FUNDRAISING REPORT **2020**

PERE's interactive and downloadable review of the 2020 full-year fundraising environment

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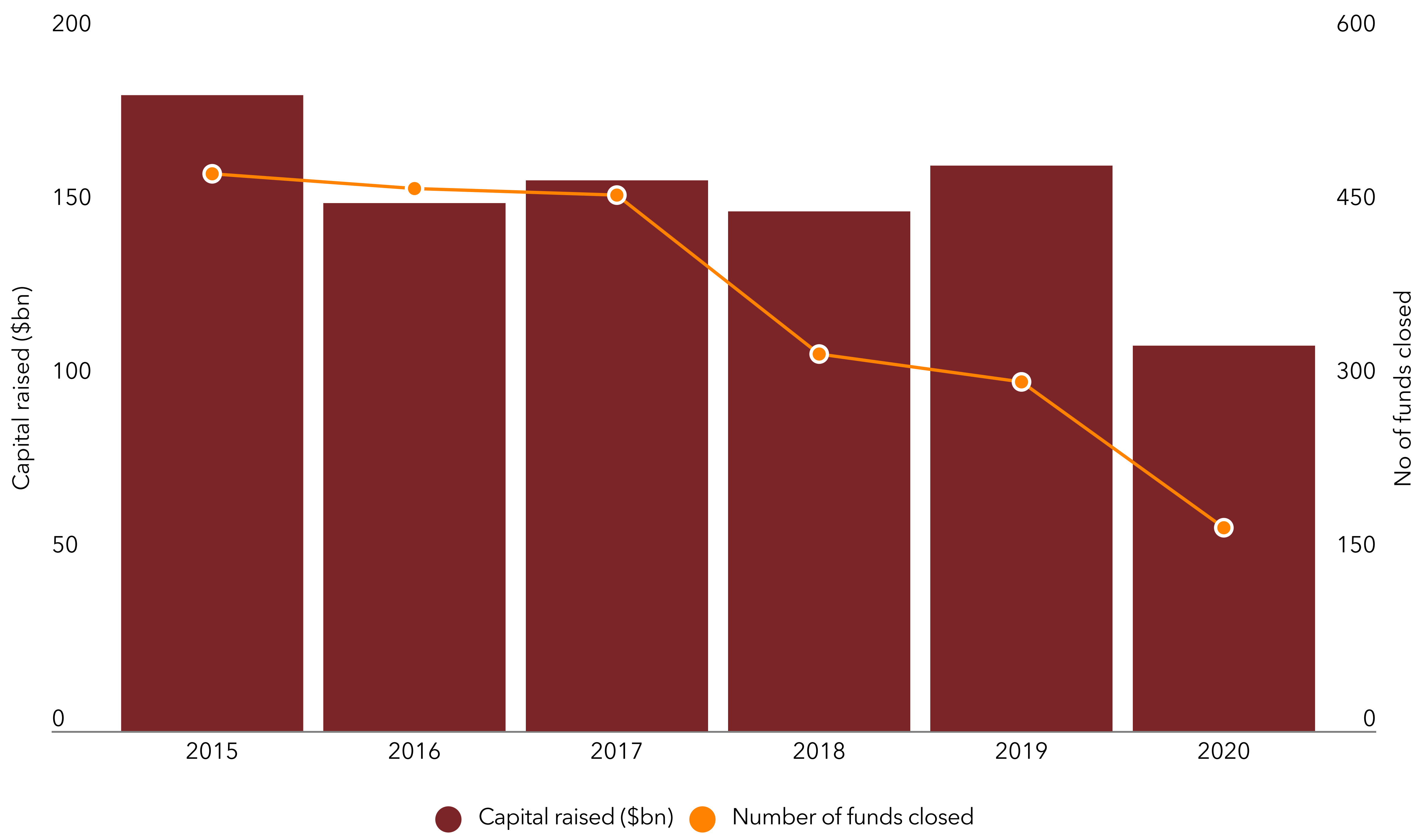
Fundraising overview

Fundraising for private real estate funds in 2020 – a year wrecked by unprecedented volatility – dropped by 32 percent to $110.7 billion. The slower pace of fundraising was also reflected in far fewer fund closes compared with the previous five years.

