

ANREV / INREV / NCREIF Fund Manager Survey 2019

Research

INREV is the European Association for Investors in Non- Listed Real Estate Vehicles. Our aim is to improve the accessibility of non- listed real estate vehicles for institutional investors by promoting greater transparency, accessibility, professionalism and standards of best practice.

As a pan European body, INREV represents an excellent platform for the sharing and dissemination of knowledge on the non- listed real estate industry.

INREV
ITO Tower, 8th floor
Gustav Mahlerplein 62
1082 MA Amsterdam, The Netherlands
+ 31 (0)20 235 8600 | research@inrev.org | www.inrev.org

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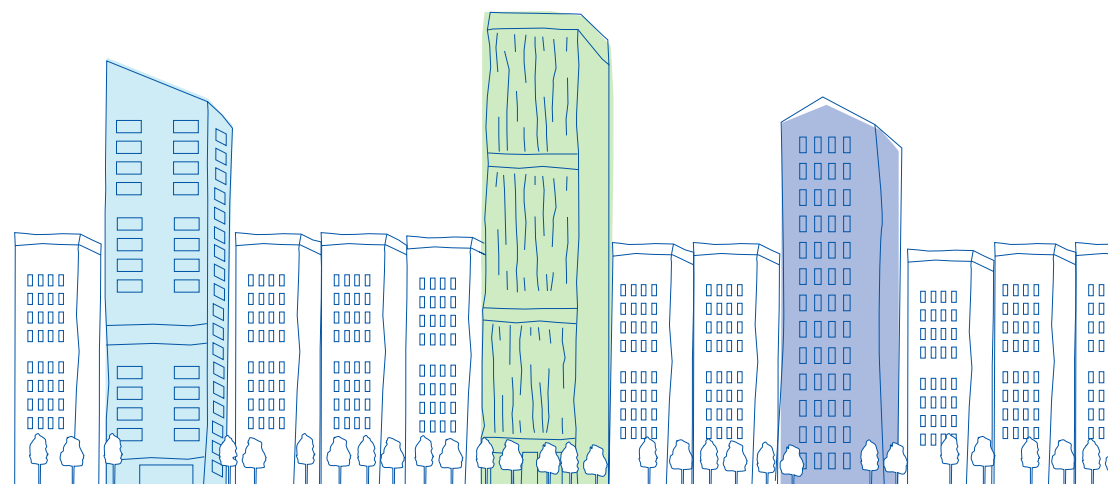
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Executive summary

- > Total real estate AUM grew by 12.0%, from €2.5 trillion in 2017 to €2.8 trillion in 2018
- > For the first time in the survey's history the largest manager breached the €200 billion mark
- > The top five managers represent more than a quarter of total real estate AUM

2018 was the fifth consecutive year of growth. Total real estate assets under management (AUM) reached €2.8 trillion, representing an increase of 12.0% compared to last year's figure of €2.5 trillion.

The average AUM across all managers was €16.1 billion for 2018, slightly above previous year's average of €15.7 billion, though considerably higher than the average of €12.9 billion for 2016.

Largest manager exceeds €200 billion

For the first time in the survey's history, the €200 billion mark was breached with the largest manager, Blackstone, recording a real estate AUM of €201.6 billion.

At the top of the ranking, the three largest managers, Blackstone, Brookfield and PGIM posted real estate AUMs in excess of €140 billion each. Even though the fourth and fifth largest managers, Nuveen and Hines, were some way behind they each recorded a healthy AUM in excess of €100 billion.

The next group of managers with real estate AUM of around €75 to €85 billion are Prologis, CBRE Global Investors, UBS and AXA. AEW completes the list of top 10 managers with AUM of above €65 billion each.

These ten managers represents more than 40% of the total AUM.

Variations across regions

In Asia Pacific, the largest manager, CapitaLand, is way ahead of the rest with real estate AUM of €48.9 billion. Only the top three in this region have an AUM of more than €20 billion each.

In Europe, the degree of variation is less pronounced. The largest manager, AXA, posted a real estate AUM of some €10 billion ahead of the second largest manager. Thereafter the variation is to a lesser extent than that observed in Asia Pacific. All top 10 managers in this region recorded an AUM of more than €30 billion for the region.

The distribution of AUM for North American strategies resembles that of total real estate AUM with the largest manager, PGIM, some way ahead of the others. The top four posted AUMs of more than €70 billion for the region.

Among global strategies, the top three managers are much larger in AUM than the following seven that complete the list of top ten.

Pension funds are the main provider

Pension funds remain the most significant source of capital for real estate across all regions. The second most dominant source of capital varies by region.

Sovereign wealth funds come next for Asia Pacific, while in Europe insurance companies are the second most important source of capital. These two sources of capital are also important in North America, though of equal measure with neither being more prominent than the other.

Consolidation continues

One in five respondents indicated that they were involved in merger and acquisition (M&A) activities over the last 10 years. The most cited reasons were geographical expansion and scale.

Introduction

The ANREV / INREV / NCREIF Fund Manager Survey explores real estate assets under management, providing insights into regional compositions and vehicle types.

The survey was launched in 2011 and since 2015 was expanded to include global coverage. It is now published at the end of May each year.

This year's survey includes 173 managers and represents total real estate assets under management of €2.8 trillion as at end 2018.

When figures were left unspecified aggregates include the not reported figures allowing for the sample to remain constant throughout the report. Therefore historical comparisons should be treated with caution.

All figures in the report are quoted as at 31 December 2018 unless stated otherwise.

The survey results are based on data provided directly to ANREV, INREV and NCREIF by managers. ANREV, INREV and NCREIF do not use publicly available information, and both members and non-members can provide data for the survey.

ANREV, INREV and NCREIF would like to thank all participants for contributing to the Fund Manager Survey.
For time series of the Fund Manager Survey rankings download the supplementary Excel workbook.

Use

The results of the Fund Manager Survey may be used for research and information purposes only.

They may not be used for the following:

- To determine the value of a fund
- To determine the value of a financial instrument
- To determine the amount payable under a financial instrument
- To determine the amount payable under a financial contract
- To calculate performance fees
- To define the allocation of a portfolio

It is important to note that the sample size and composition of the survey varies by year. Therefore, historical comparisons should be treated with caution.

Total real estate assets under management

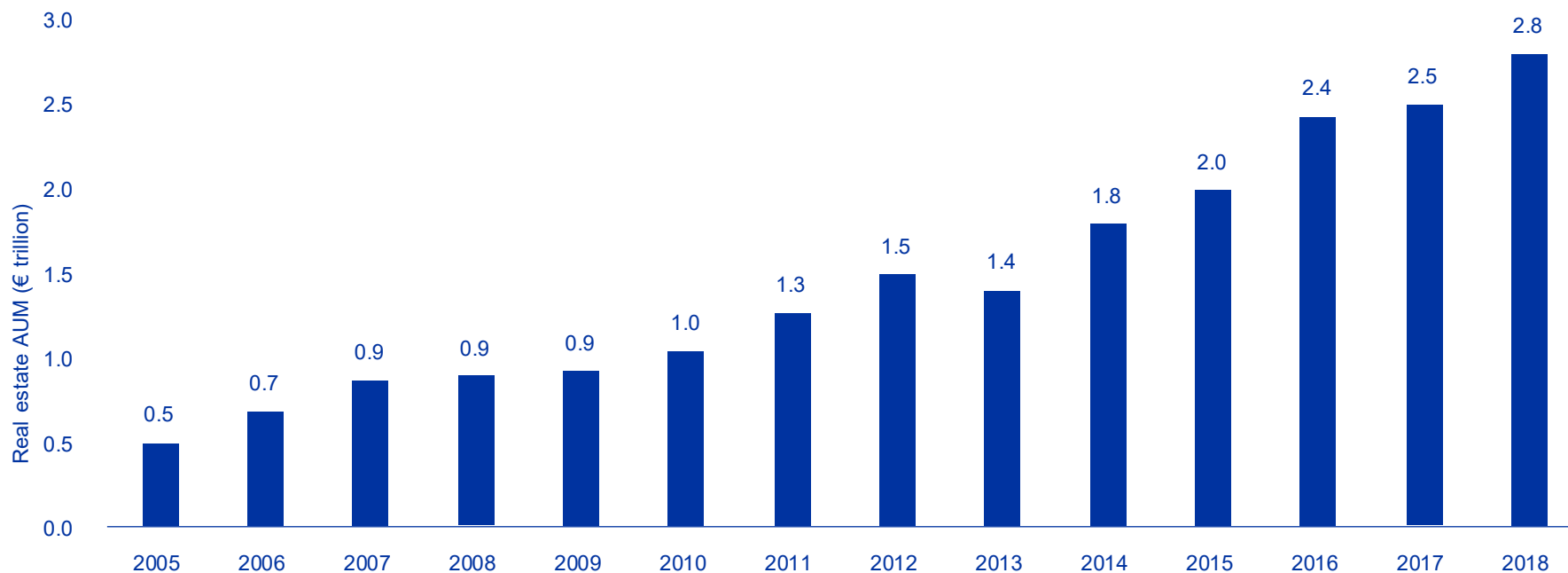
Total real estate assets under management (AUM) increased by 12.0%, from €2.5 trillion in 2017 to €2.8 trillion in 2018, marking it the fifth consecutive year of growth. This increase was supported by growth in AUM of the larger managers with the top five managers comprising more than quarter of total real estate AUM.

The average AUM across all managers was €16.1 billion for 2018, more than the previous year's average of €15.7 billion, though considerably higher than the average of €12.9 billion for 2016.

For the first time in the survey's history the €200 billion mark was breached. This was achieved by the largest manager, Blackstone, with total real estate AUM of €201.6 billion.

The three largest managers, Blackstone, Brookfield and PGIM extended their lead ahead of other managers by quite some margin.

