



Industry News

The inside scoop from the world of private real estate gathered by Preqin's team of researchers.

Public pension funds are significant backers of private real estate, and several of these institutions have recently revealed new plans regarding their involvement in the asset class.

The \$224.1bn industry giant [California Public Employees' Retirement System \(CalPERS\)](#) has allocated \$1.75bn to a separately managed account. The account, called Fifth Street Properties, is managed by Commonwealth Partners and will focus on the acquisition of office assets, with 80-85% targeted towards core investments in Boston, New York City, San Francisco, Seattle, Southern California and Washington DC. Commonwealth Partners is no stranger to operating a managed account for CalPERS, as the firm already runs a different mandate for the pension fund called National Office Partners.

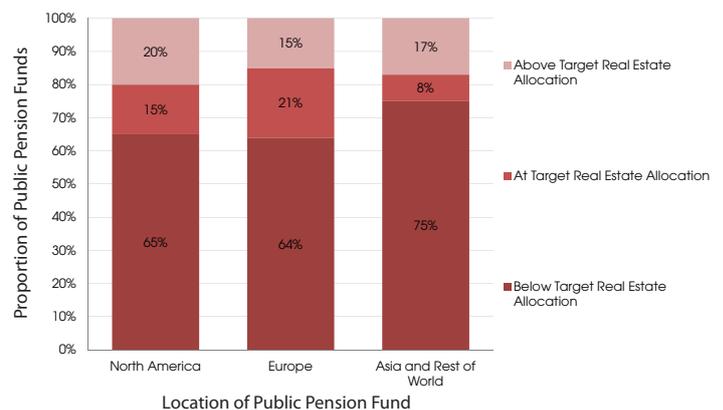
Elsewhere in the US, [San Diego City Employees' Retirement System \(SDCERS\)](#) has decided to invest in core real estate funds in the coming 12 months. The \$5.3bn investor has an 11% allocation to real estate and expects to allocate \$50mn to US-focused real estate vehicles over the coming year, targeting core and non-core strategies. The capital for this new investment will come from the \$70mn that was redeemed from its REIT investments in 2011. SDCERS has already allocated \$30mn to [JP Morgan Strategic Property Fund](#), to which it had initially committed \$30mn in 2010. Also stepping up its private real estate investment is New Jersey State Investment Council, which has raised its target allocation to the asset class from 5% to 5.5% of AUM. The pension fund currently has around \$72.1bn in assets and has committed \$150mn across two real estate funds.

Further afield, [Thailand Government Pension Fund](#) intends to invest THB 7.9bn (approximately \$250mn) with 10 to 20 private real estate fund of funds vehicles across the next 12 months. The THB 525bn pension fund currently has an allocation of 5.5% to real estate, and is targeting exposure to core, core-plus, and value added strategies.

In Europe, the Netherlands-based [Doctors Pension Funds Services](#), which has not made any new investments in real estate funds over the last 12 months, is now looking to make new real estate fund investments over the next year. The €8bn pension fund wants to deploy €75mn across three core vehicles, with a plan to invest in one fund by the end of Q3 2012 and a further two vehicles in Q4.

In the funds space, there have been a few new launches in recent weeks. The third fund from UK-based [Frogmore Real Estate Partners](#) was launched, targeting £350mn from investors to pursue opportunistic investments in the UK. The firm was established in 1961 and started this fund series in 2006 with a £330mn fund. In Australia, [Altis Property Partners](#) has come to market with its [Altis Real Estate Equity Partnership Vintage 2](#) fund. The vehicle, which is targeting AUD 200mn (with a AUD 250mn hardcap), has already had a first close and runs an opportunistic and value added strategy, targeting industrial and office properties in Australia.

Chart of the Month: Current Level of Public Pension Funds' Real Estate Allocation Relative to Target by Region



Source: Preqin Real Estate Online

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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