ANREV/INREV/NCREIF Fund Manager Survey 2017 Snapshot

Fund managers reached a new record of US$2.5 trillion of real estate assets under management

▶ Top 10 largest fund managers represent 38.8% of total AUM

▶ JVs and club deals make up a material part of the value in Asia Pacific (28.0%)

▶ Pension funds continue to be the dominant investor type for non-listed direct real estate

As of 31 December 2016, the total real estate assets under management (AUM) was US$2.5 trillion compared to US$2.19 trillion at the end of 2015. The top 3 fund managers' assets under management comprises over US$420 billion and the top 50 fund managers increase their assets under management by more than US$4 billion each.

The Blackstone Group tops the list with US$150.9 billion of gross asset value (GAV) of non-listed real estate assets under management. Following closely, Brookfield Asset Management ranks second with US$148.0 billion of total real estate AUM. PGIM occupies the third position with US$121.7 billion of global real estate AUM.

Within Asia Pacific strategies, the top 3 fund managers remain the same. CapitaLand continues to lead with US$42.4 billion of total real estate AUM. Fosun Property Holdings ranks second with a total real estate asset management portfolio of US$32.4 billion. Mapletree Investments occupies the third rank with US$23.6 billion of real estate AUM.

For European strategies, AXA Investment Managers – Real Assets occupies the top position with US$61.2 billion of real estate assets under management. CBRE Global Investors and Aviva Investors, rank at the second and third spot with real estate AUM of US$47.7 billion and US$45.7 billion respectively.

In terms of North American strategies, PGIM is the largest fund manager with total real estate AUM of US$97.6 billion followed closely by Brookfield Asset Management with real estate AUM of US$93.8 billion. Hines with US$70.6 billion occupies the third spot in the ranking.

Asia Pacific strategies accounted for 17.1% of total real estate assets under management of fund managers in 2016 (US$434.6 billion) while European strategies real estate assets under management grew from US$765.1 billion to US$875.7 billion, accounting to 34.4% of the total assets of under management of fund managers in 2016. North

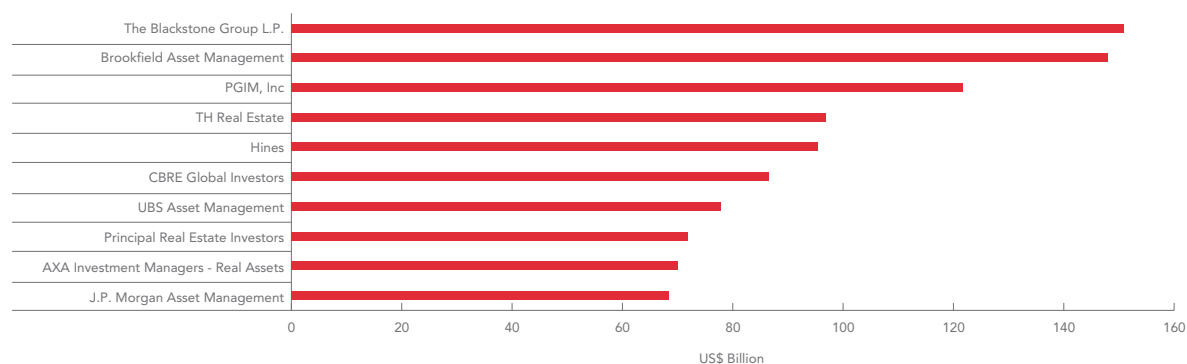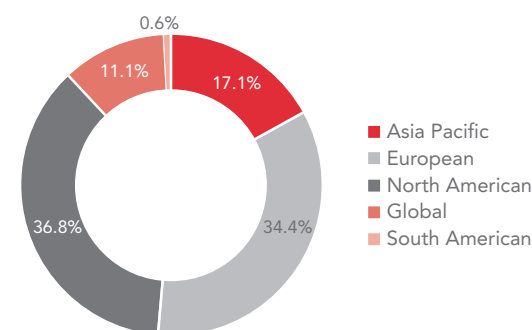**Figure 1 – Top 10 fund managers by total AUM – upper quartile**

Figure 2 – Total real estate assets under management by regional strategy

America takes the largest share of the pie with US$935.5 billion or 36.8% of total real estate AUM. Global strategies account for 11.1% of total assets under management (US$283.6 billion) and the remaining 0.6% is for South American strategies (US$14.9 billion) and US$46 million for African strategies.

