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INVESTOR REPORT FULL YEAR 2020

PERE's interactive and downloadable review of the private equity real estate investor environment

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\$4.8bn allocated to real estate by 15 largest commitments

The 15 largest 2020-vintage commitments to the asset class comprised nearly \$5 billion in committed capital. Investors committing sizeable tickets tended to target North America-focused vehicles, with seven of the 15 largest fund commitments focusing on this region.

The two largest 2020-vintage private real estate commitments were made by New York State Common Retirement Fund. The pension committed \$600 million to Fairfield Create Core Multifamily Fund and €318 million (\$390.2 million) to Ares European Property Enhancement Partners III.

Largest known private real estate fund commitments made to 2020-vintage funds, January 1-December 31 2020

| Institution | Fund | Manager | Commitment (\$m) | Region | Strategy |
|--|---|--|------------------|----------------|---------------|
| New York State Common Retirement Fund | Fairfield Create Core Multifamily Fund | Fairfield Residential | 600.0 | North America | Opportunistic |
| New York State Common Retirement Fund | Ares European Property Enhancement Partners III | Ares Management | 390.2 | Europe | Value-add |
| California Public Employees' Retirement System | Canyon Catalyst Fund (Fund III) | Canyon Partners Real Estate | 375.0 | North America | Value-add |
| California Public Employees' Retirement System | Sixth Street Fundamental Strategies Partners | Sixth Street | 350.0 | North America | Opportunistic |
| GIC Private Limited | ESR Australia Logistics Partnership (open-ended) | ESR | 346.6 | Asia-Pacific | Core-plus |
| GIC Private Limited | ESR Australia Development Partnership | ESR | 308.1 | Asia-Pacific | Core-plus |
| Alecta | Blackstone BioMed Life Science Real Estate (open-ended) | Blackstone | 300.0 | North America | Core |
| Teachers' Retirement System of the State of Illinois | Starwood Global Opportunity Fund XII | Starwood Capital Group | 300.0 | Multi-regional | Opportunistic |
| Texas Municipal Retirement System | PIMCO Corporate Opportunities Fund III | Pacific Investment Management Co (PIMCO) | 300.0 | North America | Debt |
| New York State Common Retirement Fund | PGIM Real Estate Capital VII (PRECap VII) | PGIM Real Estate | 271.5 | North America | Core |
| Kentucky Retirement Systems | Barings European Value Add Fund II | Barings Real Estate Advisers | 260.8 | Europe | Value-add |
| MassMutual | Barings European Value Add Fund II | Barings Real Estate Advisers | 260.8 | Europe | Value-add |
| California State Teachers' Retirement System | Fortress Credit Opportunities Fund V Expansion | Fortress Investment Group | 250.0 | Multi-regional | Opportunistic |
| Florida Retirement System Trust Fund | Torchlight Debt Opportunity Fund VII | Torchlight Investors | 250.0 | North America | Debt |
| Florida Retirement System Trust Fund | Cerberus Institutional Real Estate Partners V | Cerberus Capital Management | 225.0 | Multi-regional | Debt |

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US pensions dominate fund investment activity

The 10 most active investors by number of known 2020-vintage fund commitments are all US public pensions. New York State Common Retirement Fund tops the list with eight commitments made to 2020-vintage funds, followed by seven commitments made by Texas County & District Retirement System. Most investors in the list have a multi-regional appetite.

Altogether, the 10 most active investors of 2020 made 51 known commitments to 2020-vintage private real estate funds.

Top 10 most active investors based on number of known private real estate commitments to 2020-vintage funds, January 1-December 31 2020

| Institution | Regional HQ | Number of 2020-vintage commitments | Regional appetite |
|---|---------------|------------------------------------|---|
| New York State Common Retirement Fund | North America | 8 | All regions considered |
| Texas County and District Retirement System | North America | 7 | All regions considered |
| Florida Retirement System Trust Fund | North America | 5 | All regions considered |
| Illinois Municipal Retirement Fund | North America | 5 | All regions considered |
| New Mexico State Investment Council | North America | 5 | North America; Western Europe; Asia-Pacific |
| Tennessee Consolidated Retirement System | North America | 5 | North America; Europe |
| Arkansas Teacher Retirement System (ATRS) | North America | 4 | All regions considered |
| Teacher Retirement System of Texas | North America | 4 | All regions considered |
| Teachers' Retirement System of Louisiana | North America | 4 | All regions considered |
| Texas Municipal Retirement System | North America | 4 | North America; Europe |