Figure 1: Total real estate assets under management



Top 10 managers by total real estate AUM

Figure 2: Top 10 fund managers by total real estate AUM - Upper quartile

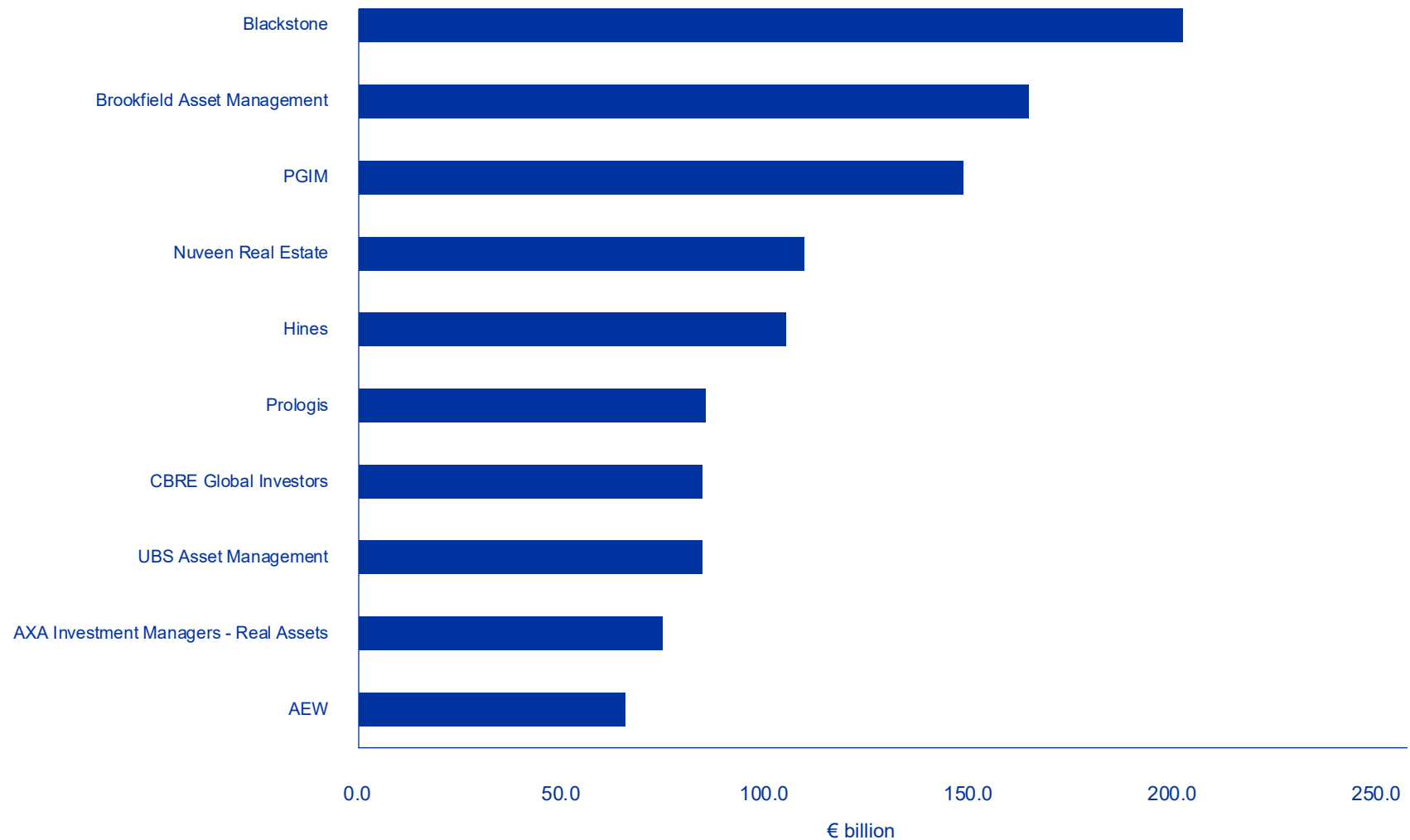


Figure 3: Top 10 fund managers by total real estate AUM - Third quartile

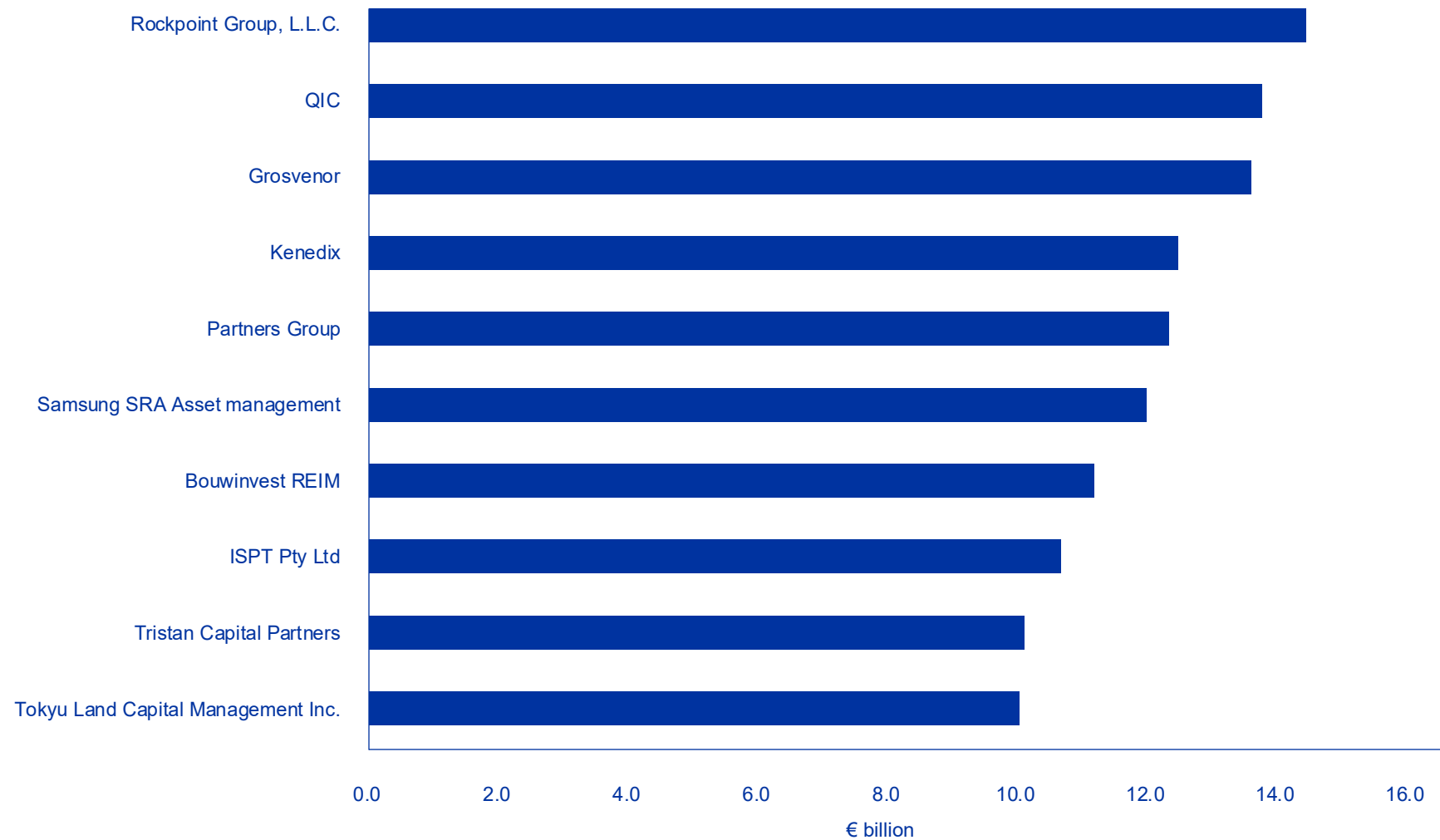


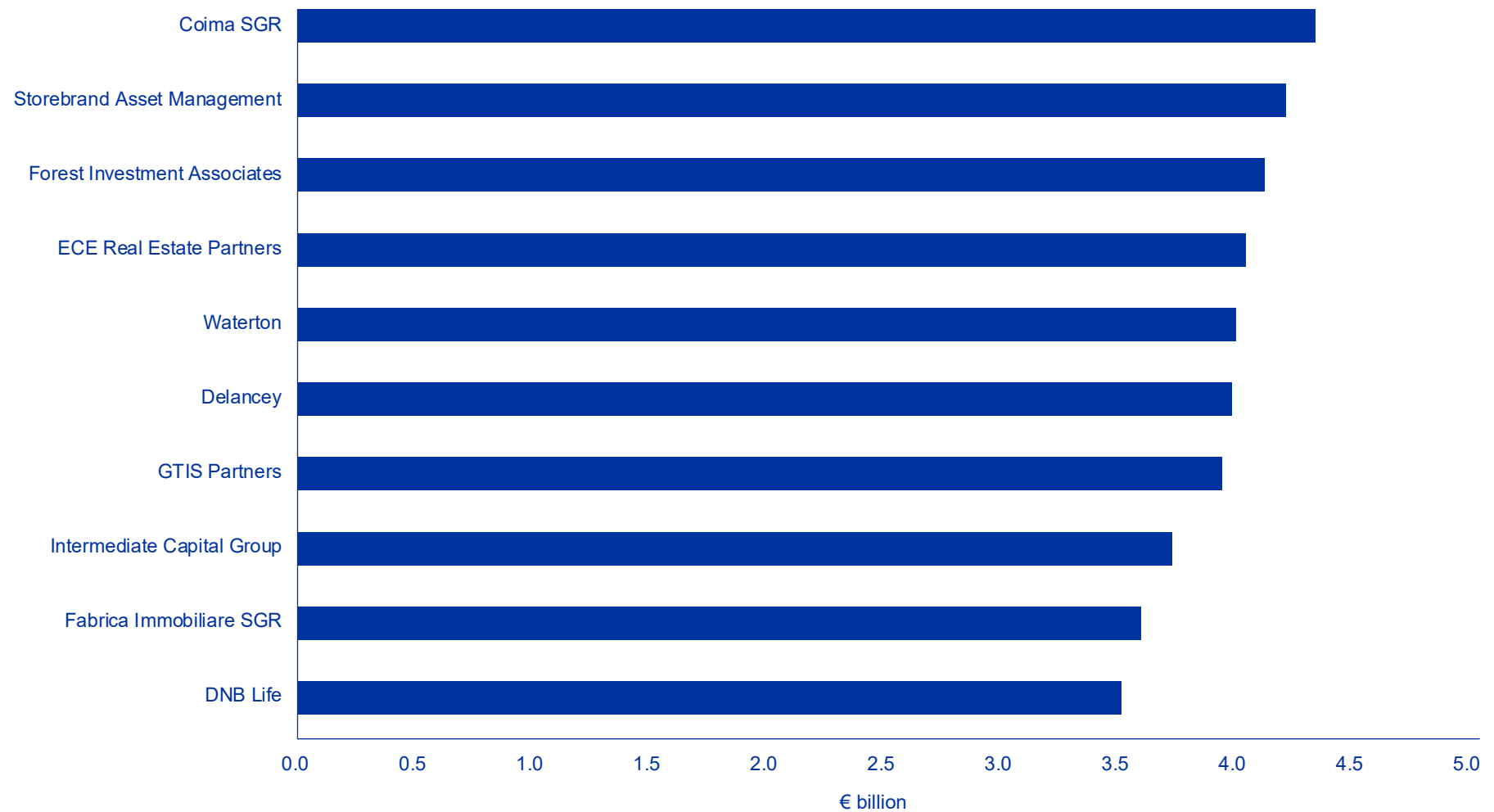
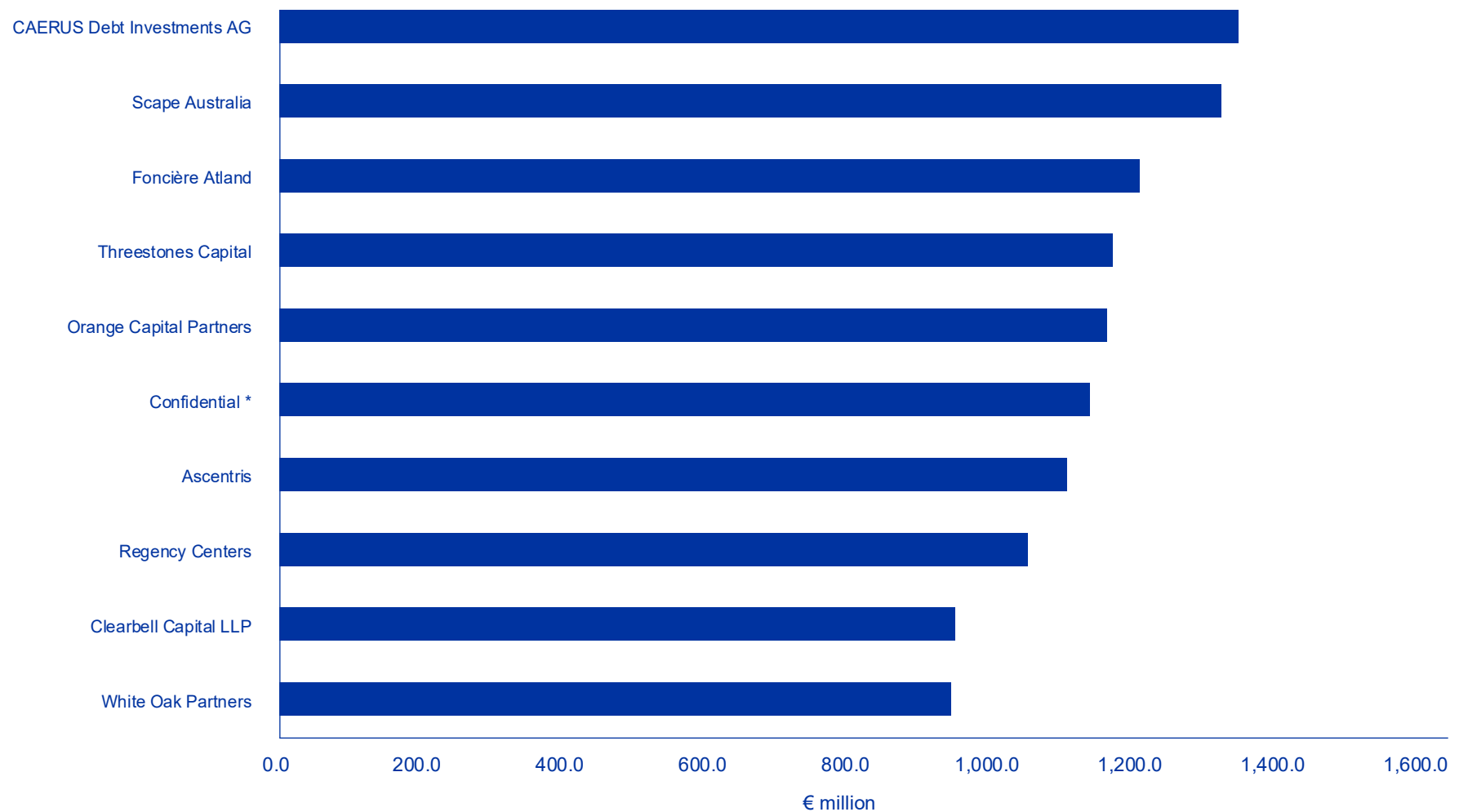
Figure 4: Top 10 fund managers by total real estate AUM - Second quartile

Figure 5: Top 10 fund managers by total real estate AUM - Lower quartile



* This manager has chosen to remain anonymous

Total real estate AUM by regional strategy

Total real estate AUM varies across regional strategies.

European and North American strategies comprise the largest proportions of total real estate AUM, 35.3% and 34.8% respectively. While Asia Pacific strategies represent a smaller portion at 18.4%. Global strategies account for 11.2% and South American strategies just 0.4% of the total real estate AUM.

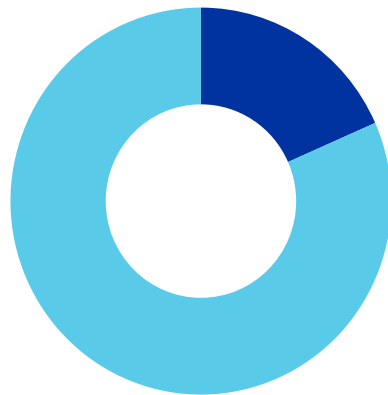
The largest manager of Asia Pacific strategies has €48.9 billion of real estate AUM, well ahead of the rest. The next two largest managers manage €31.7 billion and €24.7 billion respectively.

The top two managers in Europe each recorded real estate AUM in excess of that of the largest manager in Asia Pacific. The largest European manager represents AUM of €65.3 billion, notably higher than that of its Asia Pacific peer.

North American managers are even larger than their Asia Pacific and European peers. The largest manager in this region recorded an AUM of €125.8 billion for real estate. While the real estate AUMs of the top four managers exceeds that of the largest manager in Europe.

