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A SUPPLEMENT TO *INSTITUTIONAL REAL ESTATE AMERICAS* **FOURTH QUARTER 2024**

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Butch Cassidy and the Sundance Kid: “No, we’ll jump!”

by Geoffrey Dohrmann

Eight years ago, a member of our board of directors at that time alerted us to an opportunity to develop a new organization designed to meet the educational and networking needs of like-minded investors, consultants and investment managers who engage in forming joint ventures with real estate operating companies, as well as the operating partners they are seeking to partner with.

As we investigated this further, we learned that more than a few larger public pension plans had done some analysis of their portfolios and concluded the best-performing sectors of their portfolios during the global financial crisis were the joint ventures they had formed with their operating partners. The reason for this, they told us, was the ability to remove a layer of fees and harness management talent that was “closer to where the rubber meets the road” in the local regions in which they were investing. Particularly appealing were the operators’ local market presence and experience, their ability to access off-market deals at advantageous pricing and their mostly vertically integrated operating platforms that sped up the flow of information to their capital partners.

The only roadblocks many investors voiced were their partners’ lack of a fiduciary mindset and a need for staff bandwidth at their organizations to manage a larger number of these relationships. Consequently, while many of these investors continued to prefer these kinds of relationships, very few have been able to employ them exclusively to execute their investment programs.

Some investors have solved these challenges by inserting oversight advisers to help them manage these relationships. Others have turned to funds offered by operators who are in the process of moving from financing the growth of their business through capital partners to offering fund and separate account–type advisory (and largely fee-based) investment programs.

Meanwhile, investing via operating partnerships has been a strategy pursued by several investment management firms. It’s always been the preference of opportunity fund managers such as Blackstone, Starwood, Carlisle and Walton Street, as well as for what some investors have characterized as “allocators” — including large firms like AEW and PGIM.

We also noted that several firms, such as Almanac Partners, Hawkeye Partners, Belay Partners and Forum Partners, were having some success investing in operating companies at the entity level. So were a handful of larger public pension plans, such as Washington State Investment Board, California State Teachers’ Retirement System, California Public Teachers’ Retirement System, State of Michigan and Teacher Retirement System of Texas.

As we observed all these trends, then looked at the resources available to these investors and operating companies, we realized the current information infrastructure — our publications, our competitors’ publications, industry trade associations and event producers — were only devoting a tiny portion of their content to issues of concern to the investors and operating partners engaged in these relationships.

It seemed clear to us that an organization wholly dedicated to addressing the issues and concerns facing these partners was needed. The question was, who could we recruit to set up and run such an organization?

That's when we hit on the idea of convincing Mac McWhorter to join our firm and take over the reins of this new organization, which we dubbed the Institute for Real Estate Operating Companies (iREOC).

There's no question Mac had the experience, having personally been involved in raising nearly $13 billion from investors while serving as a senior capital fundraising and client service executive for industry giants like JMB Institutional Realty Advisers, Heitman, Phoenix Mutual, Henderson, AEW and Carmel Partners. His experience included raising funds for separate accounts, closed-end funds, open-end funds, joint ventures and what he characterized as "operator funds." And most of the organizations he worked for were heavily invested in creating joint ventures with operators. Furthermore, as a 30-plus-year industry veteran, there's no question he understood the requirements of serving as a fiduciary, as well as many of the structural and operational issues involved in forming and managing profitable joint ventures.

Asking him to turn his back on a career focused primarily on marketing, client service and capital fundraising in favor of running a fledgling little membership organization like the iREOC was certainly a huge ask. So how did we convince him to do just that?

Mac and I go back more than 36 years together. We met and formed a tight working relationship shortly after I launched the first edition of what was then known as *The Institutional Real Estate Letter,* way back in 1989. Since then, he's consistently been a long-term supporter of the work we do on behalf of the institutional investment community, encouraging each of the firms he represented to become sponsors of our publications.

At first, Mac wasn't certain it was the right time or the right fit for him. He was interested in what we were proposing to do, always having had the desire to make an impact on any industry in which he was engaged in serving. But it truly was a giant leap I was asking him to make — which I completely understood. That's why I sent him one of my favorite clips from the old Paul Newman and Robert Redford movie *Butch Cassidy and the Sundance Kid.*

In the scene, you may recall, Butch and Sundance are hemmed in by a posse that's been tracking them for days. They're perched on the edge of a cliff overlooking a long, scary drop to a river flowing far below. And they're surrounded by gunmen intent on either taking them alive or killing them. If Butch and Sundance try to shoot it out, they'll almost certainly die, as they're outnumbered and outflanked. And if they're captured, they'll probably hang.

Butch therefore realizes there's only one option left if they want to live. "No," he tells Sundance. "We'll jump."

"The hell we will," Sundance replies.

Butch then says something to the effect of, "I get it. No one would make that jump unless they had to."

Sundance responds, "Well, I have to, and I'm not gonna."

"Why not?" asks Butch.

Sundance looks a little bit sheepish and replies, "I can't swim." Then he shrugs.

Butch breaks out into uncontrollable laughter. "Are you crazy? The fall will probably kill ya."

Butch then wraps his holster belt around Sundance's arm. They both close their eyes; hold their breath; and jump to what clearly looks like their death, screaming expletives all the way down. But they both hit the water with a big splash, and despite Sundance nearly drowning him, Butch finally manages to drag Sundance safely to the riverbank.

I'm not sure if sending the clip made the difference, but shortly after I sent it, Mac decided to join up. And the rest is history.

Starting with just a handful of founding members seven years ago, the iREOC today boasts more than 65 investor members, 30 investment manager members, 51 real estate operating company members and 12 associate (other service providers) members. Even more encouraging, every year our membership ranks continue to grow as the word about what we're offering keeps spreading.

So, both Mac and I would like to thank all of you who continue to take advantage of the networking and learning opportunities the iREOC has to offer, and we look forward to seeing you at our 2024 annual meeting here in Austin.

As for Mac, thank you, Butch. (As I like to tell him all the time, "You just keep thinkin', Butch. That's what you're good at.")

As for the rest of you, it's important to be careful.

Be very, very careful. It's a wacky world out there. ❖

Geoffrey Dohrmann
Pompano Beach, Fla.
September 15, 2024

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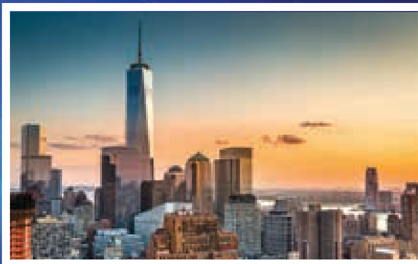

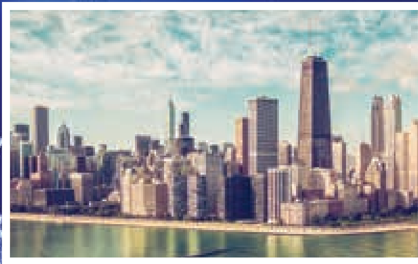

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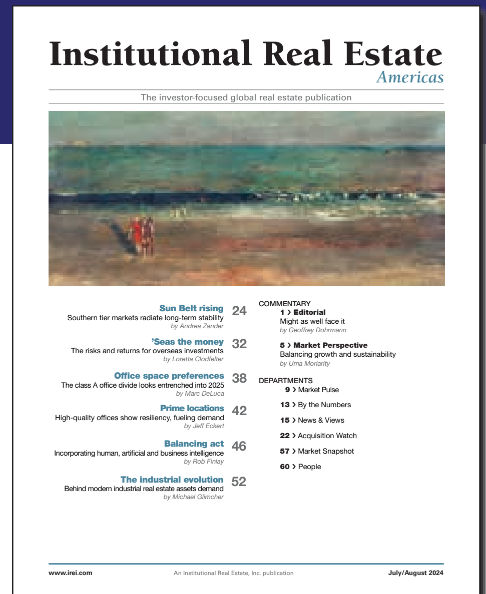

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Institutional Real Estate Americas is written for institutional investors in real estate — pension plans, foundations and endowments — and the consultants and real estate investment managers who serve them. With an emphasis on insights and analysis, the publication provides information about the people, events and trends driving this market. Features cover portfolio management, investment strategy and capital flows, with a focus on supporting the staff and investment committee members of public and corporate pension plans, foundations, and endowments. Every issue also contains lists of recent commitments and new fund offerings; people moves and promotions; and news and data about real estate fundraising and investment activity.

