



# Relationships first, focus always: a PCCP conversation

**Chase McWhorter**, Institutional Real Estate, Inc.'s managing director, Americas, spoke in February with PCCP's **Bryan Thornton**, managing partner, and **Jim Galovan**, partner, about the enduring importance of credibility and relationships, even in today's growth-minded, quickly-evolving technological investment landscape. Following is an excerpt of that conversation.

*Could you share a little bit about your firm, its history and its focus, as well as your specific role there?*

**Bryan Thornton:** PCCP is a U.S.-focused real estate investment manager founded on the West Coast in 1998 that has expanded into a national firm raising capital globally.

We've stayed consistently passionate and narrowly focused on real estate, and we invest through two product areas – debt and equity. Our model is relationship-driven – we build partnerships with experienced operators and developers who bring deep product expertise, and local market knowledge, and then we partner with them to solve problems in real estate. In that sense, it's our view that our capital helps catalyze change at the real estate level.

We build those relationships agnostic to product. Sometimes debt is the best fit; sometimes it's equity. We find that by prioritizing the people and relationships first, we can define the problem more clearly and execute better solutions.

*What are your firm's competitive advantages and differentiators?*

**Jim Galovan:** PCCP integrates credit and equity into an integrated investment committee and investments team. Since inception, we have focused on building long-term client relationships, serving customers across both credit and equity. The firm is led by 17 partners who average 21 years with PCCP and 27 years of industry experience, with leadership continuity spanning multiple market cycles.

Our approach to analysis and decision-making is grounded in a highly collaborative culture, which seems to differentiate us. Our investment committee generally meets twice a week, and we spend many hours in those meetings challenging one another. We include people from the broader team to ensure decisions are not made in a vacuum. I think we bring this collaborative process to bear not only on new investments, but also on major loan modifications, significant restructurings of partnerships in equity investments, and more.

**Bryan Thornton:** Another thing that I think sets us apart is we are not looking to compete in the biggest transactions. We're comfortable making more investments to stay broadly diversified. The U.S. real estate landscape is massive. It's a multitrillion-dollar market, and we focus specifically and purposefully on the middle market, where we generally target an average deal size below \$150 million. For equity, we generally target investments in the mid-\$30 millions, and for debt, we generally target investments in the mid-\$70 millions.

We primarily focus on retail, industrial and multifamily, and generally avoid the alt side of the real estate world. We have found that these alt subsectors often behave like small markets. And we believe when small markets get very hot, they can become dislocated by the inflow of capital. As I see it, it's about the supply and demand of capital as much as physical properties. Once alts get hot, capital floods in and dislocations can happen quickly. The downside of their success is much higher volatility.

We're looking for the right balance of supply and demand in the properties and in the capital. We prefer broad markets where there's institutional depth and liquidity, so there are options to exit, even during periods of dislocation. This is a cyclical business, and in our view being prepared for that is a competitive advantage.

*Where do you see your firm going in the next 3-5 years?*

**Jim Galovan:** While institutional capital is pursuing many alternative property types, we've chosen to focus on build-to-rent. We believe it addresses housing affordability and operates within the rental home sector, which is larger than institutional apartments. We consider it a natural extension of our multifamily platform – leveraging our existing infrastructure, target markets, and long-standing relationships.

Another focus is increasing direct investments, while continuing to partner with sponsors through joint ventures for value-add and development strategies. In parallel, we see opportunity to apply our apartment and industrial expertise more directly, delivering exposure at a lower cost.

Thematically, we see these as close extensions of what we already do, and they fit our culture.

*What do you see as your firm's – and the industry's – challenges in the coming years?*

**Bryan Thornton:** Real estate is a maturing industry that really started to talk about institutional investment in the mid-1990s. On the investment-management side, I think we're now in a consolidation phase. Real estate businesses aren't just getting bigger, they're combining with adjacent businesses like private credit, private equity and infrastructure. They're being folded into large platforms where real estate is a complement, and often a minority part, of the broader businesses. You see real estate firms being positioned alongside multiple adjacent businesses where real estate investment isn't the primary focus.

We're also seeing our peers look towards direct investing versus allocating. I'm not sure if that's a pendulum that swings, but as firms scale and technology improves operating efficiency, direct investing and ownership can be one way to drive more consistent execution at the real estate level.

Another challenge is understanding the overlap between infrastructure and real estate. In some areas, it's not clear where the line is drawn. Data centers are on the front line of that question – what's real estate versus what's infrastructure versus what's private equity? As infrastructure continues to gain traction, it will be interesting to see the role it plays as a crossover in real estate investing and how much capital it ultimately attracts for what we think of as real estate.

Against the backdrop of consolidation and change, the entry costs are high. Real estate isn't like other industries, where rapid technological change can favor new entrants with a better operating model and no legacy constraints. The barriers from a compliance, legal, fundraising, and relationship perspective are so significant that this business still requires an apprenticeship path. You can't just snap your fingers and have it. I think it takes years to master the craft of real estate investing and understand all the moving pieces. And because of that, I worry the rapid experimentation seen in newer sectors doesn't translate as easily here. For established firms, that can also mean we remain slower

to adopt new technology and processes than we might like, simply because of the legacy infrastructure we're operating within.