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To view the New York State Common Retirement Fund profile on the *PERE* database



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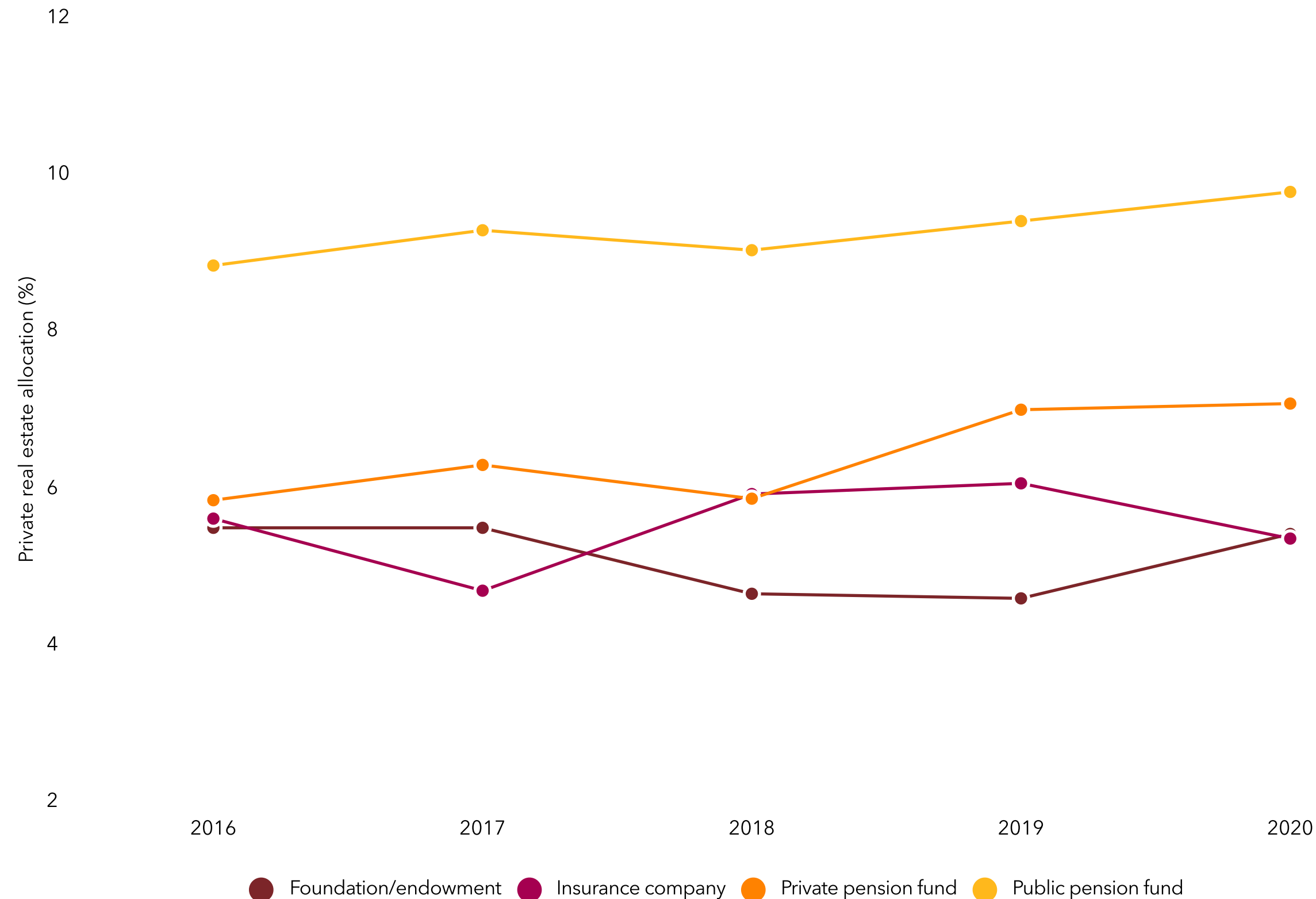
Global investors' average private real estate allocation climbs

Private real estate continues to represent an important component of institutional investor portfolios, with the average real estate investor increasing its allocation to the asset class from 7.65 percent as of year-end 2019 to 8.46 percent as of year-end 2020.

Public pension funds are historically above-average allocators to the asset class, with these institutions allocating on average 9.9 percent of their portfolios to private real estate in 2020.

Foundations and endowments tend to allocate a smaller percentage of their portfolios to private real estate. The average allocation for these institutions stood at 5.55 percent at year-end.

