

## 20 Private Real Estate Managers Control a Third of Industry Spending Power

**The 20 private real estate fund managers that have raised the most capital since 2009 represent less than 1% of active firms globally, but hold 32% of the industry's total capital available for investment**

The latest edition of Preqin's Real Estate Spotlight reveals that the 20 private real estate managers that have raised the most capital in the last five years account for a considerable proportion of global private real estate spending power. These firms hold \$69bn of available dry powder, the capital that has been committed to funds by investors but is yet to be spent, out of the total \$215bn available to the global closed-end private equity real estate industry. With institutional investors that invest in private real estate placing fund manager track record and past performance at the top of a recent Preqin survey as the most important factors to assess when searching for real estate fund managers, the division between more and less experienced firms continues to grow.

### Other Key Facts:

- **Capital Raised:** The top 20 managers account for 38% of all capital raised since 2009, despite only accounting for 7% of the number of funds.
- **Fundraising Success:** 92% of funds raised by the top 20 managers reached or exceeded their target size in 2013, compared to 67% of funds raised by all other managers.
- **Top Three:** The top three managers, Blackstone Group, Lone Star Funds and Brookfield Asset Management, collectively account for \$73bn of capital raised since 2009, more than was raised by the remaining 17 on the top 20 list.
- **Performance:** 57% of funds raised by the top 20 managers are ranked as top or second quartile, with only 20% ranked as bottom quartile, suggesting that a strong track record has been a key reason for these firms' fundraising success.
- **Investors in First-Time Funds:** Only 17% of institutional investors will invest in first-time funds as of May 2014, compared to 41% in December 2009.
- **Funds on the Road:** 42% of capital targeted by funds on the road is by managers that have previously raised 6 or more funds. The two largest funds in market are Lone Star Fund IX and Blackstone Real Estate Partners Asia, targeting \$7bn and \$4bn in investor commitments respectively.

**For more information and analysis, please see**

[https://www.preqin.com/docs/newsletters/re/Preqin Real Estate Spotlight June 2014.pdf](https://www.preqin.com/docs/newsletters/re/Preqin%20Real%20Estate%20Spotlight%20June%202014.pdf)

### Comment:

"With institutional investors increasingly drawn to more experienced real estate fund managers, and particularly those that can demonstrate strong performance in challenging markets, capital is becoming more concentrated among firms that have significant experience managing private real estate funds. This increasingly bifurcated market has seen a small number of large players account for a sizeable proportion of the capital available for private real estate investment.

Looking ahead, the private real estate fund market may see further division between more and less experienced managers, as investors continue to look for firms with a proven track record of private real estate investment. Although this outlook is inevitably challenging for less experienced managers, many first- and second-time firms have been able to successfully raise capital, but they need to be able to offer a unique and compelling investment opportunity and demonstrate a strong and stable team in order to be successful in the current market."

**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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