



Industry News

Carla Henry and Jessica Sutro provide a rundown of the latest real estate news, featuring exclusive data from Preqin's analysts. Preqin Online subscribers can click on the investor/firm/fund names to view the full profiles.

This month's chart gives a broad picture of North America-focused private real estate fundraising over the period of 2005 to July 2012, showing small increases in recent years (2010-2011) in both the number of vehicles completing their fundraising and the aggregate capital they raised. Preqin's most recent data on real estate fundraising in Q2 2012 reveals that many investors appear to be continuing to invest in more established markets, particularly North America. Funds with a primary focus on North America raised the most capital in Q2 2012, with 17 funds receiving aggregate commitments of \$4.7bn during this period, and representing 63% of all the equity raised by real estate vehicles in the quarter.

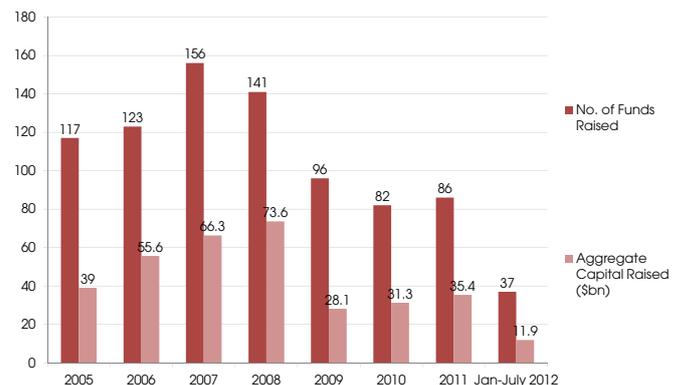
North America's success in fundraising in Q2 2012 appears to be continuing, as a number of North America-focused funds recently reached a final close. [Mesirow Financial Real Estate Value Fund](#), managed by [Mesirow Financial Institutional Real Estate – Direct](#), closed on \$389mn in capital commitments, while [ABR Chesapeake Fund IV](#), managed by [Alex. Brown Realty](#), closed on \$276mn. Additionally, [Wheelock Street Real Estate Fund](#), a vehicle pursuing an opportunistic strategy and managed by [Wheelock Street Capital](#), closed on \$525mn.

The number of North America-based investors looking to make commitments to the asset class in the next 12 months complements recent fundraising success in the region. The [University of Rochester Endowment](#), with \$1.6bn in total assets, is likely to invest in one private real estate fund in the next 12 months, committing approximately \$10mn. The endowment plan will likely seek a global value added vehicle, but is unsure exactly when it will make this commitment. Additionally, the endowment plan prefers fund managers with a strong track record, and therefore will not invest in first-time funds.

Another North America-based investor seeking opportunities in the asset class is the [Texas Municipal Retirement System \(TMRS\)](#), which is looking to invest \$500mn in core real estate, and is currently conducting a search for managers. TMRS intended to commit \$100mn to [H/2 Special Opportunities II](#), but the funds were redirected towards the core mandate when the pension fund could not resolve contract issues with the fund manager. Interested managers are advised to contact the pension plan's real estate consultant, [ORG Portfolio Management](#), and the fund will make recommendations to the board in September 2012.

Even some North America-based investors not currently looking to invest in real estate nevertheless remain open to investing in the asset class in the longer term. [Children's Healthcare of Atlanta Foundation](#), with \$2.5bn in assets under management, will not look to invest in real estate in the next 12 months as it is at its target allocation of 10%, but will maintain a long-term preference for real estate funds. Similarly to TMRS, the foundation prefers

Chart of the Month: North America-Focused Private Real Estate Fundraising, 2005 - July 2012



Source: Preqin Real Estate Online

experienced managers with strong track records that demonstrate that their interests are strongly aligned with those of their investors.

What's New?

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

Send your updates to spotlight@preqin.com and we will endeavour to publish them in the next issue.

All of Preqin's exclusive intelligence is available on Real Estate Online, the industry's leading source of information on private real estate funds, managers and investors in the asset class.

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