

# PERE

## Global Investor 50

In collaboration with MIRA Real Estate • November 2019 • [perenews.com](http://perenews.com)



Our ranking of  
the sector's  
biggest  
investors  
in 2019

LOGOS, 2 Tuas South Link 1, Singapore



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## How to contact us

Senior Editor, Real Estate

**Jonathan Brasse**

jonathan.b@peimedia.com,  
+44 20 7566 4278

Editor

**Evelyn Lee**

evelyn.l@peimedia.com, +44 20 3640 7511

Senior Special Projects Editor

**Graeme Kerr**

graeme.k@peimedia.com, +44 20 3862 7491

Special Projects Editor

**Helen Lewer**

helen.l@peimedia.com, +44 20 7566 5478

Senior Reporters

**Arshiya Khullar**

akhullar@peimedia.com, +852 2153 3149

**Kyle Campbell**

kyle.c@peimedia.com, +1 646 545 4428

Reporters

**Lisa Fu**

lisa.f@peimedia.com, +1 212 937 0384

**Christie Ou**

christie.o@peimedia.com, +852 2153 3247

Contributors

**Mark Cooper, Stuart Watson**

Research

**Sheikh Jahan, Jesse Koppi, Raymond Lau**

Head of Investor Research: **Nicole Douglas**

Managing Editor, Production: **Mike Simlett**

Head of Production: **Greg Russell**

Production Editors: **Daniel Blackburn,**

**Adam Koppeser**

Copy Editor: **Eric Fish**

Head of Design: **Miriam Vysna**

Senior Designer: **Lee Southey**

Designer: **Denise Berjak**

Head of Marketing Solutions, Real Assets Group:

**Nick Hayes**

nick.h@peimedia.com, +44 20 7566 5448

Marketing Solutions Manager:

**Annie Liu**

annie.l@peimedia.com, + 852 2153 3843

Subscriptions and reprints

subscriptions@peimedia.com

Customer Service

customerservices@peimedia.com

Editorial Director: **Philip Borel**

Director, Digital Product Development:

**Amanda Janis**

Director of Research and Analytics: **Dan Gunner**

Managing Director, Americas: **Colm Gilmore**

Managing Director, Asia: **Chris Petersen**

Group Managing Director, Brands and Markets:

**Paul McLean**

Chief Executive: **Tim McLoughlin**

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# PERE

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# Insight

Year in brief  
**ADIA looks to emerging markets and direct investing grows; here are some of the stories that made *PERE* headlines in the last 12 months**

## Oregon State sees a year of logistics aggregation

Oregon State Treasury was taking on the challenge of building an industrial portfolio with scale. The state said it planned to be heavily focused on the domestic market as it attempted to strip out volatility caused by currency fluctuations and create a portfolio that is resilient through different parts of the cycle.



NOV 2018

### Korea Post: 'Encourage GPs to open Korea office'

At *PERE*'s annual conference in Seoul, senior executives from Government Employees Pension Service and Korea Post urged international managers to set up an outpost in the country and hire Korean investment professionals. Jin Ho Lee, head of global real assets, Postal Insurance, at Korea Post said: "For infrastructure and real estate, we are looking for long-term investments for 10 to 15 years. I don't believe it really makes sense, if we are making such an investment with a manager that has no Korean office."

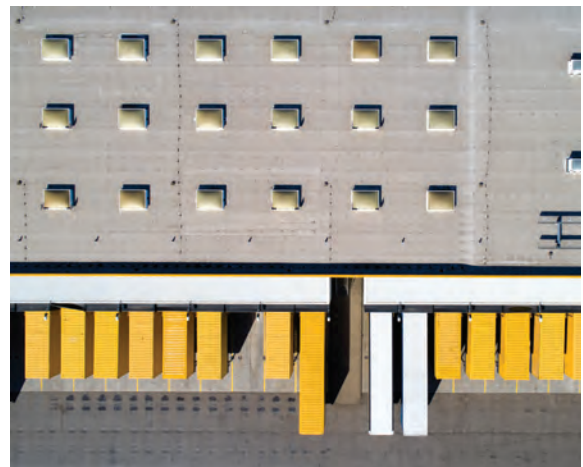
DEC

### Investor club joins LOGOS in Singapore logistics deal

Bouwinvest and LaSalle Global Partner Solutions joined logistics property firm LOGOS in a new venture to acquire a \$433 million industrial asset in Singapore. The venture partners also included Ivanhoe Cambridge, Canada Pension Plan Investment Board and three other unnamed investors. Bouwinvest committed €48 million to the deal, which represents a 24.5 percent stake.

JAN 2019

FEB



### Co-investment gains popularity with investors

There has been a clear uptick in sidecar use among the sector's top 20 firms, according to *PERE* data: almost \$29 billion was raised from 2014 to 2018, compared with \$19bn between 2012 and 2016. Texas Teachers' Jennifer Wenzel told *PERE*: "By doing a co-invest with one of our managers, we really get to know them well ... and that's one of the biggest by-products we've seen."



### Debt providers are following equity investors and going to beds

Real estate investors and lenders see property types comprising housing and hospitality as benefiting from long-term demographic trends, which make them less sensitive to market cycles. Real Capital Analytics estimates that the beds sectors account for almost 30 percent of all European commercial real estate investment.

### Texas TRS dials up principal investing in real estate

The pension fund planned to allocate half of its real estate portfolio to the strategy. Head of real estate Grant Walker said during a board meeting that it intends to shift the balance of its real estate holdings from 55 percent funds and 45 percent principal investments to a 50-50 split. Walker said the latter category was where most of the pension's outsized gains came from.

### AP2 doubles Asia-Pacific real estate allocation

The Swedish pension fund will increase its real estate exposure in the region from 5 percent to 10 percent. The investor has already committed most of the additional capital. AP2's head of real assets Helena Olin told *PERE*: "We think that is where a lot of the growth is going to be ... and that is the long-term view."

MAR

APR

MAY

JUN

JUL

AUG

SEP

### POBA's \$200m re-up with CalSTRS

Korea's Public Officials Benefit Association's re-up took its total commitment in the partnership to \$400 million. It was part of its broader goal of increasing the number of JV partnerships. One of the investments included a \$64 million senior loan on a prime office development in Atlanta. POBA is also pursuing an expansion in Japanese real estate.



### ADIA ups China exposure by 30% in line with emerging markets focus

ADIA will also increase its investments in India and Latin America on the back of structural growth drivers such as urbanization, a growing middle class and rising consumption levels. To seize growing investment opportunities in these markets, the fund has also adopted a capital recycling strategy by selling some assets. ADIA will focus on logistics and is also planning to expand its exposure in affordable housing with a push toward investing in build-to-sell residential projects in emerging markets.

### Midsize investors are ramping up in direct real estate

The Arizona State Retirement System committed \$450 million to a JV with Tricon Capital Group to develop for-rent single family homes. And the South Carolina Retirement System earmarked \$500 million for a private debt joint venture with Barings BDC; managing director Steve Marino cited "strong risk-adjusted returns" and a "heightened focus on superior investor alignment" as expectations for the partnership.



### Insurers join the third party

Generali and Allianz were the latest groups seeking to raise and invest external capital. Generali will roll out nine property funds this year, all open to third parties, and seek JVs with large institutional investors where it will act as the operating partner. Allianz Real Estate launched a property debt fund in 2018 and was opening it to third parties. The first commitments from external partners were expected in the following months.

**D**espite rising political tensions and softer global growth, direct real estate performance around the world has remained broadly solid in 2019. The upward pressure on property values, excluding retail, due to lower interest rates has more than offset any concerns about softer global growth and weaker tenant demand.

More so than previous cycles, risk assets are being supported by central banks placing more emphasis on keeping equity markets stable, either as a deliberate strategy, given historical linkages with GDP growth, or as a result of political pressure. And investor sentiment in real estate has been boosted by renewed monetary stimulus this year, led by the US.

Looking ahead, the combination of lower global interest rates, rising stock of negative yielding bonds and reasonable demand growth, excluding retail, are likely to support real estate values over the next 12 months, considering the extent of investor appetite. Higher allocations to alternative assets with positive income returns and attractive pricing against bonds will also support elevated levels of global real estate liquidity, cross border flows and capital raising activity.

### Near-term fundamentals to remain solid

Real estate fundamentals remain solid and supportive of inflation-like rental uplifts across the majority of the market and sectors in 2020.

Logistics, certain niche segments – manufactured homes in the US and data centers, for example – and supply-constrained apartments and office markets are seeing stronger growth while retail is generally weak in the US, Europe and Australia. Beyond pockets of oversupply – offices in some major financial-hub cities – and shadow space from retailer closures, construction levels and starts remain well contained relative to previous cycles.

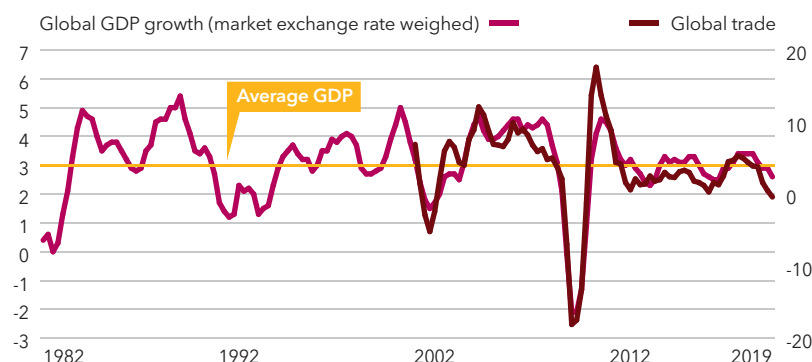
Better visibility on the supply outlook means that demand is the most important input for underwriting long-term investments. Here, ongoing

## Expert comment Lower interest rates and healthy demand set to support property values in the year ahead



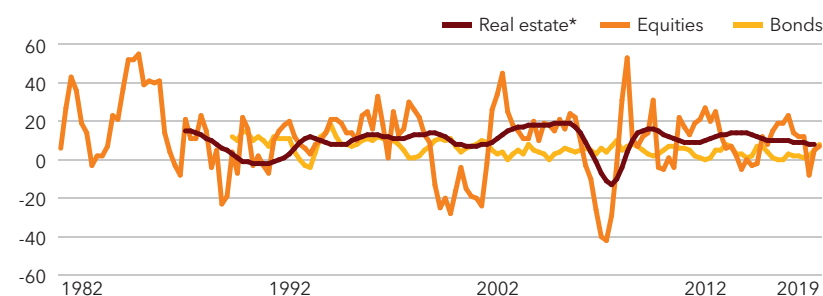
Expert analysis by **Rod Cornish**, managing director, and **David Roberts**, associate director of Macquarie Infrastructure and Real Assets

Central banks are easing policy to ensure the current cycle is a repeat of 2012 and 2015, (% change pa)



Source: MIRA Real Estate, Oxford Economics, NPB

Global real estate's near term performance expected to remain solid given low bond yields (%)



\* unleveraged/pre-fees

Source: MIRA Real Estate, Bloomberg, CoStar, JLL, PMA

resilience of the US services and consumer sectors warrant close monitoring, particularly linkages between business sentiment, hiring and consumer confidence. In the past, services sector surveys typically follow weaker manufacturing with a lag.

Overall, global real estate return expectations currently remain attractive relative to yields on government and corporate bonds. Absolute returns will moderate further though, given tighter

cap rates, higher development costs and slower global growth, which impacts tenant demand across sectors.

The US political cycle is also prolonging the upswing as President Trump pulls out all stops to maintain a solid economy into 2H20.

A sustained acceleration in real estate returns from here would come via a de-escalation of US-China trade wars combined with significant policy stimulus from infrastructure spending. Importantly,

the latter is likely to come through as China's top-down policy response kicks into gear over the coming quarters to stabilize its nominal GDP growth.

Real estate values would soften in a global recessionary scenario, consistent with previous cycles, as global equities and corporate bonds come under pressure and investors find themselves underweight stocks.

### **Current real estate pricing**

Cap rates are tight across markets relative to historical averages and prior peaks at 50-100 basis points below pre-2007 lows after adjusting for tenant concessions, increasing cap-ex and lease duration.

In the retail sector, spending shifts favoring consumption of services over material goods and ongoing department store closures will remain significant cap-ex burdens on operators.

Elevated property spreads to bonds provide some buffer for pricing, but this is only part of the story. Many parts of Asia

“With global investors generally underweight in their Asian real estate allocations, cross-border activity into the region will continue to grow over the coming decades”

had positive spreads prior to the 2008 downturn and retail values are under pressure despite elevated spreads in key developed markets. Fundamentals are equally important in driving total returns.

