

2010 Private Equity Real Estate Fundraising Sinks to Seven-Year Low

Aggregate \$35.8 billion raised in 2010, a 28% decline on fundraising in 2009.

2010 saw only 89 private equity real estate funds reach a final close, raising \$35.8 billion, a 28% decline from the \$49.8 billion raised in 2009 and the lowest annual total since \$14.1 billion was raised in 2003.

Private Equity Real Estate in 2010:

- **Fundraising by Region** - Funds with a primary focus on North America raised the most capital in 2010, with 45 funds raising an aggregate \$22.5bn. 24 Asia and Rest of World-focused funds raised \$10bn, while 19 Europe-focused funds raised \$3.4 billion.
- **Time Taken to Close Funds** - Funds that closed in 2010 spent an average of 17.6 months in market. In contrast, funds that closed in 2007 spent an average of 10 months in market, demonstrating how much harder it has been recently for fund managers to secure commitments.
- **Funds in Market** – The aggregate target of real estate funds in market fell throughout much of 2010, but increased in Q4 2010 as new funds came to market, perhaps indicating renewed confidence among fund managers that they will be able to raise capital for new offerings.
- **Success in Achieving Target** – 29% of funds to close in 2010 did so above their fundraising target, while 21% of funds met their fundraising goals, demonstrating that some firms have been able to achieve fundraising success in 2010. In comparison in 2009, just 13% of funds met or exceeded their target.

Please see the factsheet for in-depth analysis of the results:
http://www.preqin.com/docs/reports/2010_PE_RE_Factsheet.pdf

Comment:

“2010 was another challenging year for the private equity real estate industry. The aggregate capital raised fell 28% compared with 2009 and funds that did reach a final close spent an average of a year and a half on the road.

There are some signs that the fundraising market may be thawing, with a number of funds closing above their target as some fund managers have been successful during 2010. Many other firms however have continued to struggle, delaying closes or raising far less capital than they originally targeted. The increase in the aggregate target of funds in market does suggest renewed confidence amongst fund managers, but also serves to make the fundraising market even more crowded and competitive. It is clear that there will not be enough new capital from institutional investors to satisfy the fundraising ambitions of all the vehicles currently on the road, and as a result, it is likely that we will see some consolidation in the private equity real estate industry in 2011”

Andrew Moylan, Manager - Real Estate Data

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Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q'.

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