Figure 6: Total real estate assets under management by regional strategy

18.4% Asia Pacific
81.6% Rest of regions



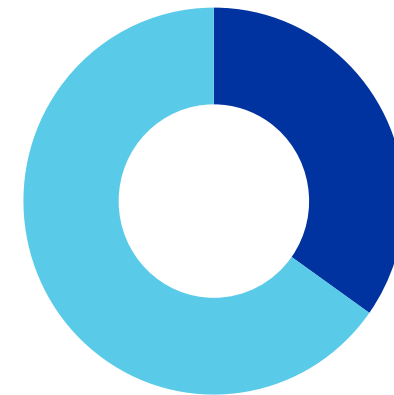
Asia Pacific

35.3% Europe
64.7% Rest of regions



Europe

34.8% North America
65.2% Rest of regions



North America

Top 10 managers by total real estate AUM – Asia pacific strategies

Figure 7: Top 10 fund managers by Asia Pacific real estate AUM - Upper quartile

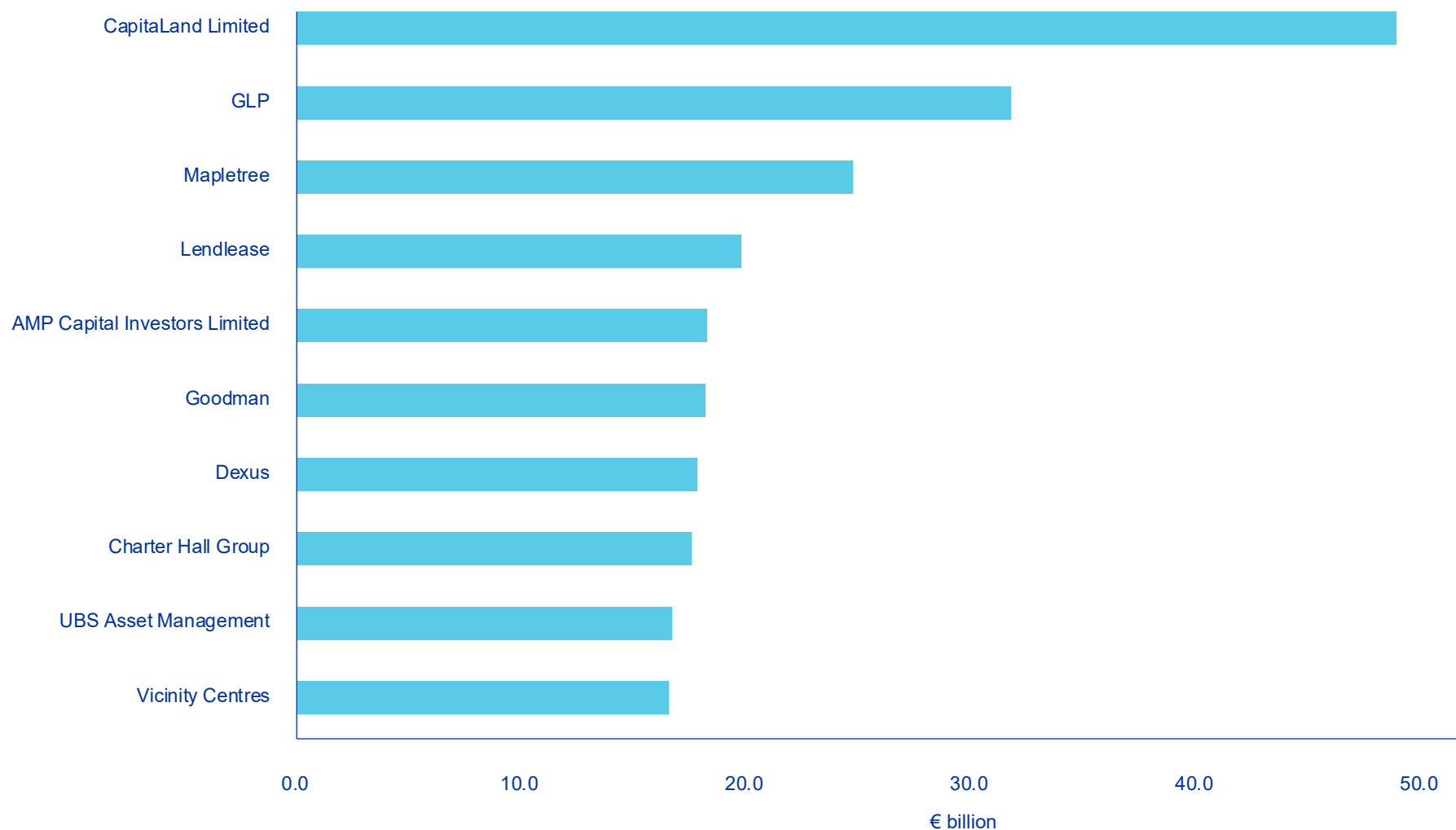


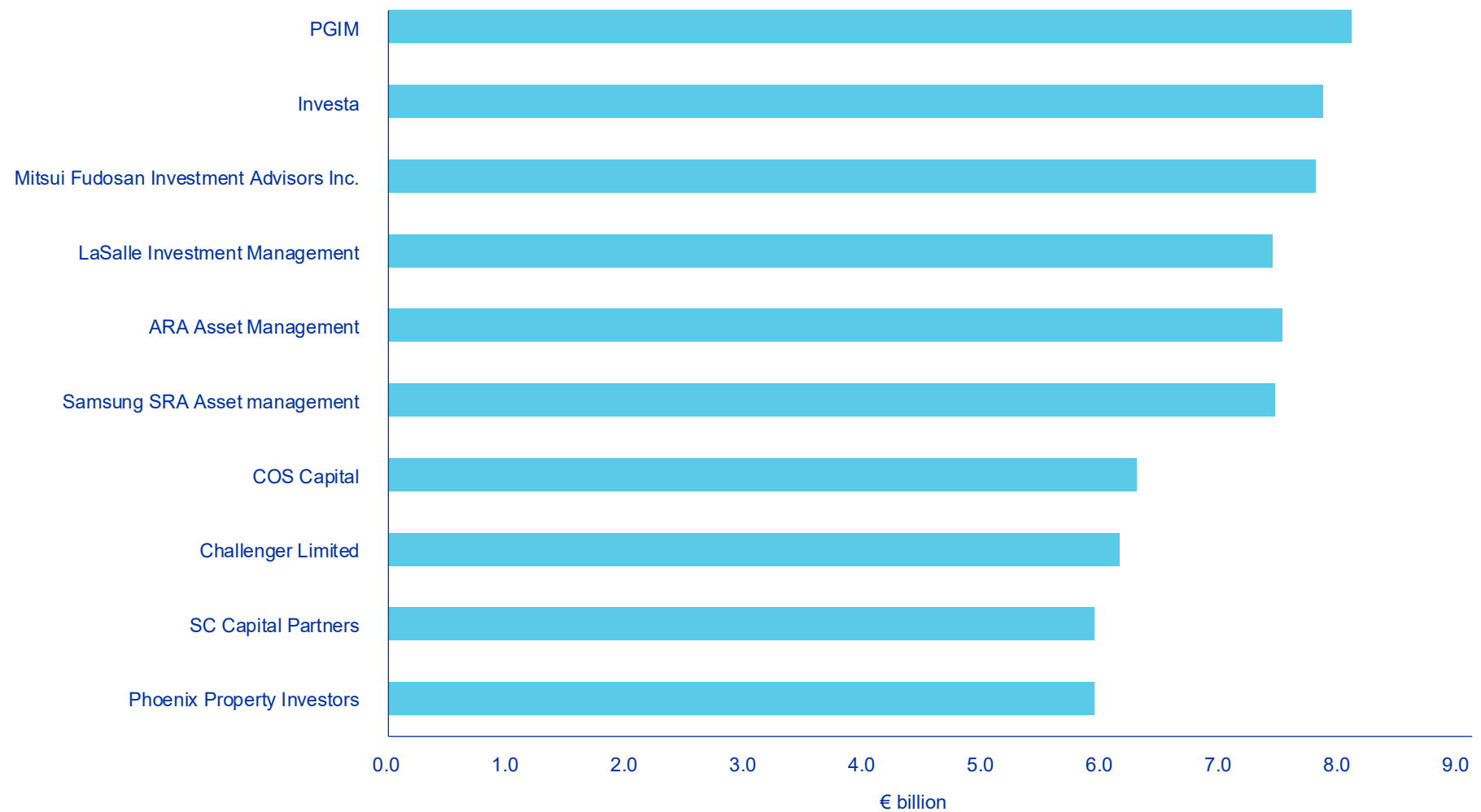
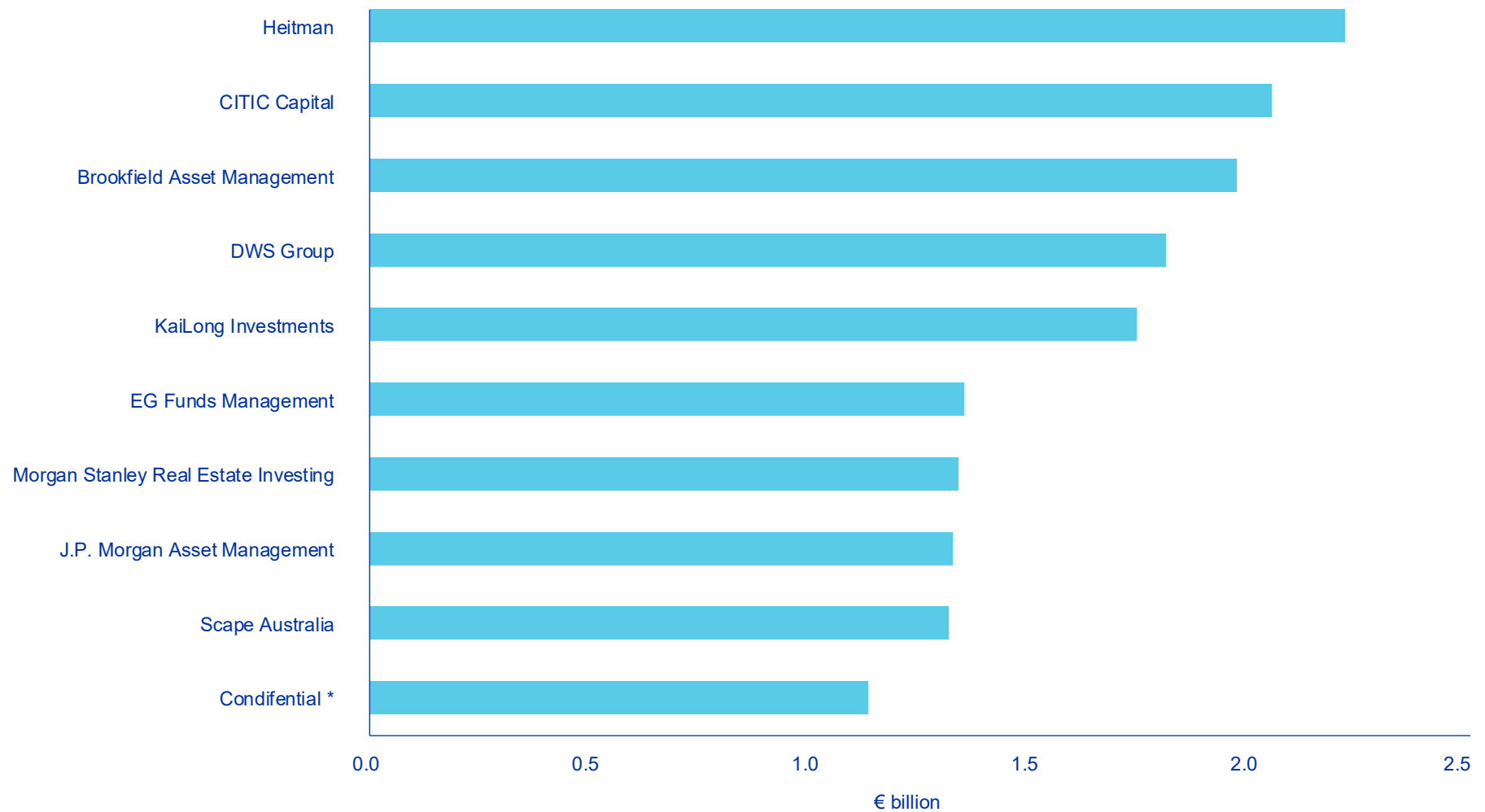
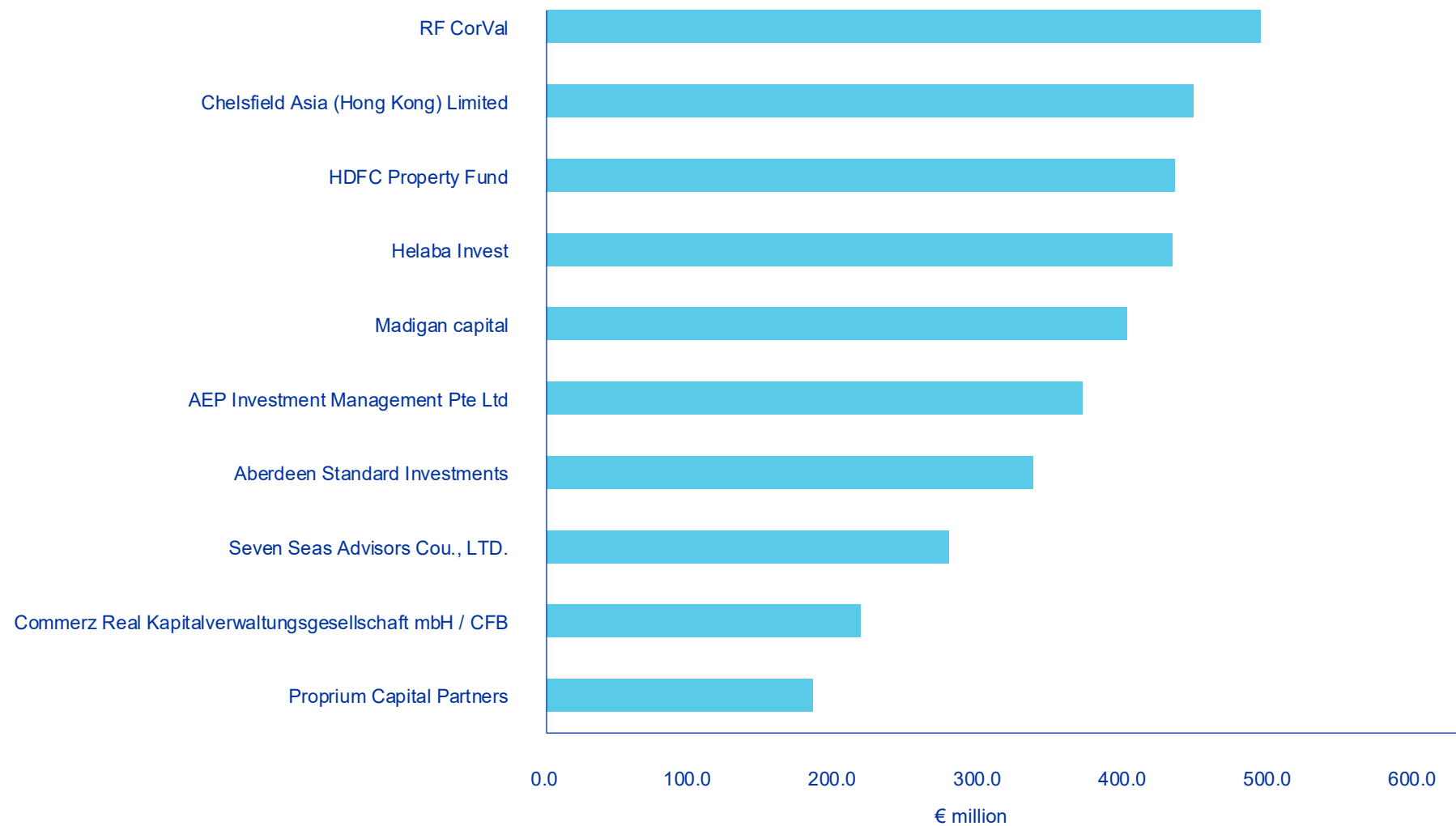
Figure 8: Top 10 fund managers by Asia Pacific real estate AUM - Third quartile

