

2018 Proves a Stellar Year for Private Real Estate

Fundraising and deal activity is strong, but success brings its own challenges

The 2019 Preqin Global Real Estate Report finds that fund managers and investors alike are positive about the asset class in 2018. The vast majority of investors surveyed by Preqin felt the performance of their real estate investments met or exceeded their expectations through the year, and 2018 marked the fifth consecutive year in which distributions have exceeded capital called up. Fund managers also had a good year, with 2018 marking the sixth consecutive year in which they raised more than \$100bn. This helped to push total assets under management to a record \$909bn as of the end of June. However, success brings its own challenges. High asset valuations and competition for deals have led two-thirds of fund managers surveyed to lower their targeted returns, and a large proportion of investors expect their 2019 returns to be lower than they were in 2018.

For a summary of the key trends affecting alternative assets, view the *Alternatives in 2019* report here:

<https://www.preqin.com/insights/special-reports-and-factsheets/alternatives-in-2019/25537>

Members of the media can request a complimentary press copy of the 2019 Global Real Estate Report by emailing press@preqin.com.

Tom Carr, Head of Real Estate:

“Private real estate had another stellar year: fundraising levels remained strong, real estate outperformed public indices as well as other private capital strategies, and capital distributions outstripped capital called up. So, it’s unsurprising to see that investors and fund managers report satisfaction with the asset class. However, real estate is facing a more challenging road ahead. Competition is intensifying, and industry players are facing higher valuations for deals. Presented with these challenges, fund managers and investors will need to focus more aggressively on the particular strategies or sectors of the market which they feel present the best opportunities for value.”

Key Real Estate Trends:

- In 2018, **300 private real estate funds secured an aggregate \$124bn**. This marks the sixth consecutive year that real estate funds have raised over \$100bn.
- This helped bring total private real estate **assets under management to a record \$909bn** as at June 2018.
- **Ninety percent of investors felt the performance of their real estate investments met or exceeded their expectations in 2018.**
- Capital **distributions back to investors reached \$100bn in H1 2018** – the sixth consecutive year in which distributions outstripped capital calls (\$80bn).
- Asset valuations were cited by 54% of fund managers and investors alike as a **key concern in 2019**. A third of investors and 47% of fund managers also cited competition for deals.
- As such, **a third of investors expect their real estate portfolios to perform worse in 2019** compared to 2018, while just 8% expect to see stronger performance.
- Fund managers seem to agree, as **two-thirds of fund managers have lowered their targeted returns in 2019**.

Preqin is the home of alternative assets, providing industry-leading intelligence on the market and cutting-edge tools to support participants at every stage of the investment cycle. More than 73,000 industry participants in over 90 countries rely on Preqin as their indispensable source of data, solutions and insights.

Preqin’s data and analysis is frequently presented at industry conferences, and is used in the global financial press and academic journals & white papers. We are always happy to support journalists by providing reports, custom data and one-on-one interviews.

For more information, contact our dedicated press team at press@preqin.com or call (+44) 20 3207 0265.