### **Elevated global activity**

Global transactional activity remains solid with domestic and cross-border investors continuing to deploy capital given low/negative global cash returns and accommodative debt markets in the US

## Trends focus

### **Structural shifts influencing investor behavior**

#### **1 Investment strategies**

Investments focused on sectors with stable cashflows and defensive characteristics supported by long-term structural trends – urbanization, globalization, technology and demographics – should perform solidly for the rest of this cycle and into the next. On the basis of these structural shifts, ‘beds and sheds’ and bytes – industrial and rental housing, including manufactured homes, data centers, as well as supply-constrained office markets are favored investments.

#### **2 Structural support for beds and sheds**

Industrial and mid-market rental housing will continue to benefit from a number of related shifts including ongoing urbanization, linked to the millennials boom over the past decade, stretched housing affordability, millennials moving into their peak spending years, and the ongoing shift to e-commerce spending as households become comfortable with purchasing more goods across different platforms.

Technology is also facilitating the shift to online. The increasing ease of purchasing goods online – facilitated by access to credit at point-of-sale, real-time tracking, faster deliveries and ease of returning purchased goods – is supporting demand in densely populated cities and near key transport linkages.

Longer-term – beyond typical real estate investment horizons of 7-10 years – self-driving trucks may impact value as location becomes less important and marginal demand comes under pressure as goods are distributed more efficiently from producers. Automation is already impacting the manufacturing sector by shortening supply chains and reducing inventory needs.

#### **3 Office occupier trends linked to demographics and technology**

Millennials will dominate the workforce over the coming decade with forward-looking employers and landlords shifting fit-out strategies to cater for this demographic. Stronger demand globally is expected for creative layouts emphasizing collaboration among employees, fewer private offices and flexible spaces in locations close to or accessible to where millennials live. As employers compete for workers who can thrive in this environment – highly skilled, educated and mobile – leasing activity will become even more focused in central locations and well-connected suburban markets. The concentration of leasing activity in CBD markets and city-fringe locations will partially offset the impact that flexible working arrangements and co-working are having on workspace ratios and overall demand.

and eurozone, particularly in the favored industrial and rental housing sectors.

By sector, cross-border activity remains focused on offices with the sector representing 44 percent of cross border investments over the past 12 months. Cross-border office activity is supported by the relative ease of execution in this sector, particularly for large investments, high liquidity supporting exit strategies and a better understanding of the economic drivers of global cities.

In other sectors, the ongoing shift out of retail in weak catchments continues, with industrial and rental housing – 13 percent and 17 percent of cross border capital respectively – and niche segments the key winners. Not surprisingly, pricing is adjusting accordingly in both listed and unlisted markets in these sectors.

### **Cross-border transactions remain strong**

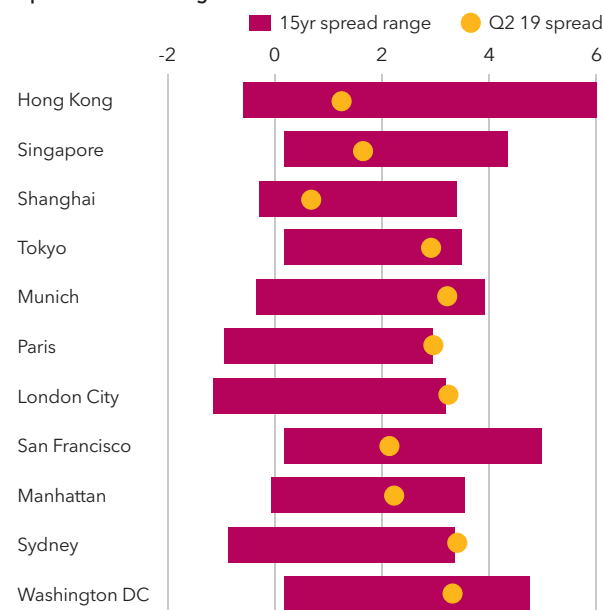
According to Real Capital Analytics, cross-

## Global prime office cap rate cycles are tight relative to historical ranges



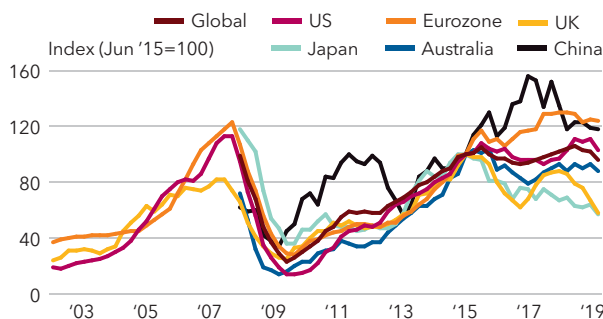
Source: MIRA Real Estate, JLL, PMA, CoStar

## But spreads to bonds close to cyclical highs ex-Asia where growth expectations are stronger



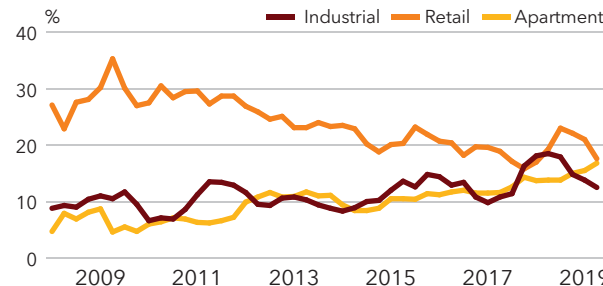
Source: MIRA Real Estate, JLL, PMA, CoStar

## Global transaction volumes remain strong (All property, excluding development sites)



Source: MIRA Real Estate, RCA, PMA

## Global cross-border allocations are lifting strongly in logistics and apartments\*



\*Global cross-border transactions percentage of total

Source: MIRA Real Estate, RCA, PMA

border capital flows remain solid at \$218 billion over the past 12 months, which is in line with its three-year average. Capital has been equally sourced from regional and global investors. US and European markets continue to receive the highest share of cross-border capital at \$80 billion and \$110 billion over the past 12 months, respectively, but Asia has seen the strongest growth over the past decade. With global investors generally underweight in their Asian real estate allocations cross-border activity into the region will continue to grow over the coming decades.

Looking ahead, investors are still very keen to deploy capital as the

stock of negative yielding bonds continues to grow. Elevated levels of dry powder points to ongoing strength of investment activity over the next year despite elevated political risks. Any softening in geopolitical and global macro risks would be clear positives for risk sentiment and global capital flows.

### Outlook for the year ahead

Central banks are increasingly recognizing the difficulty in escaping from a low inflation environment, despite considerable monetary expansion over the past decade.

The likelihood of a structurally slower

global growth is rising as the combined deflationary forces of a slowing working-age population and technology become more apparent on inflation, rates and returns.

In this world, bond yields remain low/negative and global cap rates and total returns grind lower over the medium term before converging at low levels compared to historical averages of 250-300 bps over 10Y bonds. Yields are already at these levels in Germany, Japan, Hong Kong and Switzerland.

Although lower than average, property cap rates would still be relatively attractive in an environment where the stock of positive yielding assets is shrinking. ■





**New York**  
130 West 42nd Street  
Suite 450  
New York  
NY 10036  
T: +1 212 633 1919

**London**  
100 Wood Street  
London  
EC2V 7AN  
T: +44 20 7566 5444

**Hong Kong**  
19F On Hing Building  
1 On Hing Terrace Central  
Hong Kong  
T: +852 2153 3240

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## Editor's letter

# Investors playing a long game



**Helen Lewer**

[helen.l@peimedia.com](mailto:helen.l@peimedia.com)

Sometimes it can feel impossible to find any positivity in the world these days, so accustomed are we to gloom – superpower trade wars, riots in Hong Kong, the never-ending Brexit stand-off, the planet slowly imploding through climate change and fears of a global economic slowdown. Indeed, the former governor of the Bank of England, Sir Mervyn King, issued the latest declaration of the precariousness of the global economy, warning it risks entering a period of “great stagnation.”

These issues are unquestionably on the minds of the institutions capitalizing real estate. Collective antennas are up in readiness for the worst-case scenario, in the short term at least.

Yet there is a very hefty dose of optimism expressed throughout these pages, too. For investors are acutely aware the world is also in a period of structural change through macro trends like urbanization, technology and big data, and new patterns in shopping and working habits, which together are facilitating an evolution in the shape of the built environment.

And what is clear is investors see these changes as offering up exciting new opportunities to find value-add over the long term, in areas of the property market like data centers, rental housing, logistics and flexible office space.

The institutions in pole position to take advantage of this positive outlook are unveiled in *PERE*'s 2019 ranking of the 50 largest investors by capital allocation. And the list shows remarkable stability at the top – the names featured have changed little since 2018. Abu Dhabi Investment Authority is number one again. But its total commitment is pegged at \$62 billion – the same as last year.

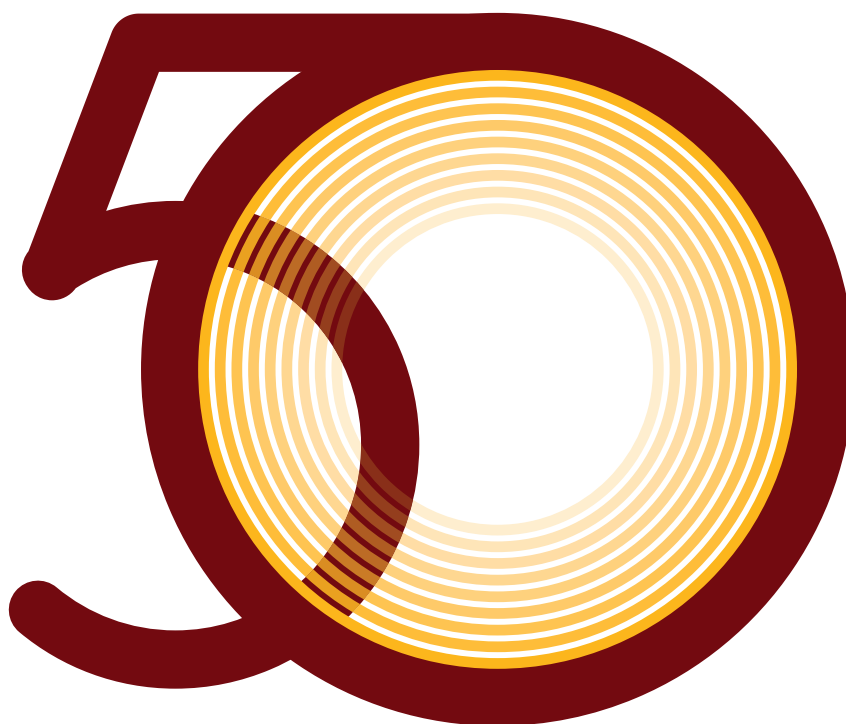
Closest competitors, APG and Allianz Real Estate, are closing the gap, both increasing their allocations since 2018 from \$43 billion to \$51 billion and \$48 billion to \$50 billion, respectively. It will be compelling to see if they can edge closer to the sovereign wealth behemoth in the months ahead. The race for the top spot in 2020 is on.

Enjoy the report.

