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CBRE Investment
Management

The big ideas shaping real assets

As investor appetite surges,
we look at the trends behind
the real assets revolution

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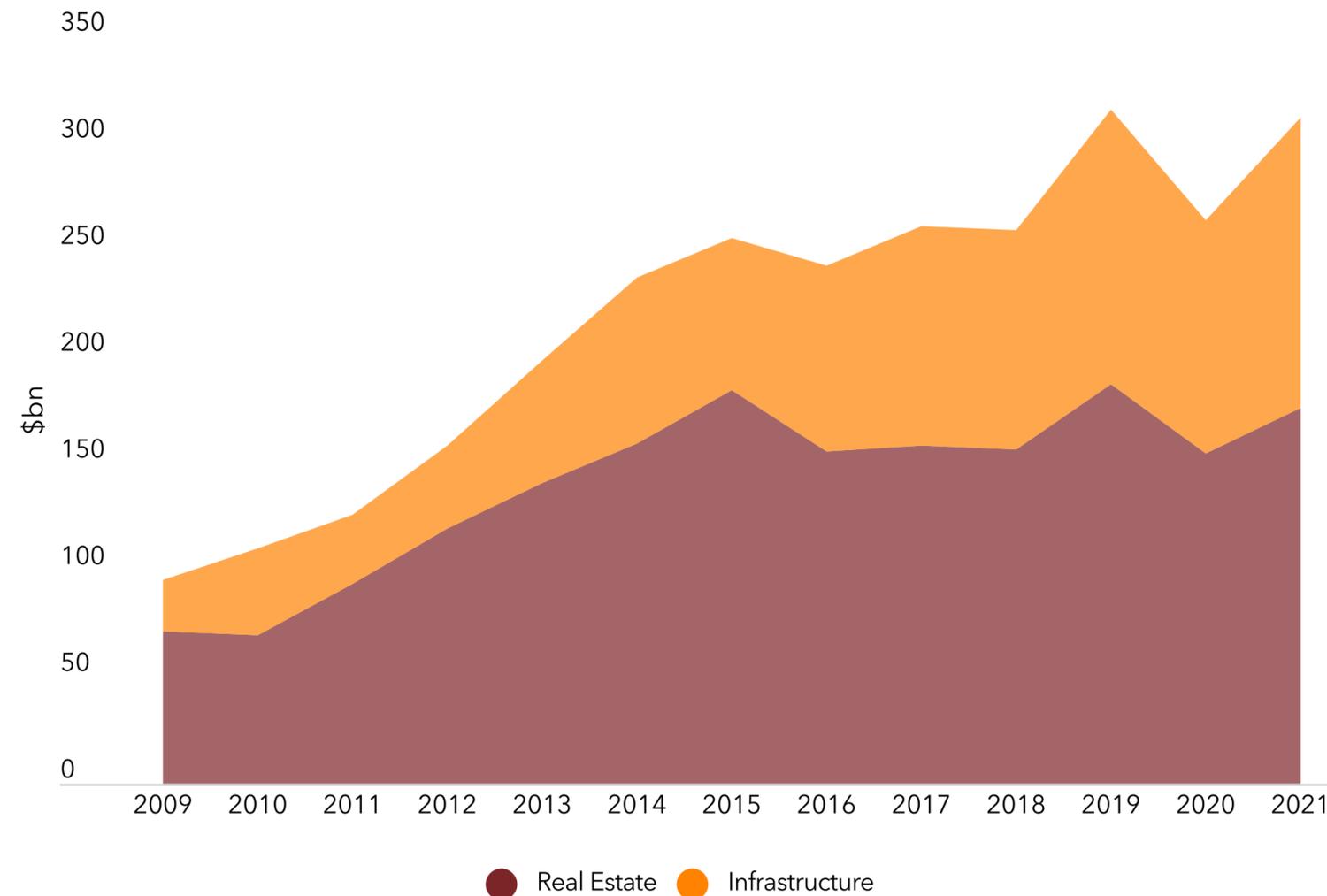
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BLURRING BOUNDARIES