Historical private real estate allocation by institution type, 2016-20



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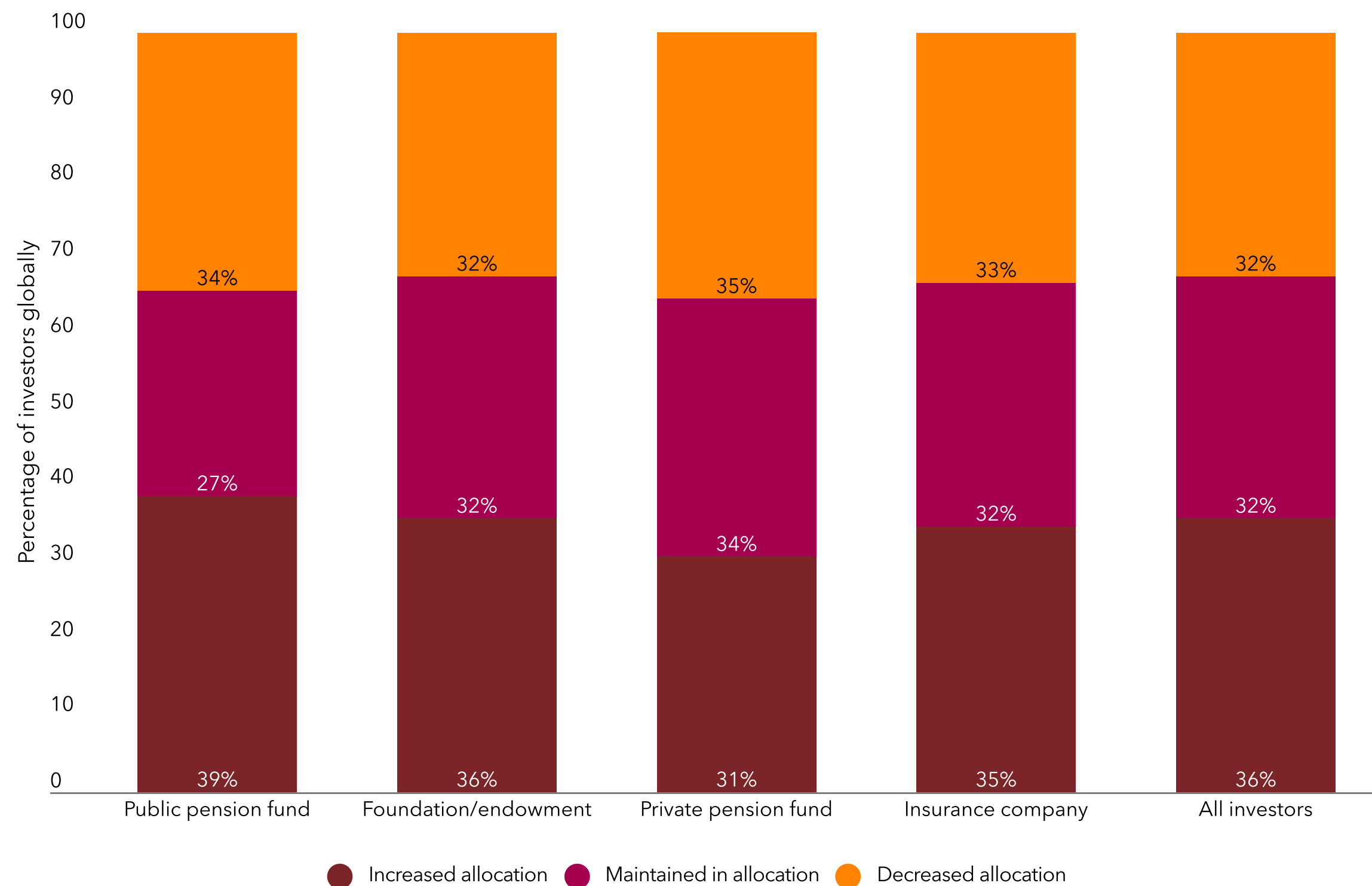
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Investors are boosting their real estate exposure

On average, 36 percent of institutional investors globally increased their allocations to private real estate over the course of 2020. On the other hand, less than one-third of investors (32 percent) shifted capital away from the asset class within this period.

Despite managers' private real estate capital fundraising slowing down in 2020, investor appetite for allocating capital to the asset class remains strong.

