

New Investments from US Private Real Estate Fund Sector Reach Pre-Crisis Levels

Managers have an additional \$100bn to spend as confidence in market grows

New research in Preqin's latest special report on the US private real estate fund management industry shows the equity invested by closed-end private real estate funds in new opportunities in the US reached \$67bn in 2012, almost the same amount as the peak in 2007, when \$68bn was invested.

Recent improvement in the US-focused real estate fundraising market means that many fund managers have a significant amount of capital to deploy in the country in 2013 and the future. As of August 2013, US-focused private real estate fund managers have an aggregate \$98bn in equity available for investments in new opportunities, up from \$79bn in December 2012.

Other Key Findings:

- US-focused private real estate fundraising has picked up in recent years; an aggregate \$40bn in equity was raised by 111 funds in 2012, up from \$37bn raised by 107 funds in 2011, and significantly higher than the aggregate \$25bn raised by the 84 funds that reached a final close in 2010.
- In 2013 so far, 64 US-focused private real estate funds have held a final close, raising an aggregate \$33bn in equity. During the same period last year, 66 funds reached a final close, but they raised just \$17bn, a little more than half the amount raised so far this year.
- The number of US-focused funds in market and the aggregate capital sought has remained relatively stable since September 2011, and as of September 2013 there are 255 US-focused real estate funds on the road targeting an aggregate \$79bn in equity.
- The capital distributed by US-focused closed-end private real estate funds back to their investors each year has also risen dramatically since the financial crisis to \$36bn in 2012, approaching the \$38bn distributed in 2007 after reaching a low of \$13bn in 2009.

For more information and analysis, please see

https://www.preqin.com/docs/reports/Preqin_Special_Report_US_Real_Estate_Sep_13.pdf

Comment:

"Our latest research shows that 2012 witnessed private real estate fund managers increasing their activity in the US, putting their significant reserves of available capital to work. During 2012, both the amount of equity they invested in the US real estate industry and the amount they distributed back to their investors saw a marked increase; equity invested in new US real estate opportunities reached its highest point since the financial crisis. With institutional investors receiving more capital back from their investments, we expect to see some of this capital recycled and committed to new fund offerings from real estate managers, ensuring a continuing flow of capital into US real estate.

The increases we have seen in investment activity reveals encouraging signs of recovery in the private real estate market in the US and demonstrates that fund manager confidence in the country is picking up. US-focused fundraising has also improved, and the aggregate equity capital raised by these funds in 2013 so far has already surpassed the aggregate capital raised by funds that closed in the same period in 2012; this new influx of dry powder means that many fund managers will be making even more new investments in the US real estate market in the rest of 2013 and the future."

Andrew Moylan – Head of Real Assets Products, Preqin

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:

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For more information or general press information, please contact: Nicholas Jelfs +44 (0)20 7645 8882 or press@preqin.com