Figure 9: Top 10 fund managers by Asia Pacific real estate AUM - Second quartile



* This manager has chosen to remain anonymous

Figure 10: Top 10 fund managers by Asia Pacific real estate AUM - Lower quartile



Top 10 managers by total real estate AUM – European strategies

Figure 11: Top 10 fund managers by European real estate AUM - Upper quartile

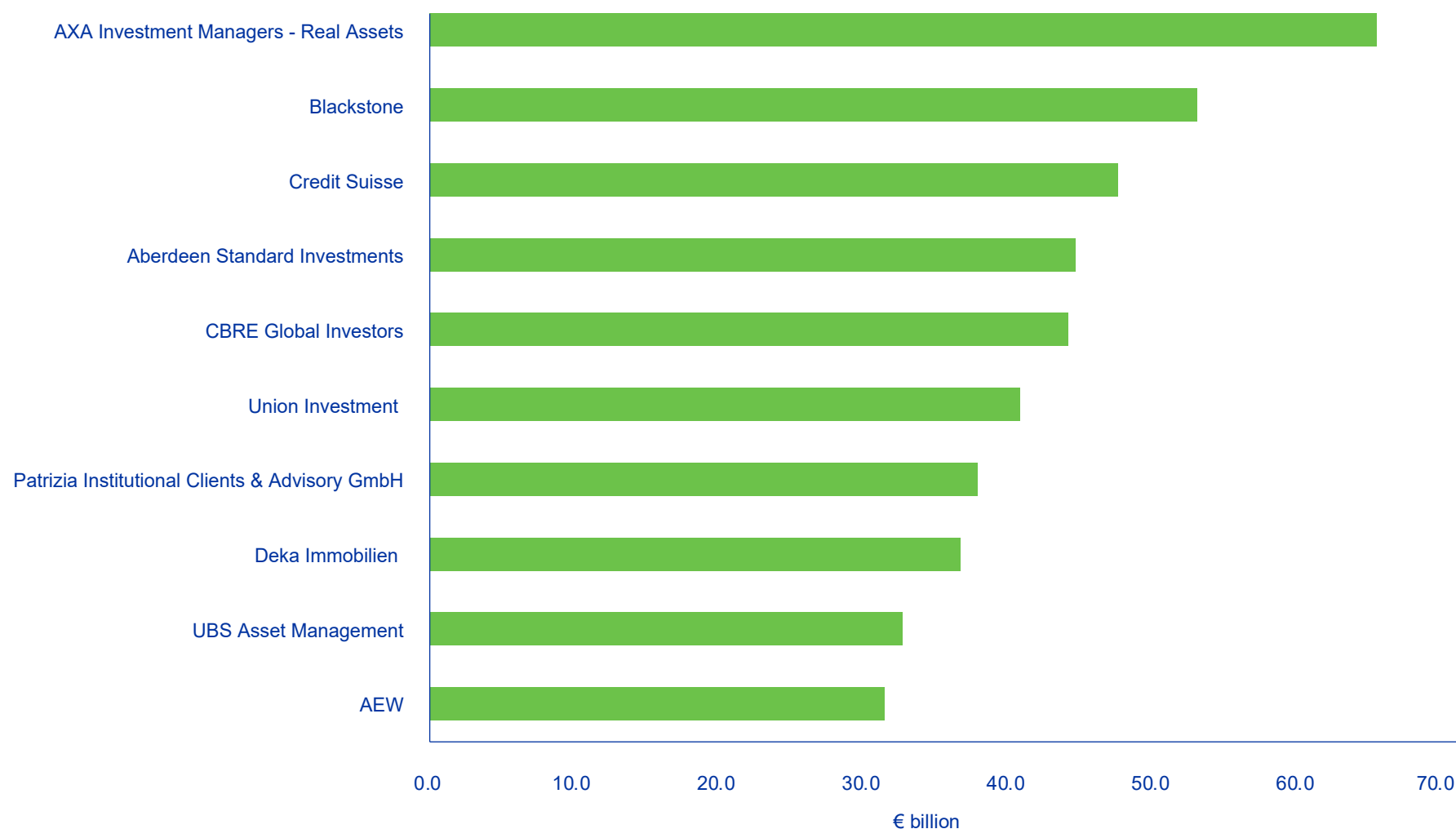


Figure 12: Top 10 fund managers by European real estate AUM - Third quartile

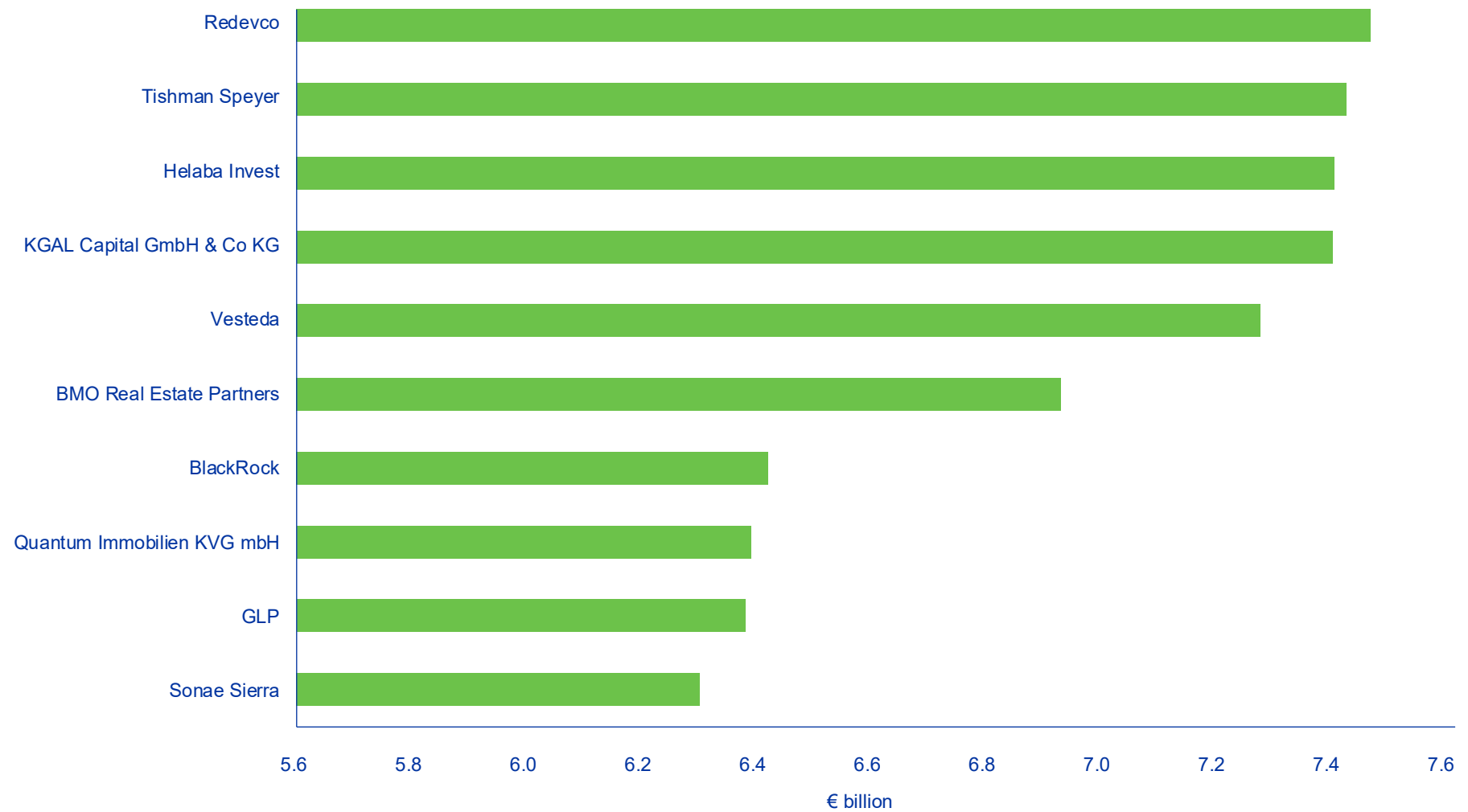


Figure 13: Top 10 fund managers by European AUM real estate - Second quartile

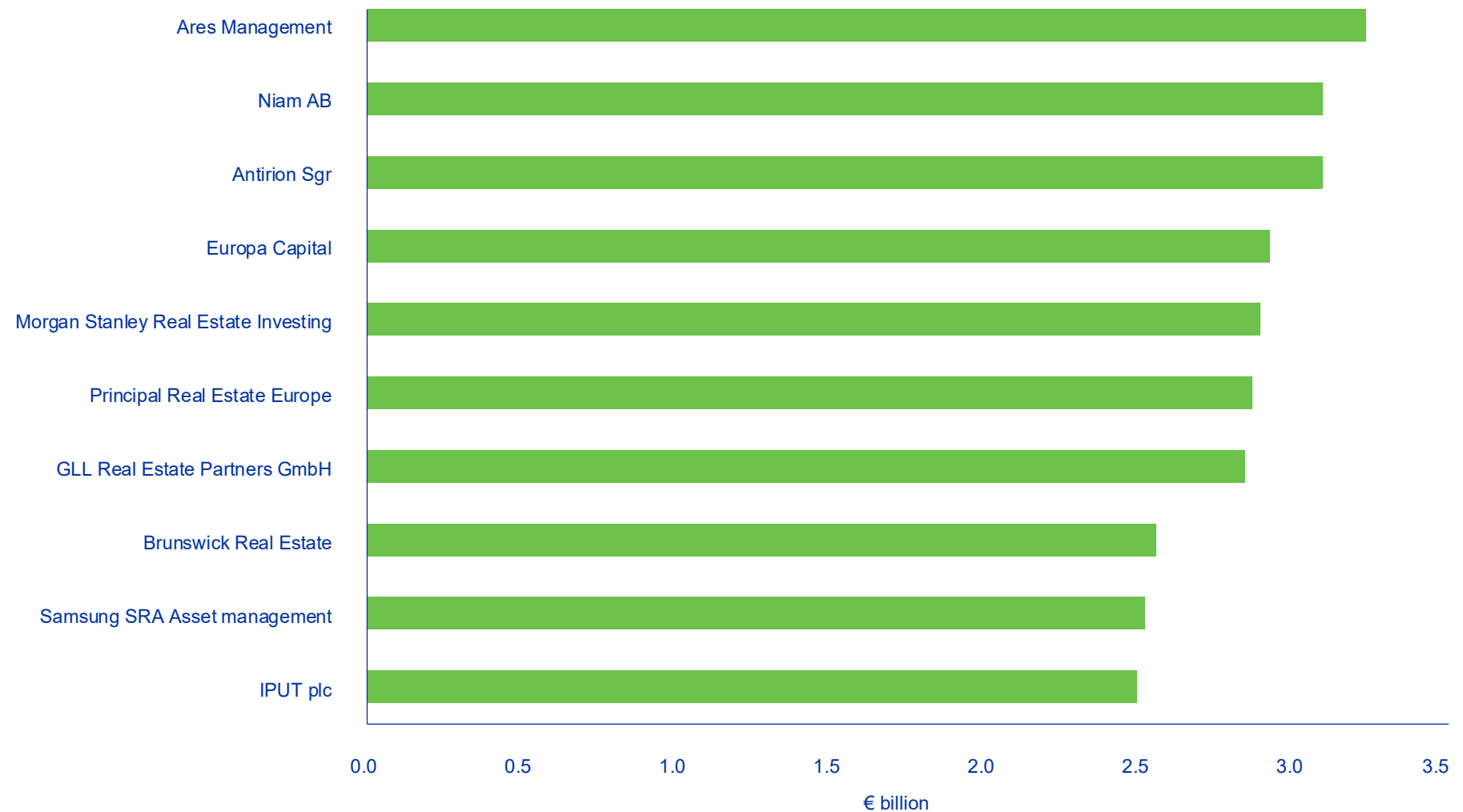
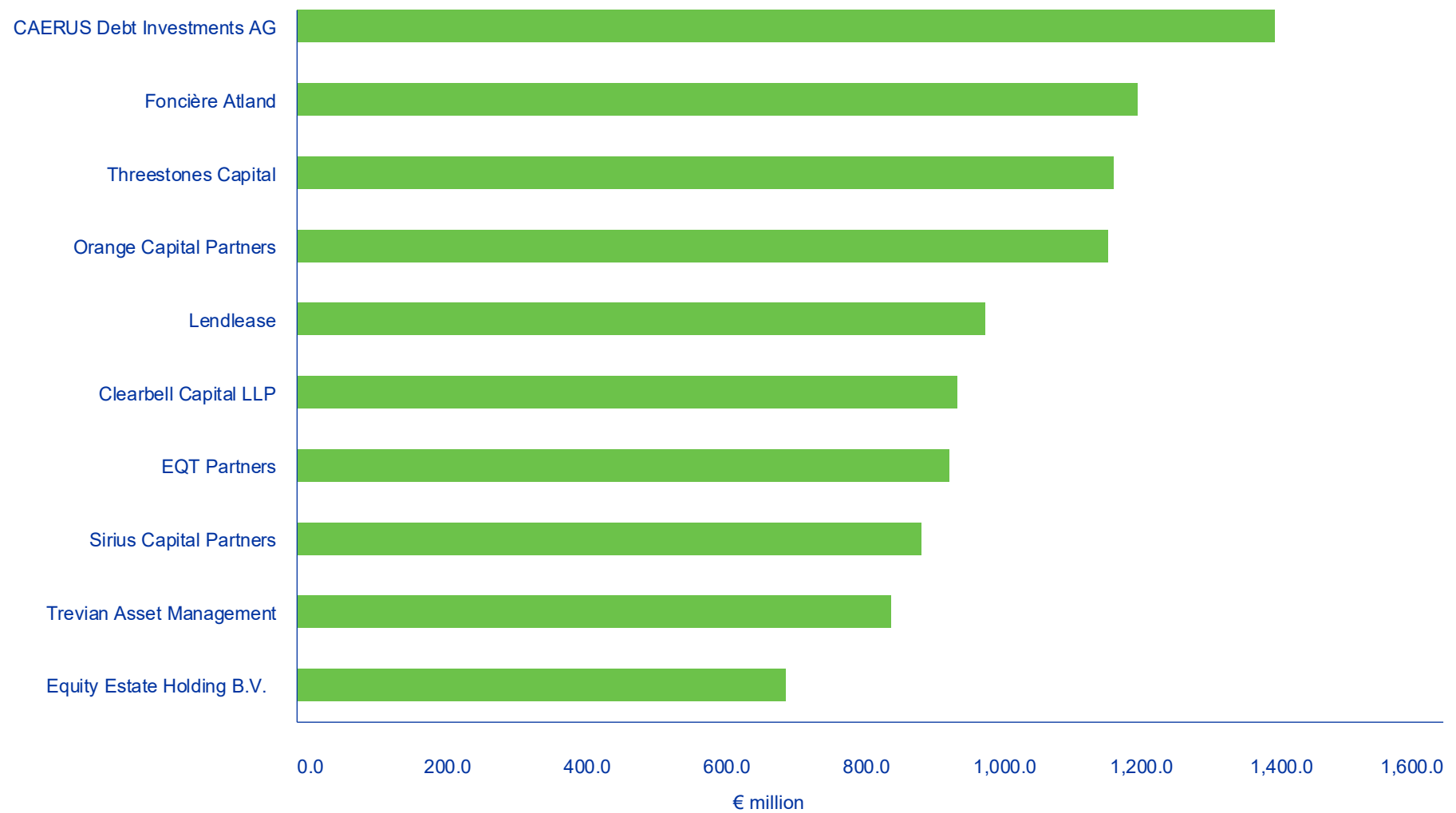


Figure 14: Top 10 fund managers by European AUM real estate - Lower quartile

Top 10 managers by total real estate AUM – North American strategies

Figure 15: Top 10 fund managers by North American real estate AUM - Upper quartile

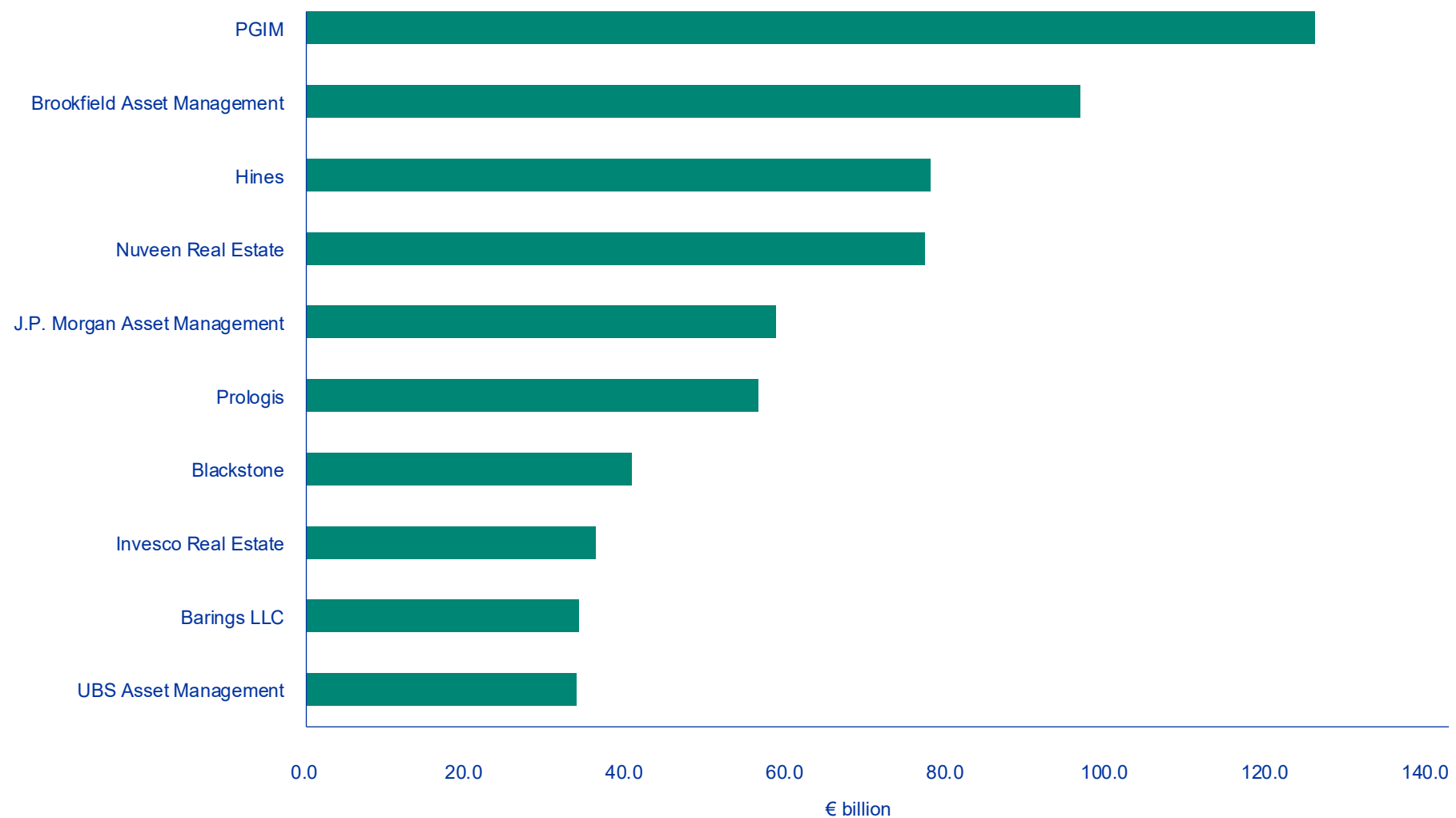


Figure 16: Top 10 fund managers by North American AUM real estate - Third quartile

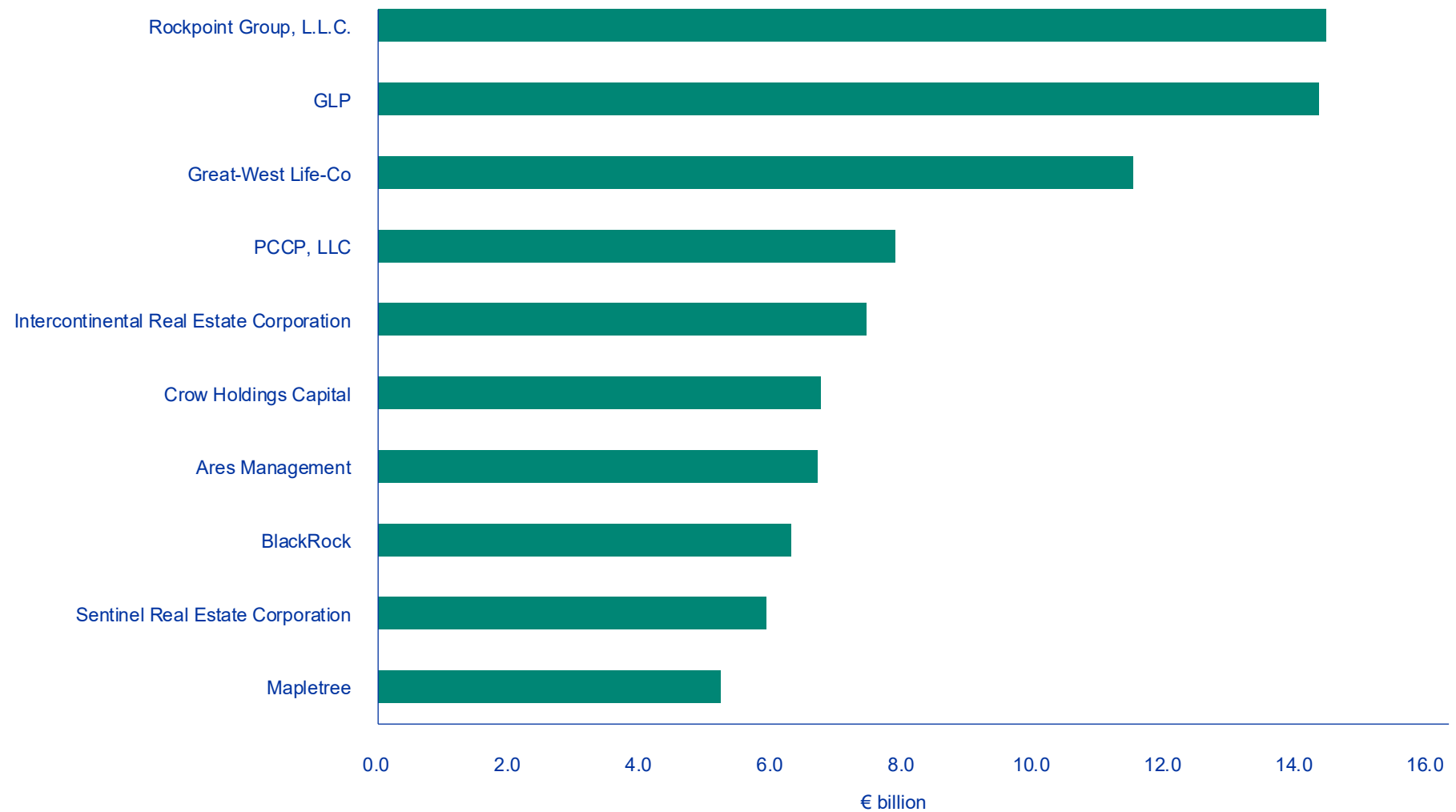


Figure 17: Top 10 fund managers by North American AUM real estate - Second quartile

