



CenterSquare

Identifying opportunities through intelligence-sharing

Chad Burkhardt, *Head of Strategic Capital and Managing Director at CenterSquare Investment Management*, responds to questions about how CenterSquare has leveraged its unique position as a public/private manager to benefit clients.

Can you tell us what exactly “Strategic Capital” is and how it came into existence?

That’s a great question, because depending on your background, Strategic Capital could mean a lot of different things. At CenterSquare, Strategic Capital is our opportunistic business that seeks to invest in the white space between our traditional public and private real estate mandates. Our public and private real estate businesses reflect what our clients are looking to achieve through the capitalization of traditionally listed real estate and private real estate opportunities. Across the industry, these opportunities have historically fit squarely into various categories – a U.S. core-plus open-ended fund, a Southeast multifamily fund, or a global concentrated REIT fund, for example. Today, we’re seeing investments that don’t fit quite as cleanly into these pre-defined buckets. As the name Strategic Capital would suggest, capital needs exist for certain situations which require creative and nimble investors who can see past the labels.

CenterSquare is primarily known in the market as a global real estate investment manager straddling both the public and private worlds. On the listed real estate side, we actively manage capital for large global institutions. On the private side, we invest domestically in three main subsectors: essential service industrial (a niche within small-bay), essential service retail (unanchored neighborhood retail centers) and rental housing (traditional multifamily and build-to-rent communities).

The origin story for Strategic Capital goes back to the spring of 2020 when COVID-19 brought the world to a standstill. We were all told we needed to gather what we needed from the office because we were going to be working from home until we knew more about COVID-19. On that March day, the seeds that would grow into Strategic Capital were planted. We knew there would be massive dislocation in the public and private real estate markets, and that the panic in the public markets was a leading indicator. We saw an opportunity to provide capital for owners, operators and companies who needed funding to keep their

businesses going, and we were fortunate enough to have great clients who had been through the global financial crisis and could also see the opportunity to lean into the chaos.

What sort of investments do you make? How do they fit with the rest of CenterSquare’s business?

Strategic Capital has emerged as a natural extension of our 35 years of expertise at the intersection of public and private markets. We focus on niche opportunities in dynamic sectors, partnering with proven management teams to provide tailored capital solutions – whether through growth equity stakes, structured or preferred equity, convertible debt or special situations. We don’t aim for quick flips but for transformational value creation that aligns incentives and delivers enduring, risk-adjusted returns.

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Since the summer of 2020, emerging from the depths of COVID, we have invested over \$750 million in life sciences, cold storage, medical office and data centers. Through a series of individual special-purpose vehicles, we provide our clients with access to opportunities we source, underwrite, structure, document, exercise due diligence on and asset manage as a team, with input from our knowledgeable public and private analysts. The Strategic Capital group maintains a perspective that encompasses the entire horizon of real estate prospects in order to best position ourselves to swiftly seize on thematic opportunities, going a mile deep into our areas of industry expertise with the support of our public and private investment teams.

The obvious limitations of not having a discretionary fund are thoroughly offset by the alignment of incentives we have with our clients. We prioritize investment partnerships over the commercial enterprise of gathering assets. A great example of this is our investment in Aligned Data Centers, which came full circle in 2025.

Can you talk more about Aligned Data Centers? How did you find the investment?

The investment in Aligned was a unique opportunity that perfectly followed the sourcing pattern I've described. Leveraging the intelligence gathered by our listed real estate team, we identified the data center sector as a potential opportunity, and then more specifically identified Aligned Data Centers in mid-2023. Upon further exploration, we discovered that Aligned was looking to raise co-investment capital with a large diversified financial group. This turned into a mutually beneficial partnership, matching CenterSquare's desire to invest in the company with the need to raise co-investment capital. We brought the opportunity to our clients; thankfully we had earned a level of trust that enabled us to move quickly, gaining significant exposure to a world-class hyperscale developer and operator.

Less than three years later, in October 2025, Aligned announced a sale that stands as the largest data center transaction to date, globally.

What does the recent news about the agreement of sale with Aligned mean for CenterSquare and your investors? How does this fit within the broader market landscape?

We are thrilled with the outcome. We are especially excited that we delivered this positive outcome in less than half the time we initially underwrote. This confirms that our clients have rightfully placed their trust in CenterSquare, and in our approach and philosophy, rather than in specific products alone. I'm hesitant to say it, but when we heard the news it was bittersweet; although I was happy that our approach and philosophy had been validated by our clients, I also thought about all the clients we spoke with who weren't able to make a commitment.

Regarding real estate, we can probably all agree that recent years have been challenging and have required a high level of patience and discipline. During the low-interest-rate environment following COVID-19, the market threw a big party, with capital flooding into real estate chasing yield that was often generated not by skill in investing, but by capital markets. During this time, we did our best to stay the course, focusing on continuing to follow our cycle-tested process and philosophy. This behavior was reinforced by constant intelligence-sharing among our investment teams, which positioned us to make decisions informed by both our public and private expertise. Because of this collaboration, we recognized when it was time to leave the party and not to overindulge, avoiding the hangover effect that others are currently battling. This

hangover effect resulted in limited partners frustrated that their capital hasn't been returned, which has promoted further caution ex post.

What does Strategic Capital look like moving forward?

The opportunity set for Strategic Capital continues to grow. Private companies continue to stay private for longer and the public REIT market valuations are insufficient to allow for new IPOs. Limited partners have been patient with sponsors, but the pressure is building to find exits that may take the form of something other than simple asset sales. Finally, we are beginning to see sophisticated private equity firms starting to engage in mergers and acquisitions and in public REIT take-privates, which is typically a good signal for the sector more broadly.

Across the board, CenterSquare has seen a growing interest in investment structures that go beyond traditional closed-end commingled funds. Separate accounts, programmatic joint ventures, continuation funds, and other similar structures are growing as a percentage of capital raised. Our clients' continued interest in Strategic Capital opportunities supports this trend, as they look to us to meet their investment needs. It is our job to be nimble and creative enough to take advantage of these types of non-traditional tailored capital solutions.

CONTRIBUTOR



Chad C. Burkhardt
Head of Strategic Capital and Managing Director
CenterSquare Investment Management

Chad Burkhardt is a Managing Director and Head of CenterSquare's Strategic Capital Business. Since joining CenterSquare in 2013, he has held multiple roles overseeing acquisitions in the eastern United States, as well as portfolio management, and serves as a member of the Private Real Estate, Strategic Capital, and Essential Service Retail investment committees.

COMPANY OVERVIEW

Founded in 1987, **CenterSquare Investment Management** is an independent, diversified real asset manager focused on listed real estate, private equity real estate, and private real estate debt. As a trusted fiduciary, our success is firmly rooted in aligning our interests with those of our clients, partners, and employees. CenterSquare is headquartered in suburban Philadelphia, with offices in New York, Los Angeles, London, and Singapore. With \$14 billion in assets under management (December 2025), CenterSquare is proud to manage investments on behalf of some of the world's most well-known institutional and private investors.

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