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Net-lease cap rates rise in Q3 2024

Cap rates for net-lease real estate assets rose in the third quarter for the 10th consecutive quarter, according to the Net Lease Research Report from The Boulder Group.

"The persistent upward trend in cap rates can be primarily attributed to sustained high interest rates" says Randy Blankstein, president of The Boulder Group. "Additionally, there is a stagnant supply of net-lease properties on the market resulting from limited transaction activity from both private and institutional buyers."

National net-lease asking cap rates

Sector	Q2 2024	Q3 2024	Change
Retail	6.47%	6.50%	+3bps
Office	7.67%	7.75%	+8bps
Industrial	7.10%	7.15%	+5bps
Overall	6.70%	6.73%	+3bps

Source: The Boulder Group

Holiday budgets to surge this season

Consumer spending during the upcoming holiday season is expected to rise my nearly one-third in 2024, according to JLL's 2024 Holiday Shopping Survey. The survey of found an expected 31.7 percent uptick in holiday budgets in 2024. "We're not only seeing a shift in the amount that shoppers are spending but also what they spend their budgets on, including a focus less on giving and more on living," says Naveen Jaggi, president of retail advisory services, Americas, at JLL. "With consumers expected to increase their holiday shopping budgets by over $300 from last year, this increase is, in part, due to a 56 percent uptick in spending on holiday-related experiences, such as dining out or attending a live performance, signaling that shoppers are embracing more than just physical goods this season."

"Our survey indicates that consumers will flock to physical stores this holiday season, with malls emerging as the top brick-and-mortar destination. In fact, we're forecasting an 18 percent uptick in mall visits where shoppers can experience the full breadth of holiday spirit," adds Kristin Mueller, president, retail property management at JLL. "Consumer demand for physical experiences, whether that be dining out, listening to live music, or appreciating storefront décor, has revitalized the mall experience and we're expecting this resurgence to further accelerate in the 2024 holiday season."

> "Over the last couple of years, the CRE capital markets and space market fundamentals have operated in distinct cycles, out of sync with each other. The rapid increase in interest rates since 2022 hampered CRE capital markets and consequently investment performance. Yet, despite those rate increases the economy remained robust, expanding, avoiding a recession, and supporting space market fundamentals. But after roughly two years, the beginning of the long-awaited 'great resynchronization' — when market fundamentals and capital markets reconnect — seems imminent due to the upcoming shift in monetary policy. The economy should remain resilient, getting a boost from declining interest rates and supporting a positive outlook for fundamentals and income returns. But the real action, and change, should come from the capital markets. As the Fed starts cutting rates, stabilization should become acceleration, boosting many metrics including appreciation returns. With both income and appreciation returns back in positive territory, the CRE market will resynchronize for the first time since the second quarter of 2022. That won't occur immediately, but signs are already emerging of this shift. The outlook for the CRE market is turning increasingly positive, the great resynchronization is coming, and shrewd investors are already noticing."
>
> — *Ryan Severino, managing director, chief economist and head of research, BGO*

Industrial

Trends and activity in the industrial and logistics sector

by Loretta Clodfelter

The industrial sector has been one of the brightest stars in the commercial real estate industry in the post-COVID era. The sector has been supported by strong trends in ecommerce and nearshoring, which has made industrial the darling of investors.

The outlook for the sector remains positive, as well, though it is likely to see some return to historical norms versus the outperformance of recent years. According to Cushman & Wakefield's second quarter 2024 Marketbeat report on the property sector, the vacancy rate has risen to 6.1 percent — its highest rate in nearly nine years but below the pre-pandemic average of 7 percent. The firm projects vacancy will reach 6.7 percent in first quarter 2025 and then decline in the second half of the year.

The biggest driver of the rising vacancy rate is new development of speculative space. Looking ahead, notes Cushman & Wakefield, that is likely to show some moderation, as the under-construction pipeline hits its lowest point in four years. In the first half of 2024, 239.7 million square feet of industrial space was completed, down 15 percent compared with the first half of 2023. A total of 380 million square feet of industrial space is expected to be completed by the end of 2024.

Some recent activity in the space includes:

- Northwood Investors paid $160 million for the Sunbelt Logistics Distribution Portfolio, a fully leased industrial portfolio totaling 1.8 million square feet located across Georgia, Florida and Texas.
- A joint venture between Transwestern Development and QuadReal Property Group sold Hamburg Logistics Center, a class A, 518,140-square-foot warehouse and distribution facility in Hamburg, Pa., to PCCP.
- Lovett Industrial secured construction financing for Durham Logistics Center,

a 351,030-square-foot class A industrial property in Durham, N.C. JLL worked on behalf of Lovett Industrial to arrange the loan through Comerica.

- Equus Capital Partners, on behalf of a programmatic joint venture between an affiliate of Equus and a U.S.-based public pension plan, completed the acquisition of a two-building, 299,241-square-foot industrial center located in Lakeland, Fla., from an affiliate of High Street Logistics Properties for $38 million.
- NorthBridge Partners has acquired 309 Chapanoke Road, an infill, 94,368-square-foot industrial facility located in Raleigh, N.C., from Beacon Partners.
- Stos Partners purchased a 5.3-acre property in Phoenix that includes two freestanding industrial warehouse buildings totaling 94,836 square feet.
- Basis Industrial closed on the purchase of three commercial assets in Texas and Florida totaling 1.1 million square feet. Beach Point Capital Management was the lender for the transactions, with Newmark facilitating the debt sourcing.
- Sagard Real Estate, formerly known as EverWest Real Estate Investors, announced the successful acquisition of two significant industrial properties located in northern New Jersey and Hanover, Md.
- Billingsley Co. secured refinancing for Denton Distribution Center, a recently delivered, class A industrial park in Denton, Texas — a submarket of Dallas-Fort Worth.
- Transwestern Investment Group has acquired Building C of Interstate West, a 1.16 million-square-foot class A industrial facility near Savannah, Ga. JLL represented the seller, VanTrust Real Estate.
- Investcorp has made three industrial acquisitions across the southern and western United States totaling approximately 1.5 million square feet for a gross transaction cost of approximately $300 million.
- EQT Exeter, the real estate division of EQT, has acquired Building III at Gateway Logistics Park in El Paso. Provident Industrial, a division of Dallas-based Provident, was the seller.
- CapRock Partners has acquired a 32.5-acre site in Sunnyvale, Texas, part of the East Dallas industrial real estate submarket, for the future development of a new class A industrial park. CapRock acquired the 32.5-acre site in an off-market transaction.
- Brennan Investment Group purchased Yorkbrook Business Park, a 17-building industrial portfolio located in DuPage County, Ill. The portfolio comprises 740,000 square feet on approximately 60 acres.
- Stoic Equity Partners acquired Parkwood Center, a flex industrial property located at 6801 W. 12th Street in Little Rock, Ark.
- BKM Capital Partners has executed a $110 million recapitalization of a five-property light industrial portfolio. The transaction also marks an expansion of BKM's partnership with a global investment manager, bringing the joint venture's total holdings to more than $760 million in value.
- Lovett Industrial in partnership with PCCP announced the recent groundbreaking of Garland Innovation Center, a 14-acre urban infill development consisting of 241,067 square feet across two class A logistics facilities in Garland, Texas.
- Stonepeak has acquired two logistics assets totaling 1.1 million square feet in Fort Worth from institutional investors advised by J.P. Morgan Asset Management.
- Dalfen Industrial acquired West AB Business Center, a 43,600-square-foot industrial property in Las Vegas' top-performing southwest submarket. The deal was sourced off-market, and the transaction was facilitated by Colliers.
- Faropoint announced the off-market acquisition of a 16-building industrial portfolio across two key logistics markets, Jacksonville, Fla., and Memphis, Tenn. The portfolio, totaling 1.7 million square feet, was acquired for $105 million, and the transaction was brokered by Eastdil Secured. ❖