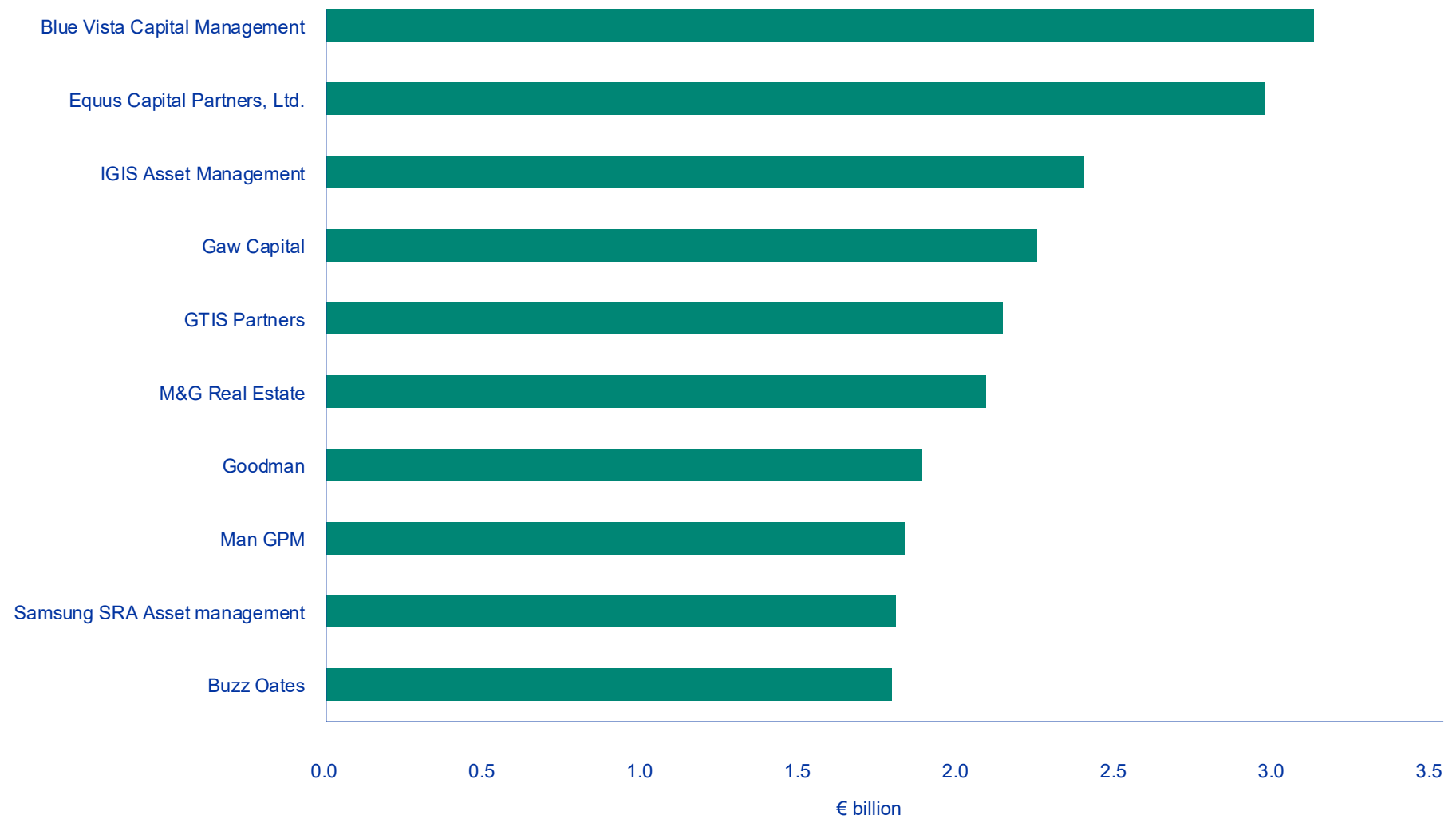
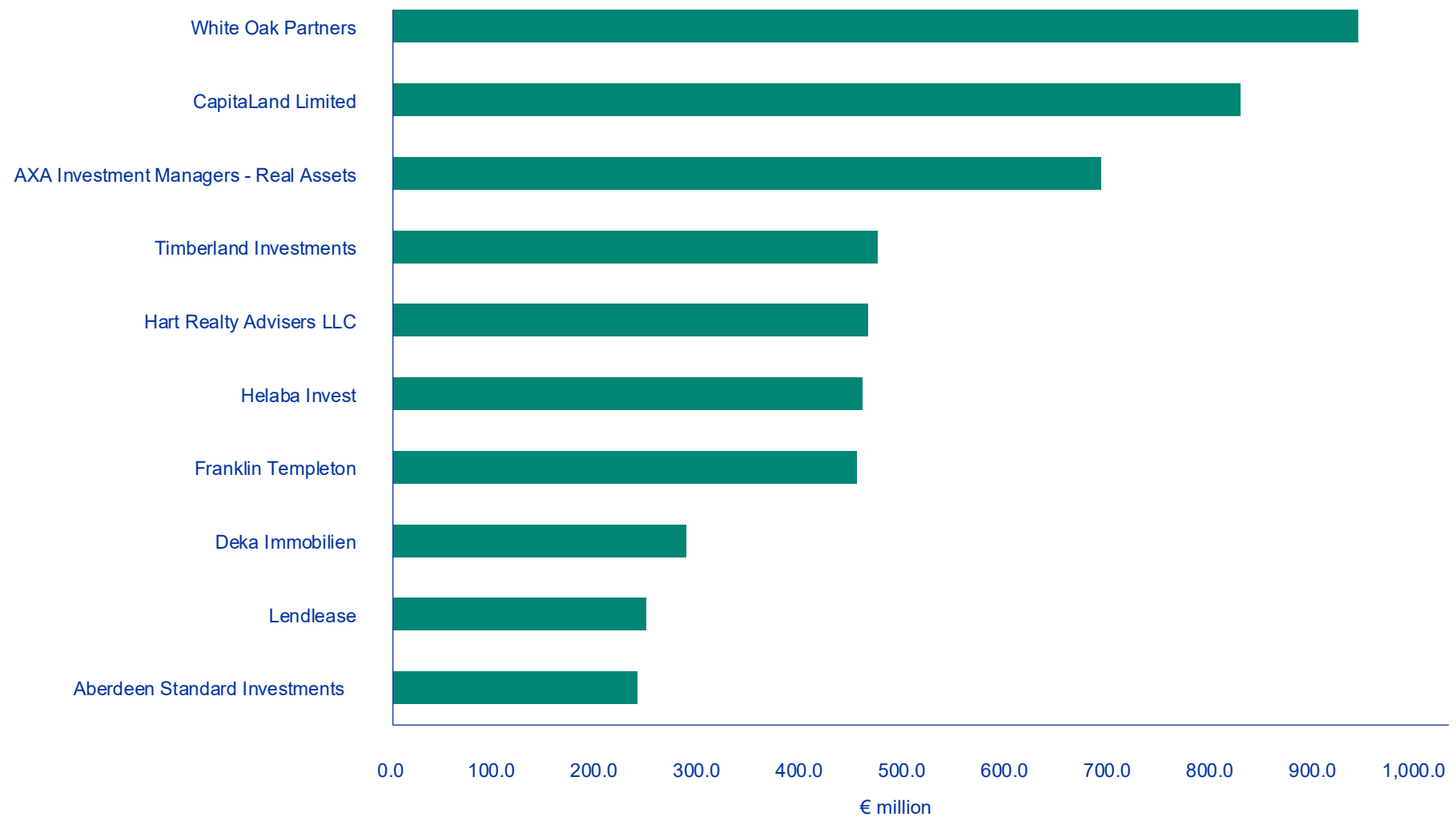
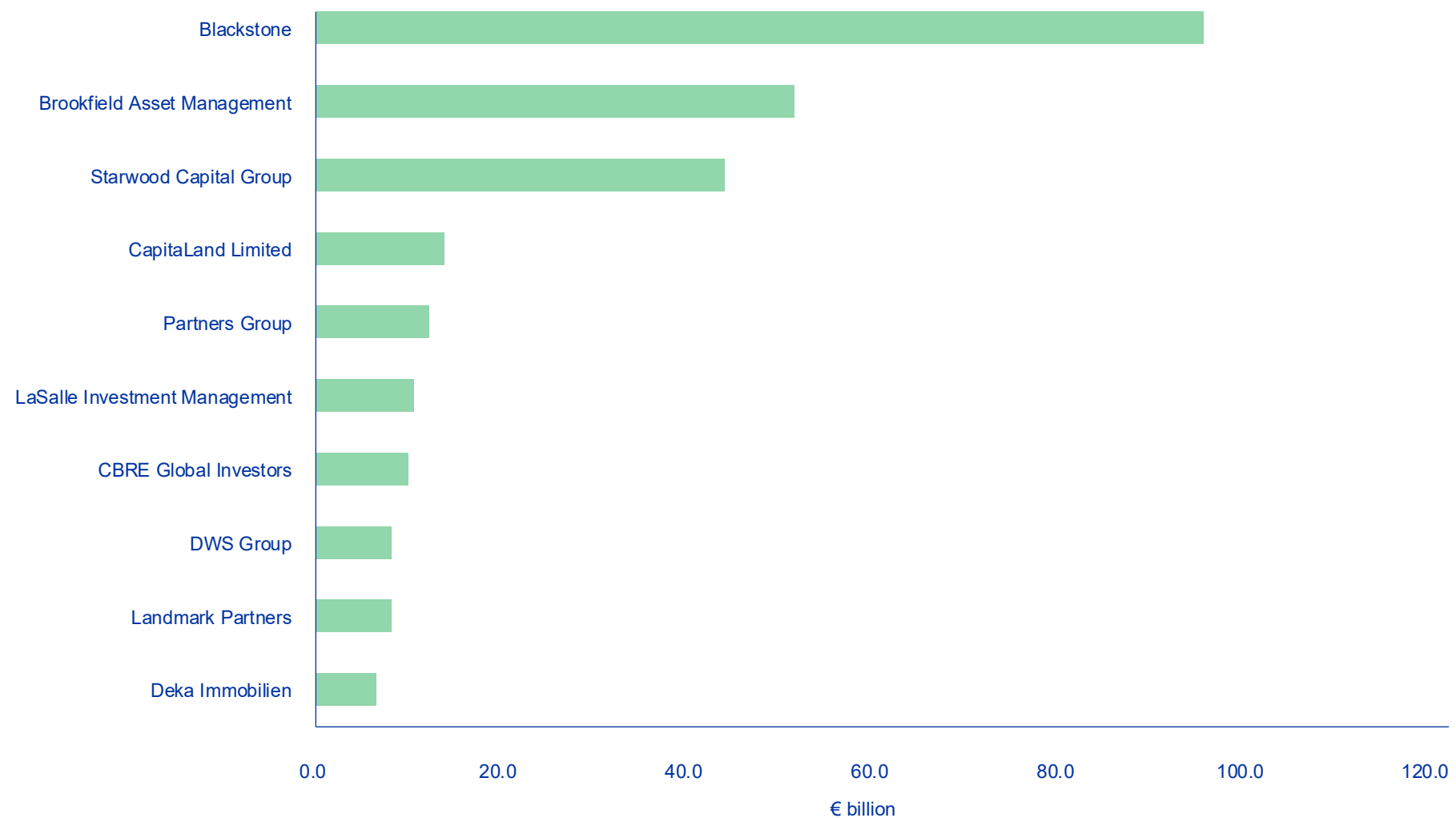


Figure 18: Top 10 fund managers by North American real estate AUM - Lower quartile



Top 10 managers by total real estate AUM - Global strategies

Figure 19: Top 10 fund managers by real estate AUM of global strategies

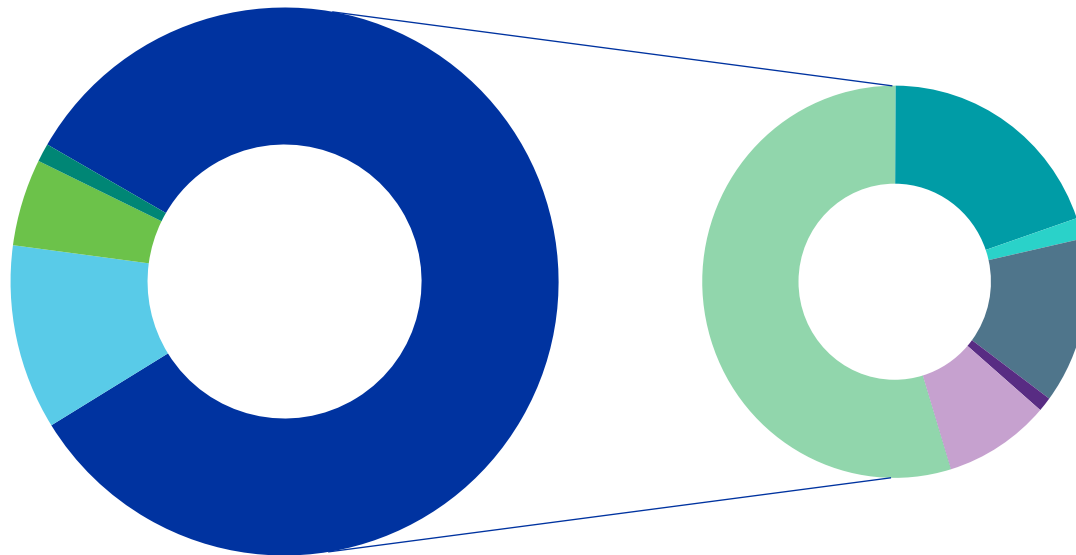
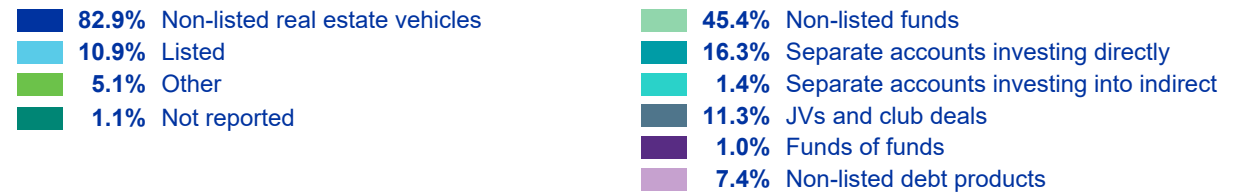


Non-listed real estate vehicles

Non-listed real estate vehicles, which include funds, separate accounts, joint ventures (JVs), club deals, funds of funds and debt products, comprise the largest portion, 82.9% (€2.3 trillion) of the €2.8 trillion total real estate AUM. The remaining categories, listed and other types of real estate, combined account for just over 17%, with listed real estate representing 10.9%.

Funds remain the vehicle of choice, accounting for around 45% of the AUM for non-listed real estate vehicles. Next are separate accounts investing directly, followed by JVs and clubs. Derivatives represent the smallest proportions of real estate AUM on the non-listed vehicles space.

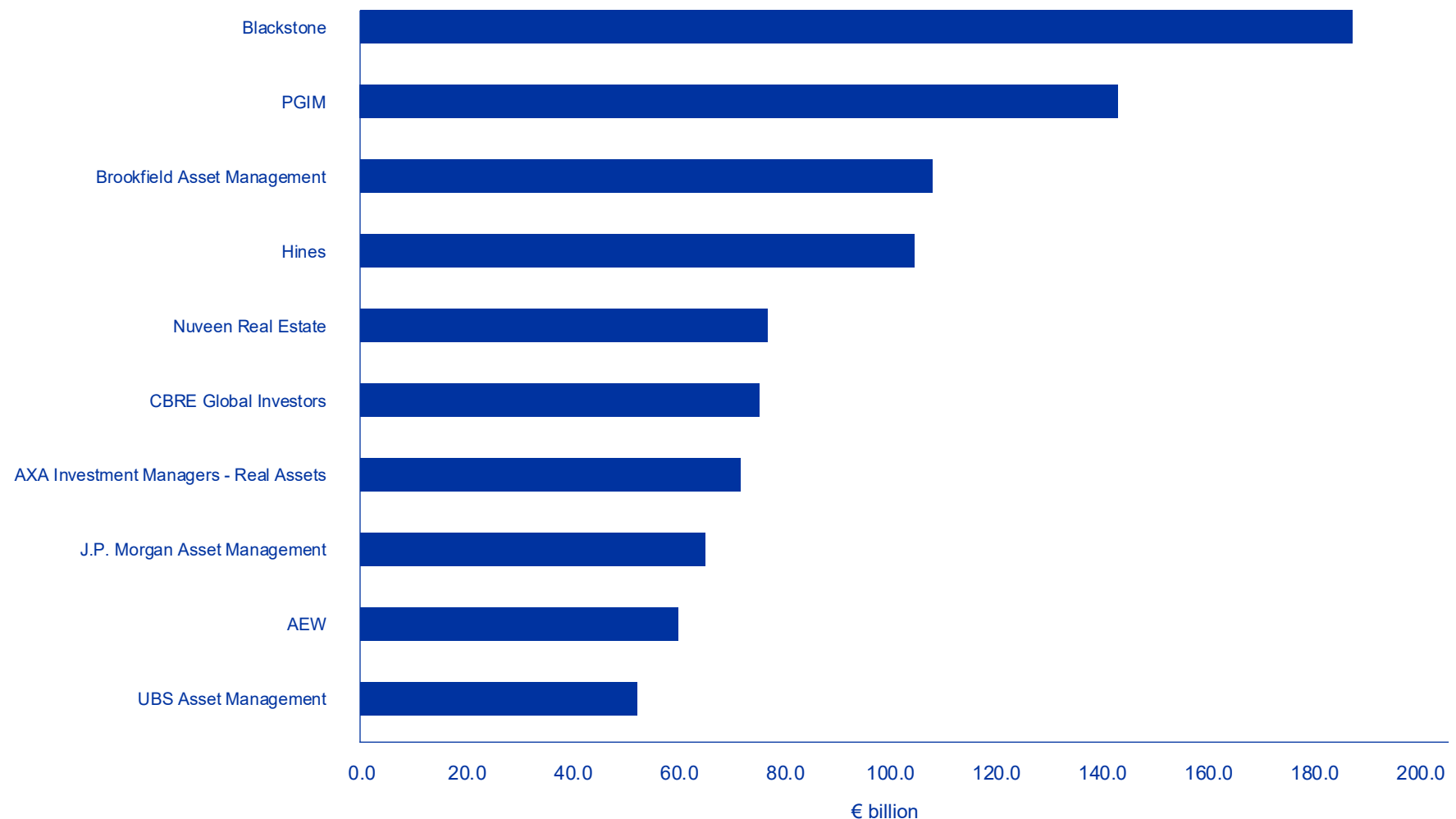
Figure 20: Total real estate AUM by vehicle type



‘Non-listed real estate accounts for 82.9% or €2.3 trillion of total real estate AUM’

Top 10 managers by non-listed real estate AUM

Figure 21: Top 10 fund managers by non-listed real estate AUM - all strategies



Non-listed real estate vehicles by regional strategy

Across all regional strategies non-listed real estate accounts for the majority of real estate assets under management.

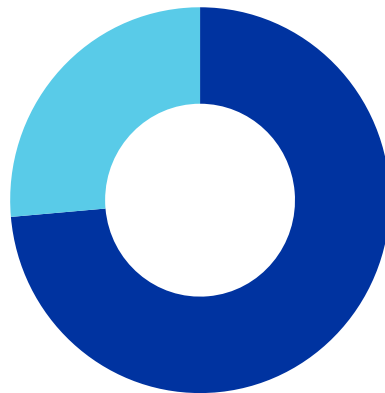
This is to a greater extent among European strategies where non-listed real estate vehicles make up 87.7% of the total real estate AUM.

This is similar, though to a lesser extent, for North American strategies, where 75.2% of AUM is accounted for by non-listed real estate vehicles.

For Asia Pacific strategies, this proportion drops below three quarters, 73.6%, though remains significant.

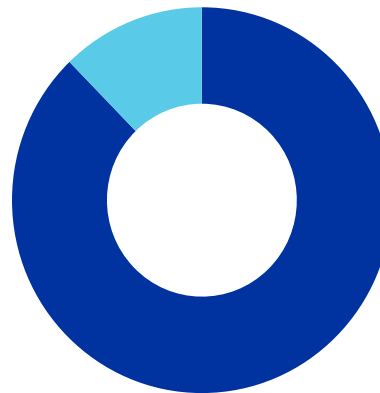
Figure 22: Non-listed real estate vehicles by regional strategy

73.6% Non-listed real estate AUM
26.4% Other real estate AUM



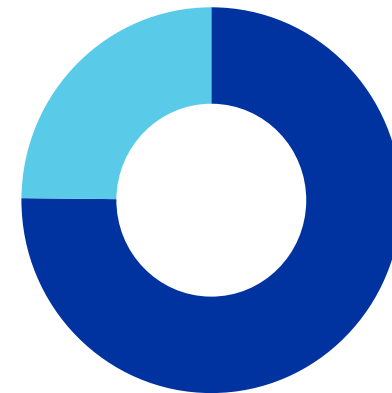
Asia Pacific

87.7% Non-listed real estate AUM
12.3% Other real estate AUM



Europe

75.2% Non-listed real estate AUM
24.8% Other real estate AUM



North America

Non-listed real estate vehicles by vehicle type

Regardless of regional strategy, funds represent the majority of non-listed real estate AUM: 57.8% for European strategies, 57.2% for Asia Pacific and 51.1% for North American strategies.

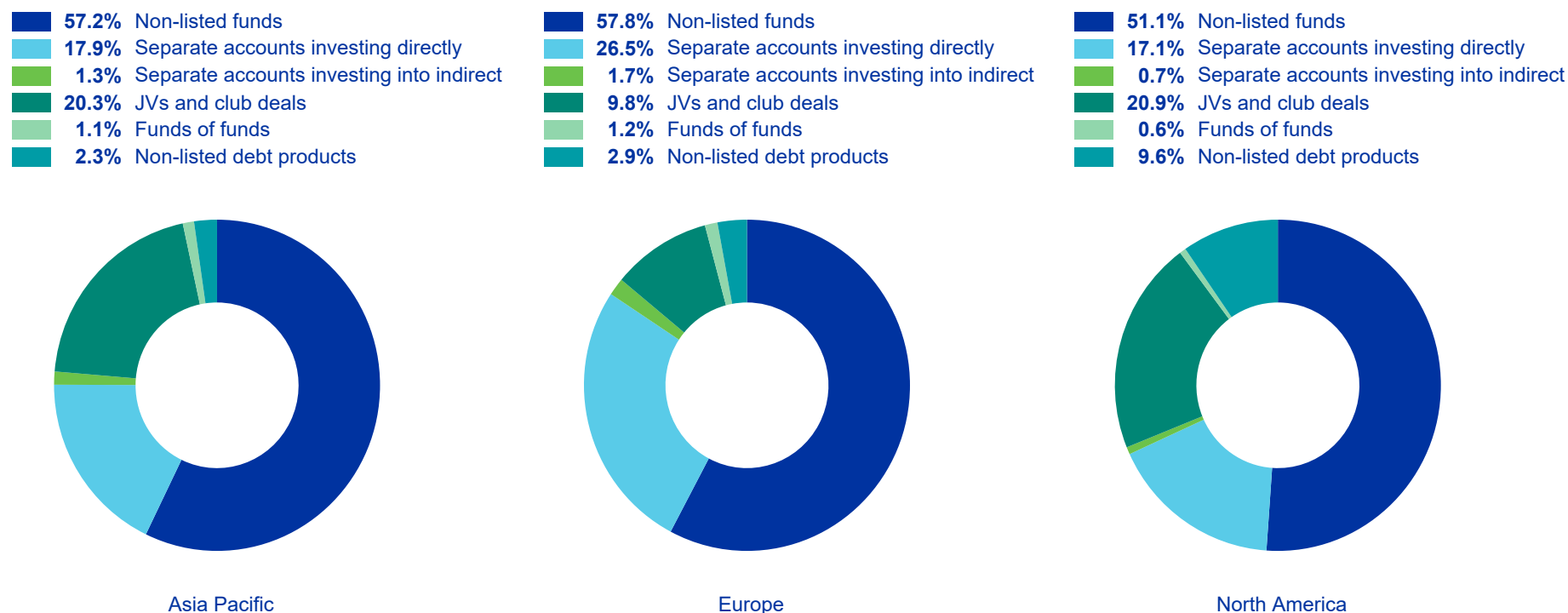
Beyond funds there are some variations worth noting.