Real assets are more than just real estate

Both real estate and infrastructure markets continue to grow as more LPs carve out space for resilient real assets

Capital raised by real assets funds over time



Source: PERE/Infrastructure Investor



We have seen appetite for real assets increase dramatically over the past decade as investors have searched for fixed income substitutes

Brad Hyler
Brookfield



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BLURRING BOUNDARIES

The parameters are expanding

More real estate firms are establishing infrastructure offerings as goals are increasingly aligned



Clients are increasingly viewing their real estate and infrastructure exposures holistically, both because of similarities in their performance characteristics and commonality in the objectives they are designed to fulfil



Sabina Reeves
CBRE Investment Management

41%

of surveyed investors plan to invest more capital in **real estate** in the next 12 months

65%

of surveyed investors plan to invest more capital in **infrastructure** in the next 12 months



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BLURRING BOUNDARIES

Debt moves into the mix

Now a rich seam of sectoral, geographical and risk-orientated opportunities, the real estate credit market has really grown up

\$301bn

Total capital raised by real estate debt funds globally from 2011-21

198

Number of real estate debt funds in market as of January 1, 2022

The five largest real estate debt funds in market (as at January 1, 2022)

Fund	Manager	Head office	Target size (\$bn)	Regional focus
Oaktree Real Estate Debt Fund III	Oaktree Capital Management	US	2.75	Multi-regional
PAG Loan Fund V	PAG	Hong Kong	2.50	Asia-Pacific
Brunswick Real Estate Capital III	Brunswick Real Estate Capital	Sweden	2.21	Europe
AllianceBernstein Commercial Real Estate Debt Fund IV	AllianceBernstein	US	2.00	North America
Bridge Debt Strategies Fund IV	Bridge Investment Group	US	2.00	North America

Source: Real Estate Capital Europe/US



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BLURRING BOUNDARIES

Diversifying into listed equities

Investors increasingly see the listed markets as an efficient way to access real assets growth sectors

29%

of respondents to *PERE's* LP Perspectives 2022 Study said they would invest more or the same amount of capital in listed real estate this year



Listed real estate can... be a flexible way of entering parts of the market where you cannot find the exposure in another way

Jeroen Reijnoudt
MN



Approximately 65 percent of the investable market on the listed side involves what might be considered alternative, 'growth-oriented' asset classes

Joseph Smith
CBRE Investment Management



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MEGA-TRENDS

A new balance for real estate

Property investors are recalibrating their exposures to reflect fundamental changes to our way of life

