

## Capital Available to Private Equity Real Estate Firms to Invest in North America Reaches All-Time High

Closed-end private real estate fund managers focusing on North America have \$110bn available for investment in the region, an all-time high

New research from Preqin shows that closed-end private real estate fund managers have \$110bn of equity available to make new investments in North America as of March 2014, an all-time high and an increase on the \$106bn in dry powder available as of December 2013 and \$89bn as of December 2012.

Although North America-focused closed-end private real estate fundraising fell in Q1 2014 compared to the previous quarter, the aggregate \$8.7bn raised by the 12 North America-focused funds that held final closes in the quarter is a significant increase in terms of capital raised on the \$4.6bn garnered by the 24 funds that closed in the same time period last year (Q1 2013), demonstrating a relatively strong fundraising environment. North America-focused private real estate funds closed in the last 12 months have raised \$63bn, significantly more than the \$40bn raised by funds closed in the 12 months before that.

### Key Facts:

- There are a record number of North America-focused private real estate funds in market as of Q1 2014, with 272 targeting a combined \$89bn, up from 256 targeting \$78bn as of Q4 2013, showing a strong interest in private real estate investment in the region.
- North America-focused private real estate funds are taking less time to reach a final close; funds closed in Q1 2014 spent an average of 15.4 months in market, compared to 18.8 months for North America-focused funds closed in 2013.
- The largest primarily North America-focused fund that held a final close in Q1 2014 was Pimco Bravo Fund II, managed by PIMCO, which held a final close on \$5.5bn and is targeting debt, distressed and opportunistic opportunities.
- Out of the 272 North America-focused private real estate funds currently in market, the largest proportion are following the higher risk value added and opportunistic strategies; there are 117 value added funds targeting \$35bn in capital commitments and 75 opportunistic funds targeting an aggregate \$23bn.
- Funds targeting opportunistic and value added opportunities in North America have the most capital available to put to work (dry powder) as of March 2014 at \$41bn and \$27bn respectively.

**For more information and analysis, please see the factsheet that follows.**

### Comment:

“While there was a decline in fundraising for North America-focused funds in Q1 2014, compared with the last quarter of 2013, there have now been several consecutive quarters of strong fundraising, reflecting the growing institutional investor appetite for real estate funds. As a result of this increase in fundraising, private equity real estate fund managers now have an all-time high of \$110bn available to invest in North America and with confidence in US real estate markets continuing to improve, these firms are likely to be very active in the coming months.”

**Andrew Moylan, Head of Real Assets Products**

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### Note to Editors:

- Preqin is spelled without the letter ‘U’ after the ‘Q’, the company name being an amalgamation of the former name, Private Equity Intelligence.

## About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

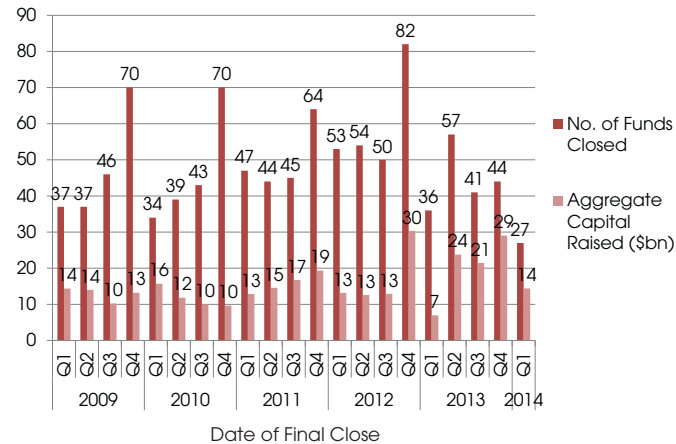
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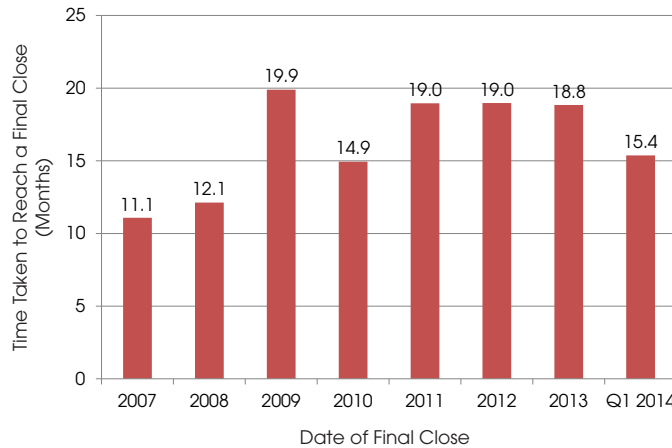
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Fig. 1: Annual North America-Focused Closed-End Private Real Estate Fundraising, Q1 2009 - Q1 2014