"The biggest driver of the rising vacancy rate is new development of speculative space."

Loretta Clodfelter is editorial director at **Institutional Real Estate, Inc.**

Investing in sector-specific open-end funds

What are the benefits and challenges for investors and REOCs?

by Denise Moose

These days, investors' options for investment run the gamut from where to invest, to how to invest, to what to invest in and more. But what makes for the best investment for investors and REOCs?

With the challenges facing diversified core funds, investors have been looking for alternative investment options. Sector-specific core/core-plus open-end funds, sponsored by specialist REOCs in particular, are an option some are looking at as viable.

That raises the question: How do open-end sector-specific core/core-plus funds compare to open-end core diversified funds, such as those in the ODCE index, and why might investors prefer sector-specific funds in the current environment?

"I think sector-specific funds are now more common and widely accepted by investors than it was 15 or 20 years ago," says Trey Stafford, executive vice president – capital markets at Fairfield Residential. "Back then, open-end diversified funds were an easy way — and the primary way — for investors to get access to all of the real estate sectors with one fund and one manager and in a lower-risk format. Today, many investors want to make sure they can pick the sectors they want to allocate to … or, in some cases, avoid."

Stafford says he thinks the recent downturn in the office sector and the rise of industrial and other niche sectors has led many investors to think of sector selection as à la carte rather than as the buffet diversified funds offer. This, combined with a more developed real estate allocation plan by institutional investors and more single-sector sponsors raising institutional funds, created the right balance in the market for investors to choose by sector and select a sponsor/manager they think is top in class and can outperform the market.

Jay Struzziery, managing director, head of investor relations, at AEW, explains that AEW views ODCE funds and core/core-plus sector funds as complementary, although they can and do vary based on specific strategies.

"While fund selection is as critical as it has ever been, diversified and balanced ODCE funds create a solid foundation of a core portfolio for long-term investors, while sector funds enable investors to target sectors where there may be higher conviction in the medium to long-term in addition to providing a further diversification benefit," said Struzziery. "More needs and demographics-based sectors like healthcare and affordable housing can enhance resilience to portfolios throughout economic cycles, and sectors related to infrastructure, such as data centers and cold storage, may also provide additional diversification and alpha potential. Durability of income though is very important in either category."

Whether these funds tend to be allocators or operators varies by sector.

"Less operationally intensive sectors can be effectively managed by fiduciary allocators, while sectors with higher operating leverage, such as seniors housing, cold storage and hospitality, typically require joint ventures with highly capable oversight and/or specialized management," said Struzziery.

Joaquin de Monet, executive vice president at Xebec Logistics Trust, agrees that it depends on the fund. "In our fund, we act as the operator and bring in institutional — including allocators — and private capital," says de Monet.

The market has evolved over time, adds Stafford, who says it is a mixed bag today.

"This was less common 15 or 20 years ago, but markets move and shift, and we've seen this evolution of sector-specific, fully integrated sponsors that raise sizable institutional funds," said

Stafford. "Take Fairfield, for example: 20 years ago, we capitalized our acquisitions on a deal-by-deal basis with a stable of investors we transacted with, but that meant we had to shop each acquisition to a set of investors to see who would raise their hand to move forward. At the same time, the seller was asking us more than just price — they want competitive terms on closing timeline, firm deposit money and surety of close, which is difficult to do while at the same time you are trying to line up your equity. It just meant we were less competitive at that time and spent a significant amount of time on each deal just lining up equity. Fast-forward to now, and we have commingled discretionary funds for our acquisition platform and strategies. … Having that surety of capital provides an advantage in the buying market and is a key area of focus for sellers when selecting a buyer."

Allocator funds that team with best-in-class operators are also highly effective, adds Stafford, and the key to their success is selecting the best operating partners rather than building out their internal platform and staff. They also spend a lot of time establishing the relationship with the operating partner and then holding onto it once established, which allows the long-standing relationship to lessen any friction in getting a transaction done quickly.

Most attractive sectors for sector-specific funds

As mentioned, investors and REOCs have many options when it comes to where, how and what to invest in. So, which sectors are most attractive for sector-specific funds?

"In recent years, industrial and housing have generally offered some of the most compelling returns," says Nicholas Stein, managing director, portfolio management, at Sentinel. "There are a lot of niche real estate sectors that may be providing compelling returns; however, investors need to be cautious of the potential limited liquidity and noninstitutional nature of these assets. Broad-based themes and underlying fundamentals are still providing a compelling outlook for industrial and the living sector."

Struzziery says market depth is crucial for open-end funds, requiring sectors to offer a broad, liquid and somewhat varied institutional opportunity set that can appeal to a wide range of potential buyers if an exit becomes appropriate and/or is required.

"Back then, open-end diversified funds were an easy way — and the primary way — for investors to get access to all of the real estate sectors with one fund and one manager and in a lower-risk format."

"We believe that residential strategies, both affordable/essential and market rate housing, logistics and healthcare strategies — such as seniors housing and medical offices — meet these criteria along with certain other major property types," says Struzziery.

Benefits and challenges

Many things have come into play over the past few years when it comes to the benefits and challenges for investors and REOCs of core/core-plus sector-specific open-end funds. Demographic, economic and technological trends, along with the effects of the COVID-19 pandemic, have made for various outcomes for investments in multiple real estate sectors.

"Sector-specific funds facilitate a targeted approach to real estate investing, allowing for a more tailored real estate portfolio that is directly responsive

to an evolving investment landscape and meets investor sector allocation goals," says Stein. "Beyond the high-level macro benefits of sector-specific funds, there are additional benefits with respect to portfolio construction. By taking a more focused approach to real estate investing, sector funds are well positioned to develop a more widely diversified portfolio with respect to geography and tenant mix. Sector-specific funds can also be selective based on a more defined strategy — for example, secondary suburban markets or single-family rental in housing and grocery-anchored shopping centers or outlets in retail."

In addition, he adds, by focusing exclusively on a single sector, portfolio teams are better positioned to obtain deeper sector-specific market knowledge and product-type expertise that allows them to modify strategies to quickly adjust to changing fundamentals and trends. Furthermore, vertically integrated organizations can proactively adapt to these changes and optimize for superior outcomes through submarket knowledge and direct property operations.

