

## Largest Investors Allocate \$2.53tn to Real Estate

**'Billion Dollar Club' investors' total allocations equivalent to 84% of total industry assets**

The 'Billion Dollar Club', comprising those institutional investors which allocate \$1bn or more to real estate, has grown to 499 members in 2018. This is up from 442 in 2017, a 13% increase, illustrating the abiding interest in real estate investments. In total, Billion Dollar Club investors have \$2.53tn allocated to the asset class, equivalent to 84% of the \$3.01tn in assets held by the industry. This is up substantially from \$2.19tn that they allocated in 2017, as almost all investor types in the Club saw double-digit percentage point increases to their allocations. Public pension funds and insurance companies comprise the largest proportions of the Billion Dollar Club, accounting for 28% and 21% of its members respectively, and each accounting for 26% of aggregate allocations. While Middle East-based institutions only account for 2% of Club investors, they collectively allocate \$131bn to real estate. Institutions contributing to this figure include the largest to invest in real estate – Abu Dhabi Investment Authority, which allocates \$62bn to the asset class.

**For more information and analysis, see the full *August Real Estate Spotlight* here:**

<http://docs.preqin.com/newsletters/re/Preqin-Real-Estate-Spotlight-August-2018.pdf>

### Key Billion Dollar Club Investor Facts:

- As at July 2018, **there are 499 institutional investors which allocate \$1bn or more to real estate**, up 13% from the 442 members of the Billion Dollar Club in 2017.
- Although Billion Dollar Club members comprise just 8% of active investors in real estate, **they allocate \$2.53tn to real estate in total** – 84% of total assets under management held by the industry.
- **Public pension funds and insurance companies comprise the largest groups** of Billion Dollar Club members, accounting for 28% and 21% of investors respectively, and each accounting for 26% of aggregate allocations.
- **Forty-seven percent of Billion Dollar Club members are based in Europe**, while 34% are in North America and 10% are in Asia.
- Middle East-based institutions only account for 2% of Billion Club investors, but they **collectively allocate \$131bn to real estate** – 5% of total capital allocated to the asset class by Club members.
- The Middle East-based sovereign wealth fund **Abu Dhabi Investment Authority is the largest allocator to real estate**, with an estimated allocation of \$62bn.
- Billion Dollar Club members have higher average allocations than other real estate investors. **They allocate an average of 11.1% of their assets to real estate**, compared to 8.0% among other investors.

### Tom Carr, Head of Real Estate:

"The Billion Dollar Club of the largest investors in real estate has grown to almost 500 members and the allocations of these investors now exceed \$2.5tn, accounting for the vast majority of capital dedicated to the industry. It is striking that this figure has grown so much over the past year, and perhaps reflects a trend towards inflation-hedging and non-correlated assets on the part of investors.

The appeal of real estate in this regard is strong: opportunities for investment in the asset class are diverse both globally and across risk/return profiles. It also offers several different methods of accessing the asset class, from liquid REITs to long-term direct acquisitions of 'trophy' assets. This allows investors to manage their liquidity and investment preferences without correlating their real estate portfolios more closely to public market investments. We may see more investors position themselves in anticipation of a market shift in the coming months and embrace real estate investments further, in which case the Billion Dollar Club could continue to swell."

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