Helen Lewer

**“ Investors see these changes as offering up exciting new opportunities to find value-add ”**

# Welcome to the PERE Global Investor 50



*Now in its sixth year, the PERE Global Investor 50 highlights the largest institutional real estate investors in the world based on the market value of investors' private real estate portfolios. PERE's Research & Analytics team carried out primary and secondary research on over 100 institutions to produce this ranking. We look forward to publishing it in 2020.*

2019 Rank	2018 Rank	Institution	Headquarters	Allocation (%)	Allocation (\$m)
1	1	Abu Dhabi Investment Authority *, **	Abu Dhabi	7.5	62,100
2	3	APG Asset Management	Amsterdam	9.2	51,422
3	2	Allianz Real Estate *	Munich	69.6	50,663
4	5	TIAA	New York	18.4	46,444
5	6	Temasek Holdings	Singapore	18.3	41,210
6	4	AXA Investment Managers ****	Paris	4.6	38,512
7	7	Canada Pension Plan Investment Board	Toronto	12.1	35,603
8	8	Qatar Investment Authority *, **	Doha	20.0	35,000
9	9	California Public Employees' Retirement System	Sacramento	9.4	33,772
10	10	Swiss Life *	Zurich	19.8	32,399
11	12	California State Teachers' Retirement System	Sacramento	14.2	32,238
12	11	Norges Bank Investment Management	Oslo	2.8	28,644
13	13	Caisse de dépôt et placement du Québec *	Quebec	12.4	28,015
14	14	GLC Private *	Singapore	7.0	27,300
15	15	Generali Real Estate *, *****	Trieste	4.0	25,476
16	16	National Pension Service of Korea	Jeollabuk-do	4.4	25,447
17	19	Bayerische Versorgungskammer	Munich	23.9	23,564
18	17	Prudential (UK) *	London	3.5	22,873
19	21	Washington State Investment Board	Olympia	16.3	21,981
20	18	Ontario Teachers' Pension Plan *	Toronto	14.6	20,448
21	22	Teacher Retirement System of Texas *	Austin	13.3	19,404
22	23	BCI (formerly British Columbia Investment Management Corporation)	Victoria	15.6	17,879
23	24	Kuwait Investment Authority	Kuwait City	3.0	17,760
24	20	Public Sector Pension Investment Board (PSP Investments)	Ottawa	14.0	17,629
25	28	Metropolitan Life Insurance Company	New York	4.1	17,499
26	31	New York State Common Retirement Fund	Albany	7.3	15,345
27	27	Pensioenfond's Zorg en Welzijn	Zeist, Neth	6.3	15,309
28	25	Cathay Life Insurance	Taipei	8.0	15,116
29	40	Munich Re/MEAG	Munich	5.0	15,036
30	-	CNP Assurances *	Paris	4.0	14,800
31	30	Florida Retirement System Pension Plan	Tallahassee	9.2	14,774
32	26	Aviva Investors *	London	3.1	14,651
33	32	Zurich Insurance Group *, *****	Zurich	7.5	14,625
34	29	Aberdeen Standard Investments *	Aberdeen	4.0	13,143
35	34	Ontario Municipal Employees Retirement System *	Toronto	18.3	13,010
36	35	Alberta Investment Management Corporation	Edmonton	14.0	12,067
37	33	bpfbOUW	Amsterdam	17.0	11,796
38	36	Manulife Investment Management	Toronto	1.3	11,093
39	41	Oregon State Treasury	Salem	10.2	10,598
40	-	Employees Provident Fund of Malaysia ***	Kuala Lumpur	4.8	10,199
41	37	Dai-ichi Life Insurance Company	Tokyo	3.2	10,083
42	43	New York State Teachers' Retirement System	Albany	8.3	9,851
43	-	KLP Insurance Pension Fund	Oslo	12.0	9,719
44	38	Healthcare of Ontario Pension Plan *	Toronto	16.8	9,712
45	45	American International Group	New York	2.9	9,645
46	-	State of Wisconsin Investment Board	Madison	8.0	9,482
47	48	New York City Retirement Systems	New York	4.5	9,050
48	46	Hong Kong Monetary Authority *	Hong Kong	1.6	8,896
49	42	Legal and General Investment Management *	London	1.4	8,887
50	47	Korea Investment Corporation *, ***	Seoul	6.7	8,817

\* Data as of prior to March 31, 2019.

\*\* Allocation is an average of the institution's range to real estate.

\*\*\* Includes infrastructure investments.

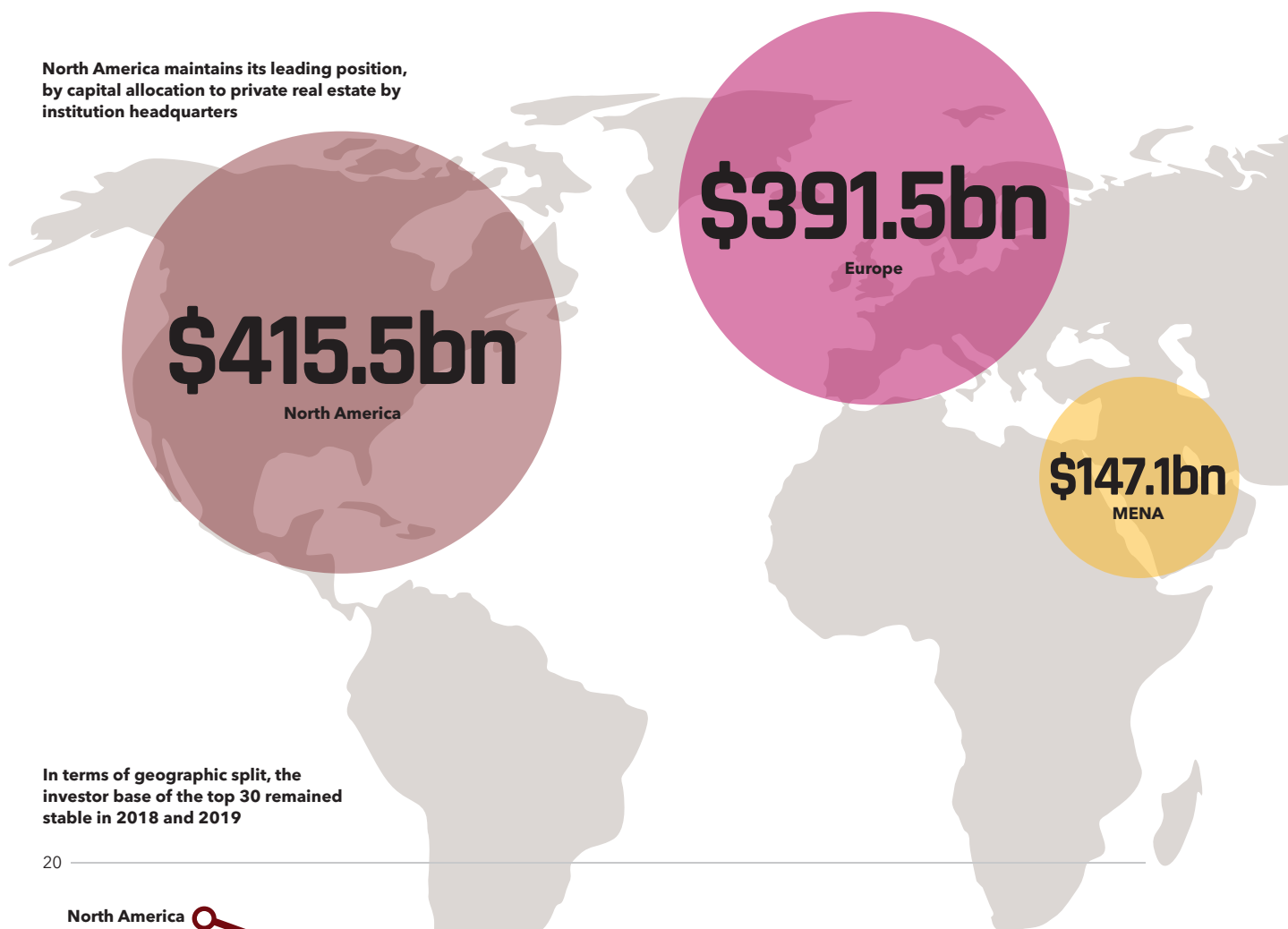
\*\*\*\*AUM includes assets managed on behalf of third parties.

\*\*\*\*\* Percentage allocation figure includes real assets.

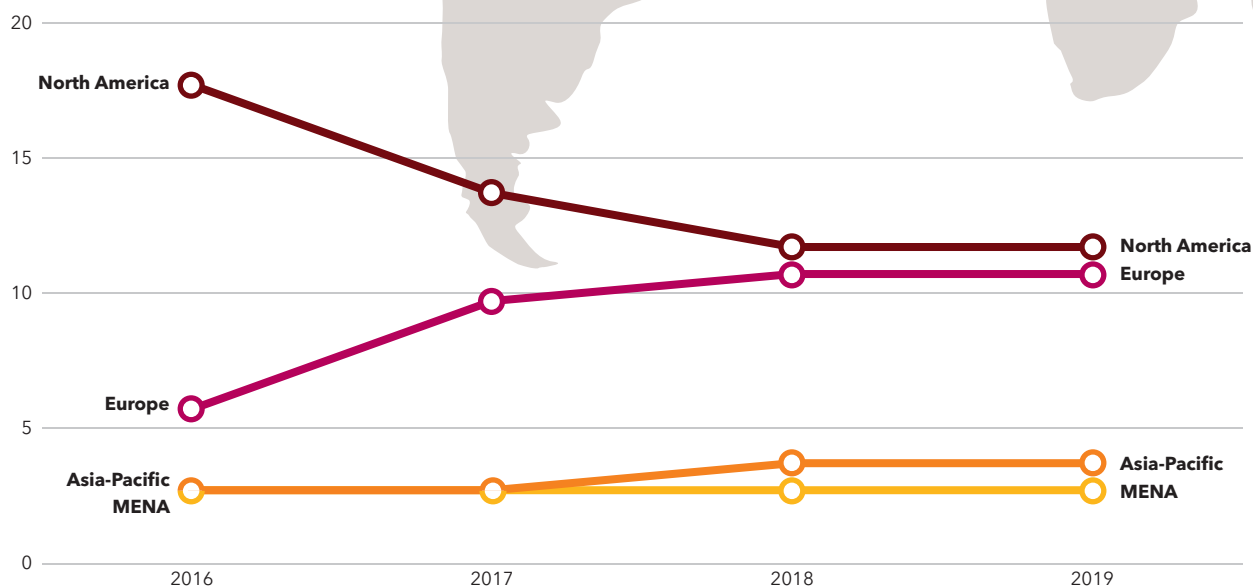
\*\*\*\*\* Allocation to real estate includes public and private.

# The GI 50 in numbers

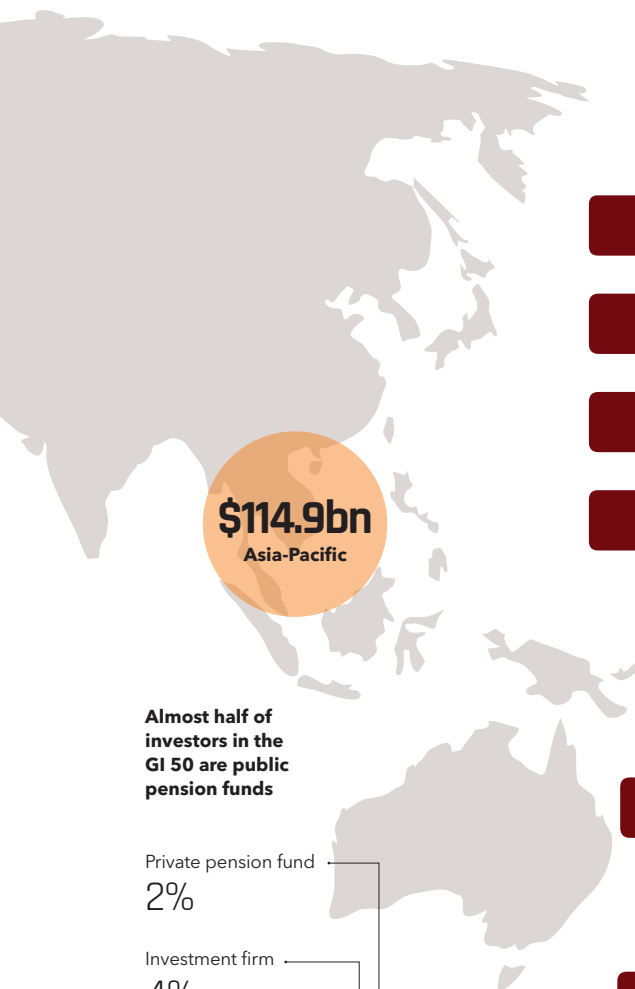
North America maintains its leading position, by capital allocation to private real estate by institution headquarters



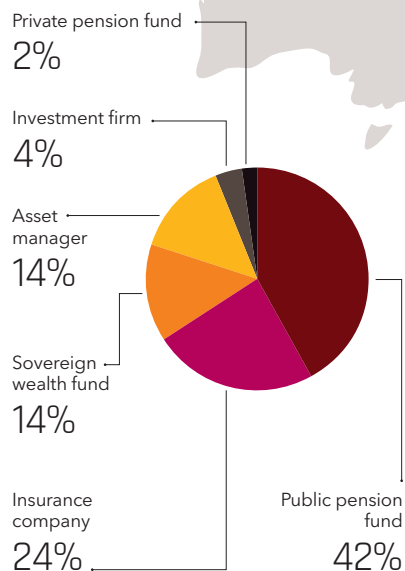
In terms of geographic split, the investor base of the top 30 remained stable in 2018 and 2019







Almost half of investors in the GI 50 are public pension funds



**GI 50**

Total real estate asset allocation of the GI50 in 2019. Up from \$991 billion in 2018 and \$896 billion in 2017

**\$427.1bn**

Total real estate allocation of the top 10 investors

**44%**

Investors headquartered in North America

**4**

Number of new entrants in the 2019 ranking

**30**

CNP Assurances, France

**\$14.8bn**

**40**

Employees Provident Fund of Malaysia, Malaysia

**\$10.2bn**

**43**

KLP Insurance Pension Fund, Norway

**\$9.7bn**

**46**

State of Wisconsin Investment Board, United States

**\$9.5bn**

**11**

Number of ranking places German insurance firm Munich Re (MEAG) jumped (40 to 29)

# How we compiled the Global Investor 50

**We base the Global Investor 50 on the market value of investors' private real estate investment portfolios both through third-party managed investment vehicles and direct investments. The ranking excludes investments in REITs or real estate company stocks as well as mortgages or mortgage-related securities. The ranking also excludes real assets, such as infrastructure or energy assets, and assets the institution manages on behalf of third-party investors, as can be the case with certain insurance companies.**

### What the ranking includes

- **Private real estate.** The definition of private real estate, for the purposes of the Global Investor 50, is property used for commercial/business purposes, such as offices, hotels, retail, industrial and numerous other niche property types, as well as multifamily/apartment properties. It may include portfolios of single-family houses, assembled via an institutional platform.
- **Market value of private real estate portfolio.** The market value of the investment portfolio covers capital definitively invested in real estate either directly or indirectly. In the case of direct investments, it means equity invested in a property or properties. In the case of indirect investments, it means equity invested via a private real estate investment vehicle operated with discretion by a third party, such as a separate account, joint venture, commingled fund or other structured vehicle.

