



Asset management processes & best practices

NAREIM members outline
their process and best practices
for asset management within real
estate investment management

*Real estate investment management best
practices and NAREIM member survey.
July 2022.*

Credit: iStock/Chunyip Wong

KEY TAKEAWAYS: Weekly meetings, get involved at deal screening

50%

Half of all Asset Management teams get involved in the acquisitions process at deal screening, according to the latest NAREIM member survey.

7 days

Regular asset management meetings are held every 7 days by half of all real estate investment managers – with the top 3 topics of conversation leasing approvals, key performance metrics and materiality. Risk assessment, including legal and concentration risks, as well as ESG and environmental risk, were discussed less frequently.

SURVEY DEMOGRAPHICS: AUM & type of firm

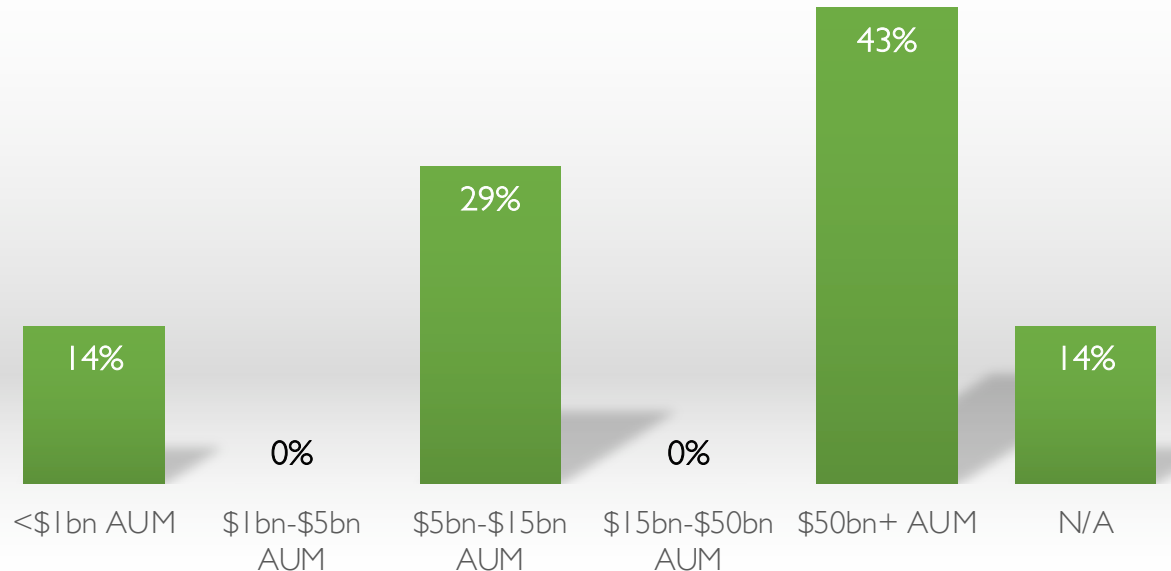
NAREIM regularly conducts member surveys to help member firms understand organizational policies and strategies of peers.

A total of 7 organizations participated in the survey, conducted between June 14 and July 21, 2022. Four out of 10 firms participating had more than \$50bn of AUM; while 14% had less than \$1bn AUM. The majority were vertically-integrated platforms.

What is your firm's AUM?

What type of real estate investment manager are you?

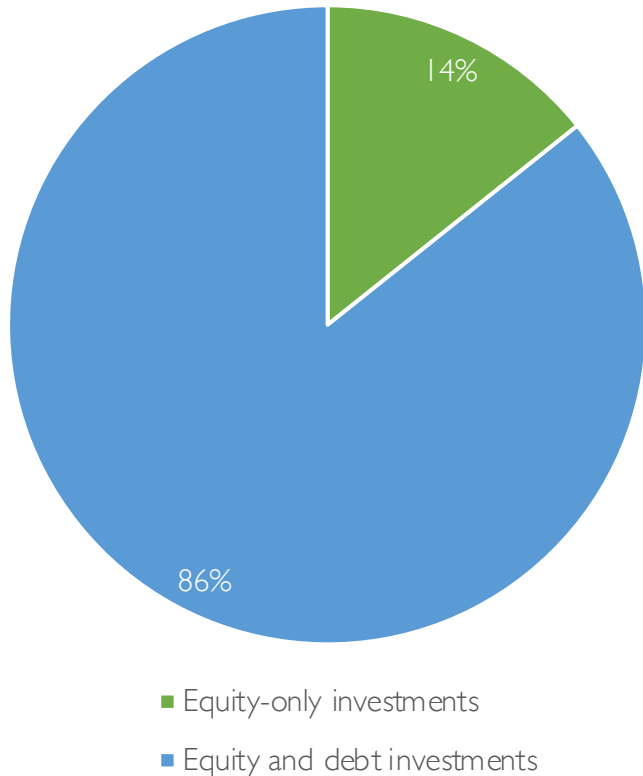
- Allocator: 43%
- Vertically-integrated: 57%



