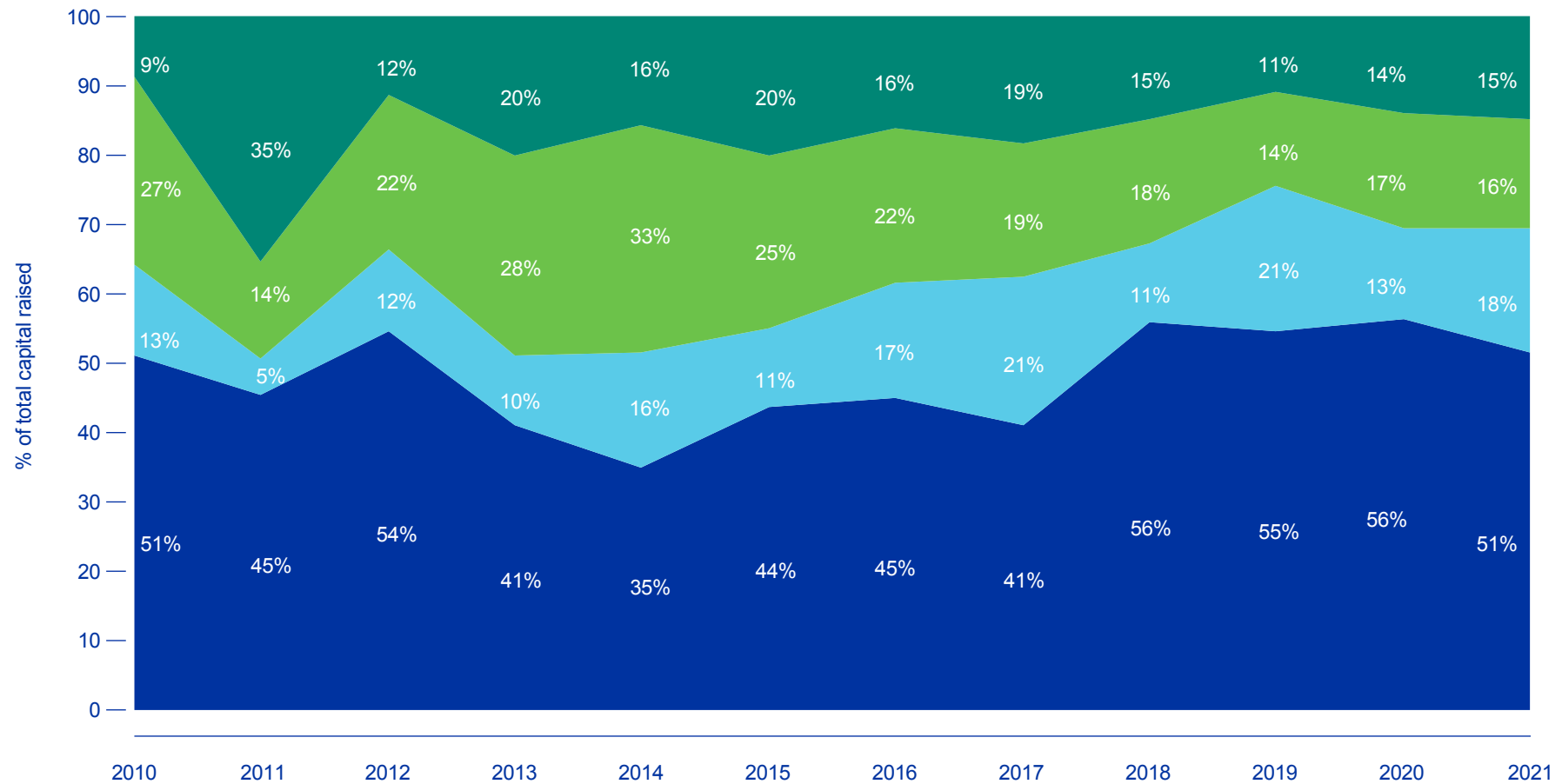


Source: INREV Vehicle Universe (capital raising figures are based on unfrozen historical data and may be subject to change)

⁷ Fuerst, F., N. Mansley & Z. Wang (2021), Do specialist funds outperform? Evidence from European non-listed real estate funds.