However, the funds that succeeded in raising capital continued to draw substantial investor interest. In fact, the average size of a private real estate fund closing in 2020 was at an all-time high of $629 million, even higher than during the 2008 financial crisis.

Year-on-year fundraising



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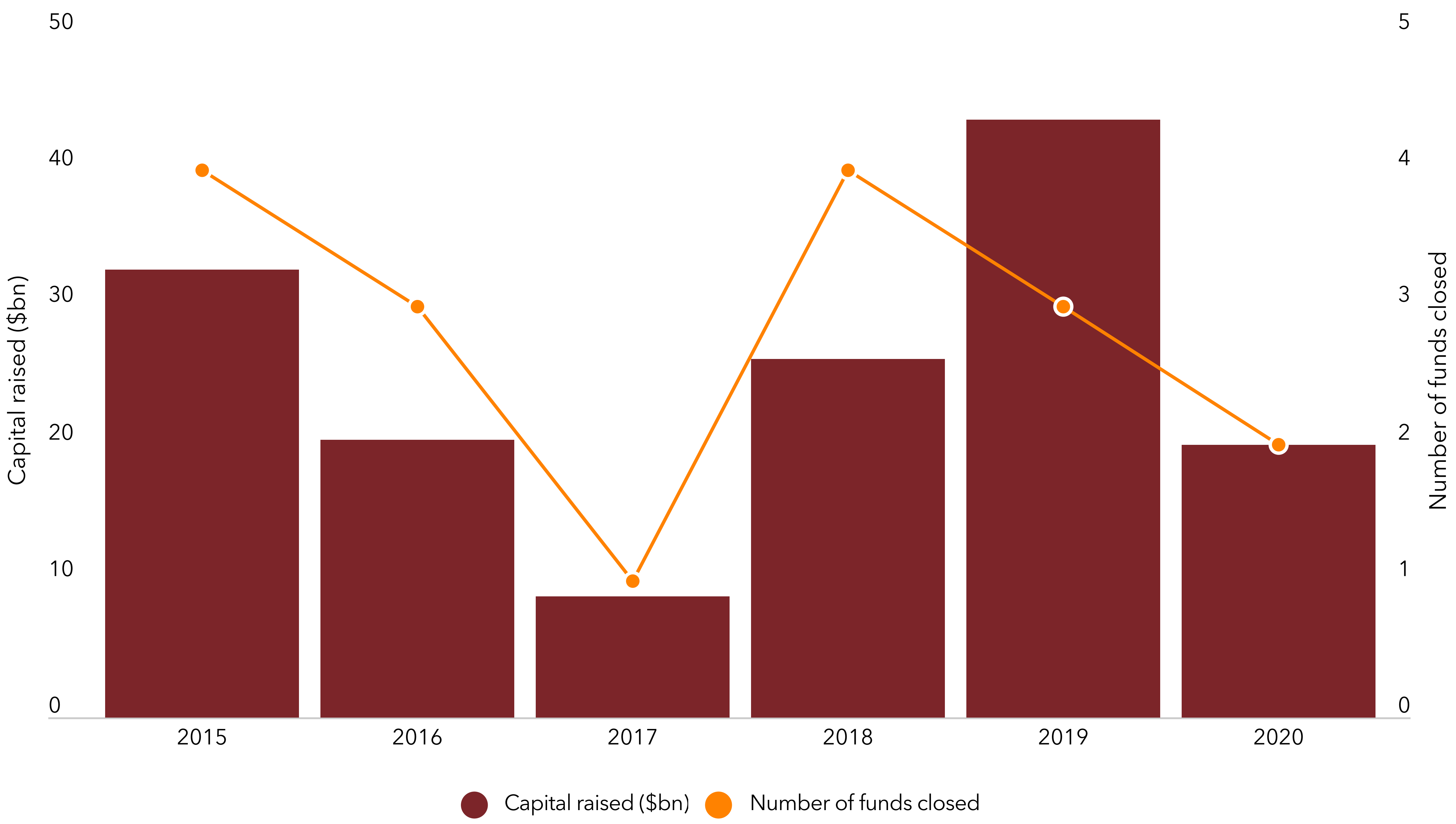
Fundraising overview

