Non-Traded REIT July Fundraising Just Shy of 4-Year Monthly Record

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Robert A. Stanger & Company has reported that sales of non-traded real estate investment trusts totaled $907 million in July, up 143 percent over July 2018 and just short of the $916 million 4-year monthly record set in April.

Year-to-date fundraising of $5.3 billion is up 118 percent over the same period 2018 total of $2.4 billion.

Stanger remains very bullish on non-traded REIT capital formation, and chairman and chief executive officer Kevin Gannon said that the firm “projects that non-traded REITs will raise more than $8 billion in 2019, up from $4.6 billion in 2018.”

NAV REITs, perpetual entities that offer limited periodic liquidity at net asset value, accounted for more than $4.7 billion of sales during the first seven months of 2019, up 155 percent from the same period of 2018.

Lifecyle REITs, entities anticipating a five to seven year holding cycle followed by a liquidity event, contributed $571 million, about level with the same period of 2018.

Blackstone Group remains the leader in capital formation, raising more than $3.7 billion in the first seven months of 2019. Starwood Capital came in second with $341 million, followed by Black Creek with $287 million, Hines Interests with $247 million, and LaSalle Investment Management with $200 million.

Stanger's survey of top sponsors of alternative investments revealed that nearly $11.3 billion in funds were raised through July 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 and private placement offerings.

Stanger estimates that fundraising will exceed $20 billion across these alternative investments, up more than 50 percent from 2018 levels.

The top alternative investment sponsors identified by Stanger are as follows: Blackstone Group ($3.8 billion), Griffin Capital ($1.1 billion), Bluerock Capital ($821 million), Inland Real Estate ($610 million), Owl Rock Capital ($585 million), Hines Interest ($400 million), Black Creek Group ($387 million), Starwood Capital ($341 million) and Broadstone ($220 million).

Stanger said that it attributes the growth in capital formation by alternative investments sponsors to the strong desire by retail and institutional investors to allocate capital to income-oriented real estate and investments that are not directly correlated to the public equity markets while investing under the direction of well-regarded institutional asset managers. "Stanger expects this trend to continue for the foreseeable future," added Kevin Gannon.

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

Stanger is also known for its flagship publication, The Stanger Report, a newsletter focused on direct participation program and non-traded REIT investing; The Stanger Market Pulse, focused on public DPP, non-traded REIT and non-traded BDC sales; The IPA/Stanger Monitor, focusing on non-traded REIT performance, The Stanger Interval Fund Report, focusing on non-traded interval fund investing, and The Stanger Digest, a newsletter providing a weekly update on industry activities.