Source: Preqin Real Estate Online

Fig. 2: Average Time Taken for North America-Focused Closed-End Private Real Estate Funds to Reach a Final Close by Year of Fund Close, 2007 - Q1 2014

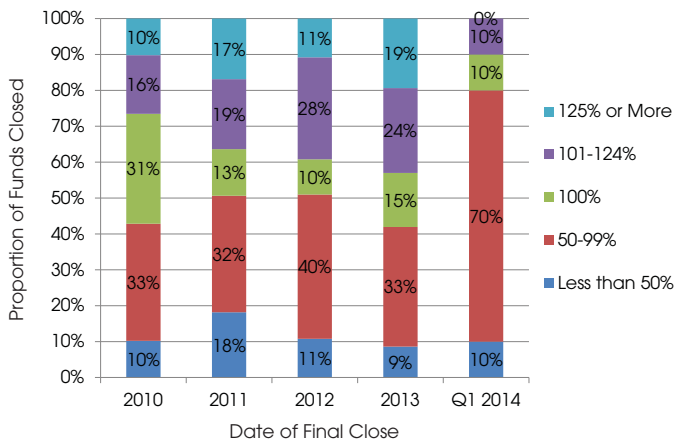


Source: Preqin Real Estate Online

## Key Facts:

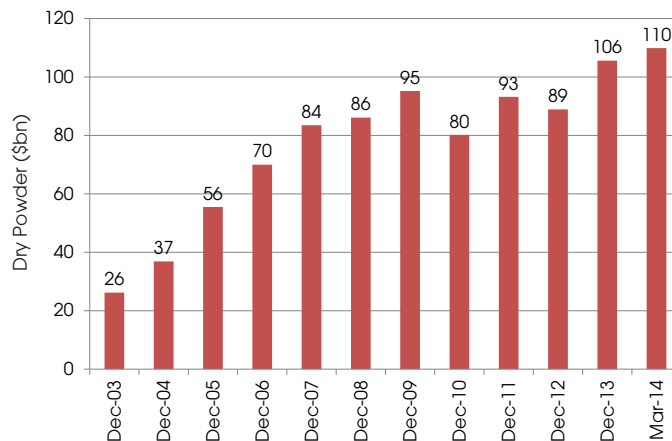
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- North America-focused private real estate funds are taking less time to reach a final close; funds closed in Q1 2014 spent an average of 15.4 months in market, compared to 18.8 months for North America-focused funds closed in 2013.
- Out of the 272 North America-focused private real estate funds currently in market, the largest proportion are following the higher risk value added and opportunistic strategies; there are 117 value added funds targeting \$35bn in capital commitments and 75 opportunistic funds targeting an aggregate \$23bn.
- Funds targeting opportunistic and value added opportunities in North America have the most capital available to put to work (dry powder) as of March 2014 at \$41bn and \$27bn respectively.