We count capital drawn down by the third-party manager for investment in real estate and not commitments made by the investor that are yet to be drawn down. It does not count capital allocated to but not committed to non-discretionary vehicles managed by third parties, such as open-ended joint ventures whereby the discretion lies with the investor. In such cases, it is deemed that no capital has in fact been committed.

### What the ranking excludes

- **REITs and real estate company stocks.** We consider these to be stock investments and part of an institution's equity portfolio, regardless of how an individual institution may classify it.
- **Individual single-family homes.** These are rarely owned by institutional investors; more often they are owned by their occupier.
- **Mortgages and mortgage-related securities.** Similarly, we consider these to be fixed-income investments and representative of that portfolio.
- **Structured debt.** Again, these instruments, such as collateralized bond obligations and collateralized debt obligations, would be considered fixed-income investments and representative of that portfolio.

### What is not counted as 'committed and/or invested capital'

- **Committed capital not yet drawn down.** We do not count capital that has been committed to a real estate fund but not yet drawn down by the fund manager.
- **Expected commitments.** No matter how confident an institution is about its investment goals and/or allocation, we do not count pending or future commitments and investments or the uncommitted portion of an institution's target allocation.
- **Opportunistic capital.** An institution that has the ability to opportunistically invest in real estate deals as part of a larger allocation, but does not have a dedicated allocation or personnel for doing so, is not considered for the rankings. In other words, an institution that has the ability to invest \$2 billion in alternatives will not be counted unless that capital has been segregated into a specific program for real estate and/or assigned a dedicated real estate professional that is actively scouting for investments. ■

# Knocking on the door

## *The 10 institutional investors looking to get into the PERE 2019 Global Investor 50*

2019 rank	2018 rank	Institution name	Headquarters	Investor type	Allocation (%)	Allocation (\$m)
51	-	PFA Pension	Copenhagen	Public pension fund	11.0	8,591
52	51	Ohio Public Employees Retirement System	Columbus	Public pension fund	8.2	8,200
53	74	Alecta	Stockholm	Insurance company	8.6	8,106
54	44	North Carolina State Treasury	Raleigh	Public pension fund	8.1	8,055
55	59	State Teachers Retirement System of Ohio	Columbus	Public pension fund	10.3	8,008
56	60	MN	The Hague	Public pension fund	5.0	7,770
57	-	Ping An Life Insurance	Shenzhen	Insurance company	1.9	7,757
58	50	MPK Migros Pensionskasse	Schlieren, Switz	Private pension fund	31.7	7,751
59	-	Australia Future Fund	Melbourne	Sovereign wealth fund	7.0	7,641
60	62	Samsung Life Insurance	Seoul	Insurance company	3.5	7,509

Every November, *PERE* unveils its ranking of the top 50 global institutional investors, but this year we are taking a step further and revealing the 10 investors that have placed just below the main list.

The threshold between placing in the top 50 and falling short of the list is thin – just \$225 million divides the investor occupying last place in the GI 50, Korea Investment Corporation, and PFA Pension, ranked in position 51. What's more is that £1.3 billion divides the investor placed in spot 50 from spot 60 (Samsung Life Insurance).

Consistent with previous years' ranking, movement among the top 20 investors of the GI 50 is minimal, with nearly the same set of institutions appearing in the top places time and time again.

Looking at this from a regional breakdown, the delta among investors head-

quartered in North America, Europe and MENA is minor.

The greatest movement among investors takes place further down the ranking, and is even more notable with the 10 institutions that have fallen just below 50th place.

Notably, institutions further down the list allocate, on average, a smaller proportion of their portfolio to private real estate. For example, investors ranked one through

10 allocate 18.9 percent of their portfolio to the asset class. This is more than double the average allocation for institutions placed in spots 11 to 30 (9.2 percent). Investors ranked 50 through 60 also allocate less than 10 percent (9.5 percent) of their portfolio to private real estate.

Two of the institutional investors on this next-tier ranking featured in the top 50 last year: North Carolina State Treasury has dropped 10 positions from 44 in 2018 to 54 this year. The public pension fund's allocation to sector fell from \$8.6 billion to \$8.0 billion in the last 12 months.

Meanwhile, Swiss private pension fund MPK Migros Pensionskasse, which allocates almost 32 percent of its portfolio to property, has moved down to 58 from 50 a year ago. This is in spite of an increase, albeit marginal, in its allocation from \$7.6 billion in 2018 to \$7.7 billion this year. ■

# \$79.4bn

**Total market value of real estate portfolio of the investors ranked 51 to 60**

# Economics trumps politics in the Americas

*Ignore the increasingly feverish political climate: a healthy US economy is still a big draw for investors in the Americas, argue executives from Allianz, Ivanhoé Cambridge and MIRA Real Estate. By **Stuart Watson***

With elections in Canada, impeachment proceedings in the US, and social upheaval in South and Central America, politics in the Americas is making headlines around the world. However, the continued strong growth in the world's largest economy is the critical factor in shaping institutional capital providers' view of the region's real estate market. PERE's Stuart Watson listens in as Sylvain Fortier, chief investment and innovation officer at Ivanhoé Cambridge, Christoph Donner, CEO of Allianz Real Estate of America, and two members of MIRA Real Estate's US team – head of the Americas, Eric Wurtzebach, and senior managing director Erin Ledger Beaupre – discuss how investors are identifying opportunities in a market that may be at a late stage in the cycle, but so far shows few signs of weakening.

## The investment climate

**Sylvain Fortier:** Many investors are waiting for something to happen, a bit of a correction or some bad news, and it doesn't seem to be happening. In Canada and the US, it doesn't feel like there is any kind of panic from the existing owner's point of view. There is money waiting to buy more, but many feel pricing is high so people are still waiting. Some want to see more certainty on politics, others want more certainty on interest rates, or whether other investors elect to sell.



*“Regardless of the US political landscape, at the asset level the fundamentals are still healthy”*

**ERIC WURTZEBACH**  
MIRA Real Estate

**Eric Wurtzebach:** Many foreign institutional investors that are currently not invested in the US see news headlines and believe economic activity is not strong. However, when they visit, they realize that, regardless of the US political landscape, at the asset level the fundamentals are still healthy. Future US GDP growth is projected to be above 2 percent. When taking into account current geopolitical risks and projected GDP growth of other regions, on a relative basis the US is attractive from a risk-return perspective. It is one of the best real estate markets to invest in long-term despite the strong dollar.

**Christoph Donner:** Leverage levels are moderate and although we've seen significant construction in some markets, given the long-term trends I don't think there is a supply issue in the US. We don't feel a change in the interest rate environment would immediately create significant risk that an altered supply-demand dynamic could put investors under water.

On the equity side, we're investing on behalf of European investors, so while currency hedging costs have come down somewhat compared to where they were six months ago, they are still significant and we have to earn those costs in our deals. That makes the core market harder to play in. We like to do deals at a certain price and so if we lose at a higher price we are fine with that. It's really important not to chase the last dollar. An advantage we have in both





*“Volatility from the 2020 presidential election may impact the financial markets but I remain hopeful that outside of this, the markets will remain steady”*

**CHRISTOPH DONNER**  
Allianz Real Estate

our US and European platforms is that if we lose a deal on pricing on the equity side, we may still have a chance to provide the debt.

### Identifying market opportunities

**EW:** As we get later in the cycle, it's more important to be closer to the real estate because investor returns are more likely derived from improving the asset and generating net operating income through development, leasing and operations, rather than from financial engineering or cap rate

compression. As a result, in the Americas our focus, alongside our clients, is on integrated operating platforms, not allocators and aggregators.

**Erin Ledger-Beaupre:** In the last 12-24 months, we've seen substantial growth in investment in niche asset classes like manufactured housing, data centers and health-care. Ivanhoé Cambridge and other big Canadian pension funds moved first and then we saw more cautious offshore investors starting to come in. They are looking for asset classes that will deliver yield and where they can create value, but which will continue to perform across market cycles if something happens to cause a correction in the market. For example, in the last six to 12 months there has been increased interest in manufactured housing from a wide range of investors because it is underserved from a strategic capital perspective. There is a lot of opportunity for consolidation, the cash yield is very strong and the growth of the sector has continued to be strong across cycles.

**SF:** Retail and offices were our two main asset classes for 20 years, then in 2011 we started to add multifamily apartment buildings, and we're trying to do the same thing with logistics now. Eventually we would like a four-legged table where every asset class would be 25 percent or so. We have invested a lot in logistics in the last three years. In some places it's expensive, but you are often buying a portfolio in that sector, so if you need cashflow, lower risk and a bit of diversification on geographies then it's still a good play.

**CD:** We like industrial, multifamily and demographically driven properties. Heavy capex sectors like office and retail are more difficult and we're very cautious in terms of where we are investing. For instance, we made a big investment this year in an office building at 30 Hudson Yards in New York and that was a bond-type return with a long-term lease where the capex for the foreseeable future is manageable.

In addition, we capture some opportunities by expanding into build-to-core strategies. We feel comfortable taking the leasing risk in multifamily and logistics while protecting ourselves against construction risk by working with partners, and then holding the assets on a longer-term basis and generating a bit more return. In some

*“When we are late in the cycle and markets are pricy, diversification becomes important for investors”*

**SYLVAIN FORTIER**  
Ivanhoé Cambridge



smaller markets ('18-hour' cities) you can pick up a little bit of yield. However, not enough to earn the currency costs.

In addition, these markets are less liquid. Cities like Austin, Atlanta, Charlotte, Nashville, Minneapolis, Denver and Seattle and their respective states often offer tax incentives for companies to relocate there. In view of this, these cities/states have generally become more attractive for employers/employees and consequently more interesting to us as institutional investors as well. Scale remains a challenge as investing large amounts in these markets is somewhat more difficult.



*“We have seen substantial growth in investment in niche asset classes like manufactured housing, data centers and healthcare”*

**ERIN LEDGER BEAUPRE**  
MIRA Real Estate

## Ivanhoé Cambridge stands by WeWork

### Partnership with troubled co-working provider will ‘benefit our whole portfolio,’ says Fortier

In recent months, WeWork’s aborted IPO and financing crunch have made headlines worldwide. Fortier insists Ivanhoé Cambridge is confident its strategic partnership with WeWork parent The We Company will pay dividends nevertheless. “We continue to believe in that even in this very volatile atmosphere that surrounds the company,” he says.

In May, the investor committed \$1 billion to We Company’s newly formed real estate management and acquisition platform, ARK. The capital will be deployed to purchase office buildings for part occupation by WeWork, or in some cases by other concepts such as WeLive, alongside traditional office tenants.

Fortier argues that while the partnership will generate returns by adding value to the assets it buys, its most important benefit will be to enable Ivanhoé Cambridge to better comprehend and participate in the long-term trends reshaping modern workplaces and the real estate industry.