Separate accounts investing directly feature next, though account for a larger proportion of AUM in Europe than in Asia Pacific or North America.

Meanwhile JVs and club deals have higher market shares in Asia Pacific and North America than they do in Europe.

Another product type worth noting are non-listed debt products which feature more heavily in North America than the other two regional strategies. This stems from the differences in financial systems between North America and the other two regions.

Figure 23: Non-listed real estate by vehicles by regional strategy



Top 10 managers by non-listed real estate AUM

Figure 24: Top 10 managers by non-listed real estate AUM - Asia Pacific strategy

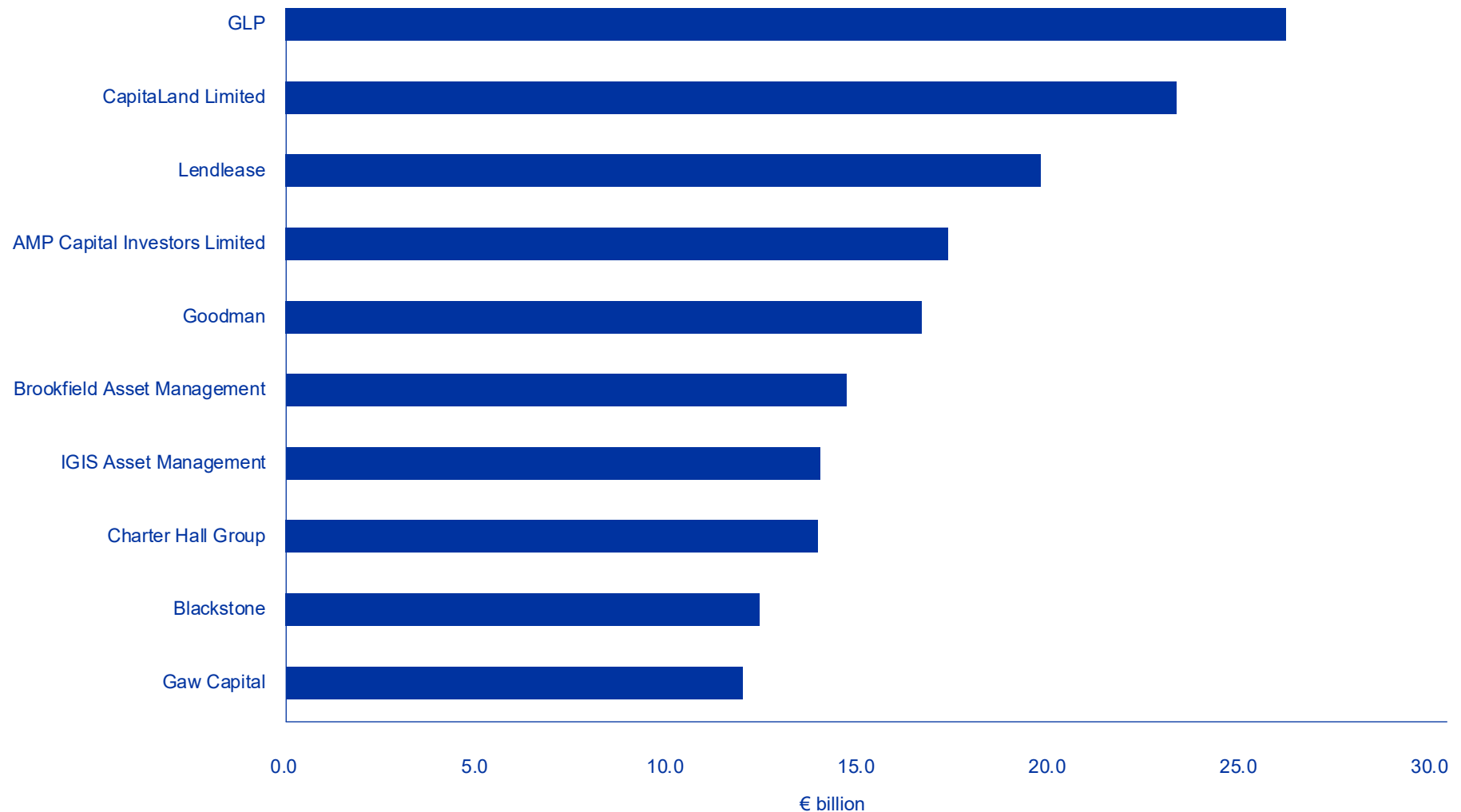


Figure 25: Top 10 managers by non-listed real estate AUM - European strategy

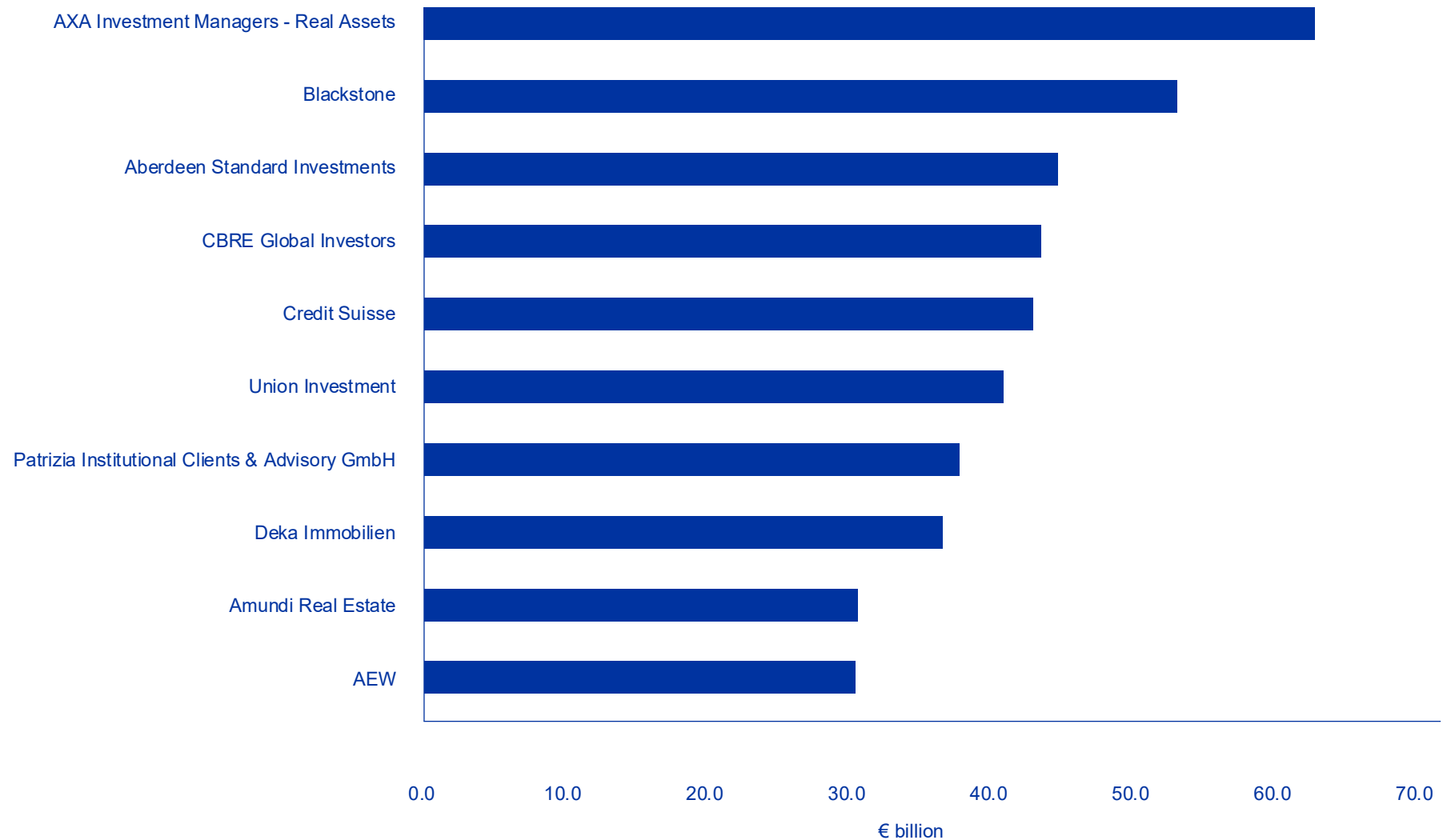


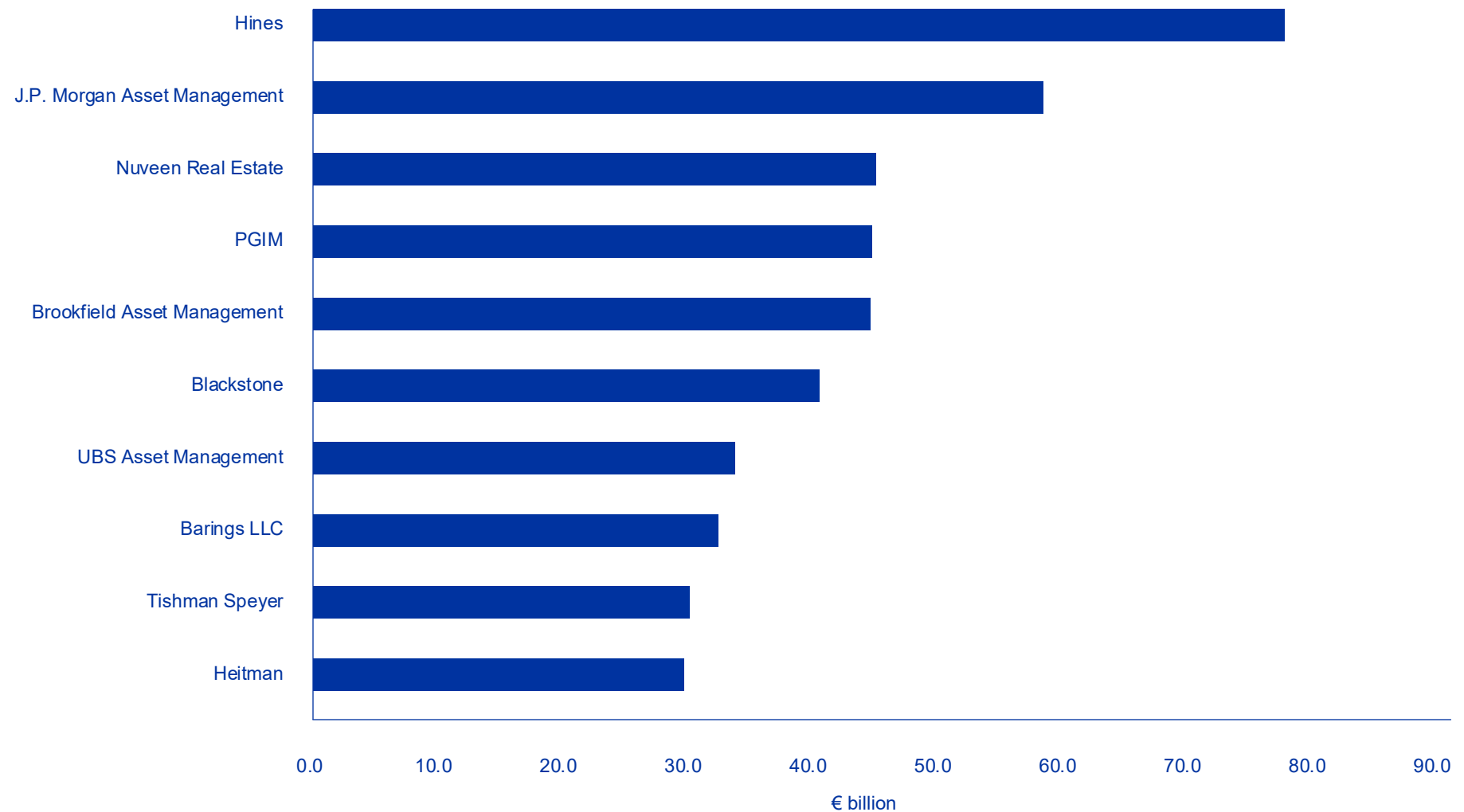
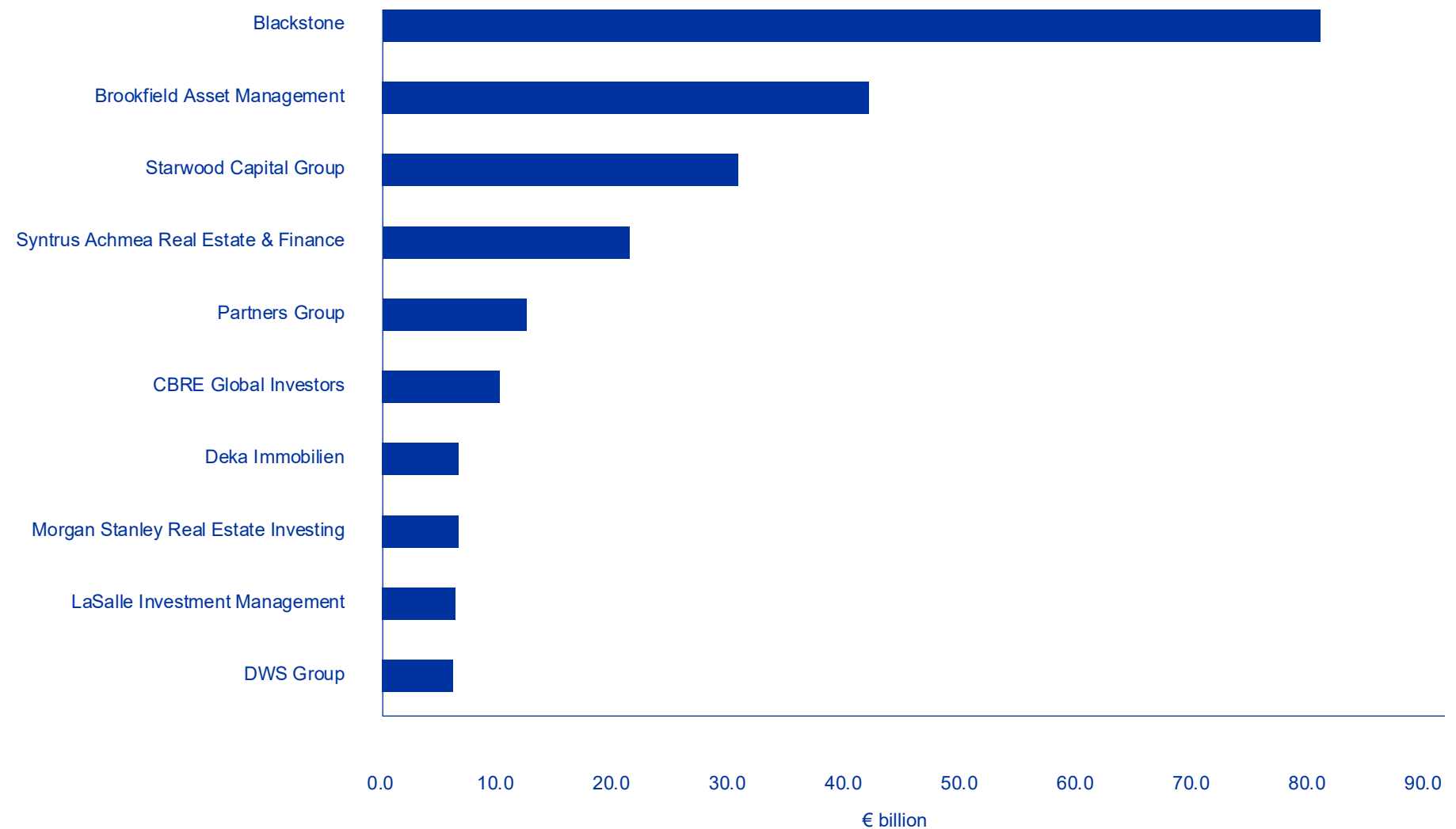
Figure 26: Top 10 managers by non-listed real estate AUM - North American strategy

Figure 27: Top 10 managers by non-listed real estate AUM - Global strategy



Non-listed real estate funds by regional strategy

Non-listed real estate funds account for more than half of total real estate AUM for European strategies, while it is less than half for Asia Pacific and North American strategies.

In Europe, funds account for 50.7% of total non-listed real estate vehicles AUM with the remaining 49.3% held in other real estate vehicle types.

While in North America, funds account for 38.4% of the non-listed real estate AUM and other real estate 61.6%.

The distribution for Asia Pacific strategies is more similar to that of North American strategies than European strategies. Here funds represent 42.1% and other real estate accounts for 57.9%.

