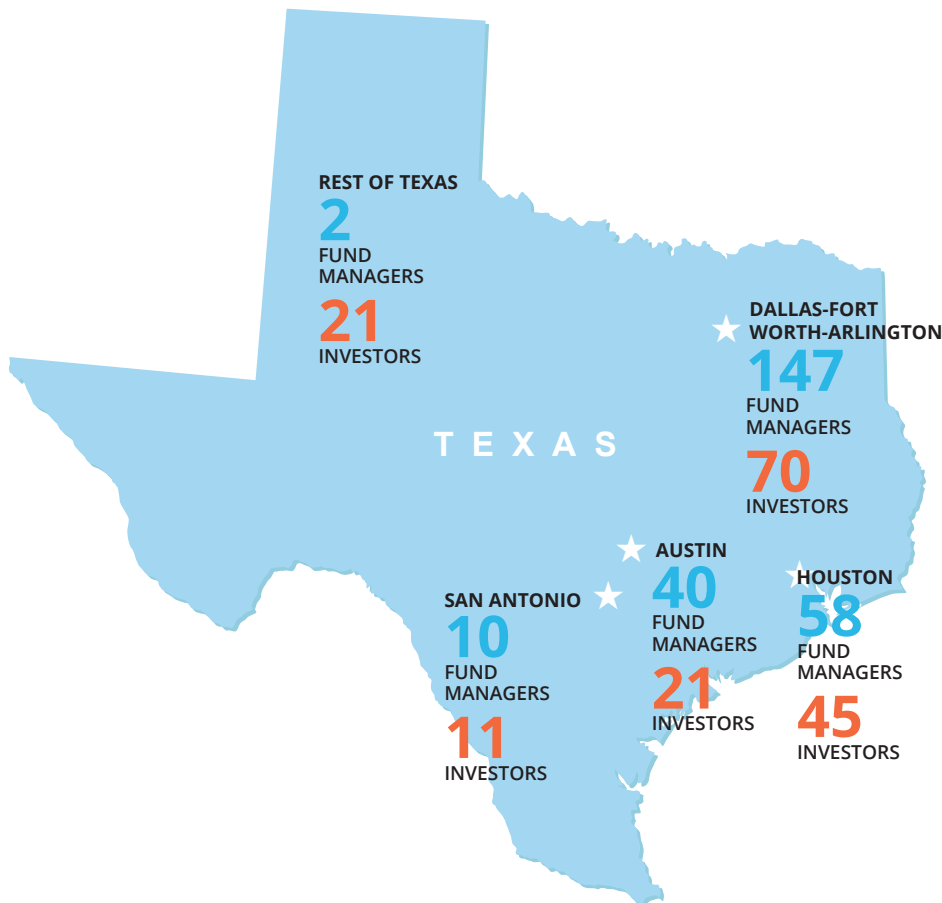


# REAL ESTATE IN TEXAS

The real estate market in Texas is one of the largest in the US both for institutional investors and fund managers. Here, we take a look at the opportunities available to fund managers, the fundraising activity of firms and Texas-based investors' appetite for the asset class.

## Texas-Based Private Real Estate Fund Managers and Institutional Investors:



## KEY FACTS

**257**  
Texas ranks third among US states in terms of the number of fund managers.

**34**  
Texas-based funds in market targeting \$9.2bn.

**5<sup>th</sup>**  
Texas ranks fifth among US states in terms of the number of institutional investors.

**7.1%**  
Average current allocation to private real estate among Texas-based institutional investors.

Fig. 1: Largest Texas-Based Fund Managers by Aggregate Capital Raised for Closed-End Real Estate Funds in the Last 10 Years

Firm	Headquarters	Capital Raised in Last 10 Years (\$bn)	Dry Powder (\$bn)
Lone Star Funds	Dallas	56.6	9.8
Crow Holdings Capital - Real Estate	Dallas	5.4	1.3
TPG Real Estate	Fort Worth	2.1	0.6
Hines	Houston	1.9	1.2
Pennybacker Capital	Austin	0.9	0.4

