PERE 50

PERE's ranking of the 50 largest private equity real estate firms in the world

Methodology

The PERE 50 measures equity raised between 1 January 2008 and mid-April 2013 for direct real estate investment through closed-ended, commingled real estate funds and co-investment vehicles that sit alongside those funds. The vehicles must give the GP discretion over the capital, meaning club funds, separate accounts and joint ventures are excluded from the ranking. Also excluded are funds with strategies other than value-added and opportunistic, such as core and core-plus, as well as those not focused on direct real estate, like fund of funds and debt funds, and funds where the primary strategy is not real estate-focused, such as general private equity.

PERE 50

A post-crisis shake-up

The elimination of funds closed in 2007 from this year's ranking has caused the biggest reshuffling of top firms in recent memory

Changes abound in this year's ranking of the largest private equity real estate in the world in terms of fundraising activity. First and most obvious is that the ranking has expanded from 30 firms to 50 this year. This is partly the result of the increased capabilities of *PERE*'s Research & Analytics team, which did much of the grunt work for this year's ranking, as well as the desire to offer our readers a wider, more comprehensive look at fundraising activity across the market.

Secondly, the PERE 50 has experienced the biggest reshuffling of firms at the top of the ranking in recent memory. Much of this is due to the elimination of large funds that closed in 2007 and now fall outside the ranking's five-year fundraising window. Among the casualties are the real estate investment arms of investment banks Morgan Stanley and Goldman Sachs, which declined nine and five spots respectively, as well as private real estate firms such as Beacon Capital Partners and Rockpoint Group. Indeed, Beacon fell 20 places as some $4 billion was shaved from its five-year tally, while Rockpoint dropped 16 spots and now is relying solely on the fund it just closed earlier this year.

The problem for these firms is that much of the capital that has fallen outside the PERE 50's five-year fundraising window has not been replaced with new equity or it has been replaced at a slower rate and with a lesser amount. Meanwhile, a number of firms have shifted their focus to strategies that are not included in the PERE 50 ranking, such as real estate debt, or have stopped raising their capital through traditional closed-ended commingled funds in favor of other structures sought by LPs.

That said, some firms did find success with new vehicles over the past five quarters. Indeed, three of the biggest fundraisers over the past five quarters also happen to be the biggest climbers in the PERE 50. Starwood Capital Group closed its latest opportunity fund on $4.2 billion, which propelled the firm some 10 spots in the ranking. Brookfield Asset Management, which is in the middle of marketing its first global opportunity fund, moved up 14 spots on the strength of $2.63 billion in equity raised so far. Last but not least, Fortress Investment Group also jumped 14 spots in the ranking due largely to the success of its second Japan-focused fund, which closed on $1.65 billion late last year.

In the face of all those changes, one thing did not change. The Blackstone Group cemented its place as far and away the biggest capital-raiser in the PERE 50 ranking, thanks to the $13.3 billion collected for its most-recent global offering, which is the largest commingled real estate fund ever raised. Indeed, so big is that fund that, had Blackstone not raised another penny over the past five years, the firm still would be atop the ranking. As it is, it raised a total of nearly $32 billion, which is more than the next four firm combined.

Looking at the PERE 50 as a whole, the cutoff for capital raised in order to make this year's ranking was $1.37 billion over the past five years. Obviously, that is much less than the $2.21 billion cut-off of last year, when just 30 firms were ranked. However, if you look at just the top 30 firms this year, you will see that the cut-off for that sub-group rose to $2.42 billion.

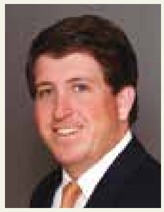
Meanwhile, the expansion of the ranking, as well as the aforementioned reshuffling of firms, has opened the door for several new players to emerge. First-time members of the PERE 50 include notable firms like CapitaLand, Oaktree Capital Management, Niam, GTIS Partners and Crow Holdings, among others. In addition, there were five firms $60 million or less from making the PERE 50, including Europa Capital Management and Iron Point Real Estate Partners. With the disappearance of 2008 funds in next year's ranking, it is a good bet that these firms will make the cut in 2014.