Figure 28: Non-listed real estate vehicles by regional strategy

■ 42.1% Funds AUM
■ 57.9% Other real estate vehicles AUM



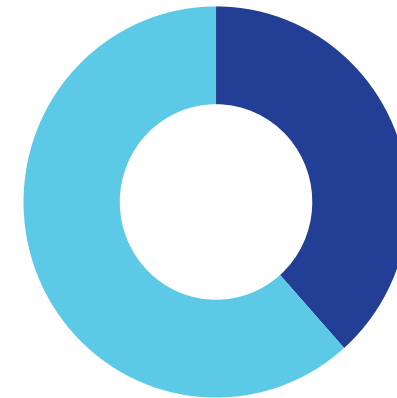
Asia Pacific

■ 50.7% Funds AUM
■ 49.3% Other real estate vehicles AUM



Europe

■ 38.4% Funds AUM
■ 61.6% Other real estate vehicles AUM



North America

Top 10 managers by non-listed real estate funds AUM

Figure 29: Top 10 managers by non-listed real estate funds AUM - all strategies

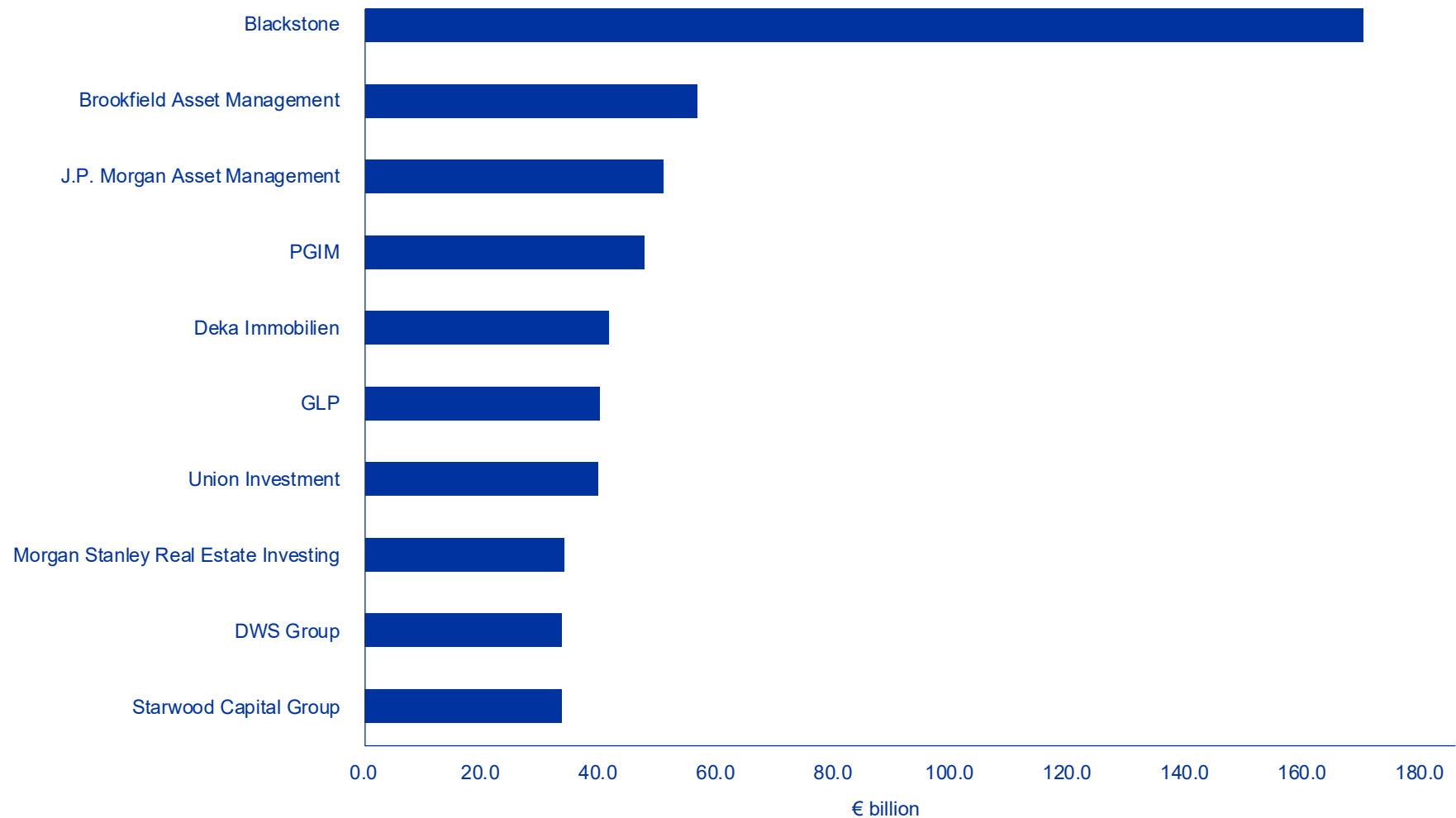


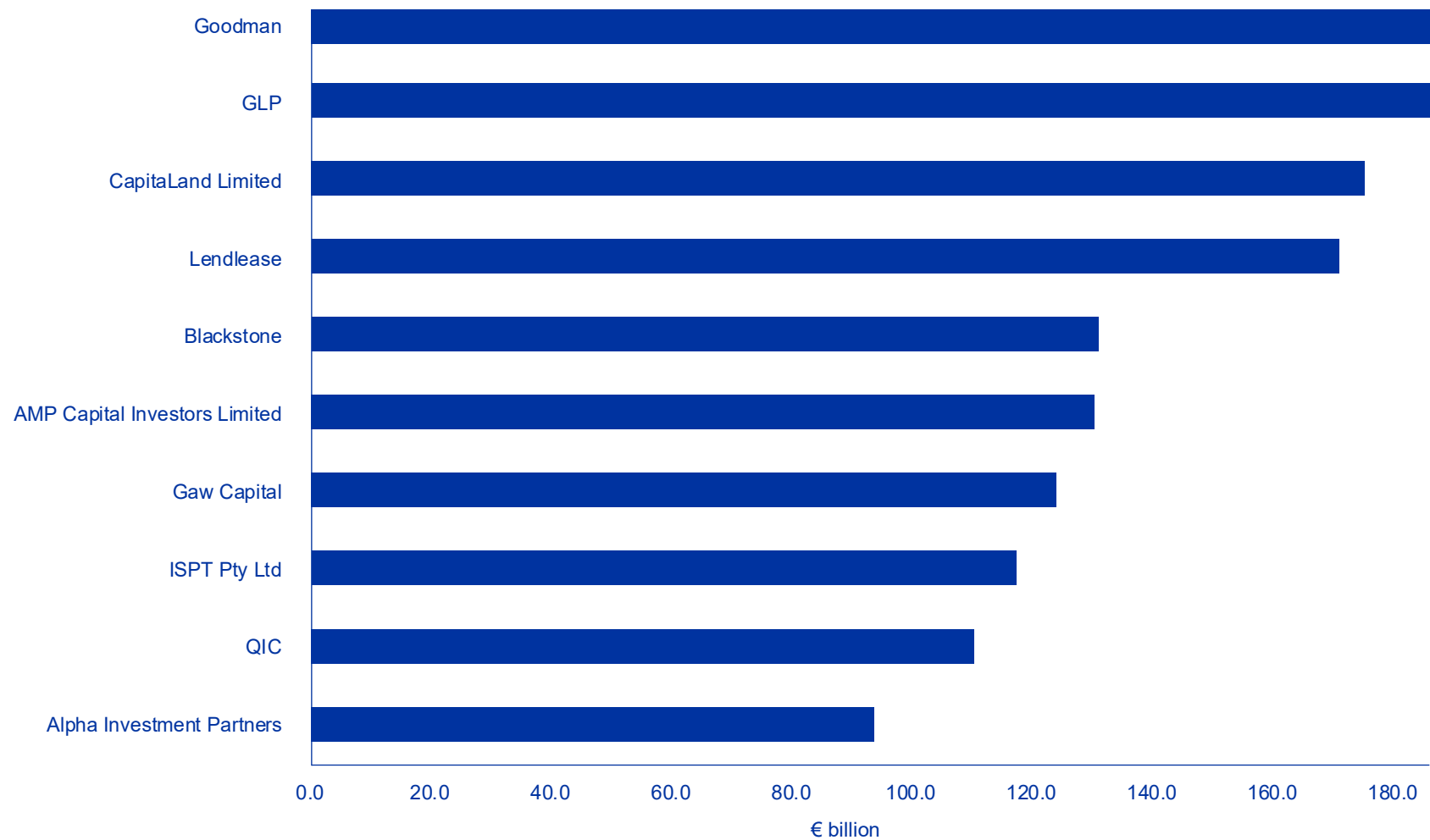
Figure 30: Top 10 managers by non-listed real estate funds AUM - Asia Pacific strategy

Figure 31: Top 10 managers by non-listed real estate funds AUM - European strategy

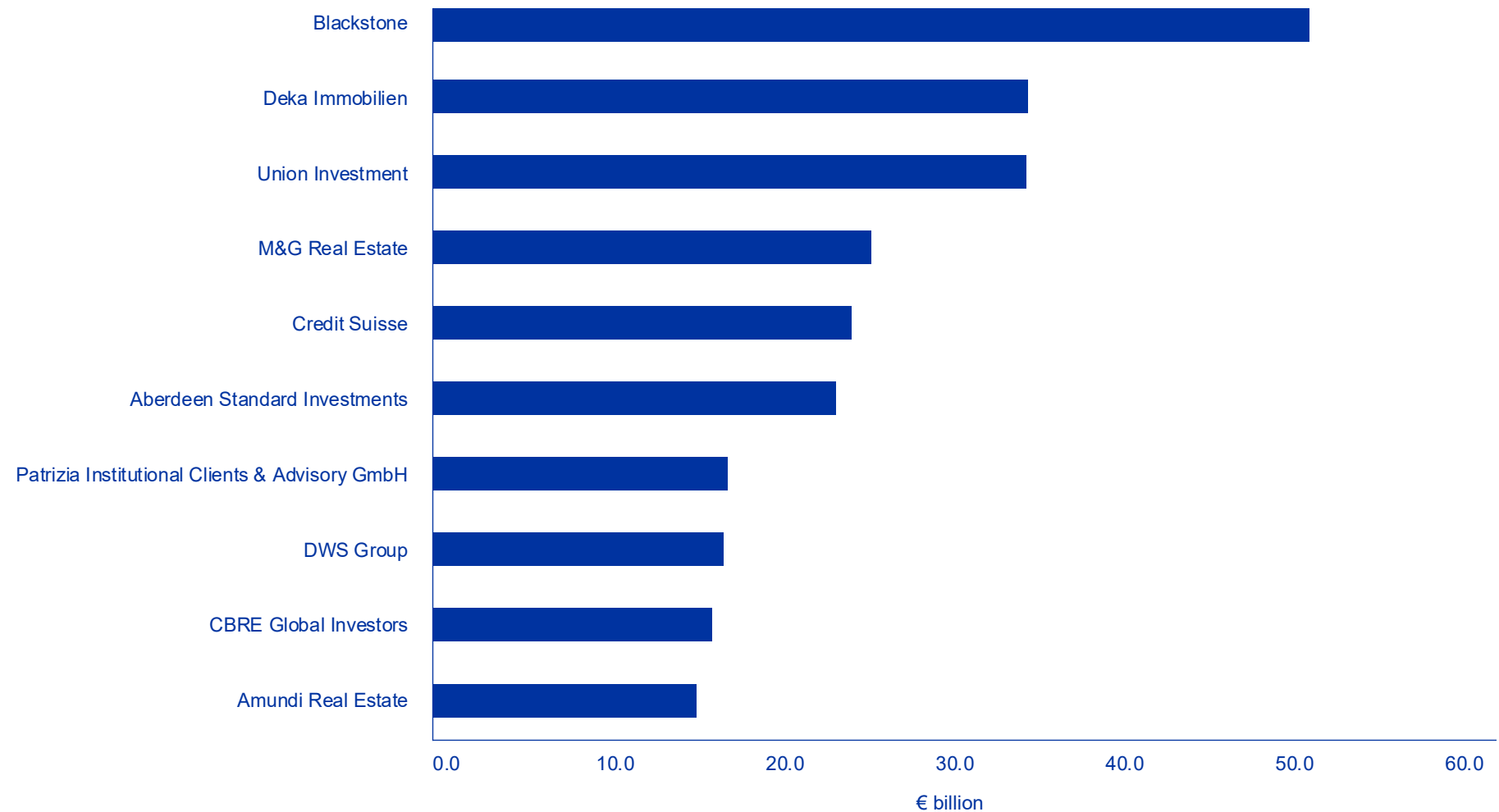


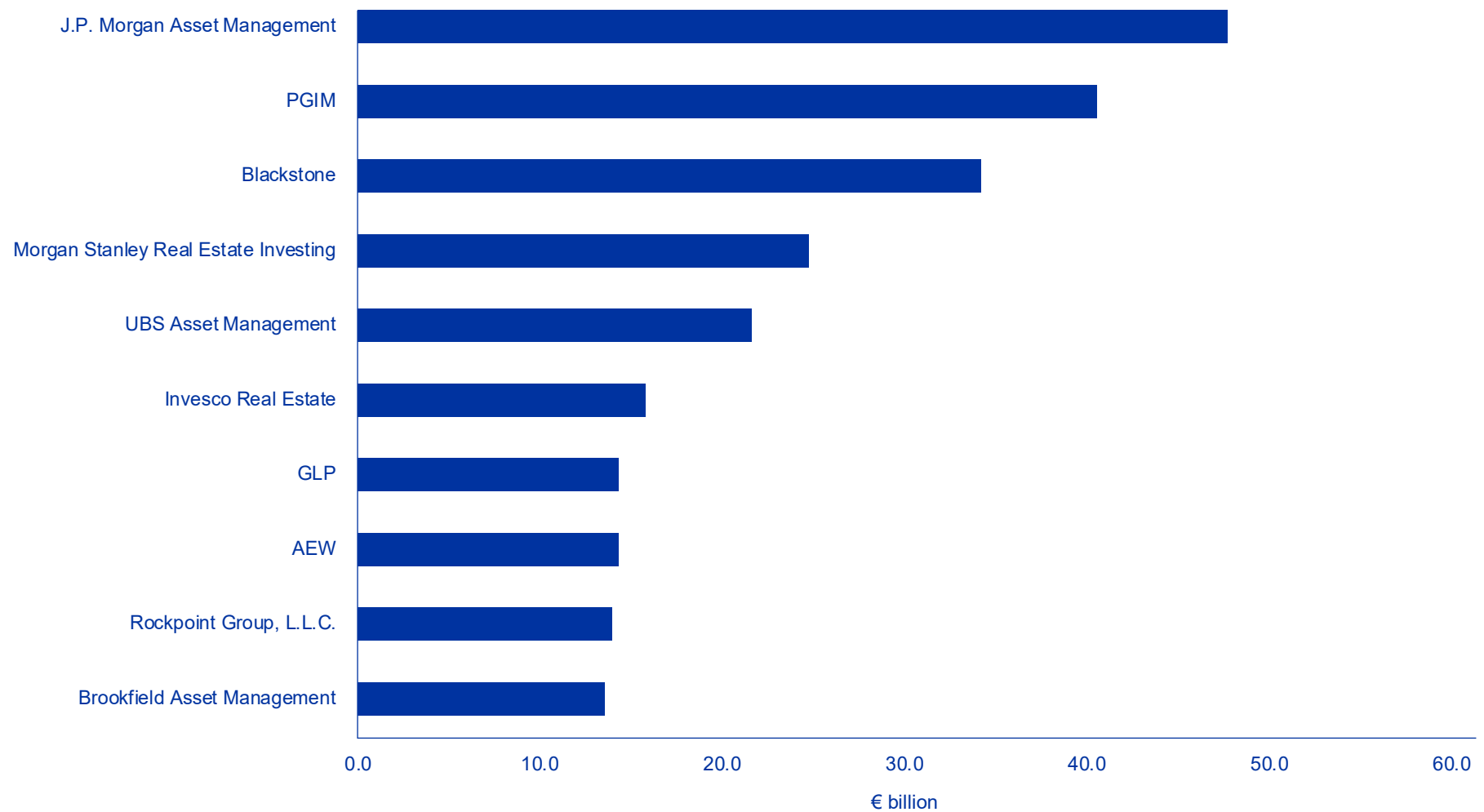
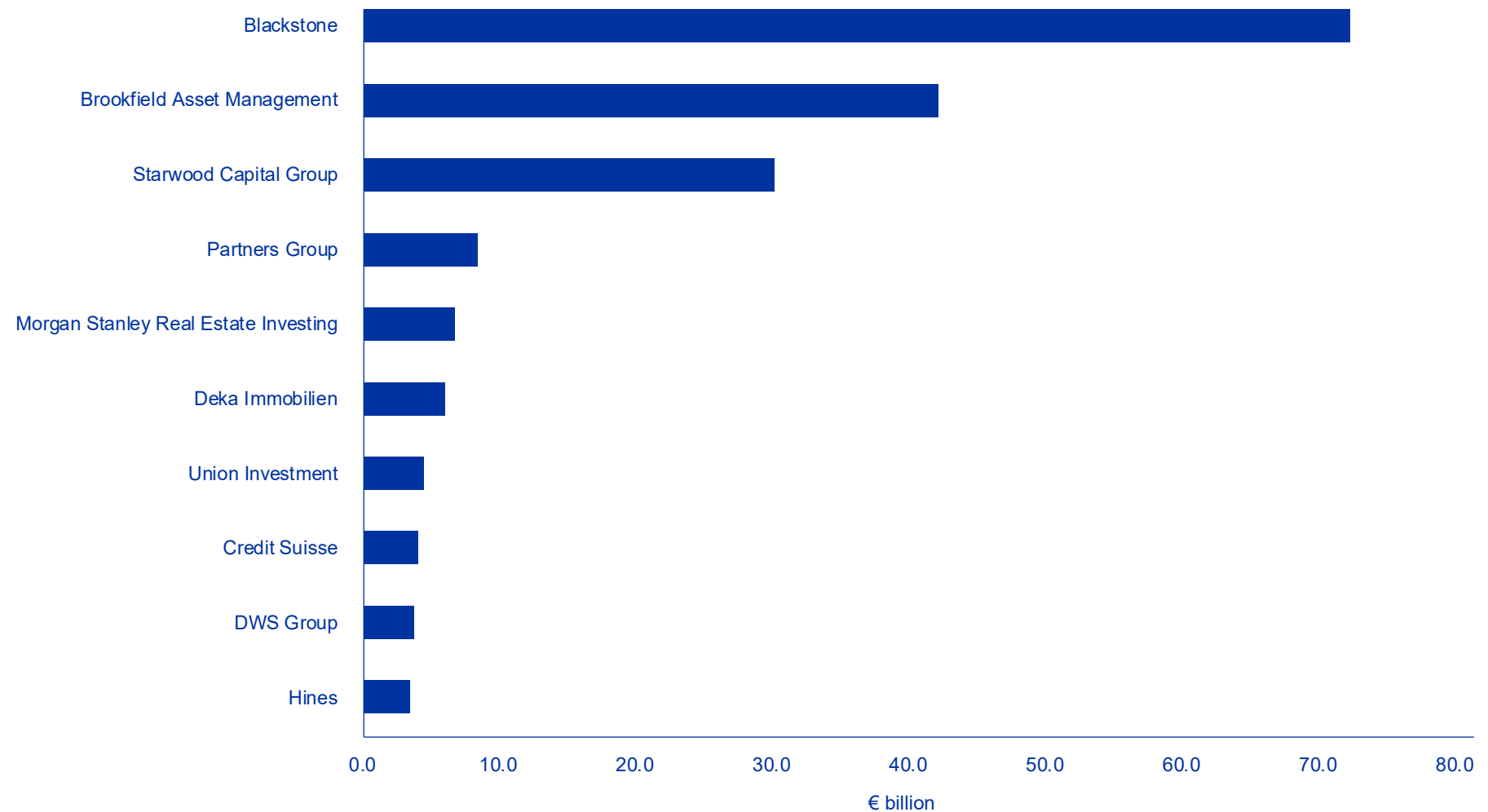
Figure 32: Top 10 managers by non-listed real estate funds AUM - North American strategy