A muted fundraising environment also meant there were fewer mega-fund closes (vehicles raising $5 billion or more). Approximately $19.9 billion was raised by only two mega-funds, both managed by Blackstone.

Between 2015 and 2020, Blackstone's funds accounted for as much as 48 percent of the aggregate $151.8 billion in mega-fundraising. The manager has effectively raised $72.8 billion across six funds. Other mega-managers include Lone Star, GLP, Starwood Capital and Brookfield.

Mega-fundraising



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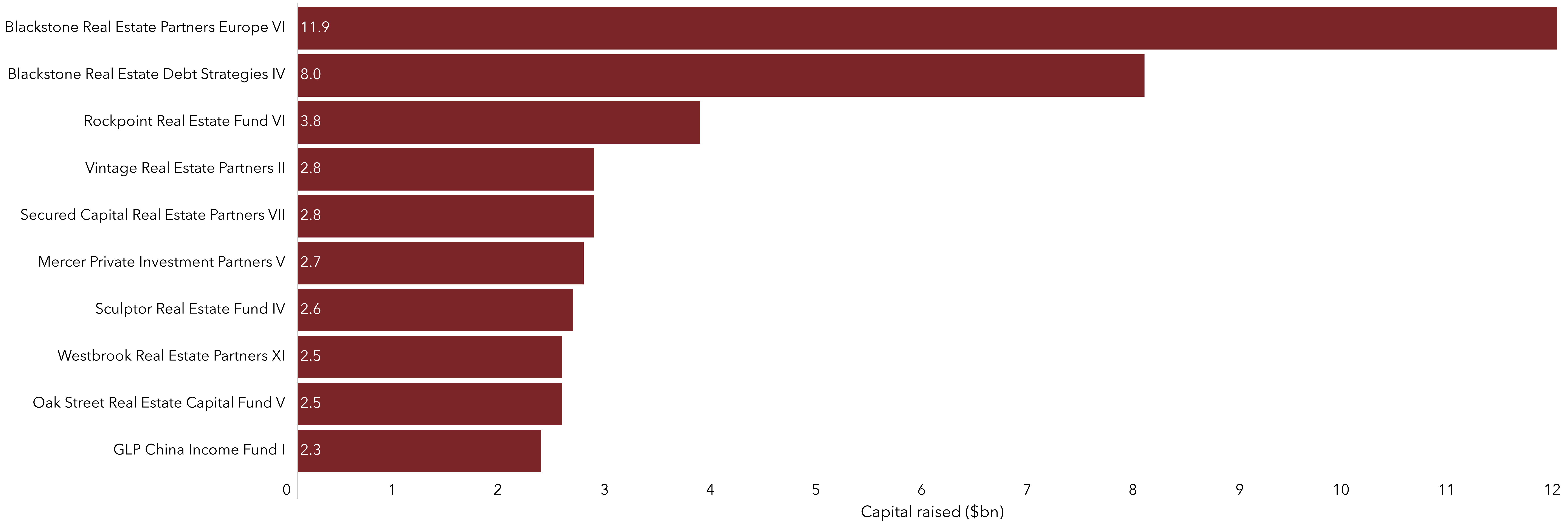
Fundraising overview