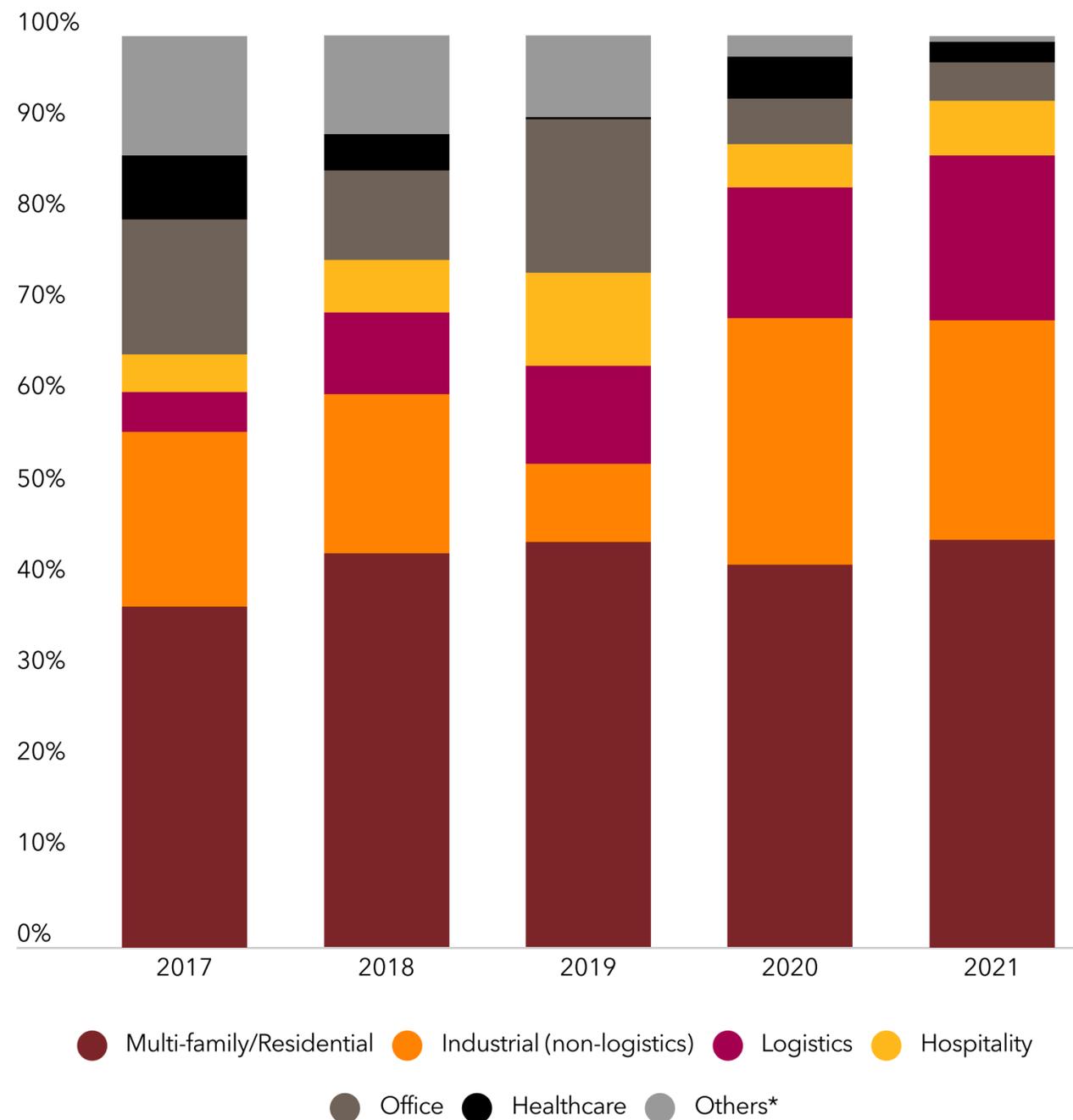
CBRE forecasts composite yields **above 5%** for global retail in 2021 and 2022



We have moved from a just-in-time model of commerce to a just-in-case model. And this shift will persist

Mary Lang
CBRE Investment Management

Logistics' share of real estate funds raised grew by almost 4% in 2021 over the previous year