SURVEY DEMOGRAPHICS: Risk/return styles

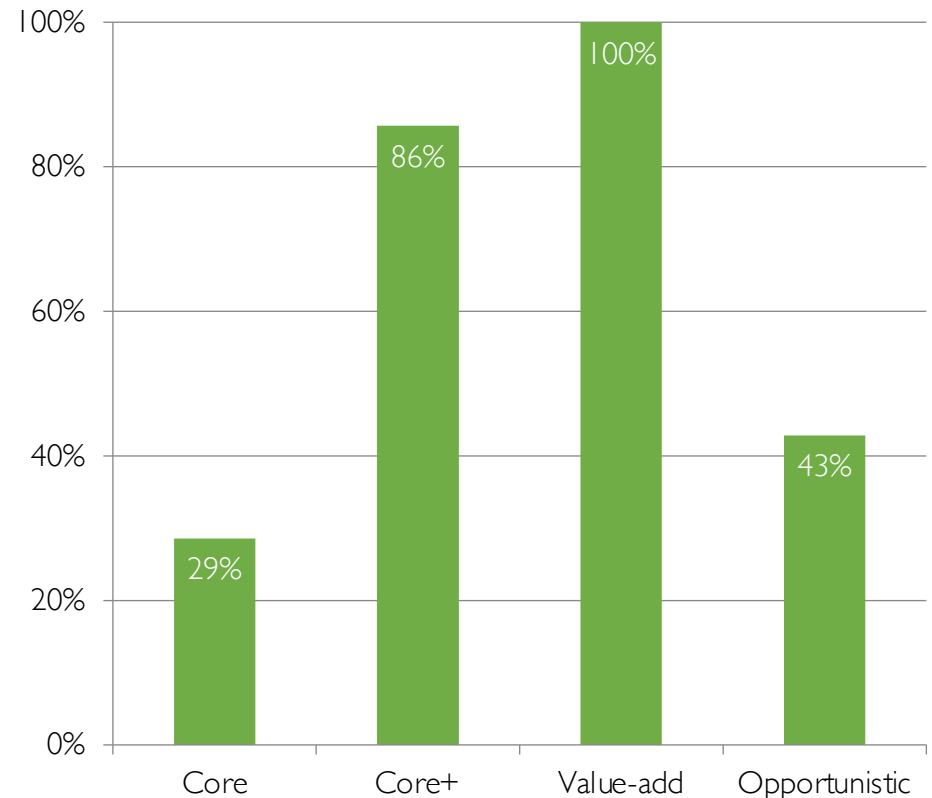
All NAREIM members participating in the Asset Management process survey said they invested in value-add assets, followed by core-plus deals. As expected, a majority of member participating in the survey said they focused on equity and debt investments, with 14% saying they made equity-only investments.

Does your firm make equity/debt investments or both?



Note: No firm said they made debt only investments

Which risk/return target does your firm invest in? Check all that apply



ORGANIZATION: Team organization & meeting frequency

Asset Management teams within real estate investment management organization differ in how they structure their employees, with members saying they often structured groups by geography, vehicle and risk/return target. Just one in five firms said they organized teams by vehicle/fund. However, when it comes to frequency of meetings, almost six out of 10 firms said they met every 7 days to discuss deal updates and progress. Virtual Asset Management meetings have been embraced by 43% of firms.

How is the asset management team organized?