Fig. 3: Breakdown of North America-Focused Closed-End Private Real Estate Funds by Proportion of Target Size Achieved, Funds Closed 2010 - Q1 2014



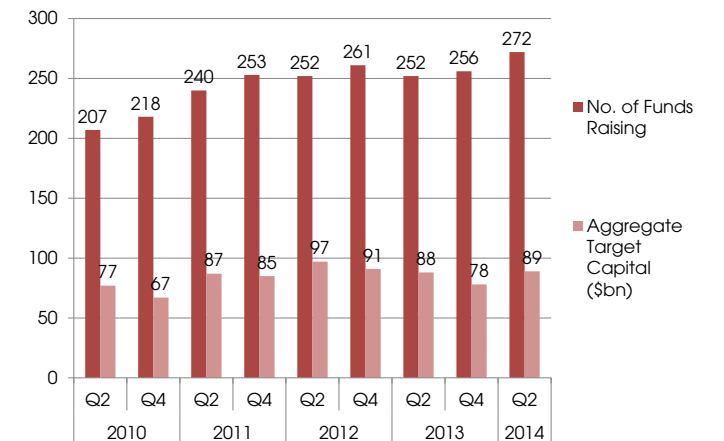
Source: Preqin Real Estate Online

Fig. 4: North America-Focused Closed-End Private Real Estate Fund Dry Powder, December 2003 - March 2014



Source: Preqin Real Estate Online

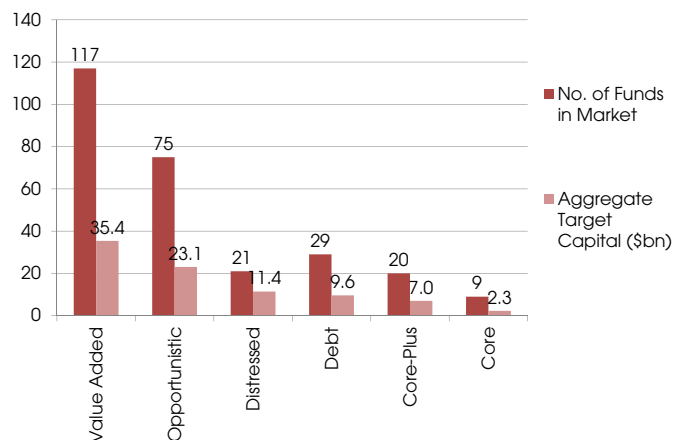
Fig. 5: North America-Focused Closed-End Private Real Estate Funds on the Road, Q2 2010 - Q2 2014



Source: Preqin Real Estate Online

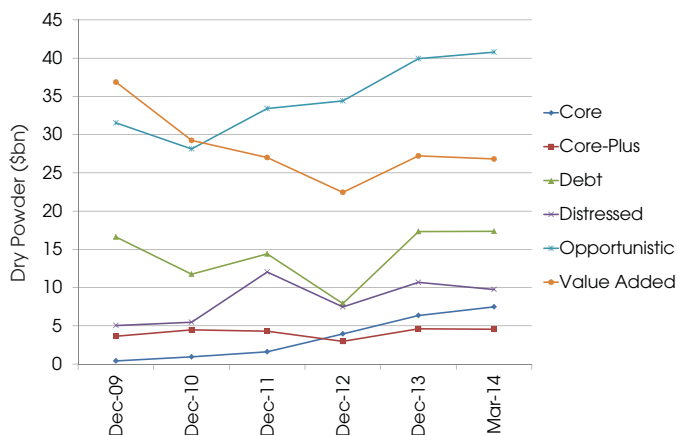
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Fig. 6: North America-Focused Closed-End Private Real Estate Funds in Market by Primary Strategy, Q2 2014