*Retail and student housing
Source: PERE

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MEGA-TRENDS

Investing today for tomorrow's reality

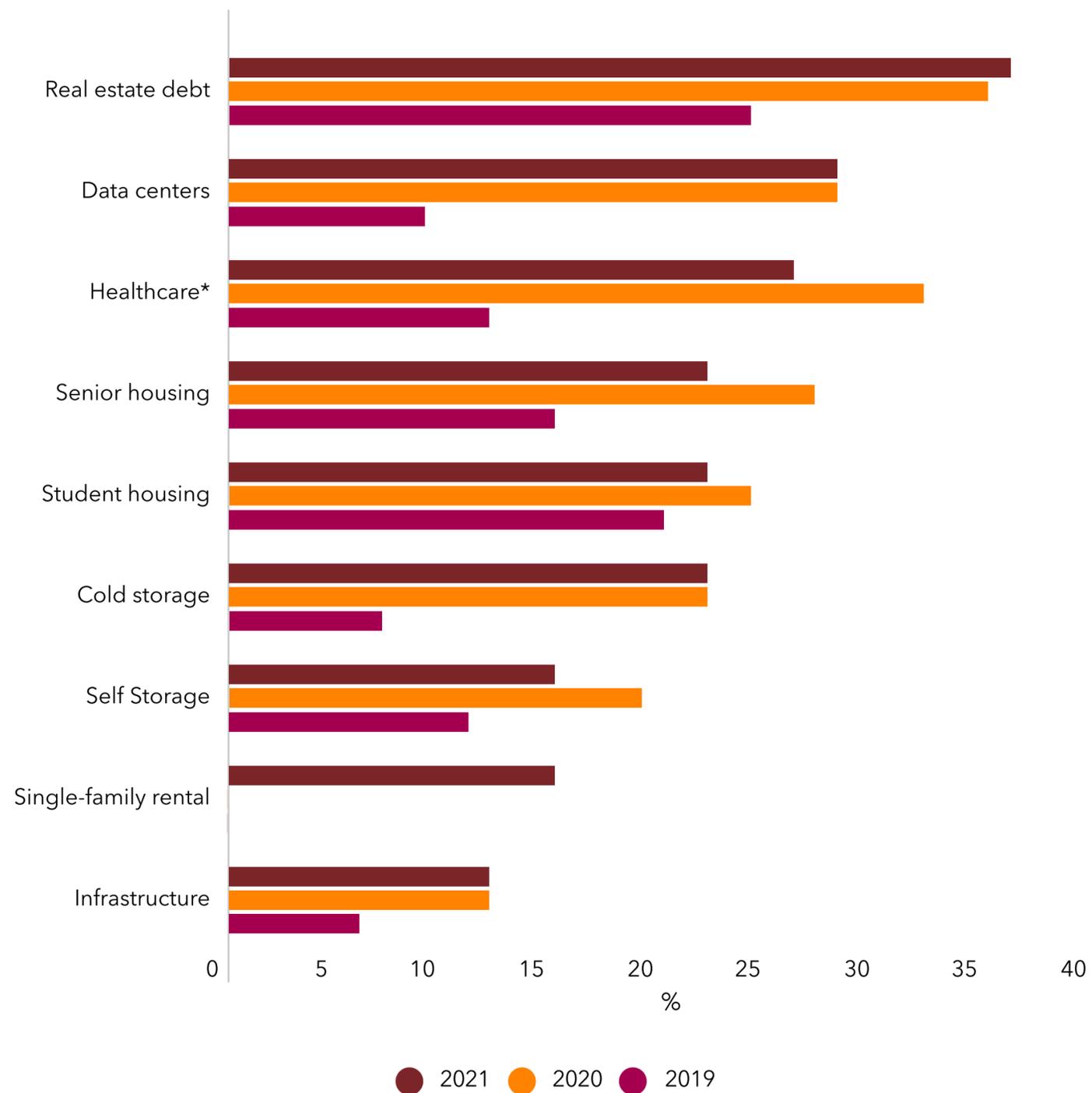
Long considered 'niche' investments, alternative sectors such as life sciences and data centers will be a big deal in a post-covid world



The 2020s will be the decade where the seeds are sown that will transform infrastructure in decades to come

Tania Tsoneva
CBRE Investment Management

Alternative investment preferences among investors, 2019-21



*Healthcare includes life sciences and medical offices.
Source: CBRE Global Investor Intentions Survey, 2021



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TENANT CONSIDERATIONS

Tenants matter more than ever

To thrive in the new environment, asset managers must engage with their occupiers beyond just collecting rent



It is about ensuring the quality of the customer journey, rather than just collecting income

Laurie Lagarde
CBRE Investment Management

Forecast rent growth in major cities, 2021-22



Source: CBRE Research, Q2 2021

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The power of big data

The ability to leverage data and embrace digital transformation will prove a critical differentiator