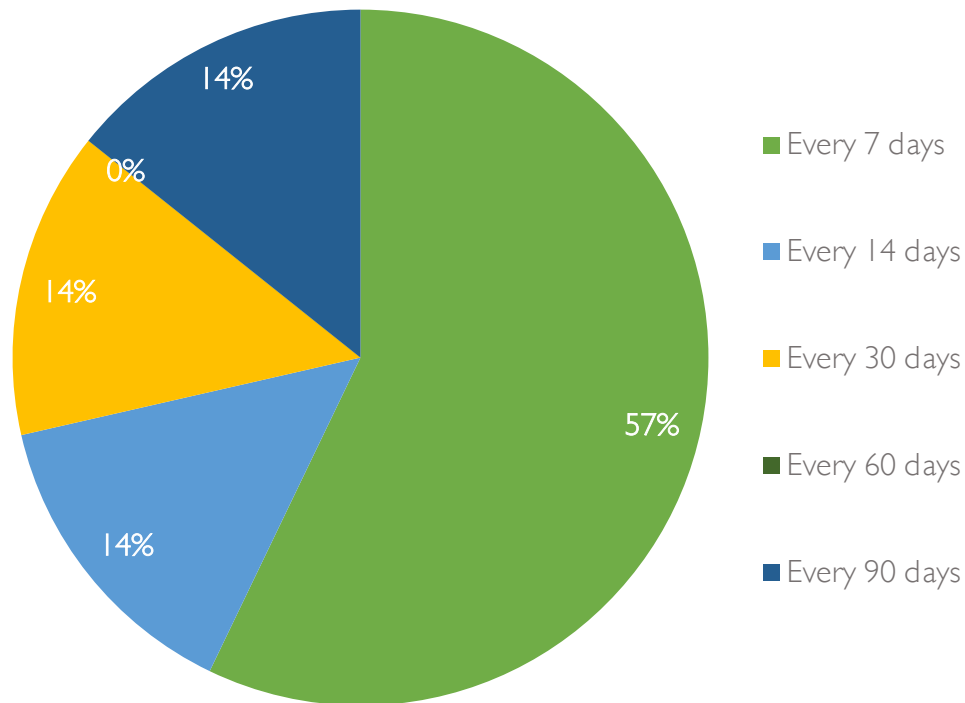
20%

by vehicle/fund

80%

*Mixed:
by geography
by property type
by vehicle/fund
by risk/return target
AMs touch all investments*

How frequently does the Asset Management team meet to review deal updates/progress?



ORGANIZATION: Virtual, hybrid & business plan frequency

Virtual Asset Management meetings have been embraced by 43% of firms, not least for larger firms bringing together employees and team members from international offices. In terms of business plan and budget updates, 57% of firms review the business plan/budget at least once a year; with one member saying annually but more if the markets moved. A further third of members reviewed the business plan every 90 days; 14% were bi-annual.

Asset management team meetings: Virtual vs in-person

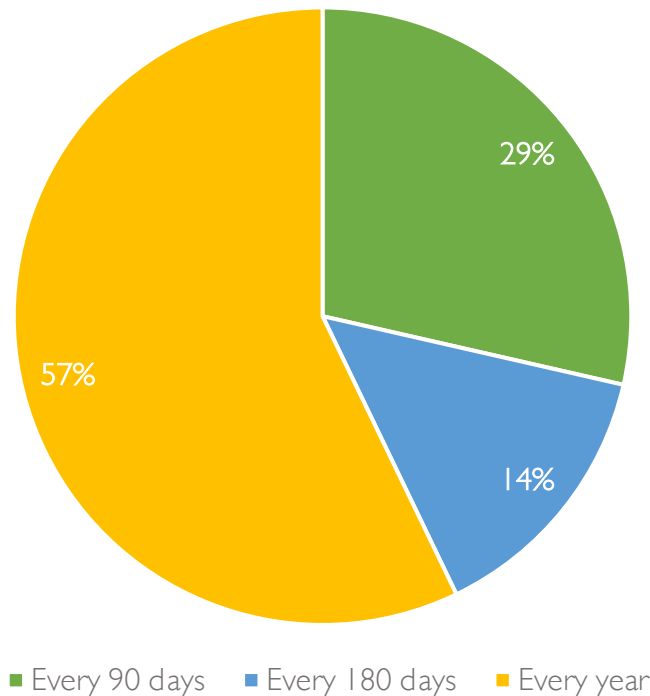
43%

Virtual. 43% of firms hold a majority of Asset Management meetings virtually, sometimes owing to international offices

57%

Hybrid. 57% of firms hold a majority of Asset Management meetings in-person and virtually

How frequently is the business plan and budget updated?



