

2020: A Difficult Year for Real Estate

Fundraising and deal-making decrease though ample interest in the asset class remains

The private equity real estate industry grew rapidly in recent years, but COVID-19 reduced activity in 2020. As of June 2020 (the latest available data), assets under management stand at more than \$1tn, up 4.7% since December 2019. Fundraising was hit by lockdowns – in 2020, 283 funds were closed securing \$118bn, down from 494 funds closed and \$179bn raised in 2019. Across all sectors, transaction numbers (-39%) and aggregate values (-50%) declined. However, investors and fund managers expect to see a wide range of opportunities emerge during 2021. Deal volumes and values are likely to accelerate as a potential path out of the COVID pandemic is on the horizon, aiding increased site visits and deal team interactions.

For more information, see the [2021 Preqin Global Real Estate Report](#) sample pages here:

<https://www.preqin.com/insights/global-reports/2021-preqin-global-real-estate-report>

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David Lowery, Head of Research Insights:

“Restrictions on travel, lockdowns and reduced physical interaction among market participants hit fundraising and played a major part in deal declines. However, large funds continued to come to market and close last year. And when deal activity does recover, office and industrial, key sectors that generate interest from allocators, should benefit. But with dry powder standing at a record \$324bn, fund managers and investors could face an increasingly competitive environment in the year ahead.”

Key Real Estate Facts:

- **Real estate AUM reached \$1.09tn as of June 2020.** This is an increase of more than 40% from five years ago, and a 4.7% increase from the \$1tn in AUM at the end of 2019.
- **Real estate funds raised \$118bn in 2020 through 283 closed funds.** After a record 2019, 2020 figures represent a 43% decrease in the number of funds closed and a 34% fall in aggregate capital raised.
- **The 10 largest funds secured 34% of the total capital** raised in 2020.
- **During 2020, 5,979 deals were completed with an aggregate value of \$221.6bn.**
- Investors are still positive towards the real estate industry with **36% expecting to increase allocations in the next 12 months.**

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