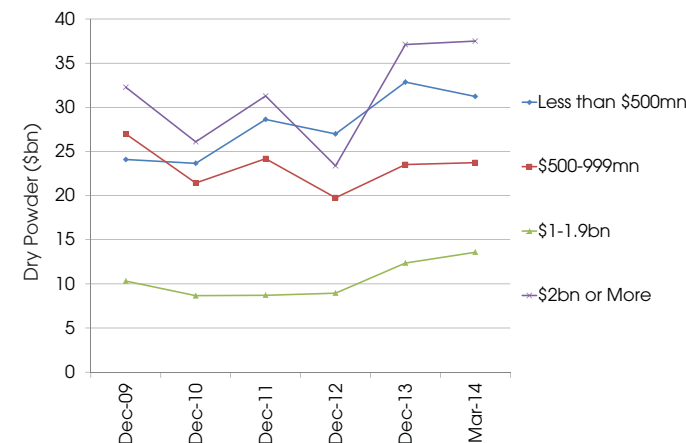
Source: Preqin Real Estate Online

Fig. 7: North America-Focused Closed-End Private Real Estate Fund Dry Powder by Strategy, December 2009 - March 2014



Source: Preqin Real Estate Online

Fig. 8: North America-Focused Closed-End Private Real Estate Fund Dry Powder by Strategy, December 2009 - March 2014



Source: Preqin Real Estate Online

Fig. 9: Five Largest Primarily North America-Focused Closed-End Private Real Estate Funds that Reached a Final Close in Q1 2014

Fund	Manager	Final Close Size (mn)	Strategies
Pimco Bravo Fund II	PIMCO	5,500 USD	Debt, Distressed and Opportunistic
Walton Street Real Estate Fund VII	Walton Street Capital	1,400 USD	Opportunistic and Value Added
Cabot Industrial Value Fund IV	Cabot Properties	712 USD	Opportunistic and Value Added
Farallon Real Estate Partners	Farallon Capital Management	375 USD	Core-Plus and Value Added
Miller Global Fund VII	Miller Global Properties	230 USD	Value Added

Source: Preqin Real Estate Online

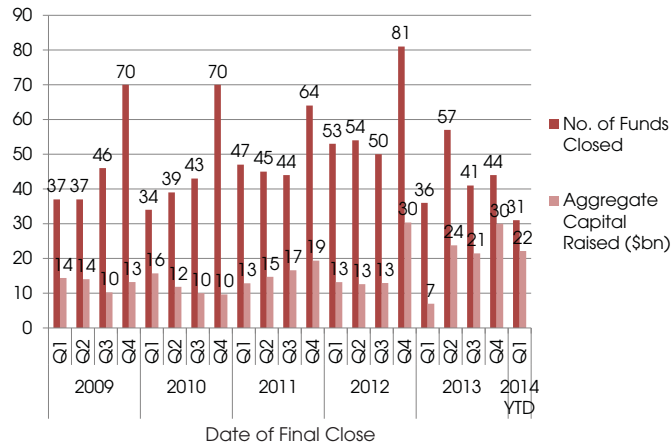
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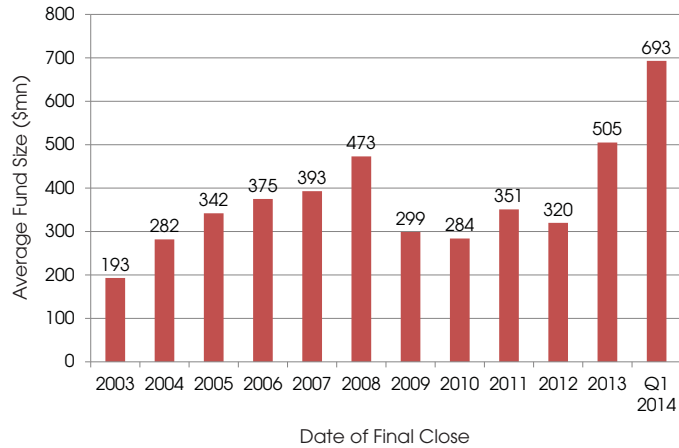
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Fig. 10: Quarterly Global Closed-End Private Real Estate Fundraising, Q1 2009 - Q1 2014



