

First Quarter Non-Traded REIT Sales Reach \$5.7 Billion, March Sales Slow Amid Pandemic

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Sales of non-traded real estate investment trusts totaled nearly \$5.7 billion during the first quarter of 2020, up 35 percent over the previous quarter and up 212 percent year-over-year, according to investment bank Robert A. Stanger & Company.

Capital formation for the quarter is second only to the third quarter of 2013, when quarterly fundraising peaked at approximately \$6.5 billion at the height of the market. However, Stanger noted that investors and their financial advisors have cut back on their allocations to the non-traded REIT market as the impact of COVID-19 winds its way through the economy.

March 2020 sales leveled off to \$781 million, following two months of \$2.4 billion and \$2.5 billion in January and February 2020, respectively, mostly due to industry leader Blackstone.



“In our view, this market is acting intelligently in initially slowing down on the pace of fundraising, while sizing up the impact of COVID-19 on rent collections, net operating income, cash flow and value, before resuming the search for real estate opportunities with institutional quality managers in the non-traded REIT space,” said Kevin Gannon, Stanger’s chairman and chief executive officer. “We expect to see a strong increase in fundraising in the coming quarters following the resolution of the COVID-19 pandemic.”

Blackstone Group leads 2020 fundraising with \$4.1 billion, followed by Black Creek Group with \$659 million in sales (\$619 million in lifecycle and \$40 million in NAV REIT sales), aided by the recycling of distributions from its liquidation of Industrial Property Trust. Starwood Capital Group raised \$348 million, followed by LaSalle Investment Management (\$158 million) and Hines Interest (\$107 million).

Stanger’s survey of top sponsors of alternative investments, revealed \$9.5 billion in funds raised through the first quarter of the year via the retail pipeline. Alternative investments included in the survey are publicly registered non-traded REITs, non-traded business development companies, interval funds, non-traded preferred stock of traded REITs, as well as Delaware statutory trusts, opportunity zone and other private placement offerings.

The top alternative investment sponsors identified by Stanger are as follows: Blackstone Group (\$4.1 billion), Black Creek Group (\$751 million), Griffin Capital (\$513 million), Bluerock Capital (\$379 million), Owl Rock Capital (\$359 million), Starwood Capital (\$348 million), Inland Real Estate (\$248 million), LaSalle Investment Management (\$176 million), CION Investments (\$163 million) and Variant Investments (\$149 million).

Robert A. Stanger & Co., Inc., founded in 1978, is a national investment banking firm specializing in providing investment banking, financial advisory, fairness opinion and asset and securities valuation services to partnerships, REITs and real estate advisory and management companies in support of strategic planning and execution, capital formation and financings, mergers, acquisitions, reorganizations and consolidations.

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