“We need to understand the co-working space, the flexible space, the branding and hospitality aspects of it,” he says. “That will benefit our whole office portfolio and maybe other types of assets, too. There are young companies out there that don’t have the need for large space, or the interest or intention to commit to a long-term lease, but are willing to pay a lot for flexibility. We felt we had to put more than a toe in the water. We needed to commit.”

The knowledge gained through the partnership can be used to inform a more customer-centered approach, he suggests. “What traditional owners have not done very well is to focus on the end users and the people who work for them. A lot of our occupiers are asking how we can help them to improve their space so they can attract and retain talent. Today we work on tablets and cellphones, but too much office space still looks like it did 20 years ago. We need to pause and ask whether that still makes sense.”

### Predictions for 2020

**SF:** More and more people are of the opinion that rates will be low for longer, and if they continue to stay low, or go down, then maybe it will open up more transactions in certain areas because that spread will widen again despite cap rates coming in. When we are late in the cycle and markets are pricy, diversification becomes important for investors. That may be diversification into a sub-asset class like manufactured housing, student or senior housing, or into preferred equity pieces that offer a good risk-return profile. More investors will also look outside of the big five US cities at the locations we used to call secondary and tertiary, but that are now viewed as growth cities, like Austin and Nashville.

**CD:** Noise and volatility from the 2020 presidential election may impact the financial markets but I remain hopeful that outside of this, the markets will remain steady. I’m optimistic that the trade dispute with China will

be settled (for good) because it is strongly in the interest of both sides to find a solution. Lower rates are here to stay for longer. There remains a spread between the two-year and 10-year treasury bonds, which would indicate we’re not quite yet heading into a recession. If and when there is a slowdown or recession, it will hopefully be short and mild. There is clearly event risk in many markets globally and it will be interesting to see if the headlines around WeWork and failed tech company IPOs will have an impact on a hot market such as San Francisco, for example.

**EW:** In 2020, I expect more of the same. Everybody asks if we expect a recession, but the US economy has so far been resilient to numerous geopolitical events/risks and the significant political uncertainty in the US. I think we will see interest rates stay low, growth remain at 2-3 percent, and real estate will continue to represent a strong value proposition relative to other asset classes. ■

# Hitting the pause button

## *High-profile real estate acquisitions by sovereign wealth funds slowed in 2019*

High valuations and cycle concerns have prompted sovereign wealth funds globally to reduce their buying activity and instead sell some of their holdings to benefit from current pricing levels. This trend has been the most detectable among Asia-Pacific state investors. On the direct front, these investors in the region were net sellers in Q3 2019, disposing of \$1.78 billion worth of as-

sets while making no acquisitions, according to data provider Real Capital Analytics.

The scant buying activity this year was also evident in *PERE*'s research for the top transactions by sovereign investors globally over the past 12 months. Indeed, all the major acquisitions happened in the last quarter of 2018 and the only two 2019 deals were disposals.



### Raffles City The Bund, Shanghai

**Buyer:** GIC and Raffles City China Investment Partners III, a CapitaLand fund

**Seller:** Shanghai International Port Group

**Price:** 12.8bn yuan (\$1.8bn; €1.6bn)

**What to know:** The Singaporean SWF and a fund managed by Singaporean conglomerate CapitaLand's joint purchase of Shanghai's tallest twin towers was one of the year's biggest single asset purchases in China. The mixed-use project, comprising two 50-story Grade A office towers linked by a shopping mall, is expected to open in phases starting in H2 2019. China has been a key focus for GIC and this landmark asset was in line with its long-term investment strategy.

### Mixed-use development, Seoul

**Buyer:** National Pension Service of Korea, KKR and IGIS Asset Management

**Seller:** A consortium led by Korean engineering firm Daor E&C

**Price:** \$1.9bn

**What to know:** South Korea's NPS was the majority investor in this joint venture acquisition of a mixed-use development project in October 2018. According to *PERE* reports, NPS's \$500 million equity commitment comprised the whole preferred equity portion and a portion of common equity.

### Andaz Hotel, Singapore

**Buyer:** Hoi Hup Realty

**Sellers:** Khazanah Nasional and Temasek

**Price:** S\$475m (\$346m; €313m)

**What to know:** A national joint venture between the sovereign wealth funds of Malaysia and Singapore sold the prime luxury hotel in Singapore reportedly for S\$475 million in October 2019. M+S, the joint venture set up by the two countries in 2011 to develop central Singapore real estate assets, is 60 percent owned by Khazanah, 40 percent by Temasek.



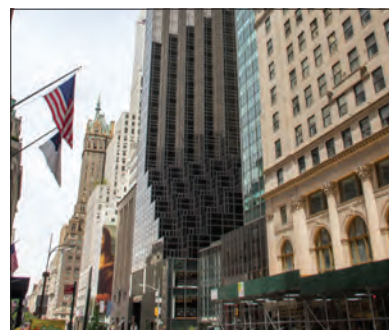
### 79 avenue des Champs-Élysées, Paris

**Buyer:** Norges Bank Real Estate Management

**Seller:** Groupama Group

**Price:** €613m

**What to know:** In December 2018, the Norwegian fund acquired a 100 percent interest in the central Paris retail and office property, comprising 77,500 square feet of retail and 33,368 feet of office space. Like Norges Bank Real Estate Management's previous Paris asset purchase last November, this asset would be unencumbered by debt and there was no financing involved in the transaction.



### Coca-Cola Building, New York

**Buyer:** Private investor consortium led by developer Michael Shvo

**Seller:** Wafra Capital Partners and Nightingale Properties

**Price:** \$909m

**What to know:** The soft-drink giant's iconic Fifth Avenue building was acquired by Wafra Capital Partners, an investment firm owned by the Public Institution for Social Security of Kuwait, and Nightingale Properties for \$909 million in August. Wafra and Nightingale sold the property to a private investor consortium in just one month.



# European insurers lead on private real estate activity

*Major transactions have helped push Allianz, AXA and Swiss Life to the top 10 of PERE's GI 50*

Among the notable insurer stories in the last year was Allianz, runner-up to Middle East sovereign wealth fund ADIA, and Dutch

pension fund APG in the ranking, joining its insurance peers in investing equity via third-party arrangements for the first time.

## Swiss Life buys €1.7bn Paris office portfolio

**Buyer:** Swiss Life Asset Management

**Seller:** Terreis

**Price:** €1.7bn

**What to know:** Switzerland's largest life insurer made a significant purchase in European core real estate by securing a prime office portfolio in Paris through its asset management arm Swiss Life Asset Management this May. The manager acquired a total of 28 core office buildings from French real estate investment trust company Terreis, mainly in the central business district in Paris.



## AXA's purchase of Northstar Realty Europe

**Buyer:** AXA IM-Real Assets

**Seller:** Northstar Realty Europe

**Price:** \$870m

**What to know:** The investment arm of the French insurer ramped up its exposure to prime European offices by acquiring the NYSE-listed Northstar Realty Europe. The acquisition came as part of the manager's core strategy for one of its clients. This single deal gave AXA IM access to the €1.1 billion real estate portfolio of 12 office properties and two hotel assets in key cities in Germany, the UK and France.

## Allianz RE, AXA and Scape ready A\$1.5bn student housing fund

**Buyer:** Allianz RE, AXA Group

**Seller:** N/A

**Price:** Allianz RE and AXA commit a total of A\$700m (\$480m; €431m)

**What to know:** Two of the GI 50's biggest insurers teamed up with student accommodation specialist Scape in September to set up a A\$1.5 billion core Australian student accommodation fund to capture the rising multifamily opportunities in Australia. The vehicle is expected to grow the portfolio to a value of A\$4 billion.



## Allianz RE partners with Gaw Capital in Singapore

**Buyer:** Allianz RE, Gaw Capital Partners

**Seller:** M+S, a joint venture between Malaysia's Khazanah Nasional Berhad and Singapore's Temasek Holdings

**Price:** S\$1.1bn (\$1.2bn; €1.1bn)

**What to know:** As part of its portfolio expansion in what it dubs '24/7 megacities,' Allianz joined Gaw Capital Partners to acquire a premium grade-A office asset with ancillary retail DUO Tower and DUO Galleria in Singapore in July 2019. Owning a 60 percent stake in the asset, the insurer manages the property jointly with Gaw Capital.



## Allianz RE acquires office development EDGE East Side Berlin

**Buyer:** Allianz RE, Bayerische

Versorgungskammer

**Seller:** EDGE Technologies

**Price:** €400m

Allianz RE made its first equity investment with third-party capital in a JV with Germany's biggest pension provider, Bayerische Versorgungskammer. The equity commitment to the venture was reportedly around €400 million where the two will split on a 50:50 basis.



# Great White North sets the gold standard

*Canada's public pensions lead the way for North American direct investment*

Despite efforts by their US counterparts to manage more assets internally, Canada's public pensions continue to set the standard for direct investment by North American institutions. Investment companies representing the country's public trusts played a role in each of the top-five North American pension transactions of 2019.

Four investors, accounting for more than

\$93 billion of real estate allocation, were behind the top-five acquisitions of the year so far. Joint ventures and club deals were the investment vehicles of choice for Canada's institutions. Some deals were led by managers while others were done in conjunction with operating partners. One transaction saw a pair of Canadian pensions join forces with another institutional investor.

## 20 Tuas South Avenue 14, Singapore

**Buyer:** Ivanhoe Cambridge, CPPIB and partners

**Seller:** China National Chemical Corporation  
**Price:** \$429m

**What to know:** LOGOS Property Services managed this club deal of investment heavy hitters to buy a Singapore industrial site. Joining Ivanhoe Cambridge and CPPIB are Bouwinvest, the Dutch pension investor, and LaSalle Global Partner Solutions.



## Shanghai Ocean Tower

**Buyer:** QuadReal with Gaw Capital Partners

**Seller:** ARA Asset Management  
**Price:** \$426m

**What to know:** This 25-story office building is in the heart of Shanghai's, business and financial center. It is located near the city's top pedestrian stretch, Nanjing East Road, as well as cultural draws such as the Bund waterfront promenade. QuadReal partnered with private equity real estate firm Gaw Capital Partners, which plans to add value through physical improvements and increased occupancy.



## Santa Monica Business Park, California

**Buyer:** Canada Pension Plan Investment Board with Boston Properties

**Seller:** Blackstone

**Price:** \$627 million

**What to know:** Bought through a JV between CPPIB and Massachusetts-based investment firm Boston Properties, this 47-acre property includes 21 office buildings and was 94 percent leased at the time of the acquisition. Santa Monica is part of the West Los Angeles sub-market, the biggest and fastest growing office market in the metro region.

## 201 Elizabeth Street, Sydney

**Buyer:** QuadReal and partners

**Sellers:** Dexus and Perron Group  
**Price:** \$428 million

**What to know:** A 32-story office tower that overlooks the Sydney Harbor, 201 Elizabeth Street is home to New South Wales state offices and the publishing house HarperCollins. QuadReal, the British Columbia pension investment corporation, partnered with a pair of Australian firms on the deal: Charter Hall, a manager, and Abacus Property, a REIT.

## Docks Bruxsel, Brussels

**Buyer:** The Alberta Investment Management Corporation and Portus Retail

**Seller:** Equilis and TPF

**Price:** \$362 million

**What to know:** The lone retail asset in this year's top five, Docks Bruxsel is a shopping mall in the northern part of the Belgian capital. Developed by Belgian firms Equilis and TPF, the 600,000-plus-square-foot complex opened in 2016 and is home to high-end brands such as Michael Kors, Pandora and Swarovski.

# European property is still the best game in town

*Modest growth is expected in European property markets as macro-economic momentum dissipates, but the sector still offers attractive returns, experts from Allianz, Ivanhoé Cambridge and MIRA Real Estate tell **Stuart Watson***

**A**mbiguity over Brexit and a slowdown in the German economy have overshadowed European real estate markets in recent months, although properties continue to trade for record prices.

The expectation of continued low or negative interest rates across much of the continent will continue to underpin high values and elevated levels of transactional activity, even while growth expectations are moderate, according to Karim Habra, head of Europe at Ivanhoé Cambridge; Zahar Mejanni, MIRA Real Estate's head of private capital markets EMEA; and Olivier Téran, chief investment officer at Allianz Real Estate. *PERE's* Stuart Watson listens in to their discussion.

## European property as part of a global portfolio

**Olivier Téran:** We've been growing our business in the US and have seen significant growth on the equity side in Asia-Pacific in the past 18-24 months, but as a euro investor we look at our home markets first, so Europe remains the main focus. There are also some asset classes like student housing that we think of on a global basis.