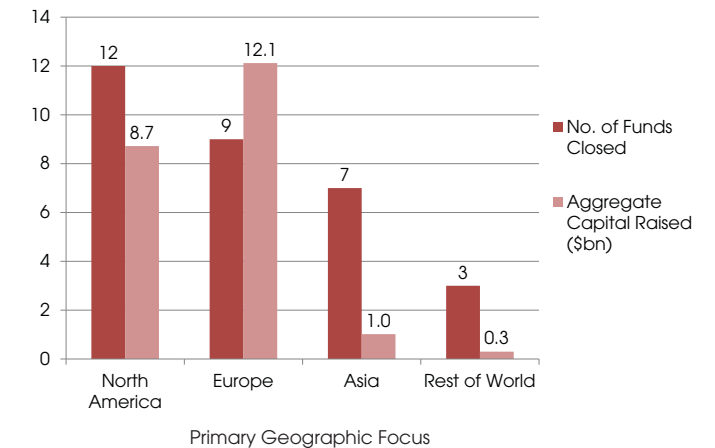
Source: Preqin Real Estate Online

Fig. 11: Annual Average Closed-End Private Real Estate Fund Size by Year of Fund Close, 2003 - Q1 2014



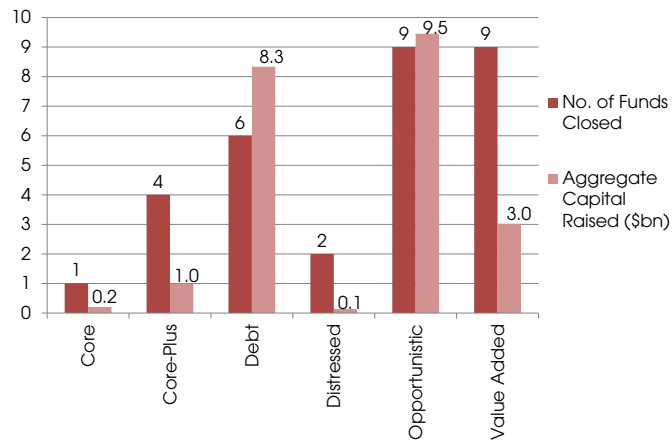
Source: Preqin Real Estate Online

Fig. 12: Closed-End Private Real Estate Fundraising in Q1 2014 by Primary Geographic Focus



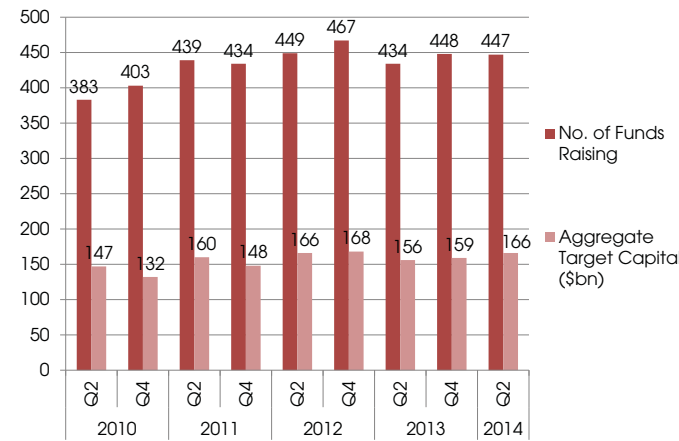
Source: Preqin Real Estate Online

Fig. 13: Closed End Private Real Estate Fundraising in Q1 2014 by Primary Strategy