Post-Covid improvements to process

More virtual meetings

Better tracking tenant metrics

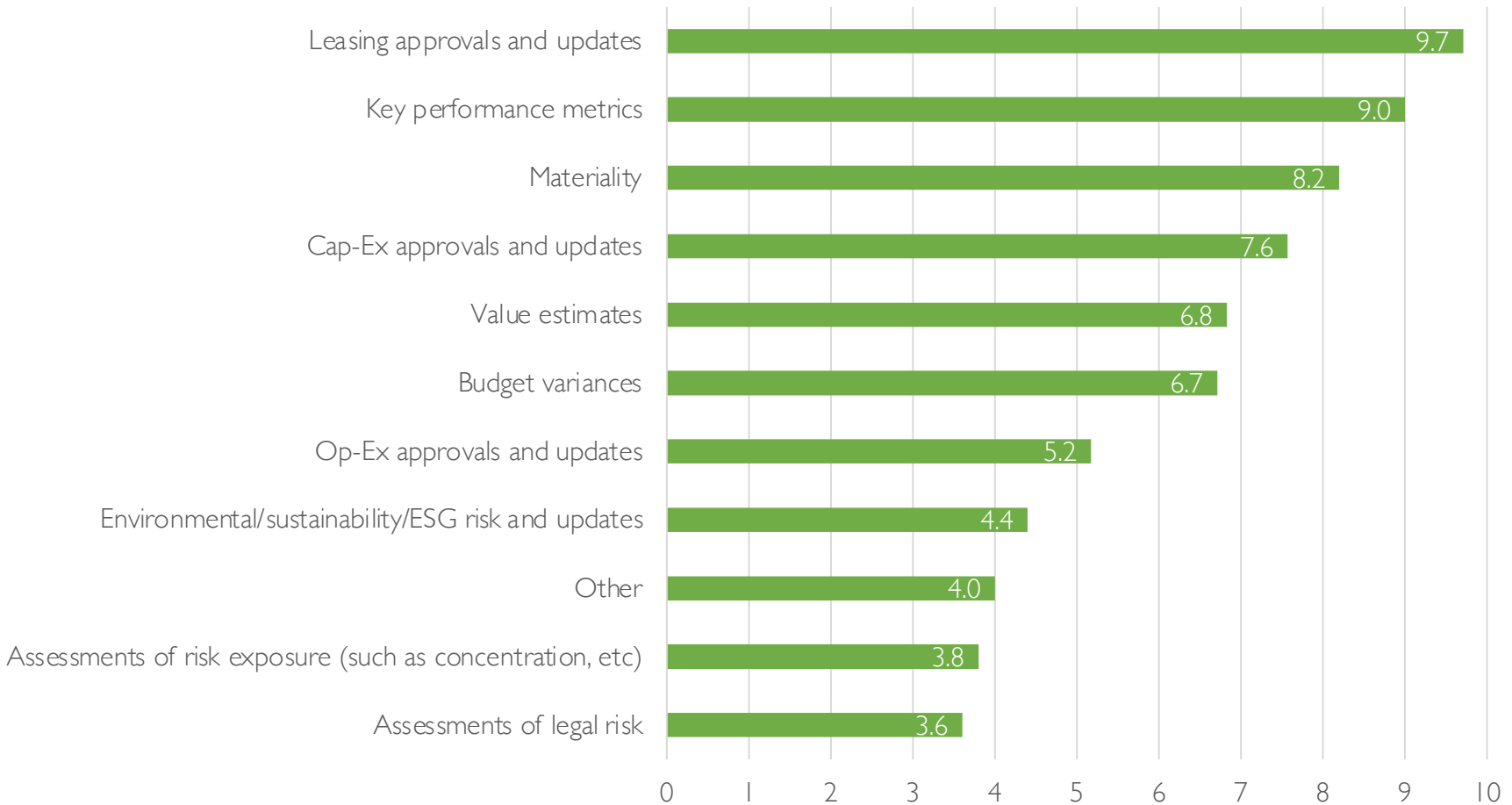
Regular, weekly, full team meetings where major updates are discussed

Use of data in decision-making, particularly on leasing and revenue management

MEETINGS: Topics discussed, ranked

Leasing approvals and updates are the key topic of conversation during regular AM meetings, followed by key performance metrics and materiality. Risk assessment, including legal and concentration risks, were discussed less frequently.