Figure 24: Capital raised for European non-listed real estate funds by country and sector strategy⁸

- Multi country - Multi sector
- Multi country - Single sector
- Single country - Multi sector
- Single country - Single sector



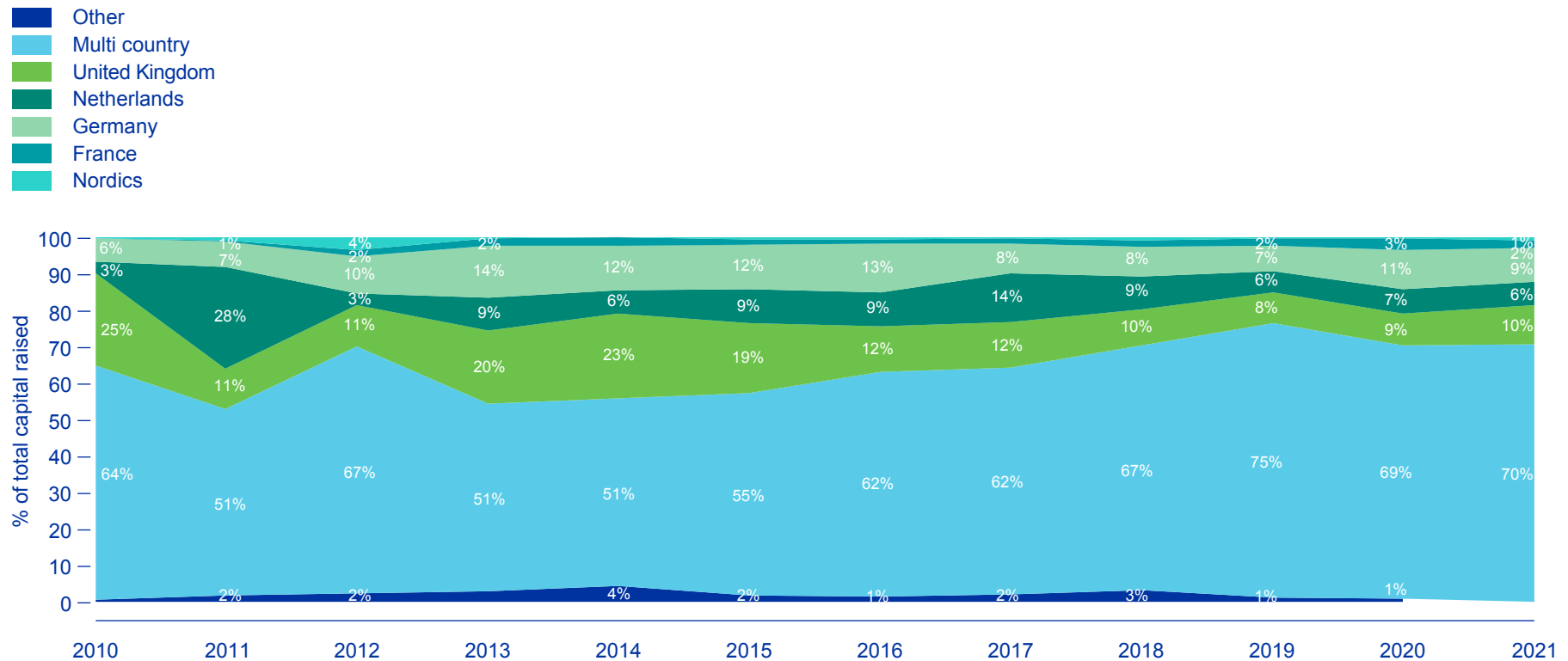
Source: INREV Vehicle Universe (capital raising figures are based on unfrozen historical data and may be subject to change)

⁸ The 95 funds with multi country strategy only include those funds that submitted data regarding their country and sector strategy.

Looking at the country strategy dimension in a bit more detail the data show that most funds (96) followed a multi country strategy. For the funds that follow a single country strategy, 37 target Germany, 20 target the United Kingdom, 17 target the Netherlands, while the remaining 16 are targeting France, the Nordics or other countries.

Compared to last year, there are no material changes in terms of the share of capital raising activities. However, it is apparent that multi country strategy funds have started to play a more important role over the last decade or so, with their share of capital raised rising from 51% in 2013 to 70% in 2021, mainly at the expense of single country strategy funds with a focus on the United Kingdom.