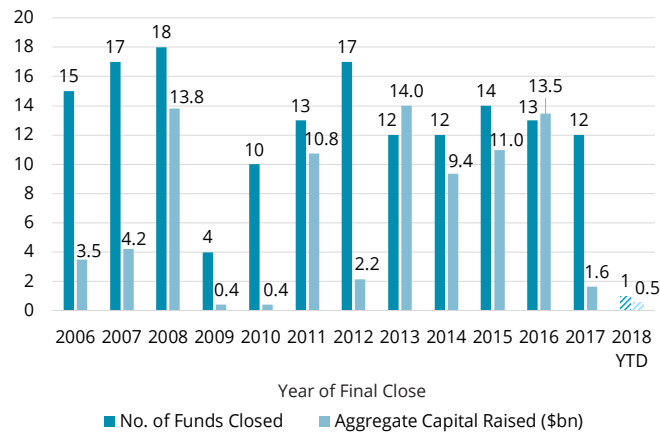
Source: Preqin

Fig. 2: Largest Texas-Based Investors by Current Allocation to Real Estate

Investor	Location	Type	AUM (\$bn)	Current Allocation to Real Estate (\$bn)	Geographic Preferences
Teacher Retirement System of Texas	Austin	Public Pension Fund	146	17.8	North America
United Services Automobile Association (USAA)	San Antonio	Insurance Company	147	3.0	Global, OECD
Employees' Retirement System of Texas	Austin	Public Pension Fund	28	2.6	North America
Texas Permanent School Fund State Board of Education	Austin	Sovereign Wealth Fund	33	2.4	North America, Europe
Texas Municipal Retirement System	Austin	Public Pension Fund	27	2.2	Global, OECD

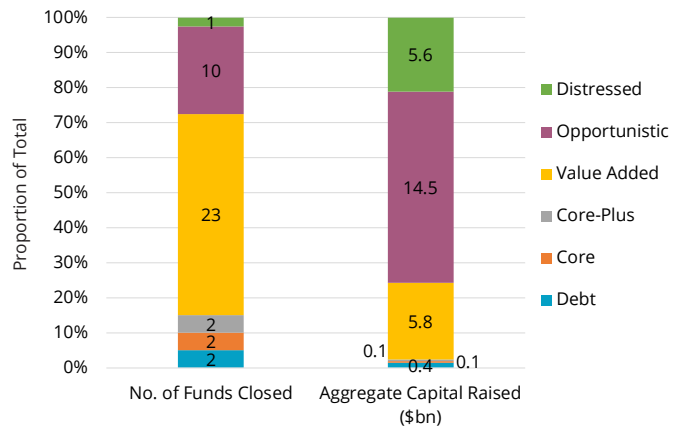
Source: Preqin

**Fig. 3: Annual Texas-Based Closed-End Private Real Estate Fundraising, 2006 - 2018 YTD (As at March 2018)**



Source: Preqin

**Fig. 4: Texas-Based Closed-End Private Real Estate Fundraising by Primary Strategy, 2015 - 2018 YTD (As at March 2018)**



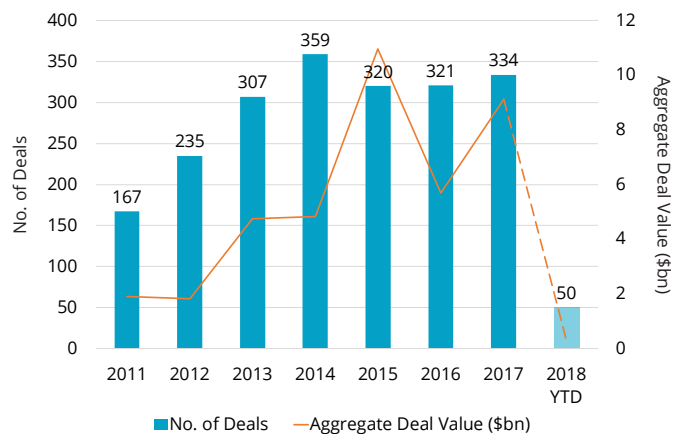
Source: Preqin

**Fig. 5: Largest Texas-Based Closed-End Private Real Estate Funds in Market (As at March 2018)**

Fund	Firm	Target Size (mn)	Strategies	Geographic Focus	Primary Property Focus
TPG Real Estate Fund III	TPG Real Estate	3,000 USD	Opportunistic, Value Added	US	Residential
Crow Holdings Realty Partners VIII	Crow Holdings Capital - Real Estate	1,500 USD	Core-Plus, Value Added	US	Diversified
Hines European Value Fund	Hines	500 EUR	Core-Plus, Value Added	Europe	Diversified
Century Bridge China Real Estate Fund II	Century Bridge Capital	400 USD	Opportunistic	China	Residential
TSP Value & Income Fund II	Transwestern Investment Group	350 USD	Value Added	US	Diversified
Epic Real Estate Partners II	Epic Real Estate Partners	300 USD	Value Added	North America	Retail
Stonelake Opportunity Partners V	Stonelake Capital Partners	300 USD	Debt, Opportunistic	US	Diversified
CapRidge Partners Value Fund III	CapRidge Partners	250 USD	Value Added	US	Diversified
Crow Holdings Self-Storage Fund	Crow Holdings Capital - Real Estate	250 USD	Value Added	North America	Niche
MedProperties Fund III	MedProperties	250 USD	Opportunistic, Value Added	US	Niche