Ten largest vehicles closed in 2020



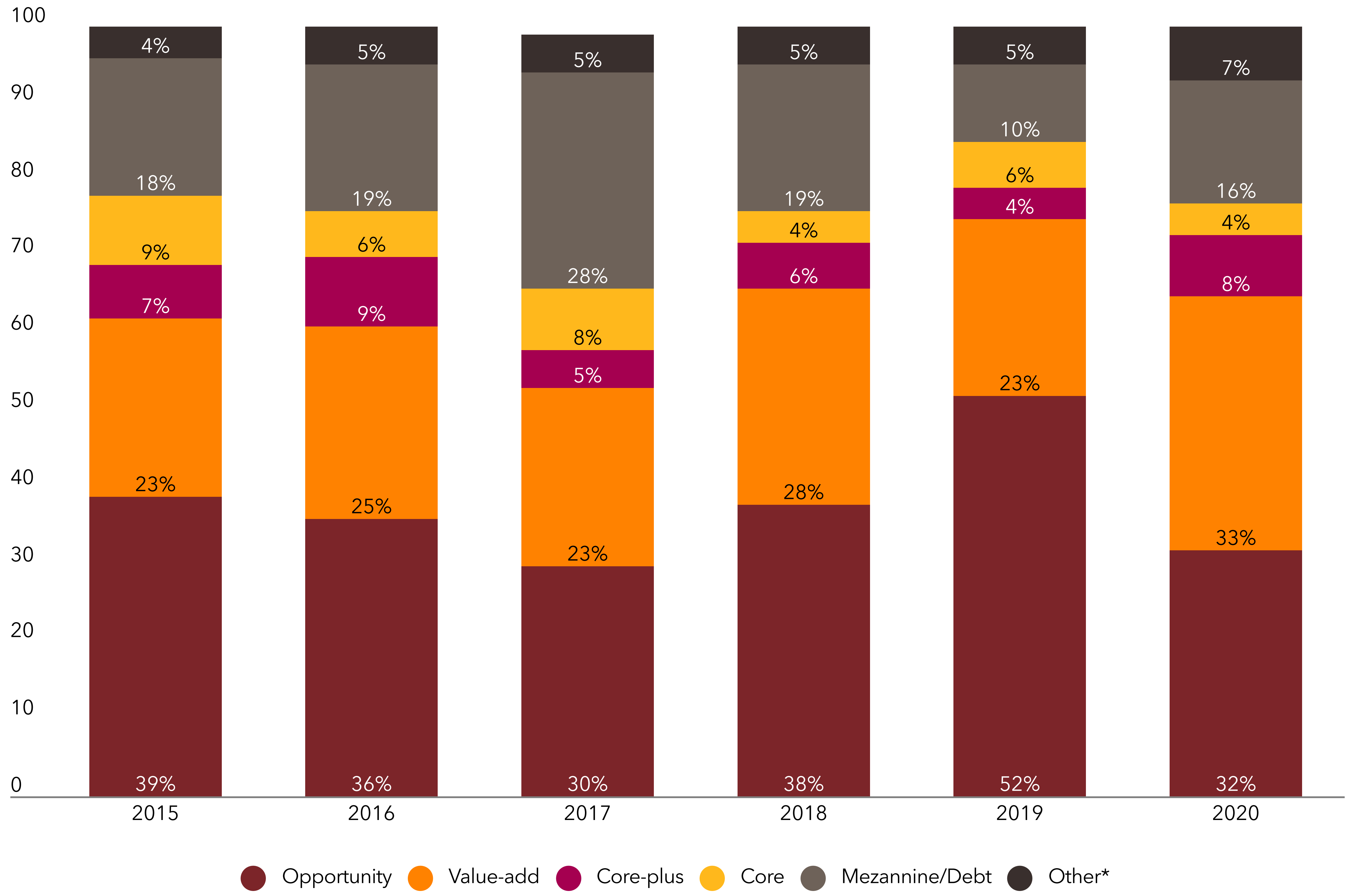
Strategy

Covid-19 created widespread market dislocation in 2020 but, so far, that has not triggered a wave of opportunistic fundraises.