**Karim Habra:** Being a North American investor, the situation is the reverse for us, but the ultimate goal remains the same. Europe and APAC are our top priorities for our growth and diversification strategy worldwide mainly in the value creation space. Of course, we also have global priorities product-wise, like investing more into logistics or innovative real state products.



*"Our view is we are late-cycle, but not yet end-of-cycle. That means we have to be more cautious"*

**OLIVIER TÉRAN**  
Allianz Real Estate

**Zahar Mejanni:** Our focus is more structural than geographic. We like to invest in asset classes with structural tailwinds driven by urbanization, demographics or technology. Europe and the US remain an integral part of a balanced global portfolio but we also continue to see an increased focus on Asia-Pacific, both in growth and developed markets.

## Late-cycle or end-cycle?

**OT:** We're still seeing positive rental growth dynamics in some of the office markets and a very active investment market, and our view is that we are late-cycle, but not yet end-of-cycle. What that means is we have to be more cautious. We are focused on resilience, making sure the product is in the right location and is the right asset for the long term. Because of the way our capital is structured we are very long-term investors, so unlike a closed-end fund we don't need to consider time-limited exits.

**KH:** We are conscious that the market in Europe is at a late stage of the cycle but we don't know how close we are from the end of it. What we can see however is that new supply for quality assets still remains limited and occupier demand continues to be strong. Our ambition is to grow our European exposure and the best way to protect ourselves is to focus on the right locations and build sustainable products for the future with the right environmental standards and the right technology addressing the current and future needs of our tenants.

**ZM:** We believe it is late-cycle and that guides our investment decisions. Similar to Ivanhoé Cambridge and Allianz, our part-



*“Because yields are low, core buyers are looking to generate higher returns by entering the core-plus and value-add segments”*

**KARIM HABRA**  
Ivanhoe Cambridge

ners are long-term minded and look beyond short-term cycles. It is worth noting, however, that every other cycle is usually less pronounced than the previous one, and investors are currently using less leverage than they were in the previous one. Elevated property spreads to government and corporate bonds will also provide some protection for values.

#### **Negative European interest rates**

**OT:** The low interest rate environment is an issue because you have significant negative yielding debt in the marketplace and bond portfolios no longer produce the yield investors want, so they increase allocations to alternative sectors like real estate. They are willing to accept lower yields in real

estate because the alternative of negative yields is even worse.

**KH:** What would be more important to us is how stable they will be in the long term so we can continue to focus on our build to core and value creation strategies which is the DNA of Ivanhoe Cambridge. In our view, risk premiums over long-term funding costs are presently too thin to buy core assets. Prime yields are at record lows and rental growth is starting to slow down. Consequently, we are a seller of core products, for which value has already been fully extracted or created. However, because yields are low, core buyers are looking to generate higher returns and we see them entering the core-plus and value-add segments, which increases competition for that space of the market.

#### **Impact of Brexit**

**KH:** We're waiting to see what happens and we are especially cautious on the London office market at the moment, but that doesn't prevent us from preparing ourselves or from looking at what could be done in this market in the future. Our European investment strategy focuses strongly on France, Germany and the UK – mainly in Paris and London for offices – because we believe in their respective strong fundamentals. We added two people to our London team this year despite Brexit, and in March our PLP logistics joint venture with MIRA Real Estate and Peel Group acquired four development sites in the north of England with a projected value of about £300 million (\$385 million; €346 million), because we have a positive long-term view on the UK logistics market.

**ZM:** Overall, UK transaction volumes are down by about a third when compared to the period prior to the EU referendum. However, large institutional investors remain active in the market and in many cases have been investing further. We have seen this playing out in the logistics and rental accommodation sectors. We expect to see more activity in the office sector once there is more certainty around the UK's departure from the EU. Any softening of Brexit risks would be a clear positive for UK commercial real estate, including pricing and transactional activity.

**OT:** The uncertainty around Brexit is understandable, but that doesn't mean there aren't opportunities for long-term investors.

London is ranked among the top five cities for core office investment in our 2019 *Cities that Work* report – though in just position 10 for value-add – and we believe London will sustain itself with or without Brexit.

We also see London as much more than an investment opportunity, which is why we opened an office there this year as it strengthens our global footprint and helps us drive more origination for cross-border deals, because many investors are London-based, something we expect to continue in the long term.

From an investment perspective, our UK footprint is quite small, but alongside our well-established European debt portfolio –



*“Based on modest expectations for regional economic growth, attractive property spreads will continue to draw capital into major European markets”*

**ZAHAR MEJNANI**  
MIRA Real Estate



which has a strong office allocation – we’ve made logistics investments in the UK and will continue to build our student housing portfolio in London. We’re also looking around the UK for build-to-rent residential opportunities.

### German economic growth stalls

**ZM:** Germany’s real estate market is deep, growing and resilient. However, its export-dependent economy is naturally impacted by the global trade uncertainty of the past year. We expect that there will be a resolution on the trade negotiations in the short term and the German economy will benefit from that. Any policy support from China or some resolution of US-China trade wars over the next 12 months would be a clear positive for Germany and the Eurozone’s manufacturing sector given strong global trade linkages.

**KH:** We’ve been in Germany for a while but we sold some assets there in past years and we are now trying to increase our exposure again. The German economy is slowing and the best entry date is now past. However, we strongly believe in the Berlin office market, which is why we picked it as the location to open our German office. We’re seeing many interesting value creation opportunities there, but also in some of the other top seven German cities, and we still see rental growth potential in the right locations for the right products. Berlin is thriving and benefits from stronger demographic growth prospects compared to other German cities. Its economy is also less dependent on the manufacturing sector that is being affected by the current global trade slow down.

**OT:** We still see Germany as attractive, with Berlin at the forefront followed by Munich and Frankfurt; Munich is the number one German city in our Cities that Work analysis. Core product remains our main focus in Germany, but it’s becoming increasingly expensive and we’ve been growing our value-add assets under management.

### Predictions for 2020

**OT:** I don’t think there will be much difference between this year and next. We’ll see a prolongation of the late-cycle market. Interest rates will stay where they are or move slightly downward while slow economic growth continues. We’ll see downward pressure on cap rates on the core side as in-



## Sustainability a high priority for investors in Europe

### Allianz and Ivanhoé Cambridge back high-tech green office towers in Paris and Berlin

“There will be more focus on sustainable buildings in the long term,” predicts Ivanhoé Cambridge’s Habra. “We can see investor priorities shifting toward that already.” Allianz’s Téran concurs: “It’s going to be a huge focus and topic of conversation in the next years.”

Both investors are backing high-profile development projects in European capitals with a strong emphasis on environmental performance. Ivanhoé Cambridge is funding the construction of DUO, a scheme consisting of two asymmetrical towers, 27 and 39 stories high in Paris’s 13th arrondissement. One will provide a home for Natixis, the international corporate and investment banking arm of French bank Groupe BPCE, while the other will include a hotel and retail space. Construction is underway with completion due in 2021 and the project is aiming for LEED and WELL platinum certifications.

Meanwhile Allianz announced in September that it had acquired a 35-story office tower in Berlin from developer EDGE Properties. The project will be forward funded by several Allianz group entities and Universal-Investment, acting on behalf of a real estate fund launched for German pension fund Bayerische Versorgungskammer (BVK). The 700,000 square foot building, which will be completed in 2023, is also aiming for the highest environmental ratings. “We are very proud of that building because it makes extensive use of smart technologies,” says Téran. “It is also one of our first deals to use third-party equity, and is part of a drive to grow our third-party business to €10 billion by 2024.”

vestors search for yield that they cannot find in the bond markets. That will keep money flowing into the core sector.

**KH:** I don’t expect radical change either. The UK suffered this year from Brexit uncertainty and hopefully in 2020 we’ll see some more opportunities in that market. There will be a lot of core buyers so there may continue to be pressure on yields for core product. The flipside of that will be more appetite for value-creation strategies. There will be continued strong interest in logistics because the sector benefits from strong fundamental trends and its assets offer higher cash-on-

cash returns than office or residential, which is valuable for many investors.

**ZM:** Interest rates will likely be low or negative across Europe in the short term, so real estate cap rates will remain tight. Based on modest expectations for regional economic growth, attractive property spreads will continue to draw capital into major European markets. Core real estate in supply-constrained markets remains attractive for long-term investors wanting stable cash flow across cycles. Logistics and rental accommodation will also remain preferred sectors for investors given solid demand drive. ■





## Virtuous Retail mall acquisitions

**Buyer:** APG and the Xander Group

**Seller:** not disclosed

**Price:** \$500m

**What to know:** In September, retail property development platform Virtuous Retail South Asia, a JV between APG and investment firm the Xander Group, acquired two malls and a retail development project in India. While retail remains a challenging sector, India, with limited e-commerce penetration, still presents opportunities, according to Foortse.

## Bouwinvest joins LOGOS, LaSalle, Ivanhoé and CPPIB to buy industrial property

**Buyer:** Bouwinvest, LaSalle, Ivanhoé Cambridge, CPPIB and LOGOS

**Seller:** solar panel producer REC

**Price:** S\$585m (\$432.93m; €378.49m)

**What to know:** Dutch pension manager Bouwinvest joined industrial property specialist LOGOS in January to buy an industrial asset in Singapore. Along with Bouwinvest and LOGOS, the venture also included Ivanhoé Cambridge, Canada Pension Plan Investment Board and three unnamed investors represented by LaSalle Global Partners.

# Trendlines over headlines

## *European pension managers say they are focusing on demographics, demand shifts and tech trends*

Currency headwinds, geopolitics and trade wars have dominated the media, but European pension funds say they are investing for long-term trends driven by changes in demographics, technology and underlying tenant demand.

Tenants are demanding more services with their space, leading many European pension managers to take a stake in operating platforms to maximize the value of the

real estate it already owns. Meanwhile, advances in technology continue to drive the e-commerce craze, making investors either choose property that will benefit – such as logistics – or invest in emerging markets where e-commerce infrastructure has yet to catch up.

Multifamily residential in city centers continues to be sought after as the population clusters in urban areas.

## UK build-to-rent investment in London's Wandsworth

**Buyer:** Legal & General and PGGM

**Seller:** Legal & General

**Value:** £500m (\$645.5m; €580.6m)

**What to know:** In May, investment management firm Legal & General and Dutch pension fund PGGM acquired two adjacent sites in Wandsworth for a residential-led development project. The site will be home to the joint venture's flagship build-to-rent project and provide around 1,000 homes.



## citizenM Hotels

**Buyer:** GIC

**Seller:** APG

**Price:** €750m

**What to know:** APG sold a 25 percent stake in its global hotel business citizenM to Singapore sovereign wealth fund GIC in April 2019. The transaction led to citizenM being valued at €2 billion and gave the three-way joint venture among GIC, APG and private equity firm KRC Capital a total of €750 million of equity. "More and more of our peers are doing [platform investments]," APG head of European property investment Robert-Jan Foortse tells PERE. "This is about real estate becoming much more operational to manage."

## PFA and POBA JV seek alternatives

**Buyer:** PFA and POBA JV

**Seller:** TBA

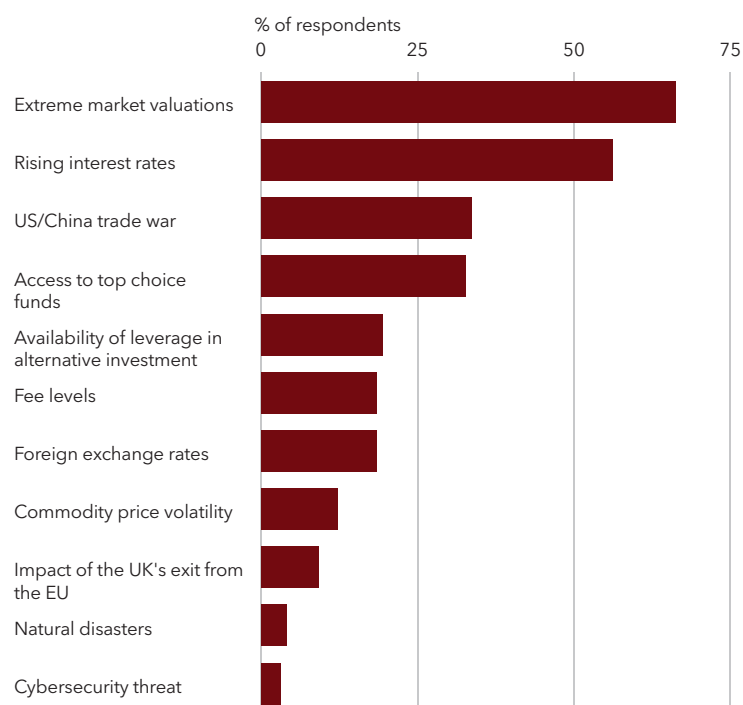
**Price:** Maximum investment target of Dkr10bn (\$1.5bn; €1.3bn)

**What to know:** Danish pension fund PFA and South Korean pension fund POBA have entered into a joint venture to target alternative real estate assets such as data centers, self-storage and other niche property types, according to media reports. The joint venture partners intend to invest a maximum of Dkr10bn, which includes any debt financing. PFA declined to comment.