2013 Rank	Movement	Name of Firm	Capital Raised ($bn)	2012 Rank
1	◄►	The Blackstone Group	$31.947	1
2	▲	Starwood Capital Group	$7.868	12
3	▲	Lone Star Funds	$7.864	7
4	▲	Colony Capital	$7.709	5
5	▲	LaSalle Investment Management	$7.395	10
6	▼	Tishman Speyer	$7.340	4
7	▼	The Carlyle Group	$7.337	6
8	▼	Goldman Sachs Real Estate Principal Investment Area	$5.626	3
9	▲	Brookfield Asset Management	$5.250	23
10	▲	MGPA	$5.200	11
11	▼	Morgan Stanley Real Estate Investing	$4.767	2
12	▲	CBRE Global Investors	$4.181	13
13	▼	Westbrook Partners	$4.088	9
14	◄►	AREA Property Partners	$4.055	14
15	▲	Angelo, Gordon & Co	$3.798	17
16	▼	Prudential Real Estate Investors	$3.531	15
17	▲	Shorenstein Properties	$3.295	19
18	★	CapitaLand	$3.295	—
19	▲	Fortress Investment Group	$3.159	33
20	▼	TA Associates Realty	$3.068	16
21	★	Oaktree Capital Mangement	$3.021	—
22	▼	Bank of America Merrill Lynch Global Principal Investments	$2.992	20
23	▲	Walton Street Capital	$2.887	30
24	▲	Northwood Investors	$2.809	28
25	★	Perella Weinberg Partners	$2.710	—
26	▼	Lubert-Adler Partners	$2.604	24
27	▼	AEW Global	$2.561	21
28	▼	Beacon Capital Partners	$2.541	8
29	▲	Orion Capital Managers	$2.491	38
30	★	Alpha Investment Partners	$2.420	—
31	▼	DRA Advisors	$2,250	29
32	▼	KSL Capital Partners	$2.211	31
33	▲	ARA Asset Management	$2.074	34
34	▼	Rockpoint Group	$1.952	18
35	★	Niam	$1.910	—
36	★	Hemisferio Sul Investimentos	$1.899	—
37	▼	Hines	$1.884	22
38	▼	GI Partners	$1.864	37
39	▲	Cerberus Capital Management	$1.830	41
40	★	GTIS Partners	$1.791	—
41	★	Invesco Real Estate	$1.662	—
42	★	Crow Holdings	$1.649	—
43	▼	CIM Group	$1.632	27
44	↶	Rockwood Capital	$1.629	—
45	★	Berkshire Property Advisors	$1.619	—
46	★	Harrison Street Real Estate Capital	$1.518	—
47	★	GE Capital Real Estate	$1.514	—
48	★	Kayne Anderson Real Estate Advisors	$1.411	—
49	★	Spear Street Capital	$1.400	—
50	★	Stockbridge Capital Group	$1.370	—
		TOTAL EQUITY RAISED SINCE 2008	**$192.876**	

Legend: ▲ *Higher rank than 2012* ▼ *Lower rank than 2012* ◄► *Same rank as 2012* ★ *PERE 50 debut* ↶ *PERE 50 return*

46 Harrison Street Real Estate Capital *$1.518 billion*

HQ: Chicago / **Founded:** 2006



Merrill: niche player

Harrison Street Real Estate Capital has made a name for itself by being one of the few experts in niche markets such as off-campus student housing, senior housing, medical office buildings and storage properties. Not only did the Christopher Merrill-led firm launch a new opportunistic vehicle in December, but the fund, Harrison Street Real Estate Partners IV, managed to attract $465 million in commitments by March.

These days, Harrison Street finds itself in a very good place. Student housing, one of the firm's specialties, is becoming an increasingly popular property type among investors. Perhaps this is why the Chicago-based firm was able to raise nearly a half billion dollars in just three months.

It also should be noted that Fund IV, which is targeting between $600 million and $700 million in equity, was launched just a little more than 18 months after Harrison Street closed its last commingled vehicle. In June 2011, Harrison Street Real Estate Partners III received more than $595 million in commitments, exceeding its original $500 million target.

47 GE Capital Real Estate *$1.514 billion*

HQ: Norwalk, Connecticut / **Founded:** 1972

Due to its prior investment funds, most of which closed in 2008 and 2011, GE Capital Real Estate makes its debut on the PERE 50 list. Unfortunately, that honor may be short-lived as the Norwalk, Connecticut-based firm is in the process of winding down its real estate equity investment management business. Witness the sale of the management contract for its €240 million Polish Retail Fund to Valad Europe at the end of December and the departure of Jonathan Kern, its president of global investment management, earlier this year. While GE Capital Real Estate plans to manage out a number of its current equity holdings, the strategy going forward is to concentrate on the debt space.

48 Kayne Anderson Real Estate Advisors *$1.411 billion*

HQ: Armonk, New York / **Founded:** 2007

After closing its second opportunity fund on $575 million in equity in October 2011, Kayne Anderson Real Estate Advisors, the real estate arm of Los Angeles-based private equity firm Kayne Anderson Capital Advisors, hit the fundraising trail with its third commingled real estate vehicle in early 2013.

Rabil: studiously raising equity

The Armonk, New York-based student housing specialist, led by Al Rabil, launched Kayne Anderson Real Estate Partners (KAREP) III in January to target off-campus student housing opportunities in the US. The opportunistic vehicle is seeking $700 million in equity from high-net-worth individuals, family offices, foundations, endowments and pension plans. By mid-April, the fund already had attracted $675 million in commitments.

Kayne Anderson's prior fund, KAREP II, was raised over the course of approximately one year, having held a first close in December 2010. The firm still is investing on behalf of KAREP II, with approximately 75 percent of the capital accounted for, and it is anticipated that the fund will be fully invested by the third quarter.

49 Spear Street Capital *$1.40 billion*

HQ: San Francisco / **Founded:** 2001

Spear Street Capital, which has closed on $1.4 billion in equity since 2008, focuses on US office assets and portfolios valued at more than $25 million. Target assets are well-located properties that can generate high returns through proactive leasing efforts, physical improvement or repositioning, entitlement changes or the realization of adaptive re-use strategies. Properties in the San Francisco-based firm's portfolio include Research Park Plaza I & II in Austin and Montague Park in San Jose.

50 Stockbridge Capital Group *$1.37 billion*

HQ: San Francisco / **Founded:** 2003

Last summer, Stockbridge Capital Group closed on $220 million for its first value-added real estate fund, Stockbridge Value Fund. That fund will pursue office, industrial, retail and multifamily investments in major US markets, with a focus on distressed properties and portfolios that are undervalued or underutilized. Previously, the San Francisco-based firm sponsored three opportunistic funds and related co-investment vehicles that raised a total of $2.6 billion. Its last opportunistic fund, Stockbridge Real Estate Fund III, closed in 2008 and raised $1.15 billion.