"The benefit that sector-specific funds offer with respect to creating a more tailored portfolio, of course, could also be detrimental if riskier sector-specific funds or strategies are selected," adds Stein. "For example, if one invested into a sector-specific office fund just prior to the pandemic, they have likely faced both substantial valuation declines as well as liquidity constraints. An investor should critically analyze the long-term tailwinds and headwinds that may potentially impact a specific sector when considering a sector-specific strategy. While not unique to sector-specific funds, one challenge we have seen over the past two years in the open-end fund space in general is a substantial appraisal lag in adjusting property values to reflect the changing capital markets environment. This delay has impacted liquidity across the industry, as new investors are not inclined to invest into vehicles that they perceive as mispriced."

" The benefit that sector-specific funds offer with respect to creating a more tailored portfolio, of course, could also be detrimental if riskier sector-specific funds or strategies are selected. "

One benefit to investors, adds de Monet, is that they can generally obtain access to a portfolio of high-quality properties (generally with lower leverage) that balance both current income and long-term appreciation.

"The open-ended nature of the fund enables the REOC or portfolio manager to hold high-quality assets for the long term while providing flexibility to recycle capital from aging properties into modern properties," says de Monet. "By far, the biggest challenge in the past two years has been fundraising growth capital into the headwind of increased redemption activity in a higher-return environment."

Struzziery states that AEW believes sponsorship is very important, especially in the open-end space, where achieving scale and attracting a diverse range of institutional investors is key.

"Some REOCs may not have the history, internal systems/processes or adequate corporate governance to serve as effective fiduciaries for these vehicles," says Struzziery. "Additionally, managers must be able to build a meaningful and diversified investor base, enhancing both diversification and long-term liquidity for the open-end fund."

When it comes to the open-end fund structure, Stafford believes the challenges aren't specific to REOCs or core-plus strategies — the challenges have more to do with the current perception of open-end funds by institutional and high-net-worth individual investors. "The gates going up in the current cycle for many open-end funds and nontraded REITs limiting redemptions have made it a difficult proposition for pension fund staff to go to their investment committees for a new open-end fund in light of all the headlines."

In conclusion, sector-specific core/core-plus open-end funds have emerged as an increasingly attractive option for investors and REOCs seeking targeted investment opportunities in today's evolving market. Unlike diversified core funds, which offered broad exposure to multiple real estate sectors, sector-specific funds allow investors to focus on particular areas, such as industrial, housing or healthcare, based on their conviction or strategic goals. This tailored approach helps investors avoid sectors experiencing downturns, such as office space, while capitalizing on high-growth, niche sectors. The benefits of sector-specific funds include deeper sector knowledge, more focused strategies and the ability to develop a more diversified portfolio based on geography and tenant mix. However, they come with challenges, such as limited liquidity and the potential risks of sector-specific downturns, as seen during the pandemic's impact on office markets. Ultimately, successful sector-specific funds depend on choosing the right sponsor with expertise and the ability to adapt to shifting market dynamics, making sponsorship and operational management key considerations for both investors and REOCs. ❖

Denise Moose is the editor of *iREOC Connect* at **Institutional Real Estate, Inc.**

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Meeting the demand

Why real estate investors should focus on senior housing and the unprecedented opportunity in the senior housing sector

by Arick Morton

The U.S. aging population has never grown as fast or been as large as it is right now, and this unprecedented demographic mega-trend is only now beginning. The number of people 80 years and older will increase tremendously during the next 25 years, with nearly 16 million "new" 80-plus-year-olds by 2050. Supply growth is stagnant, and NIC MAP Vision estimates $275 billion of additional capital is needed to meet the needs by 2030. This explosive growth means the senior housing industry will expand for decades to come, making investing in senior housing not only a strategic move but a profitable one.

The current market landscape

On the eve of the COVID-19 pandemic, the senior housing occupied-unit penetration rate was at an all-time high after a slow build throughout the 2010s. As local governments responded to the threat of COVID-19 by enacting temporary senior housing admissions bans, the penetration rate dramatically shed six years' worth of gains in one year, bottoming out in the first quarter 2021. However,

once an effective vaccine was introduced, and the admissions bans were lifted, the occupied penetration rate returned to its all-time high by late 2022. COVID-19 also significantly affected the senior housing labor market, reducing the pool of available workers in all of healthcare, including senior housing, creating expensive staffing challenges. Recently, however, labor markets have normalized, returning to pre-pandemic levels, positively affecting operating efficiency, service quality and overall margins.

Like many industries, the senior housing market faced its fair share of difficulties during COVID-19, but all indicators demonstrate the sector's exceptional resilience, and continued growth is expected. In fact, in 2023, absorption rates doubled the average of any pre-pandemic four-quarter period, and first quarter 2024 shows absorption up 60 percent year-over-year. Plus, sequential occupancy growth and net absorption are growing at historic levels, even before the age wave fully hits in the coming years. All these factors signal robust demand and strong investment potential.

Navigating investment challenges

The banking crisis in 2023 affected commercial real estate lending, including the senior housing industry. However, debt markets and agency lending continue to function, and as of June 2024, nearly a quarter of banks reported increases in commercial real estate lending. Because senior housing transaction volume slowed during the banking crisis, construction also decelerated significantly. This domino effect couldn't be more misaligned with the surging demand of the 80-plus population, which is projected to explode in the next few years. In addition to lending and construction challenges, the senior housing sector faces growing debt maturities in need of capital. All of these factors create a perfect storm of opportunity for savvy investors. A robust and thoughtful approach to capital sourcing will get deals made and position investors and the industry for success.

Demographic and economic drivers

For most of the 2010s, senior housing inventory growth exceeded the 80-plus population demand, but 2022 saw a shift. The 80-plus population growth began to outpace supply growth, creating a gap between supply and demand, which will continue unless senior housing development rapidly increases. The U.S. Census Bureau projects the 80-plus population to grow significantly during the next 25 years, driving corresponding growth in the senior housing sector and providing ample opportunity for investors. Also, the financial health of aging Americans appears strong. This is promising because consumer affordability plays a key role in determining if senior housing can meet the needs of the rapidly growing aging population. Data from the Federal Reserve indicates median seniors' household net worth and income have increased at rates far greater than senior housing rents over the past decade, suggesting expanding affordability, which could further increase penetration rates.

Investment opportunities and market fundamentals

Senior housing now consistently shows solid margin growth as operating expenses decline, a clear sign of strong fundamentals. And, as demand growth continues to outpace supply growth, margin expansion is likely to continue as occupancies and revenue improve. In addition, high interest rates and limited capital availability have slowed senior housing construction, which, combined with multiyear predevelopment and construction timelines, have a ripple effect on the sector's ability to bring new supply to the market soon. As the 80-plus population continues to grow, significant supply/demand imbalances will persist if supply does not increase dramatically, creating a pressing need for new senior housing development and a promising environment for investors, new developers and existing senior housing property owners.

Investors can leverage the sector's unique landscape and position themselves to take advantage of the building demand wave by focusing on high-demand markets that show strong occupancy trends and expanding profit margins, developing new properties with modern amenities ideal for today's seniors and focusing on long-term strategy with sustainable development and continuous facilities improvement.