# North America and value-add appeal most to investors

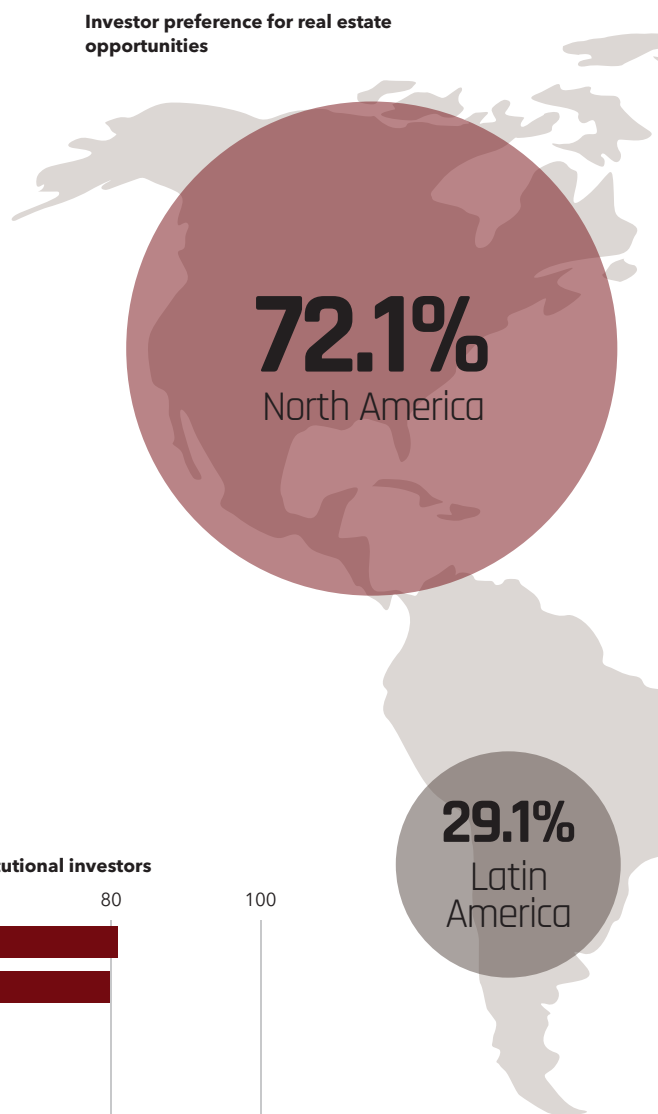
*PERE data show investors have the greatest appetite for opportunities Stateside and higher risk strategies*

**Investors are most concerned about the impact of extreme market valuations and rising interest rates on performance when making real estate investments**

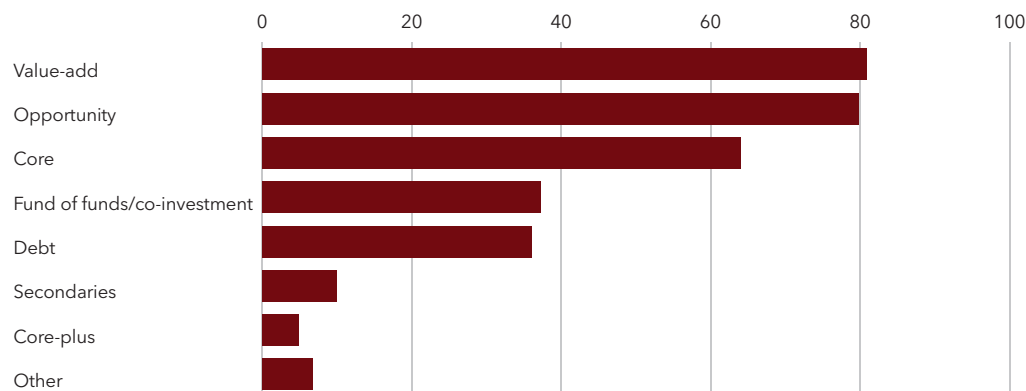


Source: PERE 2019 Investor Perspectives Study

**Investor preference for real estate opportunities**



**Investors show a preference for value-add and opportunistic strategies, % of institutional investors**



Source: PERE

**18.9%**

Average allocation to private real estate among the top 10 investors

**12.4%**

Average allocation to private real estate among the top 30 investors

**10.6%**

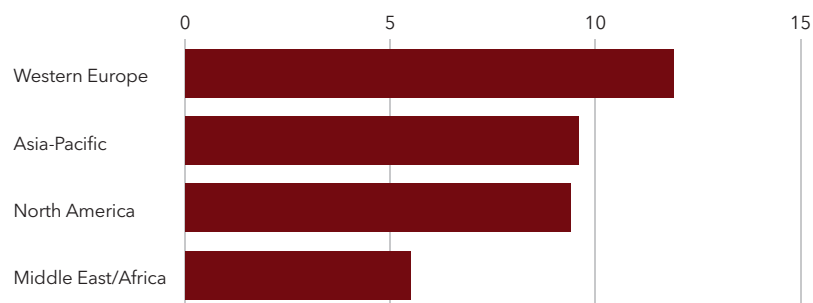
Average allocation to real estate among the top 50 investors

**63.1%**  
Europe

**26.0%**  
MENA

**43.2%**  
Asia-Pacific

Average target portfolio allocation to real estate by regional HQ (%)



Source: PERE

# Stronger for longer

*Benign interest rates with continued urbanization and economic growth, supports the case for Asia-Pacific real estate, say investors. **Mark Cooper** reports*

Major investors in Asia-Pacific real estate remain confident about the region's prospects, driven by long-term mega-trends, continued economic growth and growing sophistication. While agreeing that the market is in the latter stages of the cycle, they believe the fundamentals underpinning the Asian real estate story remain strong.

"It seems as though people have been calling this market 'late cycle' for the last six years," says Graeme Torre, managing director and head of private real estate, Asia-Pacific, at APG. "But overall I think it's still a strong regional market. There is a great deal of capital looking for, unfortunately, fewer assets."

"If you take a step back and look at real estate simply as another asset class, it appears still relatively good value. On a relative basis, real estate looks fairly priced, with a 200-250 basis point spread between bond and average property yields in most markets."

For large pension, insurance and sovereign funds, the cost of being uninvested is substantial, notes Michael Chan, managing director at MIRA Real Estate. "The sense that everything is expensive has been here for a long time but, at current rates, we believe spreads are fair and the cost of staying out of the market is high. In general, capital is being realistic regarding potential returns in Asia-Pacific real estate."

However, he adds: "We certainly feel we're closer to the next downturn than the previous one."

With the US-China trade war and the UK's exit from the EU still unresolved, geopolitics appears to be the one significant



*"It is quite staggering how dated some of the logistics facilities are around the region, which suggests a good opportunity for redevelopment"*

**GRAEME TORRE**  
APG

external headache for investors. Tjarko Edzes, director, Asia-Pacific at Bouwinvest Real Estate Investors, says: "While long-term fundamentals still are very appealing, there is some nervousness around geopolitical situations, such as we are currently seeing in Hong Kong and the US-China trade war. At the same time, it is difficult to steer our investment strategy based on geopolitical events. Longer term portfolio positioning is more important."

A significant change in the market this year has been the sense that interest rates – previously considered to be at the start of an upward trend – are once more predicted to remain low for the foreseeable future. US interest rates had risen slowly to 2.5 percent but the Federal Reserve Bank introduced rate cuts in July and September, bringing the headline rate down to 2 percent.

"The key trend for 2020 will be the extension of the low rate outlook over the medium term and how investors position their asset allocation in that environment," says Kate Herfort, managing director MIRA Real Estate.

Investors have nonetheless been repositioning to insulate their allocations against a possible downturn. Edzes says: "Over the last two or three years we have increasingly focused on investments we feel are more cycle-proof, due to resilience of their cashflow profile and quality, as well as how they are driven by longer term trends, which make them less vulnerable to market shocks in terms of demand. Also, the historical track records of certain sectors, such as Japan residential, are more stable. So, that is more of a defensive position."

Long-term trends are crucial to the Asia-Pacific investment thesis and apply across cycles. Investors cite demographics,

urbanization, continued economic growth and the impact of technology as profound demand drivers for property. As a consequence, two sectors have gained traction among investors. Logistics taps into Asia's continuing urbanization, the growth of its consuming middle classes and the technological change which has shifted shopping from the store to the web. It is also under-supplied, says Torre.

"One of the fascinating data points we use when we're looking at logistics opportunities is the percentage of the national logistics stock considered to be modern. In most countries around the region, that percentage is single figures. It's quite staggering how dated some of the logistics facilities are around the region, which suggests a good opportunity for redevelopment."

A newer sector – still niche in Asia-Pacific – is multifamily residential. "Multifamily and rental residential is the largest sector in the US REIT index, but in most of Asia it doesn't exist," says Chan. "Governments here are increasingly recognizing the sector's importance, and are taking steps to actively support it."

Bouwinvest has invested in multifamily residential across Asia-Pacific and is also heavily invested in the sector in its home market, the Netherlands. "We believe that residential-for-rent will quickly establish itself as a more institutional product throughout the region," says Edzes.

Alongside logistics, rental residential is also a "major conviction" for APG, says Torre. APG together with MIRA Real Estate invested in an Asia-Pacific residential platform run by Greystar, a global leader in the sector. APG has also made additional investments in Japan multifamily.

"There are different constituents in different countries, but remarkably, in nearly every country in Asia, there is a case for rental residential," he says.

### Office appeal

Despite the attractions of newer sectors, offices remain the most popular choice for buyers of Asian property, according to Real Capital Analytics data, which show 57 percent of purchases in the first half of 2019 were in the sector.

Herfort says: "It is often the first sector investors go into when entering a new geography. In the Australian market, we continue to see strong appetite for the sector with investors focused on accessing



*"Residential-for-rent will quickly establish itself as a more institutional product throughout the region"*

**TJARKO EDZES**  
Bouwinvest Real Estate Investors

high-quality office assets, which they intend to hold for the long-term. The continued lower global interest rate outlook and the falls in long-term Australian rates mean some investors, which had been waiting on the sidelines, are reconsidering their position – accepting they can't be out of the market too long."

The positive supply and demand equation in Australia's major office markets has seen it outperform in recent years. Edzes says: "We've

been expecting lower returns but, for example, the office sector in Australia has continued to perform fairly strongly, better than we expected, over the last couple of years."

Strong demand for offices has been seen throughout the region. "In China, Tier 1 cities continue to attract broad interest, especially as these cities play an ever-growing role in the global real estate portfolio" notes Chan.

However, an environment in which returns are low has seen investors allocate more capital to new niche sectors such as data centers and student housing. Something they have in common is a more significant operating element compared with traditional real estate sectors, which can bring risks as well as returns.

Torre says these specialist sectors do not always provide returns commensurate with the risks involved but adds: "I think these specialist sectors are here to stay and some will emerge properly priced to become institutional. Particularly, something like data centers, I can only see growth in that sector. But for APG it is not just a case of building a data center and sitting back and collecting the rental."

There are other inherent difficulties in newer sectors, says Chan. "A challenge we often face is the small absolute size of these sectors, which makes them susceptible to large pricing swings due to supply and demand imbalances."

Retail has assumed the unwanted mantle of least popular in many markets around the world, as thousands of malls have become redundant due to the rise of internet shopping. But what is true in mature markets in North America and Europe is not always true in Asia, says Torre. "In the US and Australia, the outlook for physical retail assets is worse than it has been for some time. But in markets such as India, Indonesia and Vietnam, for example, there is strong demand for traditional physical retailing. There are communities with a growing middle class and an under-provided retail offering."

Asia-Pacific has many attractions for investors, but also holds challenges for them. Its sheer size is a factor, which makes operations more difficult, as is its heterogeneity: there is a multitude of legal systems, languages, cultures and currencies.

"One of the biggest challenges is pricing the relative risk in such a heterogeneous region," says Torre.