**Jim Galovan:** As an industry we have to navigate downward pressure on revenues and upward pressure on expenses. Regulation is heavy, wages are rising, and technology costs continue to grow. But on the revenue side, there is downward pressure on fees. As a manager's funds scale and investors commit significant capital, fee breaks and modest-fee co-invest rights can create a pinch. The challenge our industry faces is maintaining profitability and efficiency in that environment.

*Where do you see the greatest opportunity for innovation or expansion within the platform – whether in new strategies, structures, sectors, or ways of deploying capital across credit and equity?*

**Bryan Thornton:** My initial reaction is that these directions seem primarily aimed at scaling the firm quickly, which may not align with the more important objective of building credibility and growing sustainably. What I keep going back to is my conviction that the best thing we bring to this business is trusted relationships with our investors, operators and borrowers. We constantly ask ourselves, How do we do what we do best, even better? How do we create deep relationships of trust? And how do we use technology not to reduce human interaction, but to make it more meaningful? We're not just asking, "How do we grow the fastest?" Capital is always evolving – what investors want, and how they want it, changes with the market. Those pendulums swing back and forth. We have to listen to our investors, and we have to listen to market forces. But we're very careful to focus on the thing that got us here in the first place, if you ask me: the credibility that our relationships are built on.

**Jim Galovan:** The industry economics are tightening. That creates a shakeout, and we think that's healthy – it rewards firms with deep client relationships and genuine operational discipline. I believe we are fortunate to have global institutional investors doing business with us. In most cases, we do more than one thing for them. We also have an advisory business that complements our core business. We help a select class of institutional investors with complex portfolios tackle workouts or portfolio-level issues where they're struggling. I think we have the same persistent, value-add-focused mindset toward our investors as we do toward the real estate.

*What criteria determine whether an opportunity is treated as a one-off investment versus something the firm builds into a scalable, repeatable platform?*

**Bryan Thornton:** The first criterion is whether it's a relationship worth leaning into and expanding. Approximately 77 percent of the business we do is with repeat customers. So, if we see an opportunity where we don't expect repeat business, we ask a lot of questions about the durability of it, and whether we should pursue it at all. If it's with someone we know, or a new customer with a model we can genuinely see ourselves building with, finding debt and equity opportunities, finding multiple markets to work with them in – that's the kind of business we generally want to do. We apply that mindset to every growth opportunity. Does it work for our existing platform? Will they want to repeat with us? Does it work for our joint venture partners and borrowers? Are these people we will enjoy working and growing alongside? We consider those things carefully; we don't forge our way into a business just to do it.

**Jim Galovan:** We also ask, What do we have to add based on what we've seen in our own portfolio, our experience and our knowledge of the specific market where an idea is taking hold? And do we have a relationship that can hold up over time, so we're building a business or a platform – not just doing a trade. When those answers line up, then we are very interested in building businesses around them.

## CONTRIBUTORS



### Bryan Thornton, Managing Partner

Mr. Thornton joined PCCP in 1999. Mr. Thornton is a member of the firm's Management Committee, focused on PCCP's equity platform. Additionally, Mr. Thornton serves as the Co-Fund Manager for the firm's commingled opportunistic equity series of vehicles, and oversees PCCP's equity portfolio as Co-Head of Equity Investment Management. Mr. Thornton is also a member of the Executive Committee, which primarily oversees firm strategy and policy, resource allocation, risk and compliance. Mr. Thornton earned his Bachelor's Degree in Economics from the Wharton School at the University of Pennsylvania. He is a member of the Urban Land Institute and NAREIM. In connection with the Urban Land Institute, Mr. Thornton is involved with ULI's UrbanPlan program, which works with high school seniors on the challenges of communities and developing a built environment.



### Jim Galovan, Partner

Mr. Galovan joined PCCP in 2008. Mr. Galovan oversees PCCP's separate accounts, which comprise approximately half of PCCP's business. Mr. Galovan leads business development efforts for the firm and serves as a senior member of the Investments Team, focusing on new debt and equity investments across the United States. Mr. Galovan also has a senior leadership role in the oversight and growth of PCCP's industrial and residential build-to-rent platforms. Prior to joining PCCP, Mr. Galovan spent five years in Northern California as a Vice President at Woodside Group, Inc., a national developer of residential real estate. Mr. Galovan received a B.A. from Brigham Young University and a M.B.A. from Harvard Business School.

## COMPANY OVERVIEW

**PCCP** is a real estate finance and investment management firm focused on commercial real estate debt and equity investments. PCCP has over \$29.2 billion in assets under management on behalf of institutional investors as of September 30, 2025. With offices in New York, San Francisco, Atlanta and Los Angeles, PCCP has a 27-year track record of providing real estate owners and investors with a broad range of funding options to meet capital requirements. PCCP underwrites the entire capital stack to exploit inefficiencies in the market and provide investors with attractive risk-adjusted returns. Since its inception in 1998, PCCP has managed, raised or invested over \$46.6 billion of capital through a series of investment vehicles including private equity funds, separate accounts and joint ventures. PCCP continues to seek investment opportunities with experienced operators seeking fast and reliable capital.

Learn more about PCCP at [www.pccpllc.com](http://www.pccpllc.com).

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