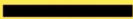


PREPARED BY  
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# MONTHLY REPORT



JAN/FEB





MONTHLY ANALYSIS

JAN/FEB

As we approach the year 2023, the private equity real estate fund market is expected to continue its strong performance, driven by increasing investor demand for yield-generating assets and the diversification benefits of real estate investments. According to data from Preqin, real estate private equity funds raised an estimated \$150 billion in 2022, representing a new record high for the industry.

One of the key drivers of growth in the private equity real estate fund market is the increasing popularity of alternative property sectors such as life sciences, digital infrastructure, and climate-resilient properties. These sectors offer investors the potential for attractive risk-adjusted returns, as well as the opportunity to invest in assets that address important societal challenges such as climate change and healthcare. Additionally, the trend towards remote work and e-commerce is driving demand for data centers and logistics facilities, further enhancing the appeal of these alternative sectors.

Institutional investors are driving the growth in the private equity real estate market, with pension funds, sovereign wealth funds, and insurance companies accounting for a significant proportion of capital raised. These investors are attracted to the potential for attractive returns and diversification benefits offered by private equity real estate investments, as well as the ability to customize their portfolios and manage risk.

Advances in technology are also shaping the private equity real estate fund market, with data analytics and AI becoming increasingly important tools for identifying and analyzing investment opportunities, as well as for asset management. The use of technology is enabling fund managers to better understand and manage risks, as well as to more efficiently manage portfolios and assets.

Looking ahead to 2023, several trends and factors are likely to shape the private equity real estate fund market. One of the major trends is the increased focus on sustainability and ESG factors in real estate investments. Many institutional investors are now prioritizing investments that meet high sustainability and ESG standards, and private equity real estate fund managers are responding by incorporating these factors into their investment strategies and asset management practices.

Another trend expected to influence the private equity real estate market in 2023 is the continuing shift towards more flexible work arrangements and the growth of remote work. This is expected to drive demand for properties that are adaptable and able to accommodate changing work arrangements, such as co-working spaces and flexible office spaces.

Challenges facing the private equity real estate fund market in 2023 include the potential for rising interest rates, which could impact the performance of real estate investments. However, many fund managers are adapting to this environment by focusing on high-quality properties in strong locations, with strong tenant demand and long lease durations. Overall, the private equity real estate fund market is expected to continue experiencing strong performance in 2023, with increasing investor demand for attractive returns and diversification benefits. The growth of alternative sectors and the continued evolution of technology are expected to further enhance the appeal of private equity real estate investments, while the focus on sustainability and ESG factors is likely to continue to drive innovation and growth in the sector.

**THE NUMBERS**

# OUR STATISTICS

As we look towards 2023, the private equity real estate fund market is projected to continue its growth trajectory. According to a report by Preqin, the total assets under management (AUM) of private real estate funds are expected to exceed \$1 trillion by 2023, with a projected 5.8% compound annual growth rate (CAGR) from 2021 to 2023.

Investor growth is also expected to continue, with a projected 8.6% CAGR from 2021 to 2023. The report highlights that North America and Asia-Pacific are expected to be the fastest-growing regions in terms of new investors, driven by the increase in investor appetite for alternative asset classes and the expansion of distribution channels.

Property investment growth is projected to recover from the pandemic-induced slowdown, with a projected 6.5% CAGR from 2021 to 2023. Investors are expected to continue to pursue industrial, logistics and multifamily real estate investments, which have demonstrated resilience amidst the pandemic, while also seeking to diversify into niche sectors such as senior living, data centers and life sciences.

The stability of the private equity real estate market is projected to continue, with a projected net return of 10.8% in 2023, slightly lower than the 10-year average of 11.8%. This stability is attributed to the long-term nature of private equity real estate funds, which allows for greater control over investments and tenants, as well as a focus on income-producing assets.

Lastly, the real estate fund investment growth rate is projected to increase by 4.2% in 2023, a significant improvement from the lower growth rates in recent years. This reflects the industry's ability to adapt to changing market conditions, increased investor demand for alternative asset classes and the adoption of new technology.

In conclusion, the private equity real estate fund market is expected to continue to grow and attract new investors, while also maintaining its stability and generating strong returns. The continued expansion into niche sectors and increasing adoption of technology are further indications of a maturing industry that is poised for continued success in the years to come

