



The young and the restless

In compiling our list of 10 so-called “emerging managers,” *PERE* polled many limited partner, advisory and other market sources in search of relatively new GP groups that were nevertheless led by truly experienced investment aces. Many were founded by names you’ve heard about already, from Blackstone’s John Kukral to Dan Niedich, formerly of Goldman Sachs’ Whitehall Funds. Most are established real estate professionals who are setting off on their own franchise. Some individual GPs are themselves quite young, some less so. All, though, are determined to shape the private equity real estate world around them. The next several pages profile tiger cubs that are going to grow into fearsome competitors.

Ten to watch

Benson Elliot Capital Management
Doran Capital Partners
Dune Real Estate Partners
Harrison Street Real Estate Capital
Moor Park Capital
Northwood Investors
Perella Weinberg
Prosperitas
Red Fort Capital
Samsara Capital

Dune Real Estate Partners

Whitehall Funds, take two



Neidich: real estate pedigree

Firm:	Dune Real Estate Partners
Headquarters:	New York
Founded:	2006 (Dune Capital Management, 2004)
Founders:	Dan Neidich, Steven Mnuchin and Chip Seelig
Funds:	Dune Real Estate Partners, closed 2006 on \$727 million Dune Real Estate Partners II, currently fundraising
Strategy:	Opportunistic real estate in the US and Western Europe

Granted, Dune Capital Management possibly won't strike most people as an immediate contender for this feature. The New York-based firm is, of course, well known for its hedge fund activities and having been founded in 2004, Dune isn't all that emerging. Its name is quite well established. However Dune's real estate arm, Dune Real Estate Partners, is certainly emerging as an influential manager in the real estate field and one that investors are eager to get on board with. Dune, founded by Dan Neidich, Steven Mnuchin and Chip Seelig, was itself a spin-off from Soros Capital Management when that firm restructured. However real estate has always been in the blood of co-chief executive Neidich who founded Goldman Sachs Whitehall Street Real Estate Funds in 1991, raising more than \$12 billion of equity during his watch. In 2006, Dune established Dune Real Estate Partners, closing its first fund on \$727 million (€470 million). At the time Atlantic Pacific partner, Michael Sorihos, who acted as placement agents for the fundraise, said Neidich was intent on building Dune into his "next great real estate investment platform." It would be, in essence, the next Whitehall Funds. One year later, in a further show of its emerging strength, the firm appointed former JER Partners US fund president Cia Buckley as a managing director and principal. And as a marquee brand Dune is certainly grabbing people's attention. Focused on opportunistic investments, Dune's first fund, DREP I, has invested capital primarily in the US, with around one-third of the fund invested in Europe. Dune is now in the process of raising its second fund, DREP II, with an expected focus on distressed opportunities in the US. And with the experience the firm has to hand of investing through distressed cycles, they are, as one real estate professional says, "ahead of the game. Their experience allows them to be in on the deals that are not out there or public or that you don't hear about. In this environment that's the kind of opportunistic manager you want."



Merrill: recession-resistant

Harrison Street Real Estate Capital

Recession-proof pros

Firm:	Harrison Street Real Estate Capital
Headquarters:	Chicago
Founded:	2005
Founders:	Christopher Galvin, Michael Galvin and Christopher Merrill
Funds:	Harrison Street Real Estate Fund I, closed 2007 on \$210 million Harrison Street Real Estate Fund II, second close 2008 on \$250 million, targeting \$300 million
Strategy:	Recession-resistant real estate investments, particularly in the education, healthcare and storage sectors

As investors attempt to call the bottom of the market, private equity real estate firms are positioning themselves to take advantage of perceived distressed opportunities. Harrison Street Real Estate Capital, however, is one firm that isn't rushing to follow the pack. Despite decades of experience of investing in all manner of real estate cycles, the three founders – brothers Christopher and Michael Galvin and Christopher Merrill – have adopted a recession-resistant strategy focusing on the sectors always in need: education, healthcare and storage. The firm, according to its web site, targets sectors where there are large government, university, hospital and private sector commitments, such as found in student housing and senior housing, and in storage sectors such as marinas with wet and dry slip storage. It is, what one US fund of funds manager says, is an "attractive niche strategy." The trio though can forcibly argue though they don't need to hedge against recession considering their experience. As a former partner, owner and managing director of investment firm Heitman, Merrill has executed more than \$4 billion (€2.5 billion) of real estate transactions, including spearheading the firm's presence in Europe. He was also fundamental in raising Heitman's Central Europe Property Partners Funds I and II, with a total of \$600 million in equity, and their \$300 million Crescent Euro Fund I and II, which targeted warehouse investments in Germany, Italy and France. He also played a key role in the firm's \$250 million Global US Real Estate Fund focused on joint venture deals with medical office building operators in the US. Christopher and Michael Galvin though are no strangers to the vagaries of the market. Grandsons of the Motorola founding fathers, they have respectively served as chairman and chief executive officer of the communications giant and president of Galvin Enterprises, a venture capital portfolio of biotechnology and real estate development services. Indeed Harrison Street takes its name from the Motorola history: It's the street where Motorola started its life in Chicago in 1928.