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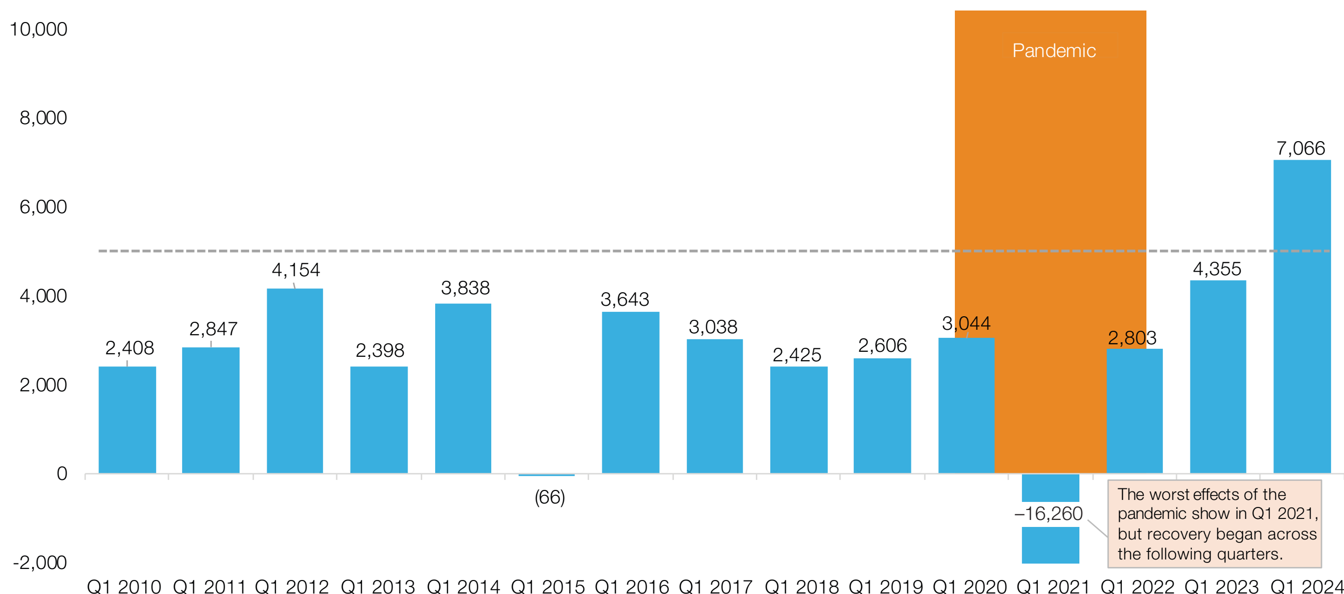

Source: NIC MAP® Data, powered by NIC MAP Vision, primary and secondary markets
Note: First-quarter absorption is typically lowest of the year due to seasonal factors.

Bright prospects and future outlook

The biggest effect of the age wave is yet to come. In fact, to meet the expected and unprecedented demand of tomorrow, the senior housing sector will need to develop at an unprecedented pace today. Currently, senior housing inventory growth is close to an all-time low, at 26,000 units annually, contributing to the significant supply gap expected by 2030, as well as ample opportunity. The highest annual inventory growth we've seen in the 21st century is 56,000 units. If penetration rates remain stable, the industry will need to develop nearly 102,000 units each year, nearly double its historical maximum development pace and four times more than its current pace, just to maintain 90 percent occupancy through 2030.

This monumental increase in development activity will need to be sustained for the next 20 years. NIC MAP Vision estimates two million new units need to be delivered to market by 2045 to meet the expected needs of aging consumers.

"** As the 80-plus population continues to grow, significant supply/demand imbalances will persist if supply does not increase dramatically, creating a pressing need for new senior housing development and a promising environment for investors, new developers and existing senior housing property owners. **"

From the Great Recession in 2008 to the recent global pandemic and banking crisis, the senior housing sector has proven itself capable of navigating adversity and delivering returns. Its durability and place in the economy are undeniable. Demand for senior housing has proven to be inelastic and will only get stronger as the 80-plus population continues to expand rapidly. To keep pace with the expected 80-plus population explosion, the industry will need historic near-term inventory growth, which requires unprecedented levels of investment and a substantial increase in capital allocated to the sector.

A perfect storm of events has created significant challenges for the industry, but those challenges expose opportunity. The senior housing sector must provide quality, affordable housing for a burgeoning aging population at a pace never achieved in history; on the heels of a pandemic, a labor crisis and a banking crisis; and in the midst of a capital markets freeze. The task will not be easy, but the opportunity and the returns are primed for investors to take on. Senior housing is poised to be one of the most profitable real estate asset classes of the next decade, and now is the time for real estate investors to capitalize on current market conditions and meet the growing demand for senior housing. ❖

Arick Morton is the CEO of **NIC MAP Vision.** NIC MAP Vision's *Seniors Housing Market Outlook* is available at https://bit.ly/nmvmarketoutlook

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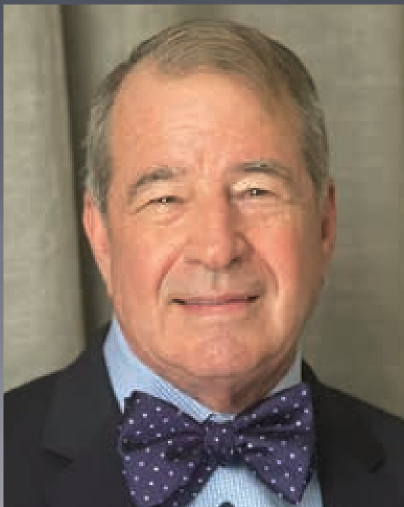

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The opportunity zone option

With strong gains in the stock market, will opportunity zones make a comeback?

by Peter Ciganik and Timothy Bernstein

With over $38 billion of capital raised through second quarter 2024, qualified opportunity zone funds (QOFs) have become an important source of capital for community investment and development. While capital raising and deployment slowed in 2023 in the midst of a challenging real estate market and decrease in capital gains events, QOFs have continued to raise money at a solid pace.

According to a Novogradac survey from August of this year, QOFs have raised a total of $38.3 billion through second quarter 2024. While the amount raised in the second quarter ($447 million) was significantly lower than the amounts reported from 2019 through most of 2023, it was the largest equity total reported since third quarter 2023. The bifurcated nature of QOF capital raising is still highly apparent — a relatively small number of funds and managers continue to raise most of the money. As of second quarter 2024, only 15 QOF managers oversee roughly half of all equity raised.

Considering the powerful tax incentives provided by QOFs, they should continue to see demand from private investors seeking to optimize their capital gains exposure. Investors who reinvest capital gains from the sale of any asset (stocks, bonds, crypto, real estate, commodities, etc.) into a QOF can defer capital gains taxes until 2026.

In addition, if these investments are held for at least 10 years, the investors can exclude any additional gains beyond the deferred amount, as well as any depreciation recapture, from their tax returns after the 10-year minimum hold.

Though the opportunity zone program is less than a decade old, early indicators reveal it has also been successful in its aim of driving economic growth in communities that most stand to benefit. A study by the Economic Innovation Group — "Are opportunity zones working? What the literature tells us" — found the opportunity zone incentive is unlocking more investment capital and reaching more low-income communities than predecessor programs did at similar stages.

In only a few years, QOFs have spurred an exceptional amount of investment in housing, as most of the capital — more than 80 percent, by Novogradac's estimate — has been geared toward residential investments. Novogradac has identified more than 185,000 housing units financed by QOFs across more than 200 cities.

A wide swath of cities — more than 170 in total — have at least 100 QOF-funded units each. Given the number of proprietary or private funds owned and operated by their principal investors, which Novogradac is largely unable to track, the firm estimates the true

amount of QOF-financed housing investment may be three or four times larger.

