

Data Snapshot

NAREIM/FPL Associates Global Management Survey 2019

An annual survey of management practices and enterprise benchmarking for the real estate investment management industry

AUM Growth

- 7% year-over-year¹ increase in net assets under management² for the median firm
- 20% year-over-year increase in net assets under management for the top 25% of firms
- Three out of four firms reported a year-over-year increase in net assets (75%)

Capital Raising Growth

- 5% aggregate year-over-year increase in capital raised in 2018 for same-store respondents
- Same-store participating firms with at least \$10 billion of gross assets under management reported a 7% year-over-year increase in capital raised in 2018
- Same-store participating firms with less than \$10 billion gross assets under management reported an 8% year-over-year decrease in capital raised in 2018
- The top five capital raisers surveyed raised 41% of all capital commitments

Breakdown of 2018 Capital Commitments

- By asset class:
 - 77% direct (private) equity investments
 - 13% direct (private) debt investments
 - 8% public equity investments
 - 1% public debt investments (securities)
- By geographic mandate:
 - 16% global
 - 52% Americas
 - 28% EMEA
 - 4% Asia-Pacific
- By strategy³:
 - 30% core
 - 14% core-plus
 - 24% value-add
 - 32% opportunistic

NAREIM/FPL Associates Global Management Survey 2019

Breakdown of 2018 Capital Commitments (continued)

- By investor type:
 - 39% public pension funds
 - 12% corporate pension funds
 - 20% banks and insurance companies
 - 4% sovereign wealth funds
 - 4% retail capital
 - 2% Taft-Hartley funds
 - 2% foundations/endowments
 - 1% high-net-worth sources
 - 15% other sources

The Growth of Retail Capital

Defined as capital raised from individual investors through retail sources such as brokerage accounts, 401k and Defined Contribution (DC) plans or other similar structures. Excludes high-net-worth individuals and families.

- 80% year-over-year increase in capital raised from DC pension plans, according to participants that have a product targeting these plans. Actual capital raised was \$1.8 billion in 2018 versus \$1 billion in 2017
- 67% of firms raise retail capital through an in-house real estate capital raising team, while 13% do so through a parent company sales team. An additional 20% use an external or third-party distribution platform
- Almost 9 out of 10 real estate investment managers say retail capital will be very or somewhat important to the business over the next three years (88%)
- 13% of Global Management Survey participants currently offer a daily-valued real estate product to DC pension investors, up from 5% in last year's survey

Fund Administration Outsourcing

As real estate investment managers concentrate on their core business of investing, the industry has seen an increase in outsourcing some functions, such as fund administration

- 31% of firms reported outsourcing fund administration – up from 17% in 2014
- A further 22% reported actively considering outsourcing fund administration
- The primary drivers behind the decision to outsource include the ability for management to focus on core competencies and real estate investing (91%), followed by transparency on behalf of investors (70%)

Responses for the 2019 Global Management Survey were collected from 61 companies in the first quarter of 2019. Data was collected on strategic, financial and organizational design practices for real estate investment managers and private equity firms. Sixty-two percent of survey participants were independent real estate investment management firms, while 16% were affiliates of insurance companies and 22% were affiliates of non-insurance companies.

Notes:

¹ Year-over-year data is growth between 2017 and 2018

² Net assets under management is defined as the market value of invested assets (excluding leverage) plus dry powder (committed capital yet to be invested)

³ Data for this analysis sourced from FPL's proprietary database tracking institutional commitment flows into the real estate investment management sector

NAREIM

NAREIM is the industry association dedicated to the business of real estate investment management. 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 and business performance and process. Founded in 1990, NAREIM today represents real estate investment management firms with combined assets under management of more than \$1 trillion. For more information, visit www.nareim.org

FPL Associates

FPL Associates is a member of the FPL Advisory Group family of companies, which provides highly specialized advisory services to the real estate and related industries. Through our complementary practice areas, we work with our clients to develop the right leadership, structures, strategies, financial and compensation foundations for success in today's intensely competitive marketplace. FPL Associates specializes in "transformational" assignments addressing key shareholder and/or employee requirements so as to provide a new foundation for competitive performance. See www.fplassociates.com

For more information:

Carole Shifman

New Shoes Communication

248.291.6468

carole@newshoescommunications.com