An estimated 32 percent of the capital raised in 2020 was for opportunistic funds, far lower than the 52 percent raised in 2019. According to *PERE* data, however, managers already had large pools of opportunistic dry powder to deploy.

In contrast, value-add fundraising saw a marked uptick over previous years.

Fundraising by strategy



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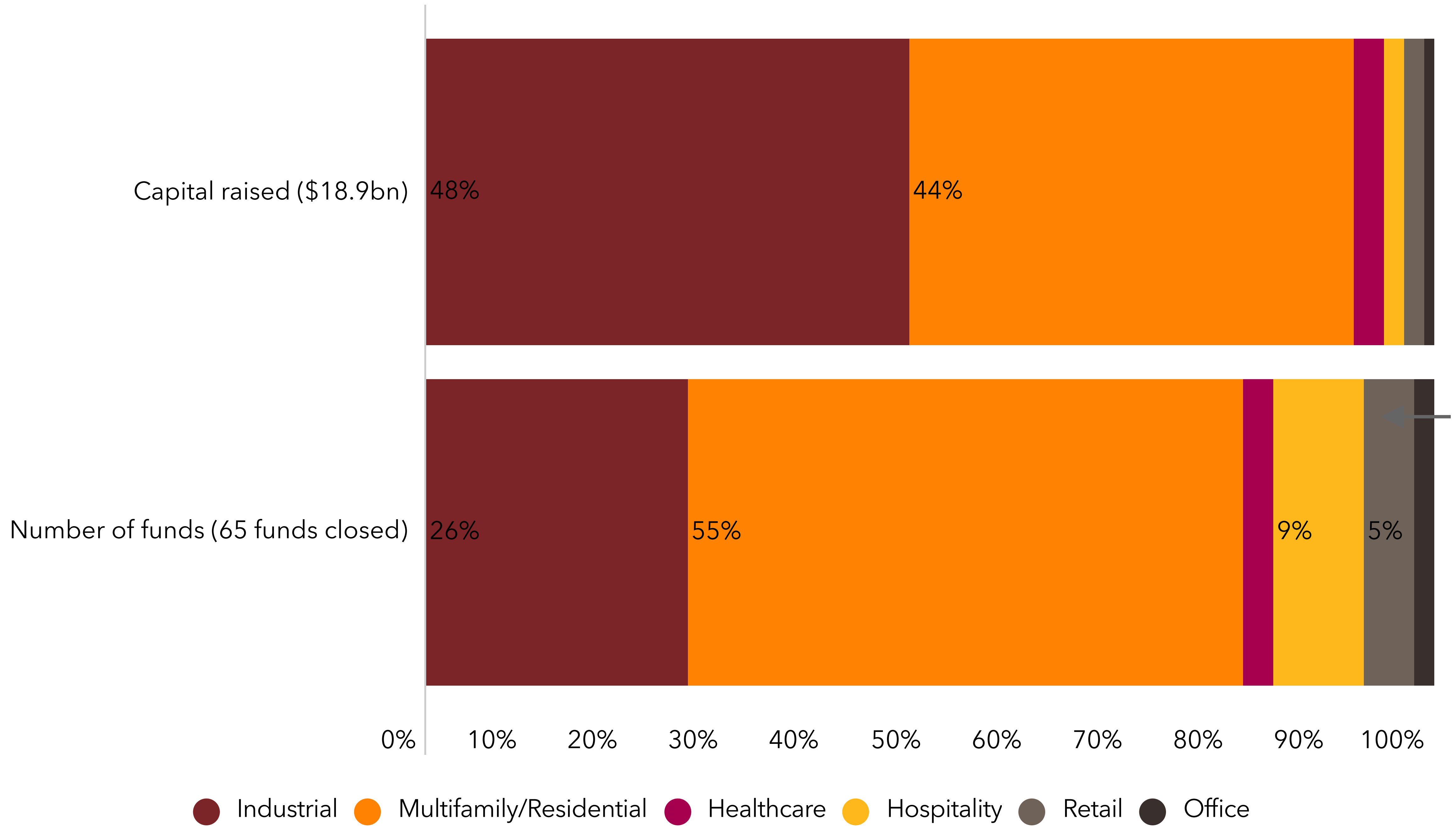
Sector

2020 created major headwinds for some property sectors, while others saw accelerated growth.