The original bill in which opportunity zones were created, the Tax Cuts and Jobs Act of 2017, was a 10-year omnibus tax bill in place until the end of 2026. Accordingly, opportunity zones are currently set to expire along with the bill on Dec. 31, 2026. This means investors have a limited time to take advantage of the tax incentives offered by QOF investments.

After the expiration, investors will no longer be able to deploy new funds to take advantage of the tax incentives, although existing qualifying investments can preserve their tax-free treatment until 2047, opening many opportunities for financial planning and tax optimization.

The zones are specific geographic areas selected by state governors with the goal of revitalizing underserved areas, stimulating job creation and transforming communities. This dual benefit makes qualified opportunity zones a powerful tool for both investors seeking tax advantages and communities in need of economic revitalization.

Given the impact of the program, it is important to consider an extension to its expiration date past 2026. An extension would be immediately beneficial to the program, whose implementation was initially delayed by over two years while the Treasury promulgated the rules and approved the necessary tax forms.

A bill proposing a two-year extension of the 2026 deferral date — the Opportunity Zones Transparency, Extension and Improvement Act — has been introduced in Congress. In late July, separate legislation was introduced to designate all Superfund and environmentally sensitive brownfield sites (more than 450,000 total locations) as opportunity zones. Both bills have bipartisan support, but have not yet advanced to a vote.

Despite the recent slowdown in capital raising, the versatility of the vehicle's investment opportunities should remain attractive. QOFs are certainly not immune to broader capital markets uncertainties, and near-term fundraising may continue to reflect that. However, the funds' myriad tax benefits, attractive return profile and evidence of progress in revitalizing communities should keep stimulating healthy demand in the years to come. And in case the program is not renewed or extended, many investors expect a "rush of capital" to take advantage of the tax forgiveness window before it closes in 2026. ❖

Peter Ciganik is partner, head of capital markets at **GTIS Partners,** and **Timothy Bernstein** is vice president, capital markets at **GTIS Partners.**

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Q&A

A conversation with Robin Zeigler

Robin Zeigler, *founder and CEO of MURAL Real Estate Partners, on how underinvested communities can deliver economic growth.*

Though many real estate development firms have sought to revitalize underserved communities, they have found the challenges complex and the obstacles numerous — including lack of financial resources, trust issues that revolve around preserving existing culture, lack of long-term commitment and so on.

One person who believes she and her colleagues have cracked the code is Robin Zeigler, founder and CEO of MURAL Real Estate Partners.

Your position is that real estate has the power to solve societal challenges. In what ways?

Development projects, when done right, possess a transformative power. We view real estate through the lens of social sustainability. We aim to understand and provide the components a community needs to thrive socially and economically for generations to come. By going deep rather than wide into a market through building large-scale redevelopments, the impact of real estate on communities becomes evident, with a ripple effect that resonates far beyond the physical structures.

Affordable housing lies at the core of real estate's potential to address societal challenges. Real estate projects have the capacity to create employment opportunities at the local level, driving economic growth within the community. Education and workforce training represent other critical components. By integrating educational facilities and training program opportunities, these development projects can equip individuals with the training and skills needed to thrive in the evolving job market.

How does the pursuit of these social outcomes result in strong risk-adjusted investment opportunities?

We focus on acquiring assets with the right land basis to provide for long-term growth, and we pursue projects where there is municipal support for revitalizing communities. This results in grants, incentives, subsidies and tax abatements that are a fundamental part of our capital stack and helps ensure we achieve strong market returns. Lastly, the overall deal structure is crafted to ensure we are getting the best economic outcome for each individual property type within the overall project.

What type of property development provides the most sustainable economic growth and social change?

When it comes to transformative development that fosters sustainable economic growth and meaningful social change, one particular model stands out: mixed-use/mixed-income housing developments. These developments are more than buildings, they are bustling hubs of activity. By weaving together housing with street-level retail, restaurants and communal gathering spots, neighborhoods create a tapestry of diversity and vitality. It's about crafting spaces that cater to the needs and aspirations of people from all walks of life, offering a dynamic

environment where everyone can live their best lives every day.

You're a proponent of "holistic community ecosystems." Describe that.

A holistic community ecosystem embodies interconnectedness at its core. It's about creating vibrant communities where residential, commercial, environmental and cultural elements converge to enhance residents' quality of life. Social sustainability is the cornerstone. In these ecosystems you will find mixed-use developments that embrace diversity and inclusivity, offering spaces where people can live, work and socialize in a seamless blend of urban life and natural surroundings.

Can the financial opportunities for investors equal those found in wealthy districts?

Investing in underserved neighborhoods can yield significant returns for investors, often surpassing the returns found in wealthy districts. When we shift our perspective and delve into the dynamics of economic empowerment and vitality within underinvested communities, we uncover a wealth of potential waiting to be harnessed. By investing in these emerging areas, not only can investors see significant financial returns, but they also have the opportunity to catalyze change, fostering ground-up economic growth and vitality.

The first key aspect for investment returns is a lower initial investment basis. Property prices in underinvested communities tend to be lower than in luxury or wealthy areas, resulting in an opportunity for higher percentage returns. As these areas develop and evolve, the property values often increase more sharply than in established wealthy neighborhoods, leading to substantial equity gains. Though we do not factor additional alpha into our deal underwriting, we recognize that this additional upside potential exists and sometimes cannot be adequately quantified. ❖

Emerging self-storage hot spots

New England joins the West and Midwest in offering the greatest growth opportunities

by Maria Gatea

The self-storage industry has seen unprecedented growth lately, with the past 10 years delivering 25 percent of the total existing inventory of self-storage nationwide. Although still below pre-pandemic levels in terms of new supply, 2023 saw 53 million square feet of new space added to the market, and 2024 is on track to see the delivery of no less than 54 million rentable square feet.

Demand is at the core of the sustained development pace in the self-storage market, traditionally driven by the four D's: death, divorce, dislocation and downsizing. These factors have long been fundamental to the interest in self-storage, leading to one-fifth of Americans relying on storage away from home to maximize space.

Recently, two more D's (decluttering and distribution) have become significant drivers, rounding out what are now the six D's of self-storage. The shift toward working from home and shrinking home sizes have created a need for people to declutter more than in the past. Additionally, the boom in ecommerce has prompted small businesses to seek efficient distribution solutions. In this context, self-storage has emerged as a viable alternative to traditional warehouse space. It is often more affordable and offers greater flexibility, with lower rates and extensive geographic coverage. Moreover, the intensifying popularity of

RV-ing, along with the resurgence of snowbirding after the pandemic, has given a strong boost to vehicle storage, creating a new and expanded clientele for self-storage properties.

Because the market's success often boils down to a game of supply and demand, the salient question for investors and developers is to pinpoint where there is still untapped potential for self-storage development and where the market is well positioned to meet existing demand. A survey of the largest 150 U.S. metro areas took into account the following criteria:

- The local self-storage inventory per capita, calculated as availability of storage space within a three to five mile radius
- Interest in self-storage services as expressed by storage-related online searches
- Demographic demand factors, including population growth, household size and household formation
- Urbanization and housing based on the number of building permits in a specific location, average apartment size, percentage of apartments with storage, rental competition and for-sale market evolution
- Household car ownership rates and local demand for car storage services by also taking into account local vehicle storage stock
- The population of college students
- Number of remote workers
- Economic factors, such as income growth, household income, employment-related data and more

Based on this research, future self-storage facilities are most likely to be erected in tertiary markets — smaller metropolitan areas with populations of less than 2 million.

