

PERE 50: Property's loftiest managers

Higher risk and return preferences from institutional investors has seen PERE's signature ranking swell.

By Jonathan Brasse - 1 May 2018

News & Analysis

The world's biggest issuers of capital are backing their words with action. Declaring an increasing interest in higher risk and return strategies as core yields compress to unattractive levels, institutional investors are today showing greater support for investment vehicles set up to create prime real estate and less support for those whose purpose is just to hold it. According to the European Association for Investment in Non-listed Real Estate Vehicles, for example, 49.4 percent of a sample pool of 85 investors prefer value-add strategies today, up from 41.1 percent five years ago. INREV noted 18.8 percent preferred opportunistic strategies, up from 7.1 percent in the same timeframe.

Accordingly, PERE's flagship ranking, the *PERE 50*, is reflecting a marked uptick in fundraising. At an

The PERE 50 countdown

*A closer look at which
managers made the
cut (and how they got
there)*

Firms 50-40

Firms 39-30

Firms 29-20

Firms 19-11

Firms 10-6

aggregate of \$333.75 billion, there was almost 20 percent more capital raised for the top 50 value-added and opportunistic real estate fund managers this year than last. Subsequently, at the top end of the ranking a \$20 billion-plus club has materialized. It has a three-strong membership of Blackstone, Brookfield and Starwood with Lone Star Funds knocking on the door; that club consisted of Blackstone only last year. Similarly, the number of managers having raised more than \$10 billion in the last five years has grown from four to seven, with Carlyle, GLP and Pimco joining the aforementioned firms.

In a further indication of greater collections of capital by private real estate's manager cohort, the minimum amount of capital raising required to make the ranking this year was \$2.57 billion, up about 6 percent on last year and a whopping 80 percent on five years ago, when the ranking switched from the *PERE 30* format. Then, 50th place qualified with just \$1.3 billion; that haul would snag 82nd place today. Indeed, for the first time, even place number 100, Rubenstein Partners, came in at \$1.08 billion, and that is prompting *PERE* to consider doubling the size of this ranking in the future.

Meanwhile, beyond the big picture, this year's ranking has thrown up other themes and stories. For instance, traditionally dominated by North American-based investment managers, the proportion of managers represented from elsewhere has risen from 10 last year to 12 this year. GLP, Gaw Capital, e-Shang Redwood, Meyer Bergman, Kildare Partners, Partners Group, Orion Capital, Keppel Capital, Aermont Capital, PAG, Patrizia and Tristan Capital are included this time around.

Furthermore, it is a non-North American firm, ESR, the Singapore-based logistics real estate investment manager, that is this year's highest climber. A new entrant, the firm starts life on the ranking at a respectable 29th position. The biggest faller, on the other hand, was a US firm, Fortress Investment Group. The SoftBank-owned alternatives investment manager is today perching perilously close to the ranking's trap door in 48th position, having collected \$2.6 billion for higher risk and return private real estate strategies over the last five years. The fact that is a decreasingly significant amount on a relative basis shows how popular these strategies are in absolute terms. Investors want these products and have backed their ambitions with commitments.

PERE 50

Our flagship ranking of the private real estate world's top managers

Rank	Change	Firm	Headquarters	Fundraising Total (\$m)
1	■	Blackstone	New York	49,824.00
2	▲ 1	Brookfield	Toronto	29,064.93
3	▲ 1	Starwood Capital Group	Miami Beach	21,912.40
4	▼ 2	Lone Star Funds	Dallas	18,600.00
5	▲ 8	The Carlyle Group	Washington DC	11,022.18
6	▼ 1	GLP	Chicago	10,672.64
7	◆	Pacific Investment Management Co.	Newport Beach	10,100.00
8	▲ 25	AEW Global	Boston	7,847.78
9	▲ 3	GreenOak Real Estate	New York	7,003.02
10	▼ 4	Tishman Speyer	New York	6,861.42
11	▼ 4	Oaktree Capital Management	Los Angeles	6,428.00
12	▼ 3	CBRE Global Investors	Los Angeles	6,364.10
13	▲ 8	Angelo Gordon	New York	5,941.00
14	▲ 1	Ares Management	Los Angeles	5,817.60
15	▼ 5	Rockpoint Group	Boston	5,611.80
16	▲ 1	CIM Group	Los Angeles	5,392.11
17	▲ 3	Crow Holdings Capital Partners	Dallas	4,980.70
18	▲ 8	Rialto Capital	Miami	4,730.00
19	▲ 10	Cerberus Capital Management	New York	4,662.17
20	▲ 2	Morgan Stanley Real Estate Investing	New York	4,634.25
21	▼ 5	LaSalle Investment Management	Chicago	4,554.80
22	▼ 14	Westbrook Partners	New York	4,402.00
23	▼ 4	Gaw Capital Partners	Hong Kong	4,319.60
24	▲ 11	Harrison Street Real Estate Capital	Chicago	4,262.73
25	■	Walton Street Capital	Chicago	4,073.70
26	▲ 19	KKR	New York	4,054.00
27	▲ 10	Bridge Investment Group	Salt Lake City	3,975.00
28	▼ 10	Colony Northstar	Los Angeles	3,966.04
29	▲ 111	ESR	Hong Kong	3,935.69
30	▼ 3	Meyer Bergman	London	3,883.46
31	▲ 1	Kildare Partners	London	3,860.00
32	▼ 9	Invesco Real Estate	Dallas	3,777.00

33	▲ 10	Partners Group	Zug	3,686.00
34	▲ 2	KSL Capital Partners	Denver	3,552.48
35	▲ 11	Exeter Property Group	Conshohocken	3,531.27
36	▼ 5	Orion Capital Managers	London	3,529.95
37	▼ 26	PGIM Real Estate	Madison	3,511.69
38	▼ 10	DRA Advisors	New York	3,421.00
39	▲ 11	Keppel Capital*	Singapore	3,410.00
40	▲ 4	Aermont Capital	London	3,403.73
41	▲ 16	DivcoWest	San Francisco	3,361.00
42	▼ 12	PAG	Hong Kong	3,355.00
43	▲ 6	Kayne Anderson Capital Advisors	Boca Raton	3,280.00
44	◆	Patrizia**	Augsburg	3,003.15
45	▼ 5	Tristan Capital Partners	London	2,897.18
46	▼ 12	GTIS Partners	New York	2,842.80
47	▼ 5	Almanac Realty Investors	New York	2,669.61
48	▼ 34	Fortress Investment Group	New York	2,613.48
49	▲ 11	BlackRock Real Estate	New York	2,578.79
50	▼ 12	Northwood Investors	Denver	2,566.25