

# Investors in Emerging Market Real Estate Turn to Local Fund Managers

**Majority of capital raised for emerging market-focused real estate funds in 2011 attracted by fund managers based outside North America and Europe.**

Fifty-nine percent of capital raised for emerging market private real estate investments last year was committed to fund managers headquartered outside established markets, such as North America and Europe. This represents a significant increase from 2005, which saw just 18% of capital raised for emerging markets going to local GPs, but a decrease from 2010, when a record 77% of capital was committed to emerging market-based managers. Since 2008 the general emerging market trend has been an increase in capital flowing away from international managers towards locally headquartered funds, reflecting the growth of the industry in these non-traditional areas.

## Key Stats:

- An aggregate \$7.5bn was raised in 2011 for private real estate funds targeting emerging markets. This is slightly above the \$6.6bn raised in 2010, but far below the \$34.3bn raised for such funds in 2008.
- The proportion of all real estate fundraising accounted for by emerging market-focused funds remains relatively constant, standing at 14% for 2011 and 2010, and 15% in 2009.
- In 2011 the majority of capital was raised by Asia-focused funds (\$4.1bn), with Latin America-focused funds garnering \$3bn and \$0.4bn being raised for Central and Eastern Europe.
- The bulk of capital raised for emerging market-focused real estate funds in 2011 (87%) and 2012 YTD (83%) has been for country-specific or regional funds, as opposed to more general global/pan-continental vehicles.
- There are currently 87 funds with a primary focus on emerging markets seeking investor capital, targeting aggregate commitments of \$28.1bn.
- Thirty-three percent of private real estate fund investors have a preference for investment in Asia, while 5% target Latin America and Central & Eastern Europe respectively. Two percent have a preference for MENA and 1% for opportunities in Africa.

To view the full report, please visit:

[http://www.preqin.com/docs/newsletters/RE/Preqin\\_Real\\_Estate\\_Spotlight\\_June\\_2012.pdf](http://www.preqin.com/docs/newsletters/RE/Preqin_Real_Estate_Spotlight_June_2012.pdf)

## Comment:

“The shift towards investors committing to local emerging market fund managers highlights the increasing sophistication of the real estate industry in many emerging market regions. Rapidly growing regions such as Asia have seen an increase in the number of local fund managers launching funds over the past few years, as well as the number of both domestic and international institutional investors that are turning to these firms for their local expertise.

Despite steady appetite, the short-term outlook suggests a challenging fundraising environment for emerging markets, with many investors not actively looking for new investments or focusing on markets closer to home. In the medium to long term, however, it seems likely that emerging markets-focused offerings will become more important to the private real estate market as a whole.”

## Andrew Moylan, Manager – Real Estate Data

### 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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