Figure 25: Capital raised for European non-listed real estate funds by country strategy



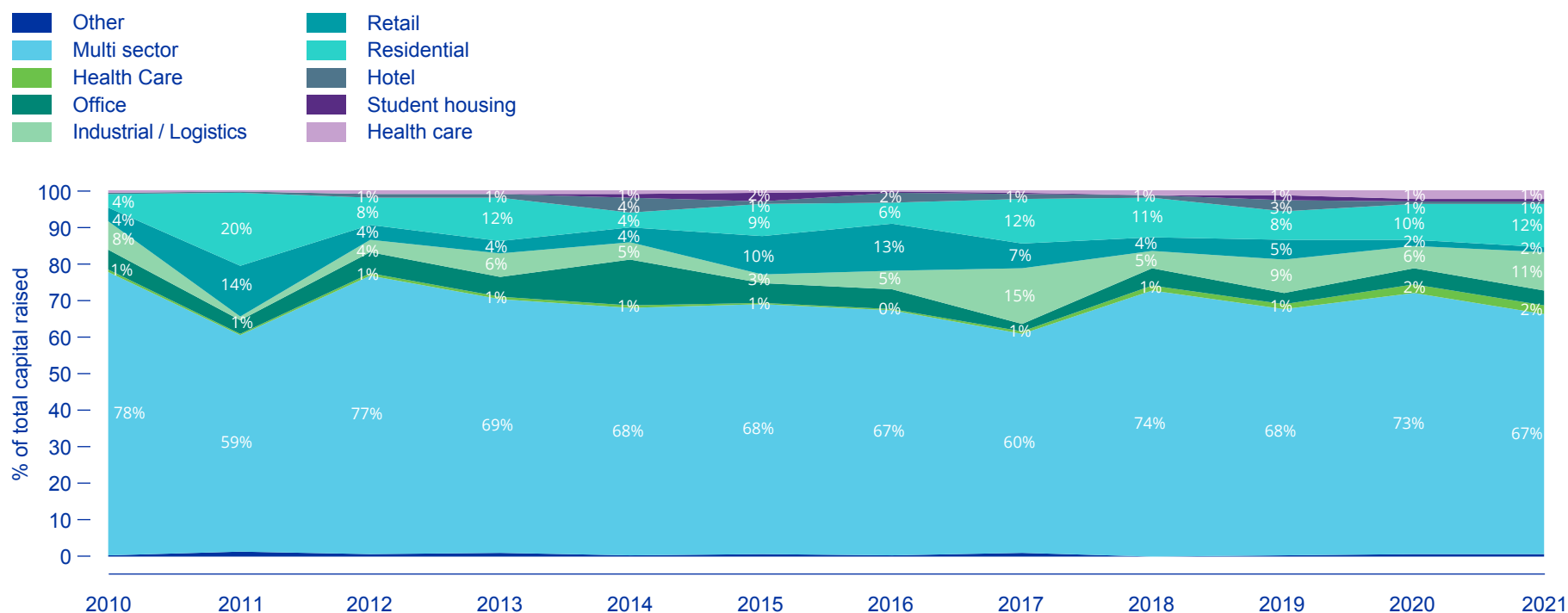
Source: INREV Vehicle Universe (capital raising figures are based on unfrozen historical data and may be subject to change)

At a sector level, the sample of non-listed funds that raised capital in 2021 can be broken down into 111 funds that follow a multi-sector strategy and 74 funds with a single-sector strategy. Of those single-sector funds, 24 focus on the residential sector, 12 on the office sector, 12 on the retail sector, and 9 on the industrial/logistics sector, while the remaining 17 focused on alternative sectors.

Contrary to country strategies, the share of capital raised for multi sector strategies declined in 2021, from 73% to 67%. For the single sector funds, those focusing on the residential sector were most in favor, with 12% of capital raised. Single sector funds focusing on industrial/logistics saw the largest increase in capital raising activity, from 6% in 2020 to 11% in 2021, and significantly above its

10-year average of 7%. This is in line with the results for capital raised by non-listed vehicles with a European strategy (Figure 18).