In terms of non-listed direct real estate vehicles, fund managers manage a total of 4,213 vehicles with a combined value of US$1.8 trillion. In terms of value, vehicles with an Asia Pacific strategies amount to US$259.4 billion (14.2%) where European strategy amount to US$726.8 billion (or 39.7%) in total. North American vehicles, worth a total of US$654.3 billion, constitute 35.7% of this universe. The remainder is split between vehicles invested globally (US$179.9 billion or 9.8%) and South America (US$10.8 billion or 0.6%).

Most of the value of the assets under management are managed under a non-listed funds structure but within the various regional strategies, the breakdown by vehicle type contrasts. JVs and club deals make up a material part of the value in Asia Pacific (28.0%), North American (16.0%) and European strategies (10.1%), but barely feature in global strategies (0.1%). In terms of number of JVs and club deals, Asia Pacific leads the pack (55.8% of its total is in JVs and clubs), suggesting that the average size of such deals is smaller in that region.

Pension funds continue to be the dominant investor type for non-listed direct real estate. For non-listed real estate funds, 55.9% of the asset base comes from pension funds. For separate accounts investing directly into real estate, pension funds amounted to

43.3% of the gross asset value. The second biggest source for separate accounts, accounting for 20.7% of the total, was the insurance sector.

Pension funds are less significant for JVs and club deals where the proportions of capital coming from other investor types is much greater. Almost a third (29.2%) came from sovereign wealth funds (14.3%) and corporations (14.9%).

Considering investment style and regional strategies, funds fall into two broad camps (measured by value): the Global and South American strategies, where the higher risk value added and opportunity styles are most common, and Asia Pacific, European and North American strategies, where core is dominant. It is striking that 80.0% of the assets in global strategies have an opportunity style.

Figure 3 – Value of non-listed real estate vehicles by regional strategy and by vehicle type
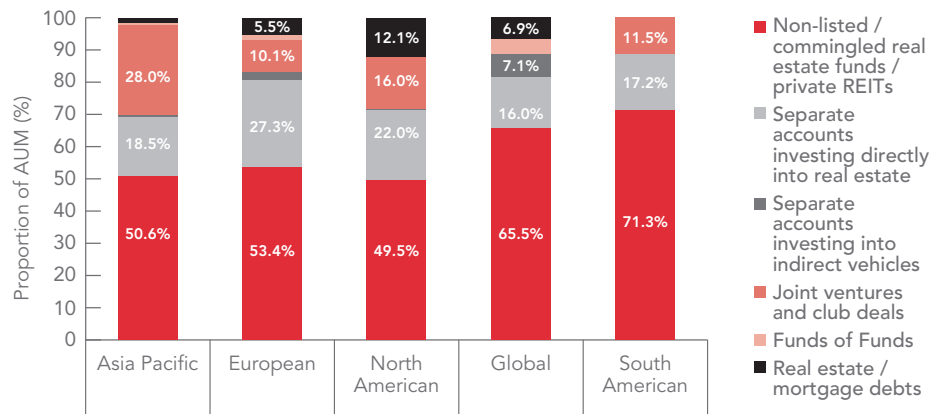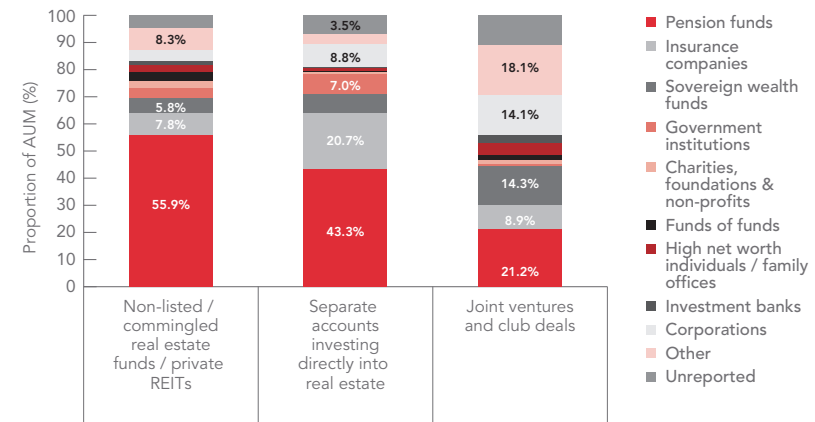

Figure 4 – Non-listed direct real estate vehicles by type and institutional investor type