The volume and quality of data available to us today is vastly superior to what it was 10 or even five years ago

Sam Chandan
NYU's Stern School of Business



We need to build better infrastructure to draw on the data that has become available in real estate. It can provide a real information advantage and is a focal point for creating outsized returns and beating benchmarks

Jae Yoon
New York Life Investment Management



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ESG

ESG is the new driver

As real assets managers step up to the climate challenge, sustainability and fiduciary duty go hand in hand



ESG is no longer just a nice to have, it is a must have in the real assets world

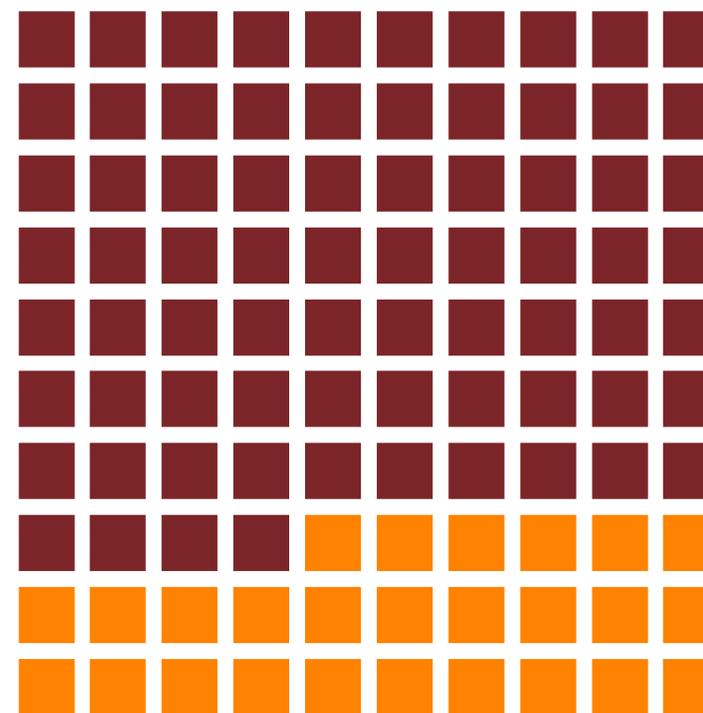
Achal Gandhi
CBRE Investment Management

89%

of respondents to PERE's LP Perspectives 2022 Study said they were satisfied with the frequency and quality of ESG reporting from their GPs

Do you believe adapting a strong ESG policy will lead to better long-term returns in your private markets portfolio?

74% Yes



26% No

Source: Infrastructure Investor's LP Perspectives 2022 Study

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Real assets in 2022: The future is bright

Real assets have become one of the most dynamic opportunities in private markets
- one that will only grow in importance over the next five years



Steady income, lower volatility and inflation protection have resulted in a separation from the 'alternative asset' moniker to become a separate and distinct mainstay in today's portfolio strategies