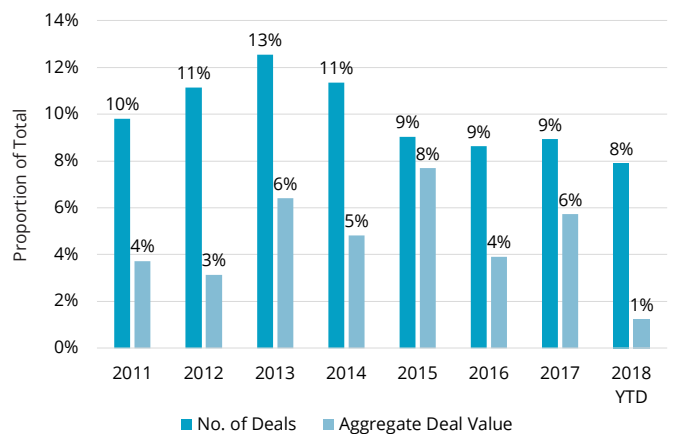
Source: Preqin

**Fig. 6: PERE Deals Completed in Texas, 2011 - 2018 YTD (As at March 2018)**



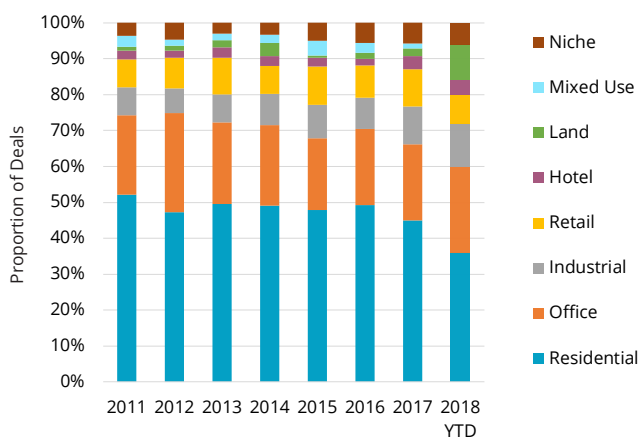
Source: Preqin

**Fig. 7: PERE Deals Completed in Texas as a Proportion of All US PERE Deals, 2011 - 2018 YTD (As at March 2018)**



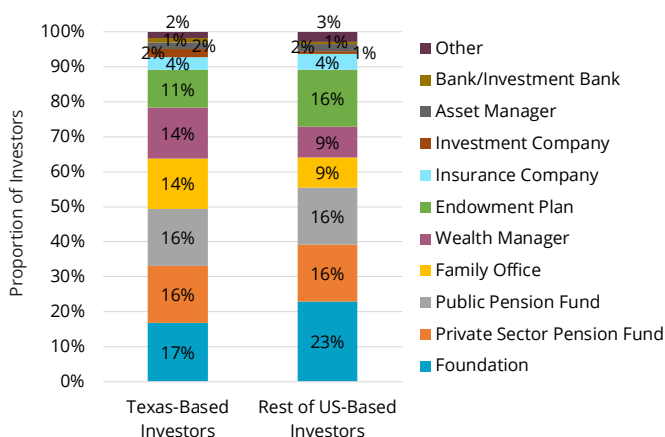
Source: Preqin

**Fig. 8: PERE Deals Completed in Texas by Asset Type, 2011 - 2018 YTD (As at March 2018)**



Source: Preqin

**Fig. 9: Institutional Investors in Real Estate by Type**



Source: Preqin

**Fig. 10: Five Largest Single-Asset PERE Deals Completed in Texas, 2017 - 2018 YTD (As at March 2018)**

Asset	Primary Asset Type	Buyer(s)	Seller(s)	Deal Size (mn)	Location	Date
Sheraton Dallas Hotel	Hotel	Chartres Lodging Group	Goldman Sachs Merchant Banking Division	218 USD	Dallas	Jun-17
Marathon Oil Tower	Office	Hertz Investment Group	CBRE Global Investors	195 USD	Houston	Jun-17
Moore Plaza	Retail	Rainier Companies, The Continuum Company	Unidentified Seller/s	192 USD	Corpus Christi	Feb-18
Helios Plaza	Office	Invesco Real Estate	Woodbranch Investments Corp.	175 USD	Houston	Sep-17
The Village at Allen	Retail	American Realty Advisors, DLC Management Corporation	PGIM Real Estate	170 USD	Allen	Dec-17

