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The Real Estate Debt 50 2024

Fundraising growth slows for the largest real estate debt managers - but their success outweighs the rest.

PERE Staff - 15 hours ago

For real estate investors, when the relative attraction of debt versus equity first began to shift in line with the exponential base rate rises two years ago, credit strategies moved higher up the priority list. Managers hitherto lacking a real estate debt strategy mobilized to launch new products to cater to investor demand for credit, and those already lending doubled down on their debt fundraising efforts. The result? In 2022, credit funds took their greatest share of annual real estate capital raised in the previous five years, per *PERE* data.

Last year, however, a steep drop-off in overall capital commitments to private real estate funds cast a shadow over this growing momentum for debt strategies, with institutional investors constrained by weak performance, limited liquidity and the impact of the denominator effect on their portfolios. This meant that even though debt funds' proportional market share stayed in line with recent years, aggregate capital raised fell 42 percent year-over-year in actual terms.

§ 87(2)(b) the standing of the very largest real estate credit managers, however, t × RE's Real Estate Debt 50 has nudged up its rolling five-year fundraising total for the second year in a row. Where last year's RED 50 had raised an aggregate \$267 billion for real estate credit strategies in the qualifying period – itself a notable increase of 19 percent year-on-year – the total for this year's RED 50 comes to \$275 billion.

This 3 percent increase may not seem much in comparison, but off the back of an 11-year nadir in overall private real estate fundraising in 2023, the statistic is significant and demonstrates the robustness of the appetite for private real estate credit even in a heavily capital-constrained environment.

Digging deeper into the findings reveals clear geographic variations in how the largest managers have fared in such tough fundraising conditions, however. And even though the top 10 have retained their stronghold on the market, not all have seen their fundraising totals swell in the past 12 months.

Despite the headline growth, even the current darling of private real estate strategies is not immune to the tightest fundraising market in years.

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