
Capital raised for real estate investment pre-COVID-19 hits record high

Managers and investors likely to reappraise real estate strategies in face of pandemic

15 April 2020, Amsterdam – Real estate investment managers recorded a bumper year for capital raised globally in 2019, reaching a new high of €201.3 billion.

The Capital Raising Survey 2020, published today by ANREV, INREV and NCREIF, also highlights a significant uptick in the volume of equity raised specifically for non-listed vehicles – increasing from €154.8 billion in 2018 to €196.4 billion in 2019.

A substantial slice of the new equity raised – €73.3 billion – was allocated to vehicles targeting Europe, while €50.7 billion was destined for vehicles aimed at North America, and €29.3 billion was apportioned to vehicles focused on Asia Pacific.

Managers based in Asia Pacific displayed the strongest domestic bias, allocating 79.6% of the equity they raised to their home region. Their counterparts in Europe plan to invest 76.9% of capital raised within Europe, 11.0% into global strategies, 7.0% in the Asia Pacific region, and 5.1% in North America. Managers in North America, including many of the world's largest with a global platform, showed the greatest appetite for a diversified regional allocation strategy, earmarking 42.1% of new equity for their home region, 33.2% for global strategies, 17.9% for Europe and 6.3% for Asia Pacific.

Rise in popularity of non-listed debt products

Almost half of the capital raised for non-listed vehicles (48.5%) was accounted for by funds, making these the most popular vehicle type for investors. Separate accounts investing into direct real estate accounted for 22.1% of the total. Non-listed debt products rose for the third consecutive year, jumping from 13.8% of capital raised in 2018 to 16.3% in 2019 and probably reflecting their attractiveness as a late market cycle strategy.

A broader base of capital providers

While pension funds still dominated as the largest contributors of capital, their share of the total has dipped over each of the past four years consecutively, from 46.4% in 2015 to 30.2% in 2019. Insurance companies increased their share of the total from 14.6% to 22.5%, over the same period. Other groups of investors, such as sovereign wealth funds, family offices, funds of funds and high net worth individuals, increased their share of total equity raised by value to a combined 31.5% in 2019.

COVID-19 presents challenges

The majority of the total new capital raised in 2019 (61.0%) was invested before the end of the year, leaving the remainder still to be deployed. However, managers and investors could now face additional difficulties with capital deployment as they adapt their strategies to deal with new and unprecedented social and economic challenges brought about by the COVID-19 pandemic.

The survey, which was conducted in January and February 2020, reports that nearly 70% of managers expected an increase in capital raising activities in the next two years. However, the new global macro-economic environment will likely significantly affect the outcome of managers' future capital raising activities.

Lonneke Löwik, INREV CEO said: 'These results reflect the generally optimistic mood within the real estate investment industry at the close of 2019. They also highlight a number of trends that we've seen continue over recent years. We can take many positives from the survey, but we are of course in a markedly different environment now. Some investors who might have considered themselves underweight in real estate before the COVID-19 pandemic could now find themselves over-exposed; and certain sectors, such as retail and hotels, will likely experience even more turbulent times ahead. We're facing a new macro-economic reality that will undoubtedly prompt a period of strategic reappraisal and asset revaluation.

'It's too early to speculate on the full impact of the current pandemic on our industry, but I think it's appropriate to assume that real estate will remain an important asset class – especially for investors with a long-term perspective. In the meantime, our focus will continue to be on helping our members, the industry as a whole, and the wider community to deal with the immediate challenges we all face, in whatever ways we can.'

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Notes to Editors

About the Capital Raising Survey 2020

The Capital Raising Survey 2020 records details of capital raising activity in the non-listed real estate industry during 2019. It provides insights subdivided by region, vehicle type and investment strategy. The 2020 release includes data from 159 fund managers. Of these, 93 are domiciled in Europe, 33 in Asia Pacific and 33 in North America.



Launched in 2006, the Capital Raising Survey has been carried out on a global basis since 2015 with data collected jointly by ANREV, INREV and NCREIF. All figures in the report are quoted as at end 2019, unless otherwise stated.

About INREV

[INREV](#), the European Association for Investors in Non-Listed Real Estate Vehicles, was launched in May 2003 as a forum for investors and other participants in the growing non-listed real estate vehicles sector. The association represents and reflects an industry with a total value of €2.8 trillion and INREV members deliver €385 billion of stimulus to the real economy of Europe.

INREV has 464 members which include 86 of the largest institutional investors as well as 40 of the 50 largest real estate fund managers, plus banks and advisors across Europe and elsewhere.

The non-profit association is focused on increasing the transparency and accessibility of non-listed vehicles, promoting professionalism and best practice, and sharing knowledge. It is based in Amsterdam, the Netherlands.

About NCREIF

Based in Chicago, the National Council of Real Estate Investment Fiduciaries (NCREIF) is the American association of institutional real estate professionals who share a common interest in their industry. This includes investment managers, plan sponsors, academicians, consultants, appraisers, CPA's and other service providers who have a significant involvement in institutional real estate investments. They come together to address vital industry issues and to promote research. NCREIF acts as a non-partisan collector, processor, validator and disseminator of real estate performance information, including several quarterly indices. <https://www.ncreif.org>

About ANREV

ANREV is the Asian Association for Investors in Non-Listed Real Estate Vehicles, a not-for-profit organisation based in Hong Kong. ANREV's agenda is driven by the members, in particular the investors, and is focused on improving transparency and accessibility of market information, promoting professionalism and best practices, sharing and spreading knowledge. Fund managers, investment banks, lawyers and other advisors provide support in addressing key issues facing the Asian non-listed private equity real estate fund markets.

ANREV is a sister organisation to INREV in Europe and works with a number of other associations across Asia Pacific and North America on research and professional standards. <http://www.anrev.org>