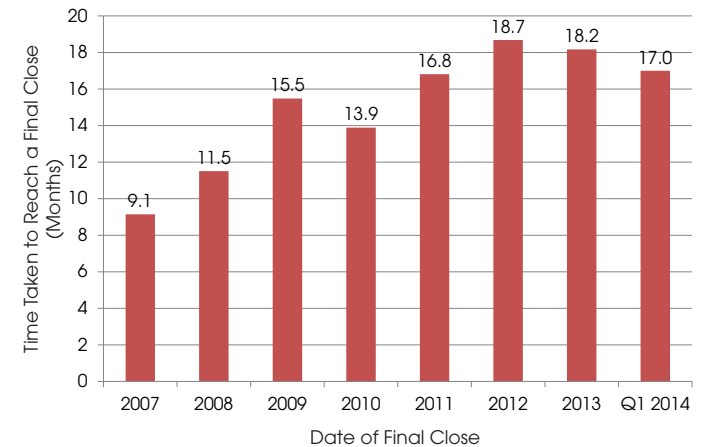
Source: Preqin Real Estate Online

Fig. 14: Closed-End Private Real Estate Funds in Market over Time, Q2 2010 - Q2 2014



Source: Preqin Real Estate Online

Fig. 15: Average Time Taken for Closed-End Private Real Estate Funds to Reach a Final Close by Year of Fund Close, 2008 - Q1 2014

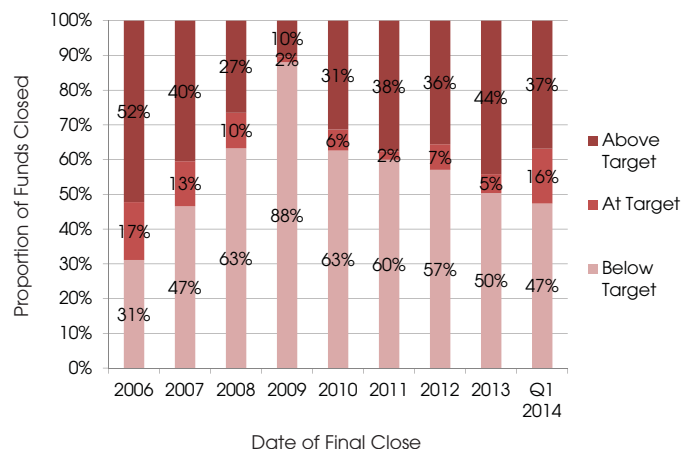


Source: Preqin Real Estate Online

\* figures exclude add-ons, grants, mergers, venture debt and secondary stock purchases

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Fig. 16: Proportion of Closed-End Private Real Estate Funds that Closed At, Above or Below their Target Size, 2006 - Q1 2014



Source: Preqin Real Estate Online

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Fig. 17: 10 Largest Closed-End Private Real Estate Funds that Reached a Final Close in Q1 2014

Fund	Manager	Final Close Size (mn)	Strategies	Location Focus
Blackstone Real Estate Partners Europe IV	Blackstone Group	5,100 EUR	Opportunistic	Europe
Pimco Bravo Fund II	PIMCO	5,500 USD	Debt, Distressed and Opportunistic	US, Europe
Walton Street Real Estate Fund VII	Walton Street Capital	1,400 USD	Opportunistic and Value Added	US
European Property Investors Special Opportunities 3	Tristan Capital Partners	950 EUR	Opportunistic and Value Added	Europe
M&G Real Estate Debt Fund III	M&G Investments	750 GBP	Debt	West Europe
LaSalle Real Estate Debt Strategies II	LaSalle Investment Management	600 GBP	Debt	Germany, UK
Cabot Industrial Value Fund IV	Cabot Properties	712 USD	Opportunistic and Value Added	US, Canada, Mexico, Netherlands, UK
Valad European Diversified Fund	Valad Europe	450 EUR	Core-Plus and Value Added	Europe
LFP Créances Immobilières	La Française Real Estate Managers	280 EUR	Debt	France
Farallon Real Estate Partners	Farallon Capital Management	375 USD	Core-Plus and Value Added	US

Source: Preqin Real Estate Online