Proportion of institutions increasing, maintaining or decreasing their private real estate allocations from Q4 2019 to Q4 2020



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Gap between investors' current and target allocations suggests untapped capital

As of year-end 2020, two-thirds of investors were underweight in their allocation to private real estate.

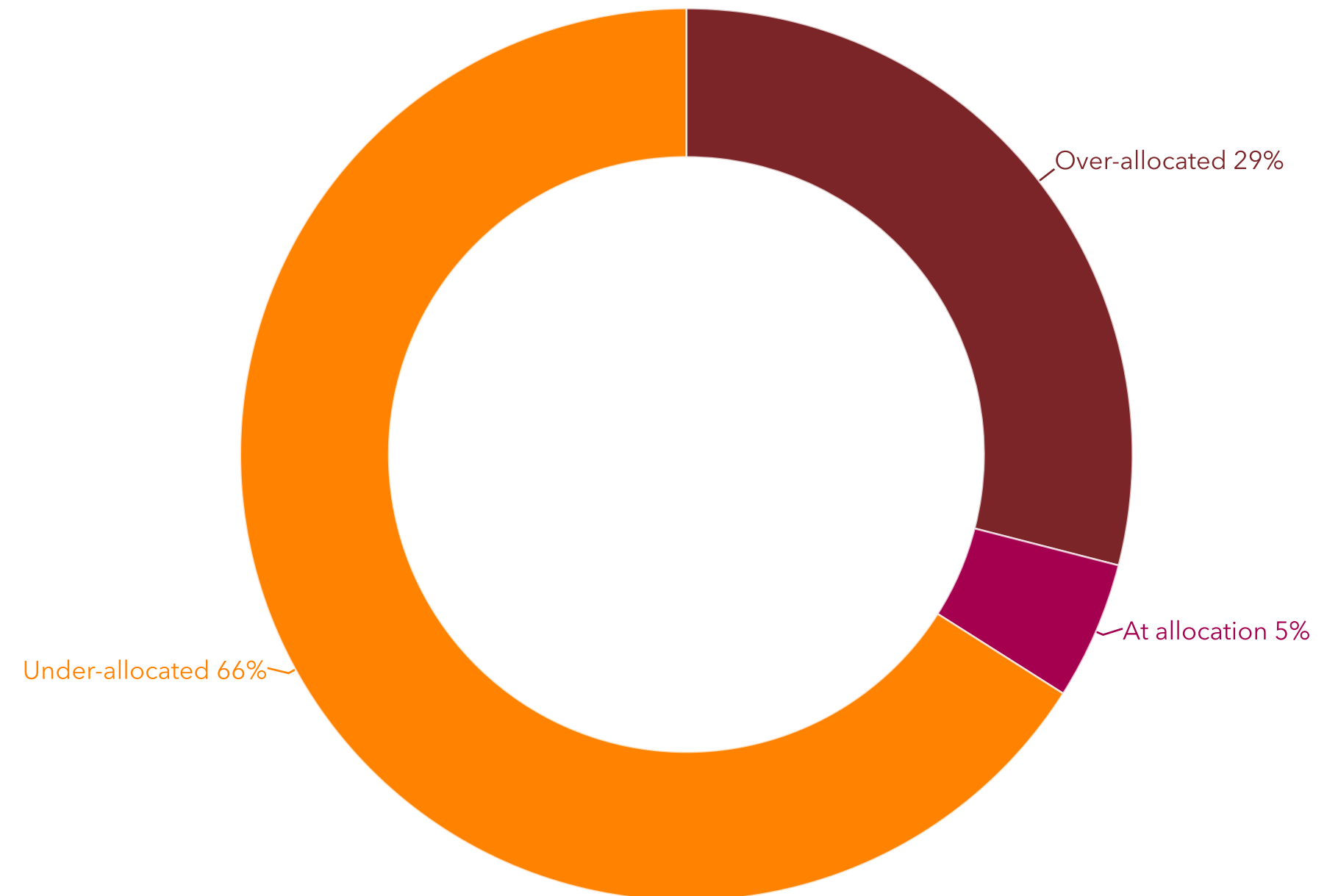
As reported in December by *PERE*, investors have adopted a risk-on approach to their real estate allocations during the covid-19 pandemic. Investors are also optimistic about the return prospects for their real estate portfolios.

Looking ahead, it is expected that investors will continue to have appetite for opportunistic strategies and a greater proportion of investors will reach their target allocation to the asset class.

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To view the largest private real estate investors in 2020

Proportion of institutions over, under or at target allocation with private real estate allocations as of December 31, 2020



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