This report is an excerpt from: **Preqin Quarterly: Real Estate, Q3 2012**. To download the full report please visit: https://www.preqin.com/docs/quarterly/RE/Real_Estate_Quarterly_Q3_2012.pdf

Dry Powder

A total of $165bn in dry powder is available to closed-end private real estate fund managers globally as of the end of Q3 2012. This is a small increase on the $159bn available at the end of Q2 2012, but slightly less than the $167bn available in December 2011. Fig. 27 shows the level of dry powder available and the amount of capital invested by closed-end private real estate funds by vintage year. With the average investment period for real estate funds at approximately three years, there is pressure on managers of older funds to put capital to work.

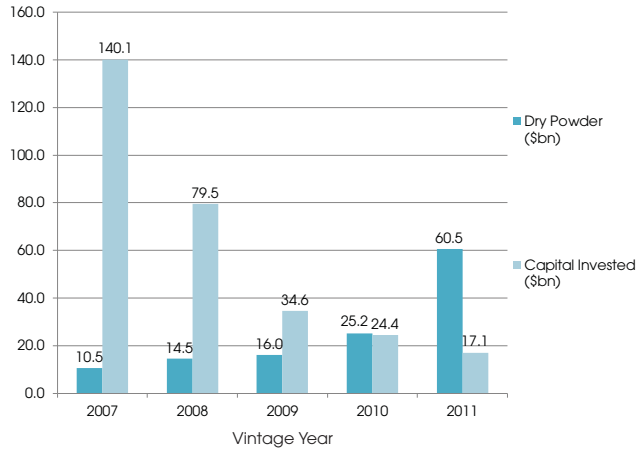
Fig. 28 shows the level of dry powder over time since December 2003 split by primary regional focus. North America-focused funds have recently seen an increase in the amount of dry powder available to them. As of September 2012, primarily North America-focused funds had $92bn of dry powder available to them compared to $85bn in December 2011. Dry powder available for funds with a main focus on Europe has remained fairly stable over the past few years, although these funds experienced a slight decrease between December 2011 and September 2012, with $35bn available in September 2012, compared to $37bn available as of December 2011. Asia and Rest of World-focused funds have experienced a steady decline in the amount of dry powder available to them over recent years, with dry powder decreasing from $50bn in December 2008 to $32bn in September 2012, indicating a more active investment market.

The amount of dry powder available to closed-end real estate funds, split by strategy, has varied since 2003, as shown by Fig. 29. The amount of dry powder available to closed-end core and core-plus vehicles has increased since December 2010, with funds targeting these strategies now having $8bn respectively in available dry powder. Opportunistic and value-added fund dry powder levels fell significantly between December 2009 and December 2011, owing to the decline in fundraising levels for these strategies as investor sentiment moved towards more risk-averse fund types. Distressed fund levels of dry powder have remained relatively steady since December 2010, as investment opportunities and fundraising levels have increased in recent years.

Preqin's Real Estate Online features up-to-date and historic data on the levels of capital held in reserve by real estate funds, and customizable league tables of GPs with the most dry powder.

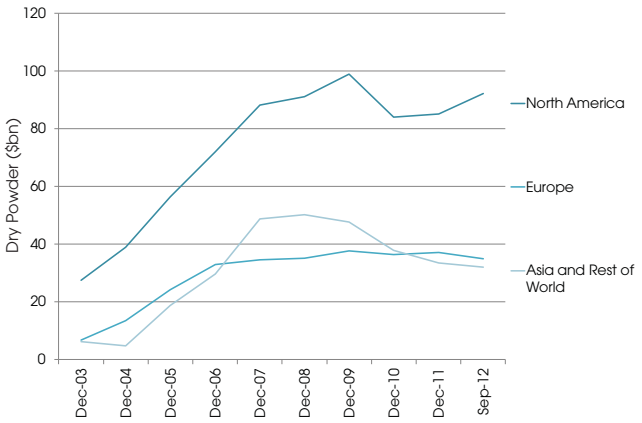
www.preqin.com/reo

Fig. 27: Closed-End Private Real Estate Funds - Capital Invested and Dry Powder Remaining by Vintage Year as of September 2012



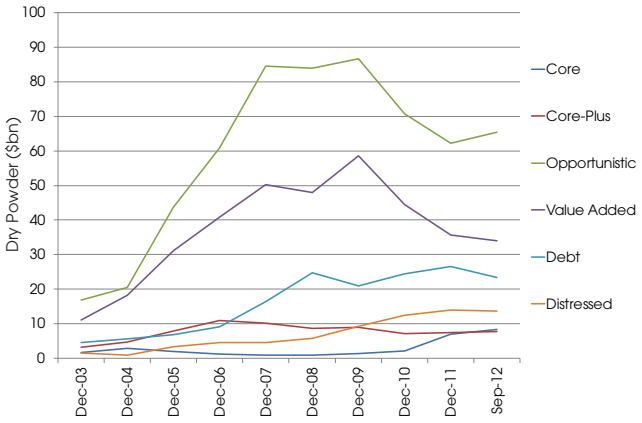
Source: Preqin Real Estate Online

Fig. 28: Closed-End Private Real Estate Dry Powder by Primary Regional Focus, 2003-2012



Source: Preqin Real Estate Online

Fig. 29: Closed-End Private Real Estate Dry Powder by Strategy, 2003-2012



Source: Preqin Real Estate Online

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