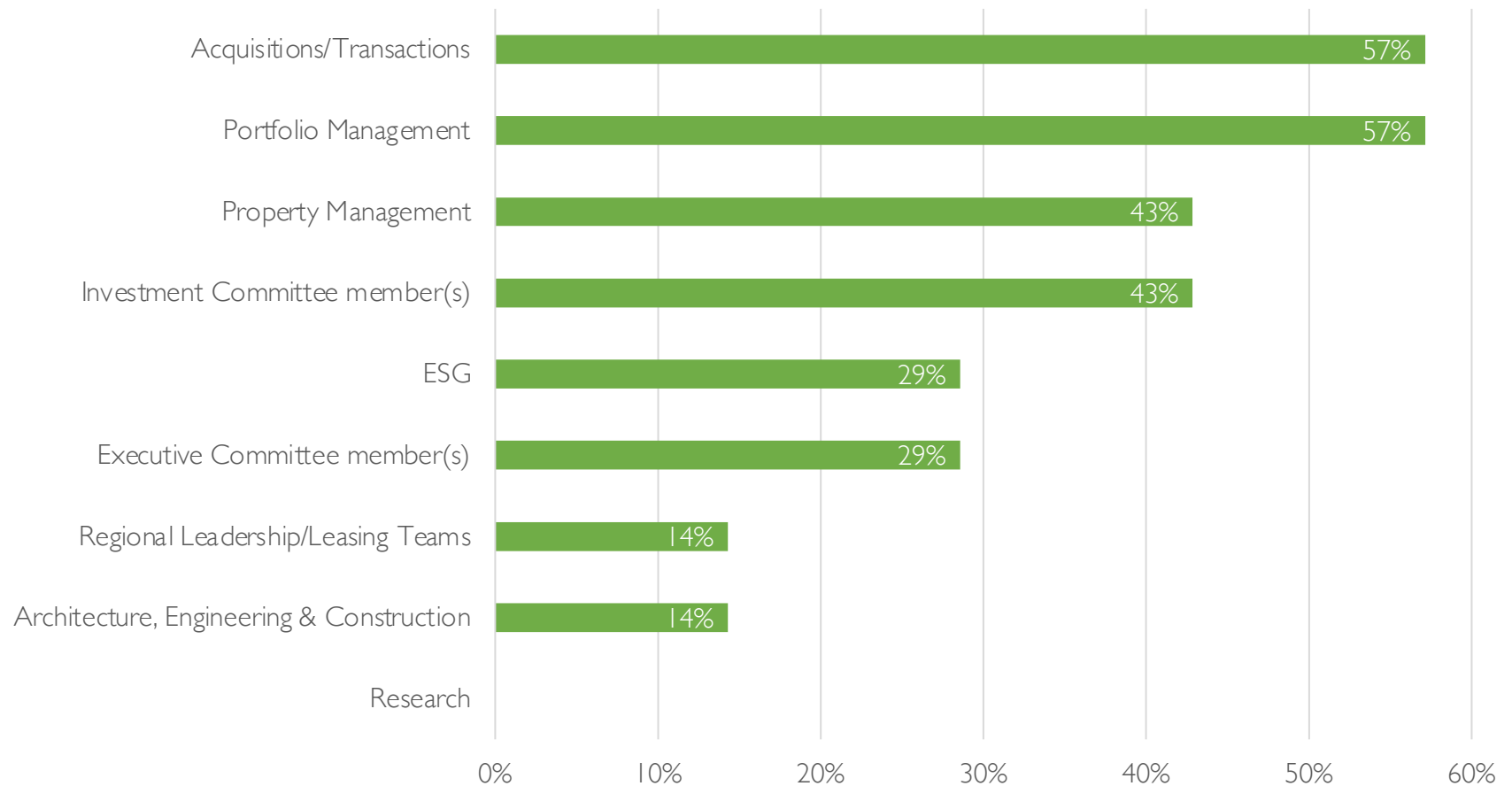
Topics discussed at regular Asset Management meetings, in priority order *Topics scored out of 10*



MEETINGS: Attendance, ranked

NAREIM members were asked who attends the regular Asset Management meeting, whether internal teams or third-party providers. According to members acquisitions and transactions team as well as portfolio management members were the most regular attendees followed by property management and IC members.