Supply is in fact generally lower in tertiary markets, as developers have traditionally chased population flows into the big urban centers. However, with recent shifts in migration patterns and growth spiking in smaller markets, demand for extra space is also flourishing in new places. Of course, there are other factors at play aside from migration. Trends toward smaller home spaces and minimalism, along with tight housing markets, often lead to an increased demand for storage. High move-in activity, more common in cities with large renter populations and college towns, contributes too, as does the resurgence of multigenerational living.

Underserved markets

The blend of economic strength, dense housing markets and an abundance of lifestyle options is a boon for self-storage businesses, and it's this combination that's putting smaller cities in New England and the Midwest on the map for self-storage opportunities.

Boasting several potential sources of demand, New England is worth keeping an eye on. Springfield, Mass., ranks first nationally as a self-storage opportunity zone. It has the country's second-lowest self-storage inventory per capita, at 3.7 square feet, only half of the national average. With a 10-year population increase of 10.8 percent, positive migration, small homes and a robust interest in self-storage (more than 755 Google searches related to the industry per 10,000 residents), Springfield checks multiple marks for pent-up self-storage demand. The average apartment size in Springfield sits at a modest 740 square feet, the second smallest nationally. The area also hosts more than 66,000 college students, piling on extra self-storage demand factors.

Springfield is one of the country's most active housing markets — alongside another fellow Massachusetts metro, Worcester, also in our top 20 — and a potential influx of homebuyers can add even more pressure on the limited self-storage inventory. Developers are catching on and are taking steps to improve local access to self-storage, with 2024 seeing a projected 234,000 square feet that amount to more than 16 percent of the total existing inventory in Springfield.

" Interest in self-storage is strong, reflected in more than 830 storage-related Google searches per 10,000 residents. "

Another New England hot spot, Providence-Warwick, RI-Mass., landed fourth nationally for self-storage development potential. Currently registering 4.8 square feet of storage space per capita, with high housing density and relatively small apartments as well as a student population of almost 92,000 people, the area makes a strong case for more self-storage development.

Interest in self-storage is strong, reflected in more than 830 storage-related Google searches per 10,000 residents. The local demographic trends also provide a solid foundation for self-storage growth, with positive net migration and an increasing number of households. In fact, the metro area now has nearly 10 percent more households than it did a decade ago.

About 45 miles west of Boston, Worcester, Mass.-Conn., rounds out the top 20 of the country's most auspicious metros for self-storage

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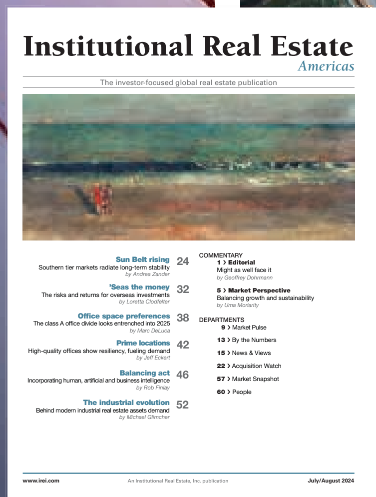

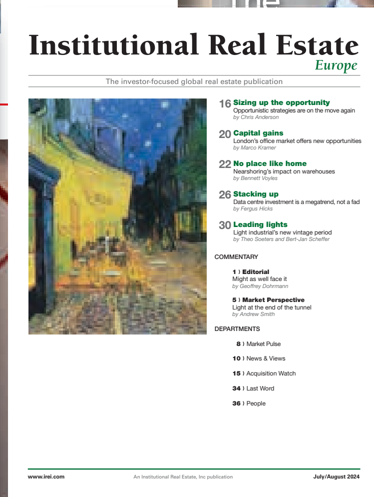

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development. It features a modest 5.4 square feet of self-storage space per capita, well below industry standards. Between population growth, dense living and a strong presence of college students, it's no wonder that people in Worcester are interested in finding additional storage solutions. The local industry is already picking up on these clues and working on adding extra inventory: The new self-storage planned to be delivered this year in Worcester amounts to 15 percent of the entire inventory.

Boston itself is not far behind in terms of potential for further expansion with the metro area currently offering 4.7 square feet of storage space per capita. As a bustling urban center, Boston experiences high population mobility and has one of the highest housing densities in the country. Adding to the demand for more storage space, the metro area is home to more than half-a-million remote workers, more than 350,000 college students, and nearly 1 million households that own more than one car.

The most underserved market

The country's most undersupplied self-storage market is Honolulu. Urban Honolulu is also one of the country's most expensive self-storage markets. With the monthly rate for a unit at $277 on average, more than double the national average, the area also seems to be in dire need of additional self-storage space.

Nationally, it ranks second among cities offering the best opportunities to capitalize on storage demand. With the lowest per capita inventory of the 150 largest metro areas (3.2 square feet of storage space per person) and the smallest average apartment size (less than 700 square feet), it stands out in the storage market.

The main driver of urban Honolulu's economy, tourism, also creates extra demand for self-storage. From catering companies to sports equipment rentals, many local businesses need self-storage for their gear, especially during the off-peak season. Plus, with the area's abundant outdoor activities, residents likely own more sports-related equipment than the average American. These local factors are increasing the pressure on self-storage facilities, which are currently struggling to meet the demand.

Mountain West

The Mountain West region has seen massive growth in recent years, both in terms of economy and population, and the self-storage industry stands to win big from this combination.

Boulder, Colo., ranking third for self-storage development opportunities, currently has an inventory of 6.3 square feet of space per capita, only slightly under the national benchmark. However, demand in the area is solid, with almost 1,000 online searches for self-storage services per 10,000 residents, pointing to local demand for more inventory. Boulder's transient population, including college students and professionals, often necessitates temporary storage solutions during moves or transitions. In fact, Boulder, home to almost 50,000 students, ranks fifth among the country's largest 150 metros for online searches related to student storage. Moreover, Boulder, with a population of just under 330,000 residents, registers an impressive

"The main driver of urban Honolulu's economy, tourism, also creates extra demand for self-storage."

58,000 remote workers, further pressing on the available storage space, both at home and away from home. On top of that, the city's active lifestyle often means residents accumulate gear for skiing, hiking and biking, making self-storage essential for storing seasonal gear.

Another western hot spot, and the first primary market to make it to the top 20 markets to watch list, is the Phoenix area. The Phoenix area is holding on to its appeal as one of the best places to move, mainly thanks to its thriving job market and living costs that are a steal compared with other major U.S. cities. Over the past decade, the metro area has seen a 14 percent population surge and a 22 percent increase in households, putting it in prime position for further expansion in the self-storage sector.

Midwest

Self-storage demand in the Midwest is on the rise, driven by a burgeoning population across the region's urban and suburban areas. As more people flock to these communities, the need for additional storage space grows. Further intensifying this

demand is the Midwest's diverse climate, characterized by wide temperature fluctuations throughout the year. Whether it's storing summer camping gear away from the winter chill or keeping delicate items safe from the summer heat, self-storage offers a perfect solution. This blend of demographic trends and distinct seasonal needs makes self-storage a crucial part of life in the Midwest.