Beds and sheds strategies, which includes logistics and various residential sectors, accounted for 81 percent of all sector-specific fundraising. Meanwhile, the pandemic's negative impact on mainstream sectors such as office, retail and hospitality overwhelmingly reduced their appeal to institutional investors.

Fundraising by sector



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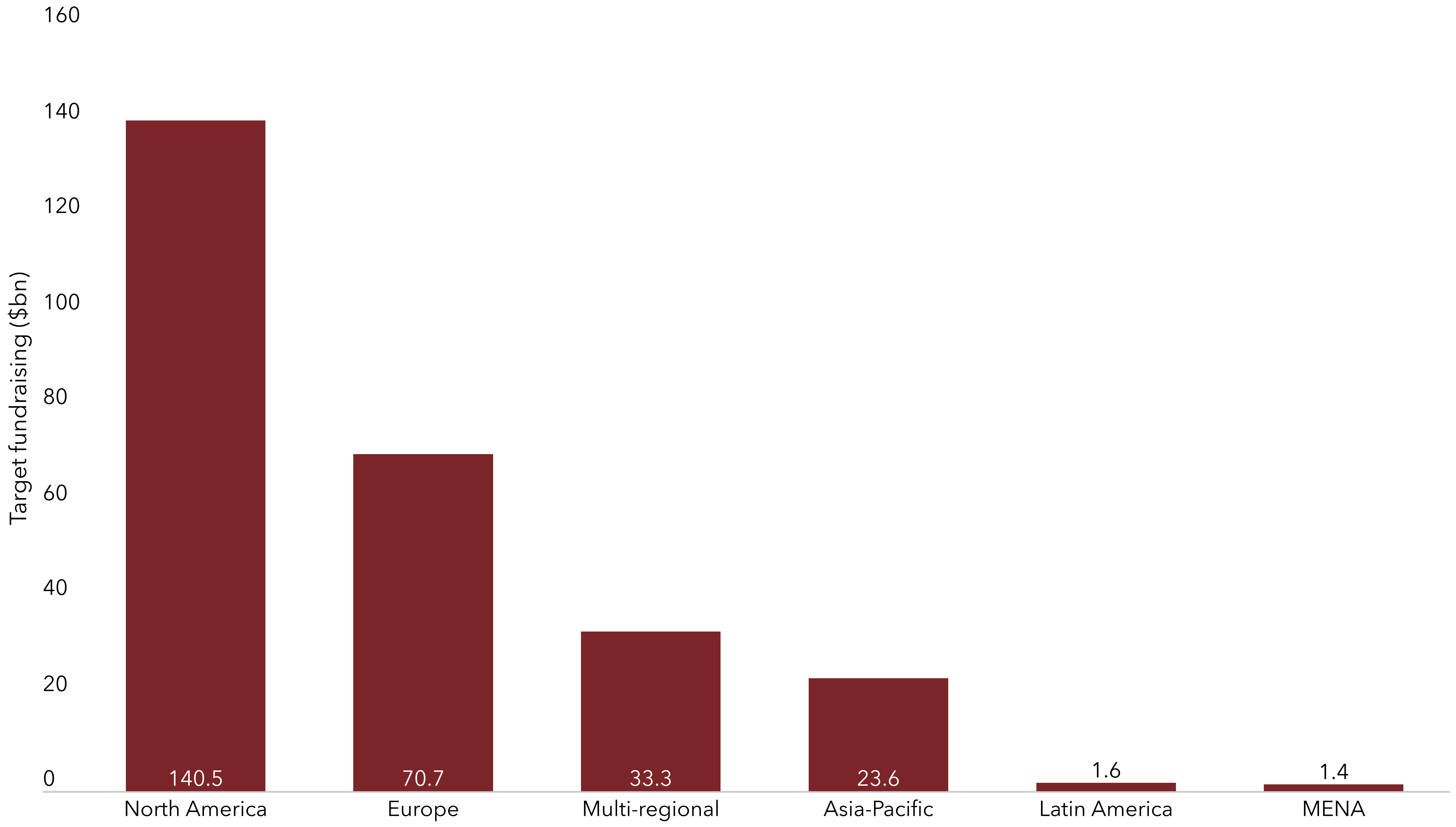
Funds in market