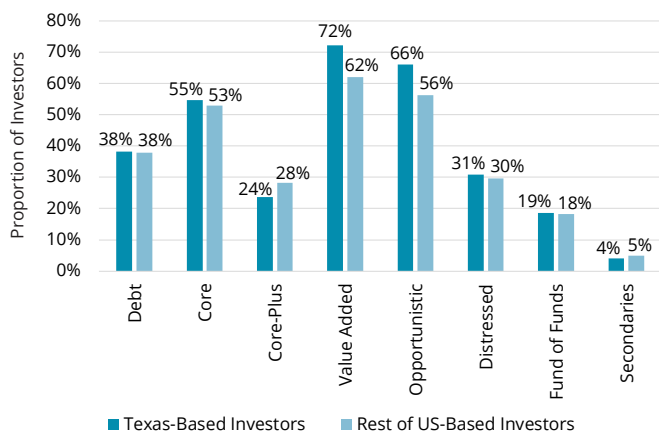
Source: Preqin

**Fig. 11: Five Largest PERE Portfolio Deals with Exposure to Texas, 2017 - 2018 YTD (As at March 2018)**

Asset	Primary Asset Type	Buyer(s)	Seller(s)	Deal Size (mn)	No. of Assets	Location	Date
Houston Center	Office	Brookfield Property Group	JP Morgan Asset Management	875 USD	4	Houston	Sep-17
US, Shopping Center Portfolio	Retail	O'Connor Capital Partners, Washington Prime Group	Unidentified Seller/s	600 USD	7	Ann Arbor, Austin, Malibu, McAllen, Oklahoma City	May-17
Houston, TX, Office Portfolio	Office	CPP Investment Board, Silverpeak Real Estate Partners, TH Real Estate	Parkway	512 USD	2	Houston	Feb-17
US, Multi-family Portfolio	Residential	Blackstone Group	TA Realty	430 USD	6	Gurnee, Katy, Lenexa, Palm Beach Gardens	Apr-17
Austin, TX, Office Portfolio	Office	Starwood Capital Group	Brandywine Realty Trust, DRA Advisors	360 USD	5	Austin	Sep-17

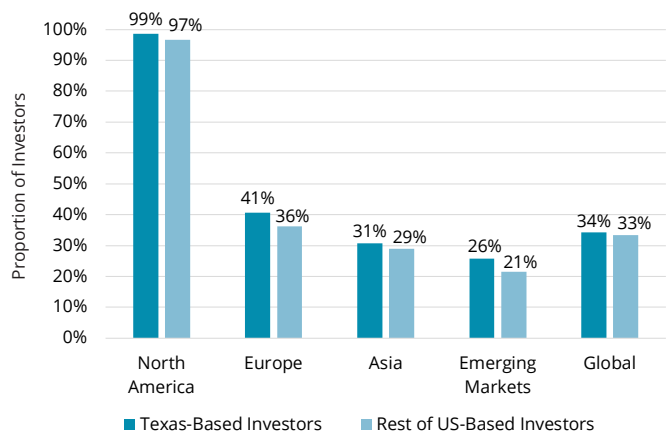
Source: Preqin

**Fig. 12: Strategy Preferences of Institutional Investors in Real Estate**



Source: Preqin

**Fig. 13: Geographic Preferences of Institutional Investors in Real Estate**



Source: Preqin

**Fig. 14: Sample Active Texas-Based Investors in Real Estate**

Investor	Type	Location	Plans for Next 12 Months
Texas Christian University Endowment	Endowment Plan	Fort Worth	Will invest \$100mn in core private real estate funds with global exposure.
GuideStone Financial Resources	Asset Manager	Dallas	Looking to commit to in one or two private real estate funds on an opportunistic basis.
Employees' Retirement System of Texas	Public Pension Fund	Austin	Plans to invest in the asset class on a continuous basis as it looks to reach its 12% target allocation to real estate.

Source: Preqin

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- Historical fundraising: 246 Texas-based and 3,231 US-based funds closed previously
- Investors: view detailed profiles for 168 Texas-based and 3,023 US-based investors, including investment preferences and future plans
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