Non-Traded REIT Sales Continue to Climb in Second Quarter 2019

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Robert A. Stanger & Company has reported that sales of non-traded REITs totaled $2.6 billion in the second quarter of 2019, up 130 percent compared to the second quarter 2018 total of $1.1 billion.

Fundraising has continued to climb each quarter, after hitting a low of $794 million in the third quarter of 2017. Year-to-date fundraising totals $4.4 billion, up 113 percent from the same period 2018 ($2.1 billion), and only $200 million shy of full-year 2018 fundraising.

“Stanger projects that non-traded REITs will raise more than $8 billion in 2019, up from $4.6 billion in 2018,” said Kevin Gannon, Stanger chairman and CEO.

NAV REITs (perpetual entities that offer limited periodic liquidity at net asset value) accounted for nearly $3.9 billion of sales during the first half of 2019, up 147 percent from the same period of 2018.

Lifecyle REITs (entities anticipating a five to seven year holding cycle followed by a liquidity event) contributed $516 million, a 6 percent gain over the same period of 2018.

Blackstone Group leads capital formation, raising $3.1 billion in the first half of 2019. Starwood Capital came in second with $275 million, followed by Black Creek Group ($252 million), Hines Interests ($202 million), and Jones Lang LaSalle ($161 million).

Stanger’s survey of top sponsors of alternative investments revealed $9.4 billion in funds were raised through June 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 over 2018 levels.

The top alternative investment sponsors identified by Stanger are: Blackstone Group ($3.1 billion), Griffin Capital ($979 million), Bluerock Capital ($694 million), Inland Real Estate ($520 million), Owl Rock Capital ($469 million), Black Creek Group ($339 million), Hines Interest ($287 million), Starwood Capital ($275 million) and LaSalle Investment Management ($161 million).

Stanger 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 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.

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