Figure 33: Top 10 managers by non-listed real estate funds AUM - Global strategy



Non-listed direct real estate AUM by investor type

Pension funds account for the largest share of capital into non-listed direct real estate regardless of regional strategy.

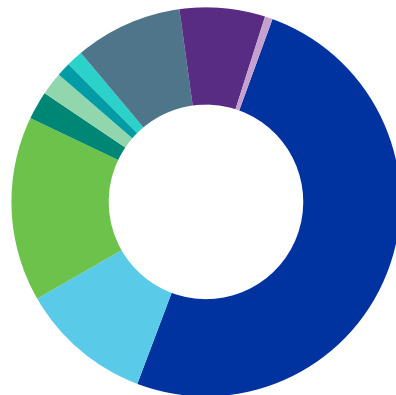
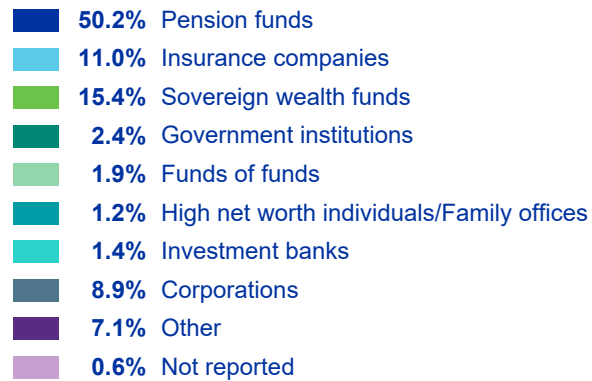
For Asia Pacific strategies, pension funds represent over half, 50.2%, of non-listed direct real estate AUM. While this is less than half for European and North American strategies, 43.8% and 42.1% respectively.

For Asia Pacific strategies, sovereign wealth funds are the next largest source of capital for real estate, followed by insurance companies.

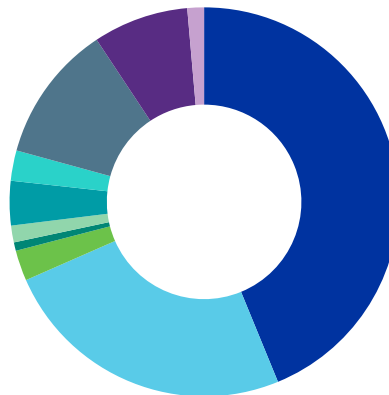
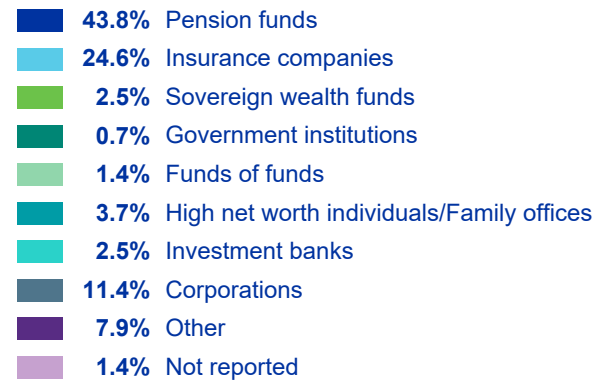
Over in Europe, insurance companies are the second most important source of capital, representing almost a quarter of the AUM for non-listed direct real estate.

After pension fund capital, insurance companies, sovereign wealth funds and other types of unspecified investors are the most prominent sources of capital for North American strategies, though these are more evenly distributed in their shares of AUM.

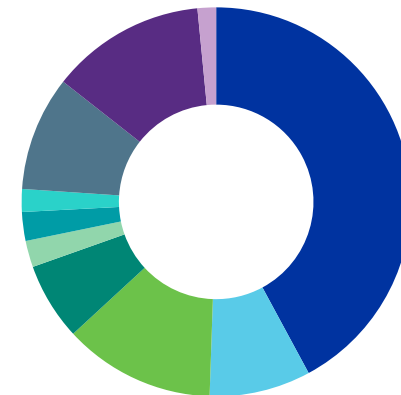
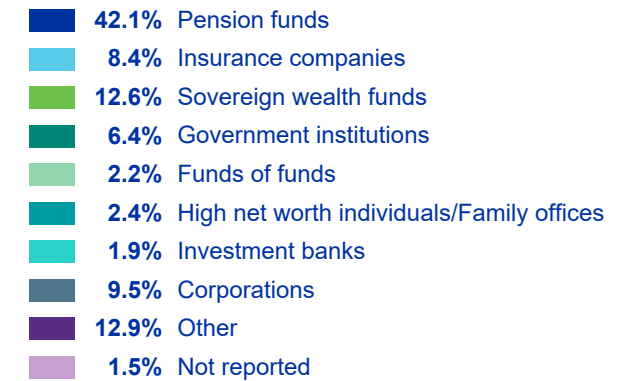
Figure 34: Non-listed direct real estate AUM by institutional investor type



Asia Pacific



Europe



North America

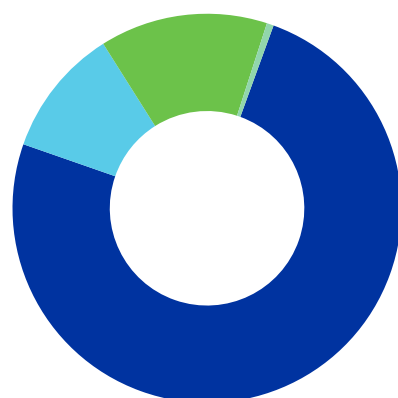
Non-listed direct real estate AUM by investor domicile

Regional strategies tend to be funded by domestic capital regardless of region. European strategies are those that show strongest home bias with 81.2% of the AUM for non-listed direct real estate being sourced from European investors. The rest comes from Asia Pacific (9.5%), North America (9.2%) and South America (0.2%).

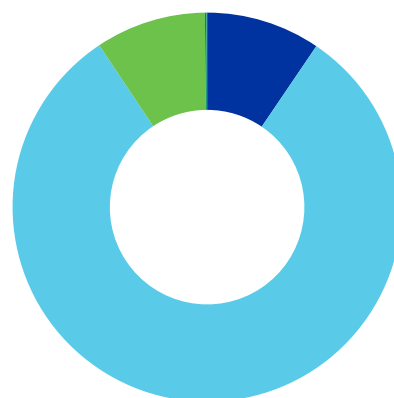
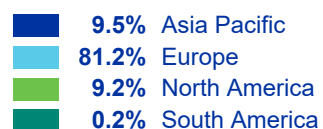
Asia Pacific strategies show more diversity in their investors base with 74.8% of the non-listed direct real estate AUM obtained from investors domiciled in the region. The remaining 25.2% is split between capital from Europe (10.7%), North America (13.9%) and Africa (0.6%).

Less than two thirds, 61.4%, of non-listed direct real estate AUM for North American strategies is sourced from home. Here more than one third (38.6%) of capital comes from other regions, with a higher presence of European investors (22.4%) than Asia Pacific (15.3%) and the others.

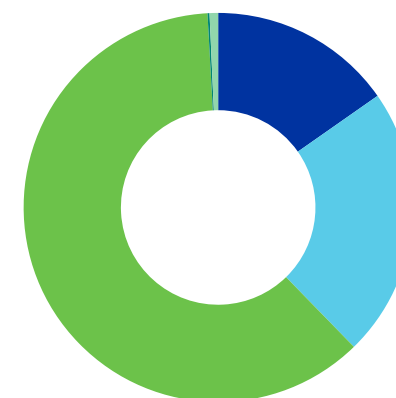
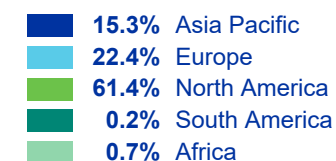
Figure 35: Non-listed direct real estate AUM by institutional investor domicile



Asia Pacific



Europe



North America

Mergers and acquisitions

Less than a fifth of respondents were involved in merger or acquisition (M&A) activities over the past 10 years.

The consolidation trend started four years ago continues in the real estate industry.

Regarding M&A motivations, a wide variety of unprompted responses (free text box) were provided. These responses were grouped under headings such as scale, enhanced product offering, expanding geographic footprint, diversification, better returns, and opportunism. In some cases, more than one motivation was mentioned which was grouped into 'multi-rationale'.

The key motivation for M&A activity was expanding geographic footprint which was cited by 30.0% of respondents. Next was multitude of reasons (26.7%) followed by scale (16.7%).

Figure 36: Merger activities in the past 10 years

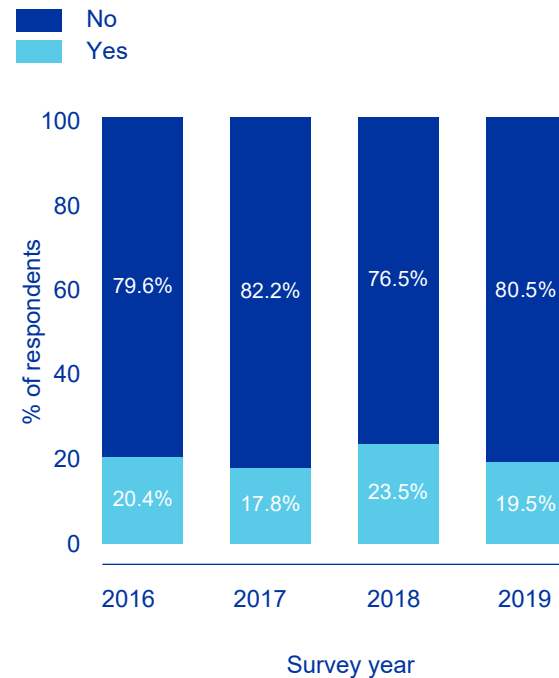


Figure 37: Acquisition activities in the past 10 years

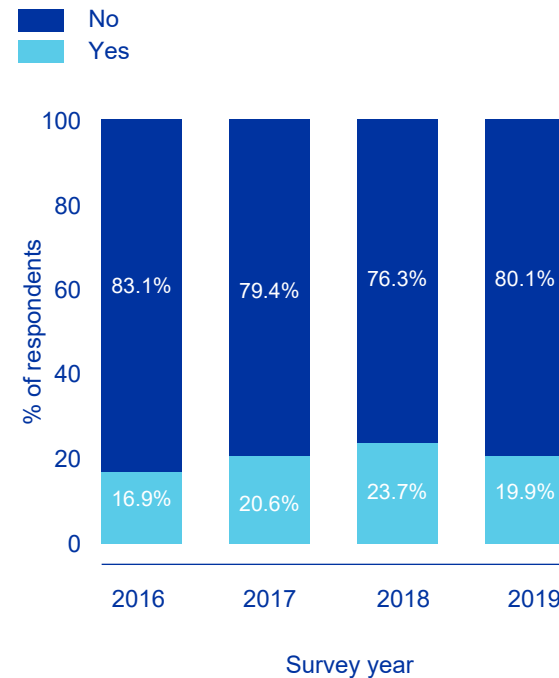
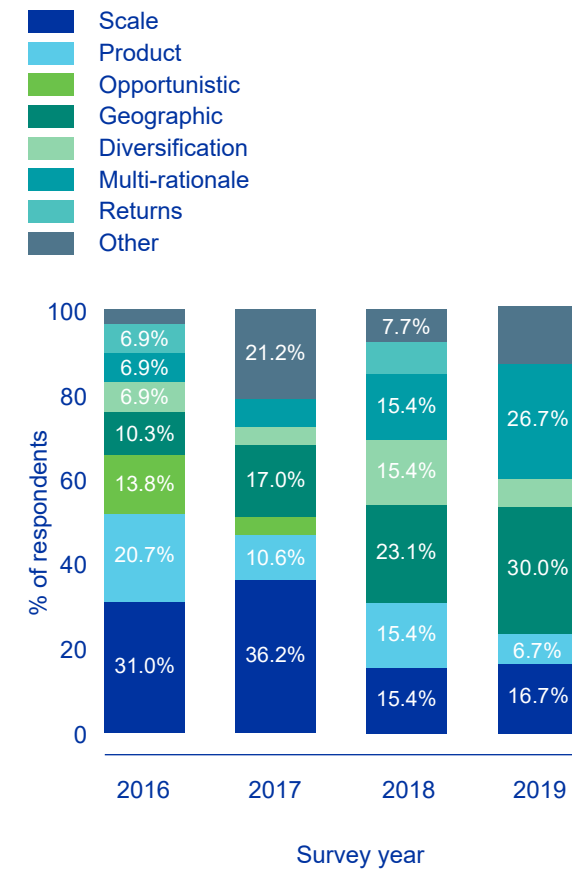


Figure 38: Motivations for merger and acquisition activity



Participants

ANREV, INREV and NCREIF would like to thank the following list of managers for their contribution to the Fund Manager Survey 2019, and gave permission for their company names to be published:

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 Phoenix Property Investors
 Piramal Fund Management
 PNC
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 Propertylink
 Proprium Capital Partners
 QIC
 Quantum Immobilien KVG mbH
 Redevco
 Regency Centers
 Reggeborgh Vastgoed BV
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 Trevian Asset Management
 Tristan Capital Partners
 UBS Asset Management
 Union Investment
 Unite Students
 Vesteda
 Vicinity Centres
 Waterton
 White Oak Partners
 White Peak Real Estate Investment

Glossary

Total real estate asset under management (AUM)

Refers to market value of real estate-related assets with respect to which your company provides, on a global basis, oversight, investment management services and other advice (for third party capital and internal client capital), and which generally consist of real estate funds and real estate-related loans; securities portfolios; and investments in operating companies, joint ventures, separate accounts and funds of funds

Non-listed real estate vehicle

Refers to a structure where investors' capital is pooled together and managed as a single entity with a common investment aim.

Non-listed direct real estate vehicle

Refers to a vehicle investing directly into real estate.

Non-listed real estate fund/commingled fund/private REIT

A structure where capital of at least three investors is pooled to undertake a pre-defined strategy of investing into real estate assets.

Separate account investing directly into real estate

A vehicle with capital commitments from one investor allocated directly into assets rather than funds.

Separate account investing into indirect vehicles

A vehicle with capital commitments from one investor allocated to a series of property funds within a defined strategy.

Joint venture and club deal

Vehicles with capital commitments from two or a small number of investors (including co-investment) allocated to a redefined direct real estate strategy.

Fund of funds

A real estate fund of funds is a collective investment vehicle that uses a strategy of holding a portfolio of investments in other real estate funds rather than investing directly into real estate.

Listed real estate fund

A fund investing directly into real estate.

Real estate securities fund

A fund investing into listed securities.

Non-listed debt products

1) Mezzanine debt fund: fund which is supplying real estate borrowers with the layer of financing that sits between the senior debt and the equity in the capital structure.

2) Senior debt fund: fund which provides the borrowers with loans, which have first priority within the capital structure.

European vehicle

A vehicle investing $\geq 90\%$ in Europe (including UK). This includes single country and pan-European funds.

Asia Pacific vehicle

A vehicle investing $\geq 90\%$ in Asia Pacific (including Australia). This includes single country and pan-Asia Pacific funds.

North American vehicle

A vehicle investing $\geq 90\%$ in North America.

South American vehicle

A vehicle investing $\geq 90\%$ in South America.

African vehicle

A vehicle investing $\geq 90\%$ in Africa.

Global vehicle

A vehicle invested in more than one continent and not more than 90% allocated to one continent.

Manager co-investment

Own company investments and own fund management team investments.

For more definitions visit the [Global Definitions Database](#).