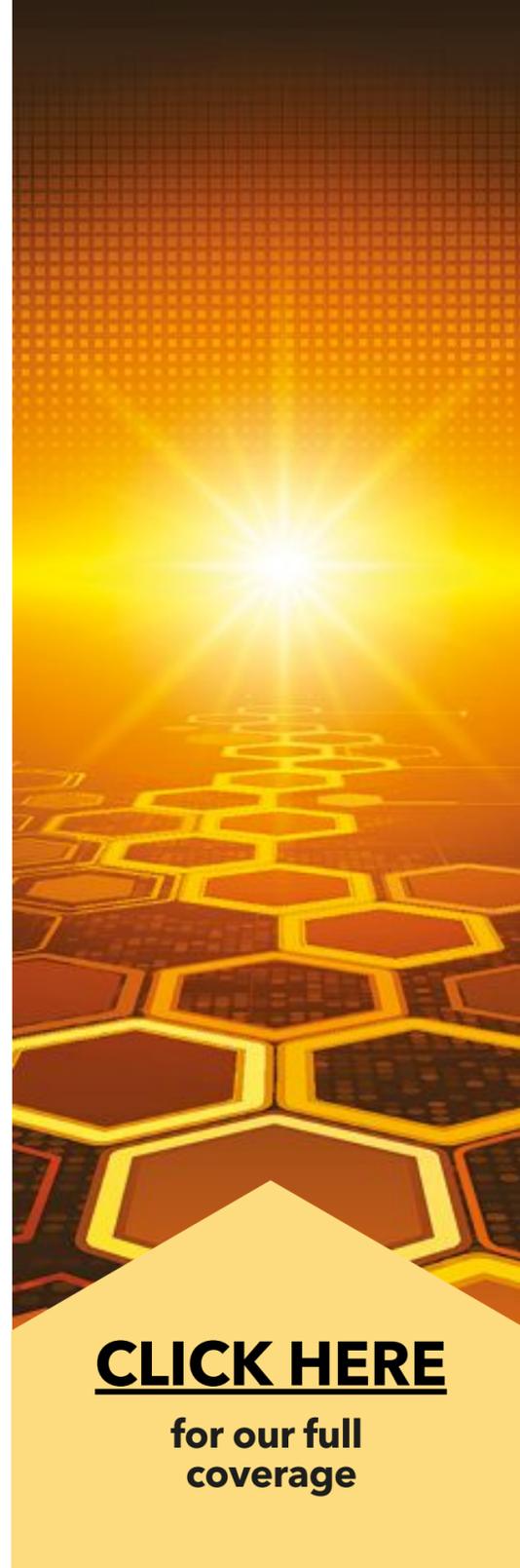
Chuck Leitner
CBRE Investment Management



Now we are moving into real estate 3.0 with the rise of growth sectors such as life sciences, self-storage, cold storage and specialty residential



Bernie McNamara
CBRE Investment Management



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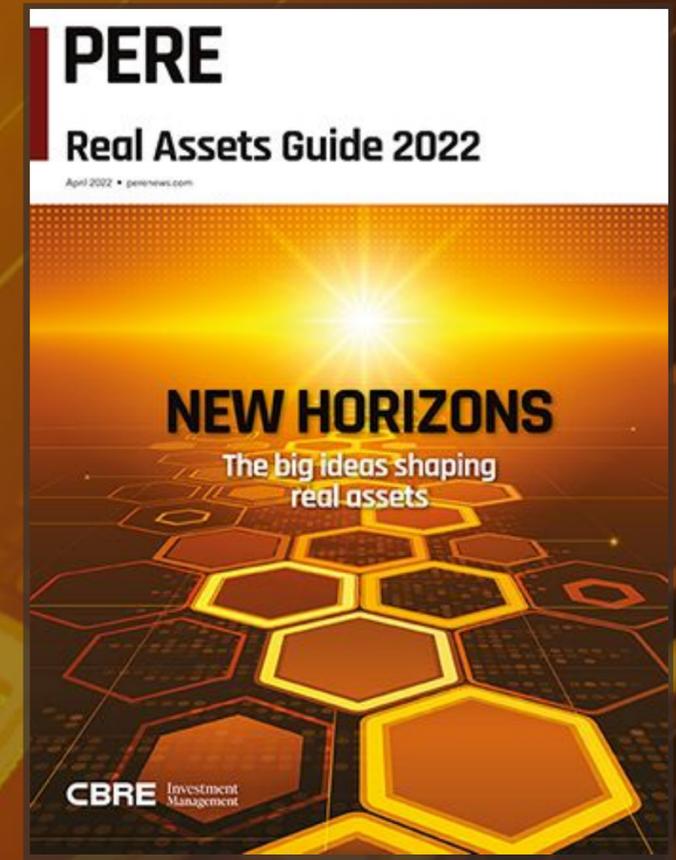
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This special report was produced in partnership with CBRE Investment Management, and outlines the big ideas shaping the real assets revolution.

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