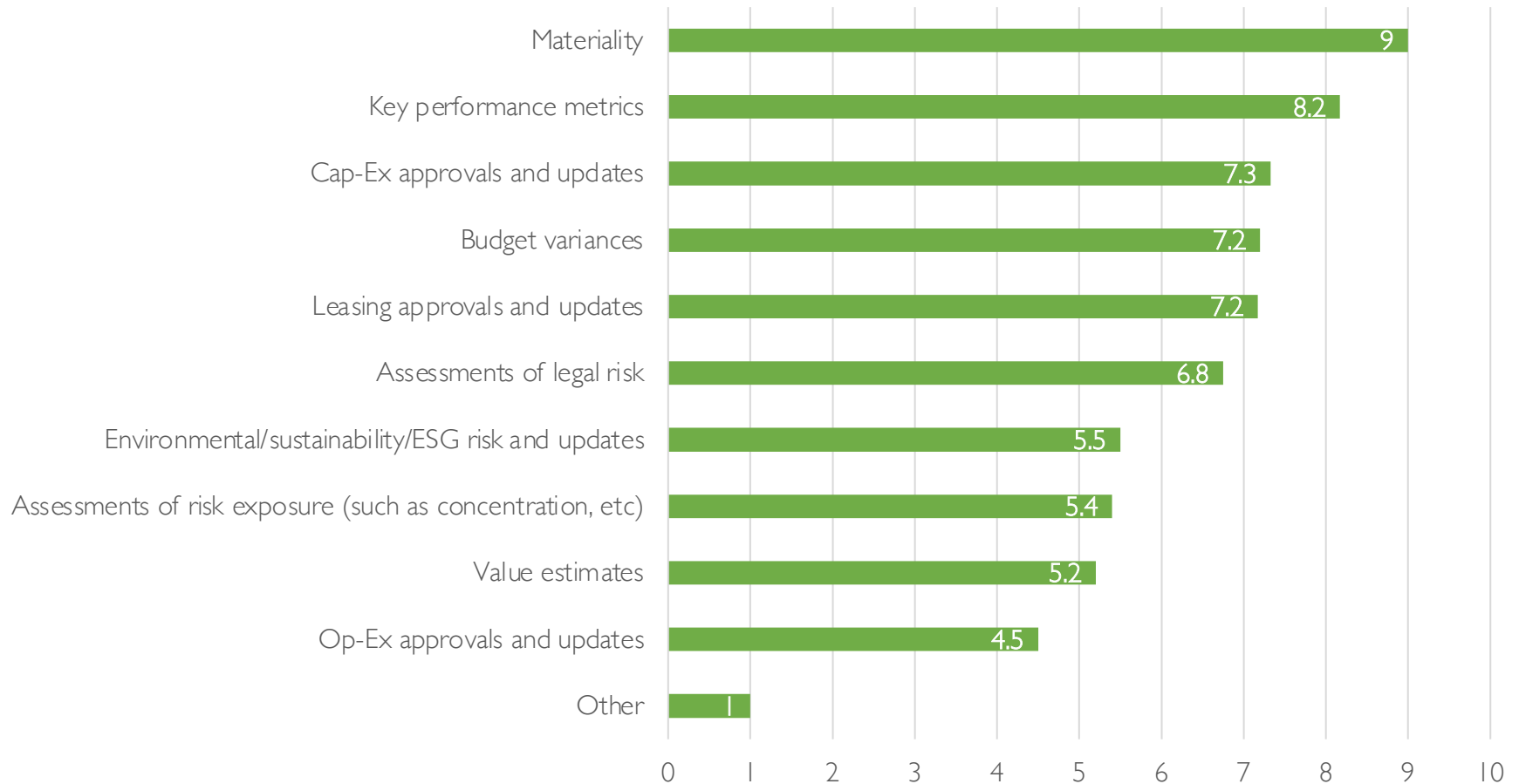
Attendees at regular Asset Management meetings, in priority order



MEETINGS: Information presented to IC, ranked

Materiality was the key piece of information presented in Asset Management reports to members of the Investment or Executive Committee, followed by key performance metrics and cap-ex approvals.