Figure 26: Capital raised for European non-listed real estate funds by sector strategy



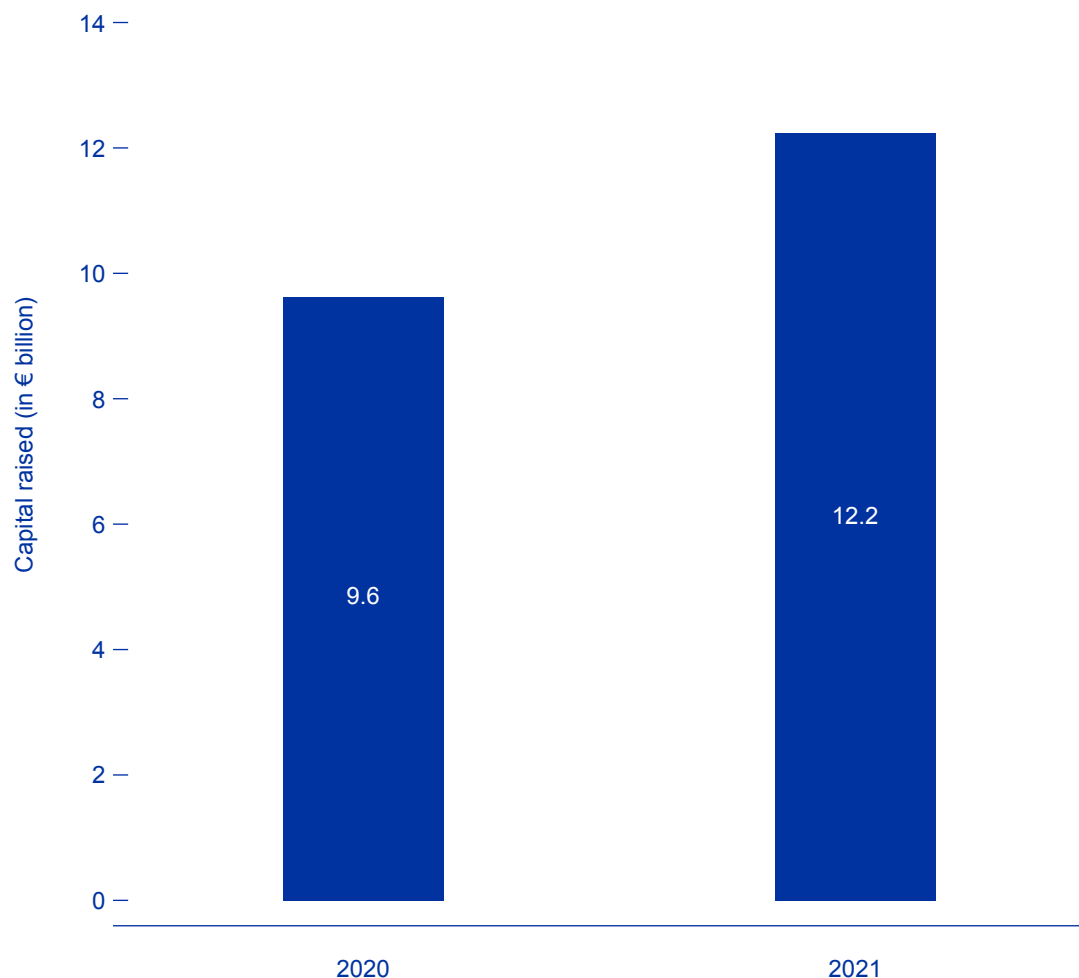
Source: INREV Vehicle Universe (capital raising figures are based on unfrozen historical data and may be subject to change)

6. Capital raised for European non-listed real estate debt vehicles

As stated in the previous sections, real estate debt vehicles have gained importance among investors in recent years, becoming the third most in demand investment route in 2020 and keeping that position in 2021 (see Figure 14). In 2021, the capital raised for non-listed real estate vehicles has increased by 26.7% year-on-year to a total of €12.1 billion in 2021.

The European non-listed real estate debt market is gradually evolving, with the number of debt vehicles doubling in size since 2016 by both size (€57.8 billion in target equity) and the number of vehicles (95), according to the [INREV Debt Vehicle Universe](#). At this early stage in its evolution, it remains an opportunity driven market, which makes it very nonuniform. Unlike the US where large open end structures are dominant, the European non-listed debt market is dominated by closed end funds. This may, at least in part, explain the dominance of local capital, with the latest Capital Raising Survey revealing that around 90% of the capital raised for this vehicle comes from Europe. This is expected the change as the market evolves and there is already growing evidence of cross-regional investors taking interest in the segment.