North America-focused funds are currently dominating the global capital-raising landscape, targeting an aggregate $140.5 billion in capital. This is double the capital slated to be raised by European funds.

In terms of strategy, opportunistic funds will dominate fundraising, with Starwood leading the pack with a $7.5 billion higher-returning vehicle, Starwood Global Opportunity Fund XII.

Amount targeted by funds currently in market



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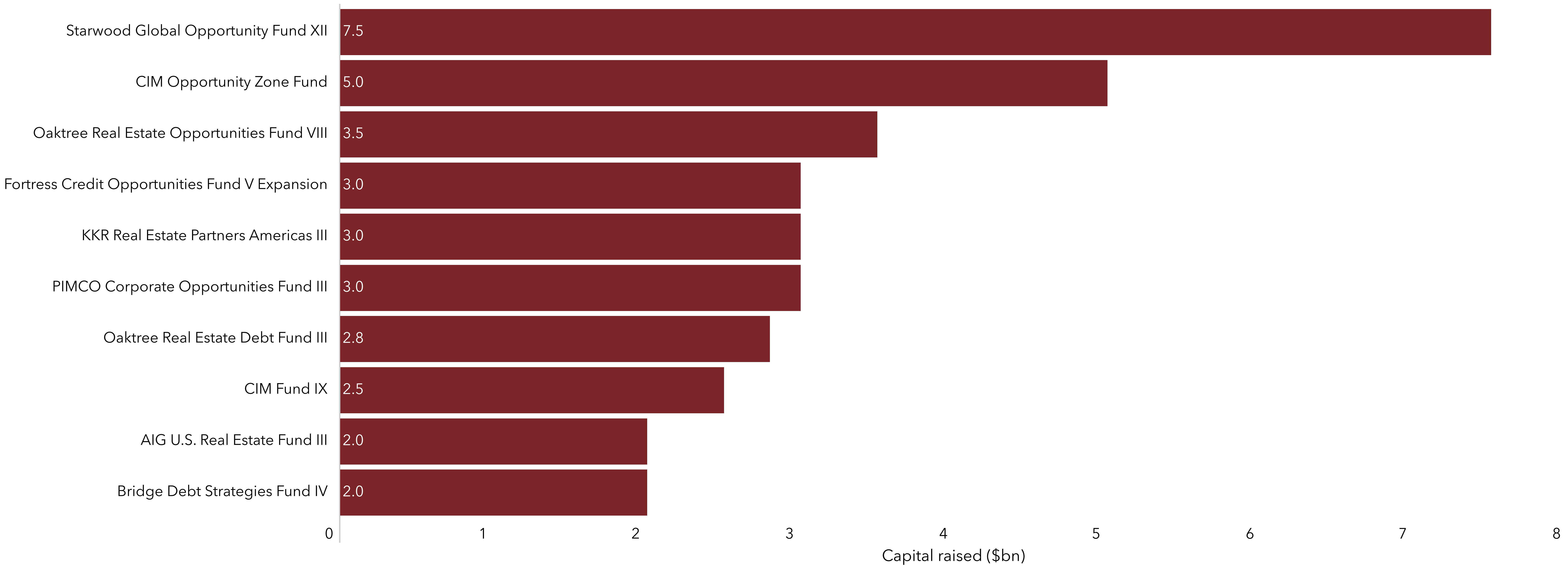
Funds in market

Ten largest vehicles currently in market



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