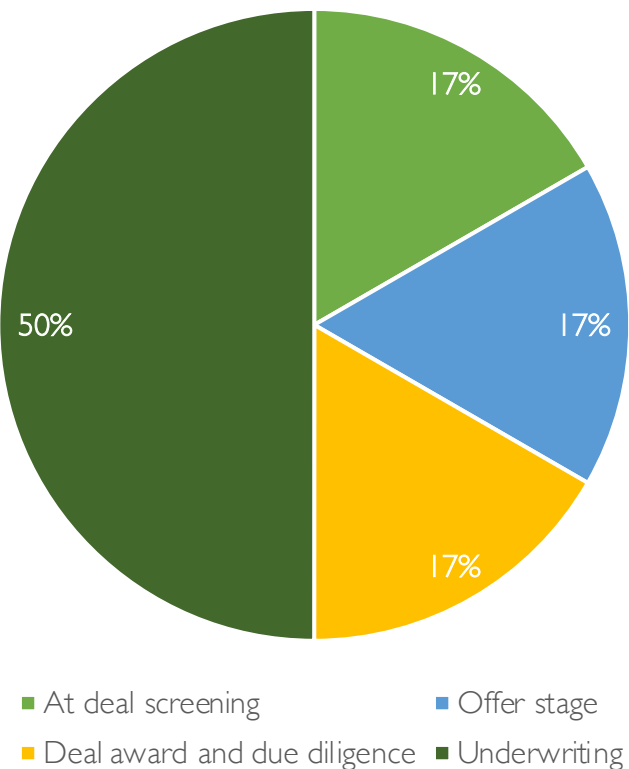
Information included in Asset Management reports to IC/Executive Officer members, in priority order *Topics scored out of 10*



ACQUISITIONS COLLABORATION: How early & lessons learned

Asset Management teams were typically getting involved in the acquisitions process at deal screening – with 17% of members saying it was later at the deal award and offer stage. NAREIM members though were split on holding formal lessons learned sessions with deal teams.

How early does Asset Management get involved in the acquisitions process?



Do you hold lessons learned sessions with Acquisitions?



Lessons learned with Acquisitions:

Where NAREIM members hold lessons learned sessions it's held either following the close of a deal or following disposition or refinancing. Some members said they held them six months after closing, while others said such sessions were more organic and part of the weekly or quarterly meeting.

Acquisitions interaction, post-deal close:

Some members said acquisitions and transactions teams did not have long-term interaction with deals following close, with one member saying there was heavier involvement by Acquisitions teams in the first 90-180 days before tailing off thereafter. Others said Acquisitions and Asset Management teams remained close at all times – with focus shifting more to market performance and at ownership-level.



NAREIM is the industry association dedicated to the business of real estate investment management. Founded in 1990, NAREIM today represents real estate investment management firms with combined assets under management of more than \$2.4 trillion. For 30 years, NAREIM has been the home of real estate investment management benchmarking and best practices, where investment managers learn and share intelligence to drive investment returns and business performance.

NAREIM member surveys

NAREIM members often reach out to ask their peers about pressing concerns impacting their business. Asset Management processes, particularly in the wake of Covid, is one such challenge facing the real estate investment management industry today and we invited members to share their best practices in this member survey, conducted between June 14 and July 21, 2022.

A total of 7 member organizations submitted data.

All survey answers are provided anonymously - to both fellow members and NAREIM. For more information on NAREIM Surveys, including the benchmarking reports highlighted below, please contact Zoe Hughes, CEO, zhughes@nareim.org

NAREIM & Ferguson Partners produce the following peer benchmarking surveys annually:

- **NAREIM Compensation Survey:** released each October
- **Global Management Survey:** released each September (also produced in association with ANREV and INREV)
- **Global Real Estate DEI Survey:** released each December (also produced in association with ANREV, INREV, NCREIF, PREA, REALPAC and ULI)
- **Defined Contribution Survey:** released each September (also produced in association with DCREC)