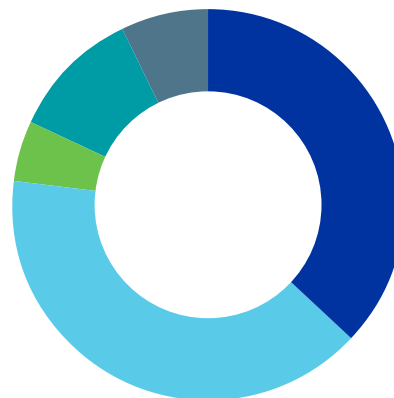
Figure 27: Capital raised for European non-listed real estate debt funds



Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

Large institutional investors, such as insurance companies and pension funds, dominate as the key sources of capital raised for European non-listed real estate debt. Together, these represent more than 75% of the capital raised for the strategy in 2021. These results go hand-in-hand with the findings from the 2022 [ANREV / INREV / PREA Investment Intentions Survey](#), which highlighted that 19% of the investors, representing 35% of the total AUM of the sample, showed their intention to increase their allocation to non-listed real estate debt products.

Figure 28: Capital raised for European non-listed real estate debt funds by source of capital



Source: ANREV / INREV / NCREIF Capital Raising Survey 2022

List of participants

The following list of investment managers participated in the Capital Raising Survey and gave permission for their company names to be published. This survey was undertaken in conjunction with ANREV in Asia Pacific and NCREIF in North America.

a.s.r. real estate
Aetos Japan LLC
AEW Capital Management, L.P.
Altera Vastgoed
Altis IM
AMP Capital
Amvest
Antirion Sgr
Apache Capital Partners Ltd
Ardian
Ares Management
Art-Invest Real Estate Funds GmbH
Assembly Funds Management
Avanath Capital Management
AXA IM Alts
Barings LLC
BentallGreenOak
Blackstone
Bouwinvest Real Estate Investors
BPEA Real Estate
Brookfield Asset Management
CapitaLand Investment
CapMan Real Estate
CATALYST CAPITAL
CBRE Investment Management
Charter Hall
CITIC Capital
Clarion Partners
Commerz Real AG
Crow Holdings Capital
DeA Capital Real Estate

Dexus
Diamond Realty Management Inc.
DNB Life/DNB REIM
DRC Savills Investment Management
DTZ Investors
DWS
ECE Real Estate Partners
Edmond de Rothschild REIM (UK) Ltd
EG
EZLand
Farmland Opportunity, LLC
Forest Investment Associates
Frogmore
GARBE und Nixdorf Holding
Genesta Nordic Capital Fund Management
Grosvenor Europe
Hahn Gruppe
Hart Realty Advisers
Hearthstone Investments
Heitman
Hines
Intercontinental Real Estate Corporation
Intermediate Capital Group (ICG)
Invesco Real Estate
Jamestown LP
Keppel Capital
KGAL Investment Management GmbH & Co.
KG
La Française REM
LaSalle Investment Management
Lords LB Asset Management, UAB
M&G Investments
M7 Real Estate Ltd
Madigan Capital
Mapletree Investments
Meritz Alternative Investment Management
Mitsui Fudosan Investment Advisors, Inc.
Morgan Stanley

Niam
NN IP
Northern Horizon
Octopus Investments
OP Real Estate Asset Management
Optimum Asset Management S.A. Patrizia AG
PGIM Real Estate
Phoenix Property Investors
Pradera
Primonial REIM
Prologis
Proprium Capital Partners
Quantum Immobilien
Kapitalverwaltungsgesellschaft mbH RF
CorVal
Sarofim Realty Advisors
Scape Australia
Schroders Capital
Sentinel Real Estate
Sirius Capital Partners
Sonae Sierra
Starwood Capital Group
Storebrand
Syntrus Achmea Real Estate & Finance TA
Realty
The GPT Group
Tishman Speyer
Tristan Capital Partners
True North European Real Estate Partners
UBS
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Vesteda
White Peak