Edzes adds: "Asia-Pacific is a varied





*“No matter what the environment in 2020, the relevance and the weighting of Asia-Pacific in the global portfolio is likely to grow”*

**MICHAEL CHAN**  
MIRA Real Estate

region, with big differences, especially between the more developed markets and the developing economies. So we’ve mainly focused on more developed markets plus China. Another thing that stands out is leaseholds for property; it is more common in Asia-Pacific to have this, which is a negative for property investment and sometimes difficult to overcome, especially if you want to take a longer term view. There are markets in the region where you can buy freeholds, of course, such as Australia and Japan.”

Edzes also notes that many governments in the region intervene more often in the real estate markets than in Europe or North America. This is especially the case for the residential market and where, as in China or Singapore, the government controls the supply of land.

There is a certain irritation among Asia real estate veterans about how the region is perceived. “It can be frustrating that many outside Asia still do not appreciate how sophisticated the real estate market is across much of the region. China is a leader in many areas,” says Chan.

He also remarks that private real estate investing in Asia-Pacific can be through a variety of investment structures, and mixing and matching features between the different types of investment structures is very commonplace.

This flexibility suits a global investor such as APG, which has the resources to allocate toward research and partnership-building in the region. Torre says: “Our preference is certainly not to do funds. With the experience in our team, globally and in Asia, we now feel we get better governance, transparency and economics in club deals and JVs. However, if we cannot find an operator or partner that would allow us direct access to a sector we like, we may look at a fund.”

Looking ahead to 2020, investors are cautiously upbeat about the prospects for Asia-Pacific real estate. Torre says: “I think there will be more money put into data centers and other niche sectors. I think we’ll see the rented residential sector take a stronger foothold over the next 12 months around the region.”

Chan says: “No matter what the environment in 2020, the relevance and the weighting of Asia-Pacific in the global portfolio is likely to grow and the region should continue to be a focus for capital.” ■



*“The key trend for 2020 will be the extension of the low rate outlook over the medium term and how investors position their allocation in that environment”*

**KATE HERFORT**  
MIRA Real Estate



# How to prepare for a downward valuation cycle



Guest comment by **Bill Schwab**

*Price matters if your mission is to maximize economic returns over a long investing horizon, writes the principal at Real Estate Investments*

Real estate valuations fluctuate as supply and demand fluctuates or when there is a rolling adjustment of asset prices as they move to reflect underlying values after a period of over or undervaluation. So key questions for investors are: how long and how much will values fluctuate, and what should be done about it?

The current extended value up cycle has allowed time for market imbalances to de-

velop. Asset pricing is historically elevated in terms of prices, risk premia and return expectations. And the global economy appears to be shifting into a slower growth mode of low inflation and low demand. These factors increase the probability of a valuation downturn as property take-up weakens and prices are reassessed. Assuming the probability of a down cycle is relatively high, but not certain, investors may want to shape portfolios in line

with their views on the probability of different investment scenarios being realized. Large investors with low investing constraints – strong balance sheet and cashflow, adequate liquidity reserves, long duration investment horizon, seek to maximize total economic returns over a real estate cycle or longer.

They can allocate their portfolio so that some portion is defensive to reflect a downside scenario, some aggressive to reflect an upside scenario and some to reflect the base case. The percentages of a portfolio dedicated to each position will vary depending on an investor's view of the probability of the different scenarios, and the impact of each scenario on them.

## Allocation strategies

Let's assume an investor chooses to allocate to their investment scenarios as 30 percent downside, 55 percent base and 15 percent upside. Risk dimensions for selecting the investments include: price sensitivity; liquidity, optionality and control-governance; targeted absolute return levels. The portfolio recommendations can inform an investor where to look for opportunities. Pricing informs the investor which investment to buy or sell. Basis investing is key as overpaying for high or low price sensitivity or optionality characteristics will result in poor return performance. Conversely, buying these attributes cheap should be well rewarded over a valuation cycle. This analysis could translate to the recommendations in the panel.

And let's remember that allocation strategy informs an investor where to look for opportunities, but price and price sensitivity should inform them what to buy from among those opportunities. ■

Scenario	Investment strategy (relative to convexity)
<b>Downside</b> Minimize price declines; Be able to rotate into high convexity investments as markets bottom; and Focus on capital preservation during the downside	Stable income from investment-grade tenants; Low capex investments (eg, residential, prime industrial); modern structures with low capex requirements (new-build assets of contemporary materials and designs); Major countries, major markets, prime locations; Cash
<b>Base case</b> Low to moderate negative convexity; Higher than normal liquidity, moderate optionality, reasonable level of negative controls; Moderate targeted absolute total returns	Re-positioning – shorter period programs requiring a lower percentage of value to be re-invested (modest capex programs with limited execution periods); Stable operating businesses with higher margins (convention center hotels with significant pre-booked business over multi-year horizons); Re-leasing programs with fast lease-up opportunities and diversified tenant bases (industrial park); Developed countries, major and secondary markets, primary locations
<b>Upside</b> High positive convexity; Low liquidity, low optionality, low control; High targeted absolute total returns	Development, major re-development, assets requiring major capex over extended periods (obsolete structures in attractive locations); Operating businesses, including low margin businesses (eg, hospitality, nursing homes); Niche sectors (eg, senior housing, student housing); Disfavored sectors (retail); Platform investing; Emerging markets, secondary markets in developed economies, secondary locations in major markets

## KEYNOTE INTERVIEW

# Keeping up with changing times



*The built environment is undergoing rapid evolution across the world due to structural and macroeconomic trends. Brett Robson, head of real estate, tells **Mark Cooper** how MIRA Real Estate is adapting its business to stay ahead and stay competitive*

Since the global financial crisis, we have been in the age of the mega-investor, with the GI 50 players growing in size, sophistication and dominance. Brett Robson, head of real estate at Macquarie Infrastructure and Real Assets (MIRA) talks to *PERE* about how the business has adapted to the needs of the world's largest pension and sovereign wealth funds and created a series of platforms, each plugging into long-term global macroeconomic trends, in order to help satisfy institutions' appetite for real estate.

**Q What are the major changes which have impacted and changed the shape of global private real estate investment in recent years?**

There has been continued growth in the scale and sophistication of bigger investors,

in particular. With that, we have seen an increase in the size and complexity of deals, as well as interest in new sectors and cross-border investment. Most investors are growing and need to deploy, rather than actively recycle, capital. Many of these larger investors remain underweight in real estate, so we expect their desire to increase exposure to the sector will continue.

At the same time, we have also seen big structural trends, including demographic change, driving much of the demand for real estate.

This includes growing and aging populations, as well as generational differences – particularly around the rise of the millennials and ageing baby boomers. Urbanization, especially in growth economies, is powering huge demand for real estate, while technol-

ogy is changing the way we live, work and play.

This combination of long-term structural changes and larger, more sophisticated investors has led to more investment in real estate looking through cycles.

**Q How has MIRA Real Estate evolved to align with these changes and to stay competitive?**

We have focused on those structural and macroeconomic trends, creating opportunities within themes where we have strong conviction – beds, sheds, bytes and desks.

With the intention to better service our institutional clients, we recently brought all of Macquarie's investor-facing real estate activities together within MIRA. We had always made balance sheet investments to

support our partners, but we have now integrated this with our advisory and fund management teams to provide our clients with a broader suite of solutions.

Most of our platform investments focus on the creation of real estate assets. We are big believers in a fully integrated model, with the ability to develop and manage assets. However, we have also acquired and assembled portfolios. The end game in all of this has been to offer our partners a better entry point into real estate opportunities.

The mega-trends I talked about have given rise to new sectors and large, sophisticated global investors have tended to lead the way into these spaces, as they have the resources to 'skill up' on a new sector and actively partner with operators. That active partnership is definitely something we have been big supporters of.

**Q Can you outline some the investments you have made and capital you have led into new markets and sectors?**

MIRA Real Estate has invested across eight platforms linked to the mega-trends we are following. We partner with operators that have very strong real estate skills – helping to grow businesses from an early stage when they need a lot more hands-on support, particularly around governance and institutional rigor in investment underwriting. This means we are really scaling and institutionalizing these businesses, to the point where they become leading specialist operators, like LOGOS – an Asia-Pacific logistics platform where we introduced Ivanhoe Cambridge as a partner.

Logistics is probably the sector we are best known for. It has been a conviction of ours for a number of years and will be in the future too. We backed Goodman Group's global growth and expansion in Asia, which then grew to a scale that did not really require our ongoing input. We re-entered the sector globally by forming and support-

*“Most investors are growing and need to deploy, rather than actively recycle, capital”*

ing new platforms, such as LOGOS, Peel Logistics Property in the UK and Logistics Property Company in North America. At the moment we are spending a fair bit of time looking for the right opportunities to build and grow a logistics platform in Europe, which we think is an attractive market.

Rental housing is also a major conviction of ours, with demand being driven by urbanization and changing lifestyles. We have formed a platform with Greystar, a sector specialist, to develop rental housing in China, Australia and Japan. We are also looking independently at opportunities in Europe.

Also on the housing side, we partnered with RHP, a US manufactured housing specialist, to build up a portfolio of assets. We acquired fairly small portfolios which were under the radar of the bigger investors in

that sector. Adding professional management and building scale produced an opportunity for our partners to participate in.

Last year, we also acquired a specialist real estate fund manager, GLL Real Estate Partners, that focuses on identifying relative value across regional markets. It has a strong client base of German, South Korean and Spanish capital and manages around €7 billion of assets across Europe and the Americas.

**Q The GI 50 ranking has remained remarkably stable, particularly in the last two years. What does this tell us about the investor market?**

That is part of a broader global trend and applies to managers as much as to investors. The bigger players are continuing to grow and not only maintaining their ranking, but also actually having a bigger share of the overall market as well. That means they can apply more resources to deals and get involved with much larger transactions. They have the ability to allocate more capital and so their growth cycle continues.

We expect that we are only going to see more growth and more large investors in the market. For example, Australia is a major source of pension capital, but historically individual funds have been small. Now, there is a trend toward consolidation in Australia, leading to fewer but larger funds, and funds becoming players on the world stage. Elsewhere, smaller investors are grouping together by backing multi-managers, giving them the scale to behave like a larger player and invest in a more sophisticated fashion.

**Q How do you see the real estate investment market evolving over the next few years?**

One thing we know for sure is that there will be cycles. The thing we do not know is exactly when they will occur and at what amplitude.

That suggests you need to invest in sectors and markets that are underpinned by structural drivers and tailwinds. It is these sectors that should, over the long-term, enjoy greater demand and continued growth.

For example, logistics is a sector where we have been active for 15-20 years. Throughout that time, there has been an evolving structural need for more modern logistics space, and we believe the same will apply into the future. ■

**€7bn**

Assets managed by GLL Real Estate Partners, acquired by MIRA Real Estate last year

# Points of View

*Expert insight into real estate markets in the world's three key regions*

## AMERICAS

*“Many investors are waiting for something to happen, a bit of a correction or some bad news, and it doesn’t seem to be happening. In Canada and the US, it doesn’t feel like there is any kind of panic from the existing owner’s point of view”*

**Sylvain Fortier**, chief investment and innovation officer, Ivanhoé Cambridge

*“I think we will see interest rates stay low, growth remain at 2-3 percent, and real estate will continue to represent a strong value proposition relative to other asset classes”*

**Eric Wurtzbach**, MIRA Real Estate’s head of the Americas

## EUROPE

*“We are conscious that the market in Europe is at a late stage of the cycle, but we don’t know how close from the end of it. What we can see ... is that new supply for quality assets remains limited and occupier demand continues to be strong”*

**Karim Habra**, Ivanhoé Cambridge’s head of Europe

*“The uncertainty around Brexit is understandable, but that doesn’t mean there aren’t opportunities for long-term investors .... and we believe London will sustain itself with or without Brexit”*

**Olivier Tèran**, chief investment officer, Allianz Real Estate

## ASIA-PACIFIC

*“There are differing constituent reasons in different countries, but remarkably, in nearly every country in Asia, there is a case for rented residential”*

**Graeme Torre**, APG’s head of private real estate Asia-Pacific

*“Asia-Pacific is a varied region. So, we’ve mainly focused on more developed markets plus China”*

**Tjarko Edzes**, director, Asia-Pacific, Bouwinvest Real Estate Investors

*“The relevance and the weighting of Asia-Pacific in the global portfolio is only likely to grow and the region should continue to be a focus for capital”*

**Michael Chan**, managing director, MIRA Real Estate





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We're helping to shape cities and skylines – supporting the growth of leading real estate businesses around the world and driving positive outcomes, not only for our partners and clients, but ultimately for the communities in which we operate.”

**Brett Robson, Head of Real Estate**

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