Private Debt Intelligence – 8/3/2020

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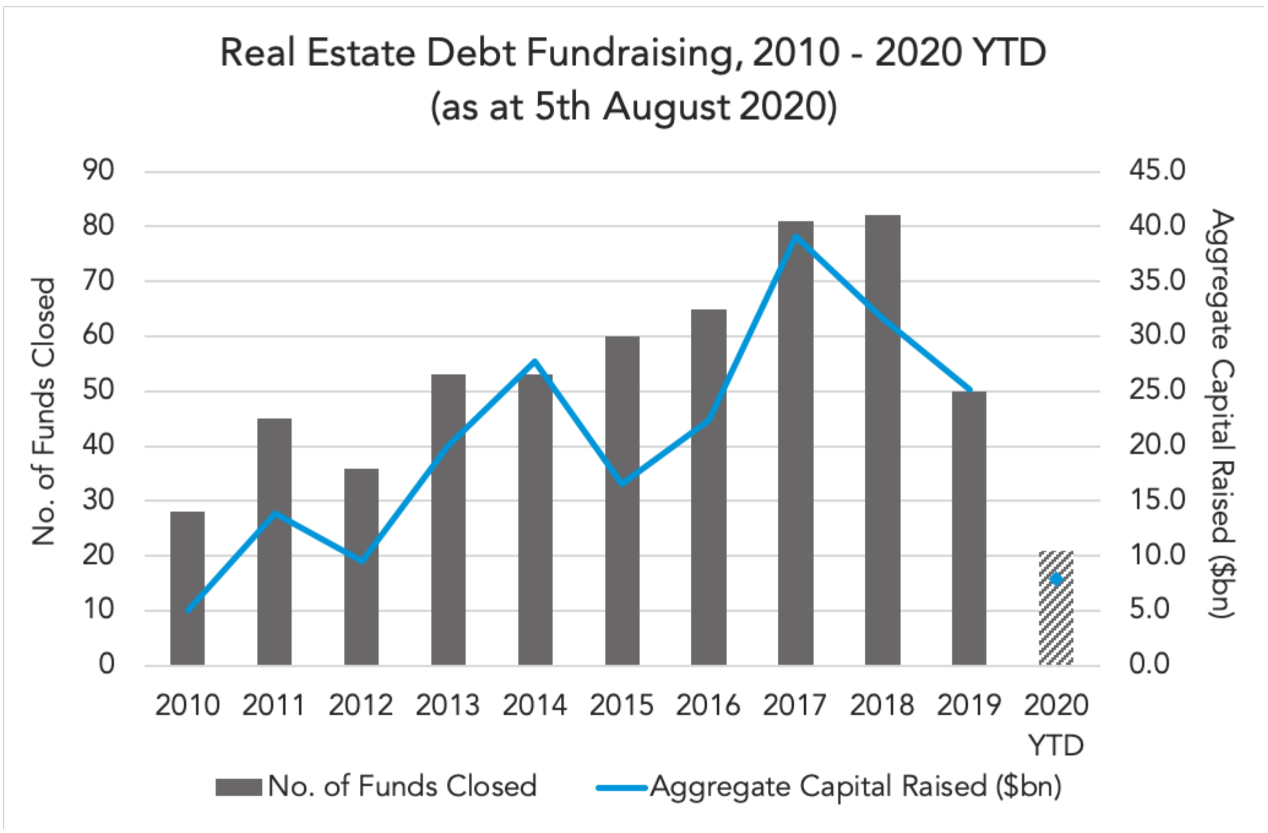
Real Estate Debt Fundraising Keeps Falling

Chart



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Debt as a real estate strategy has been growing in prominence in recent years; however, over the past two years it appears the appeal of debt has declined slightly and so far in 2020 it seems not to be increasing, in fact the COVID-19 pandemic has slowed the industry's activity. After a big drop in 2015, when fund managers closed 60 funds, securing just $16bn, real estate fundraising grew to its record high figure in 2017 – over 80 funds closed, securing $31bn. But since then, fundraising has been falling little by little every year. In 2018, the capital raised decreased to $32bn and even more in 2019 when just $25bn were raised by 50 funds closed. Now, with the coronavirus outbreak and the economic slowdown it has created, the industry’s fundraising has just been able to secure $8bn, the lowest figure seen since 2010. However, there are 124 funds in the market seeking for $51bn, from which 57% have already held an interim close.

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