Greater Los Angeles

Greater Los Angeles, with nearly 13 million residents, is the only California metro area in the top 20 showing major potential for self-storage growth. This area offers less than 5 square feet of storage space per person, a figure pressured by multiple demand factors. It has the second-highest housing density among 150 analyzed metro areas and relatively small apartments, averaging 816 square feet. Despite years of outmigration and the issuance of 31,000 new housing permits in 2023 alone, the housing market remains highly competitive. Whether downsizing, renting or buying, there's a lot of activity on the housing front, which supports extensive self-storage use. In addition, the remote workforce in Los Angeles is 1 million strong, second only to New York City, further tightening living space for residents. Beyond these key drivers, Los Angeles' enthusiasm for cars is notable — with 2.65 million households owning at least two cars, the demand for vehicle storage is robust.

"Over the past decade, the metro area has seen a 14 percent population surge and a 22 percent increase in households."

Pennsylvania metros

In addition to the East Coast and Midwest metro areas primed for self-storage development, three Pennsylvanian urban hot spots make it to our top 20. Pittsburgh is ranked 11th, with 5.3 square feet of storage space per capita and almost 880 monthly Google searches targeting self-storage per 10,000 residents. Even if Pittsburgh's population stayed about the same over the past decade, dense housing and small apartments (averaging around 790 square feet) are creating the right context for self-storage to thrive. On top of that, Pittsburgh is also home to 125,000 students and more than 200,000 remote workers, two categories of people who use self-storage services, either short term or long term, to a higher degree than the average American. Harrisburg-Carlisle, Pa., ranking 13th, has about the same amount of self-storage space per capita as Pittsburgh and has more spacious apartments on average. However, it's also more popular with newcomers, a known factor of increased self-storage demand.

Pacific Northwest

The Pacific Northwest's dynamic population growth, fueled by factors such as job opportunities, lifestyle preferences and urbanization, is expected to keep contributing significantly to the need for storage solutions. The Pacific Northwest's outdoor-centric lifestyle, with activities such as hiking, skiing and boating being popular year-round, creates a demand for storage of recreational equipment and gear — so it's not surprising that the two major urban hot spots in the area are among the country's most promising markets for further self-storage development.

Southern U.S.

The southern U.S. has been in the midst of intense growth for a good while now, with a steady influx of new residents and new businesses reshaping its economic and demographic ecosystems. Many of the changes that occurred in our southern cities, from incoming migration and high levels of residential construction to an increasingly sophisticated and complex business environment, created just the right combination of factors to drive self-storage demand up. However, unlike the cities discussed so far, self-storage development in the southern metros kept a high enough pace so that it's now mostly able to meet the local demand. In fact, the southern U.S. accounted for a significant share of new self-storage construction that occurred over the past decade nationwide, resulting in mostly generous self-storage inventories across the region.

The area's primary markets, including Dallas-Fort Worth, Houston and the Atlanta area, are all boasting per capita inventories of 9 square feet and higher.

While the self-storage sector has seen significant expansion in recent years, there are still vast regions across the country with untapped potential. From the urban centers of the Northeast to the sprawling suburbs of the Midwest, various areas are primed for investment in self-storage infrastructure. As developers and investors look to capitalize on this burgeoning market, strategic expansion into underserved regions presents an opportunity to meet the evolving needs of customers nationwide and drive continued success in the self-storage industry. ❖

Maria Gatea is a real estate and lifestyle editor for **Yardi.** Read her complete report here on the **RentCafe** website: https://www.rentcafe.com/blog

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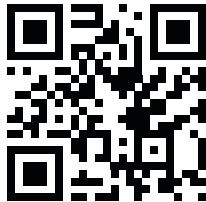

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GIC
Hamilton Lane
Healthcare of Ontario Pension Plan
Inversiones Consolidadas
Jasper Ridge Partners*
Laval University
Lenox West Capital
Liberty Mutual Group
Makena Capital Management, LLC
Maryland State Retirement and Pension System
Meiji Yasuda America Incorporated
Mercer Investment Consulting LLC
Merrimac Corp.
Minot Capital, LP
MIT Investment Management Company
MoDOT & Patrol Retirement System
Montana Board of Investments
New Jersey Division of Investment
New Mexico Educational Retirement Board*
New York State Teachers' Retirement System
North Carolina Department of State Treasurer
Oregon State Treasury*
ORG Portfolio Management
Portfolio Advisors, LLC
Presbyterian Investment Management Services and Senior Living (PIMS)
Public Employee Retirement System of Idaho
Public Safety Personnel Retirement System of the State of Arizona
QuadReal
RCLCO Fund Advisors
Rice Management Company*
San Antonio Fire & Police Pension Fund
San Diego State University Research Foundation
San Joaquin County Employees' Retirement Association
School Employees Retirement System of Ohio
State of Wisconsin Investment Board
StepStone Group Real Estate
Teacher Retirement System of Texas*
Texas Municipal Retirement System
Texas Treasury Safekeeping Trust Co.
TIAA Global Asset Management
The Townsend Group*
Trei Real Estate USA
University of California Regents*
University of Chicago Endowment
University of Texas Investment Management, Co.
UPS Group Trust*
Utah Retirement Systems*
Willett Advisors LLC

INVESTMENT MANAGERS

ACRE
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Affinius Capital*
Almanac Realty Investors*
Belay Investment Group
Calmwater Capital
CenterSquare Investment Management
Cerberus Capital Management, L.P.
Cloud Capital
Crow Holdings Capital Partners*
Domain Capital Group
FrontRange Capital Partners
GI Partners
Grandview Partners
Intercontinental Real Estate Corp.
Logistics Property Company
Lubert-Adler Partners, L.P.
Marcus Partners
Matter Real Estate LLP
Nuveen Real Estate*
Pacific Urban Investors
Pantheon Real Estate*
Principal Asset Management*
Prospect Capital
Sagard Real Estate
Sentinel Real Estate Corp.
Silver Creek Capital
Standard Real Estate Investments
Stoneweg US
TriPost Capital Partners, LLC
UBS Asset Management*

REAL ESTATE OPERATING COMPANIES

Ambrose Property Group
American Landmark Apartments
The Amherst Group
Article Student Living
Ballast Investments, LLC
Banyan Street Capital
Berkeley Partners
Bixby Land Co.
bkm Capital Partners
Bridge Industrial
Buckingham Co.
Carson Companies
Clear Sky Capital
Crow Holdings Capital Partners
Davis
Dermody Properties
Elion
ElmTree Funds
Embrey Partners
Equus Capital Partners, Ltd.
Fairfield
First Washington Realty, Inc.*
GID
Graceada Partners
Grosvenor*
Grubb Properties
Hawthorne Residential Partners
KETTLER
Landmark Properties
LCOR, Inc.
Life Care Services
Logistics Property Company
M-M Properties
Marquette Cos.
McWhinney Real Estate Services, Inc.
The Michelson Organization
MURAL Real Estate Partners
Oak Cap Ventures LLC
Panorama Holdings LLC
PEF Advisors
Ram Realty Advisors
RedHill Realty Investors*
RPM Living
ShopOne Centers REIT, Inc.*
Stablewood Properties
TGM Associates
TSCG Investors
University Communities*
Veritas Investments, Inc.
Western National Group*
Westport Properties | US Storage Centers*
Xebec Realty

ASSOCIATE MEMBERS

Other Industry Service Providers

Alliance Global Advisors
Boustead Securities
CenterCap Group, LLC
Elysium Capital
ENSO Advisors LLC
Epic Advisory, LLC
Juniper Square
Moss Adams
National Council of Real Estate Investment Fiduciaries (NCREIF)
Real Estate Fiduciary Services, LLC
Texas Association of Public Employees Retirement Systems
TSB Capital Advisors

*iREOC's Advisory Board

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