Non-Traded REITs closed out 2019 with more than $11.8 billion raised, their highest fundraising total since 2014, according to investment bank Robert A. Stanger & Co. Sales of non-traded REITs totaled more than $4.2 billion in the fourth quarter of 2019, their ninth consecutive quarterly increase since fundraising hit a bottom in third quarter 2017 and their highest quarterly total in more than five years.

Stanger pointed to the entrance of institutional asset managers into the non-traded REIT market, which transformed the industry and will continue to fuel fundraising.

“Stanger is projecting that non-traded REITs will raise more than $15 billion in 2020, as recent institutional quality entrants continue to ramp up sales,” said Kevin Gannon, chairman and chief executive officer of Stanger.
NAV REITs (perpetual entities that offer limited periodic liquidity at net asset value) raised $11 billion in 2019, up 207 percent from the same period of 2018.

Lifecycle REITs (entities anticipating a five- to seven-year holding cycle followed by a liquidity event) contributed $823 million, down 20 percent from the same period last year.

Blackstone leads capital formation in 2019, raising $8.7 billion, while Starwood Capital is also gaining traction with $874 million raised.

Other 2019 top fundraisers include Black Creek ($464 million), LaSalle Investment Management ($406 million), and Hines Interests ($399 million). Oaktree Capital Management ($151 million) recently came online and FS Investments ($133 million) is now reporting sales. SmartStop Asset Management ($116 million) and Griffin Capital ($101 million) round out the top fundraiser list.

Stanger’s survey of top sponsors of alternative investments reported that more than $26.8 billion in funds were raised in 2019 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 private placement offerings.

The top alternative investment sponsors identified by Stanger are: Blackstone Group ($8.7 billion), Griffin Capital ($2.2 billion), Bluerock Capital ($1.4 billion), Inland Real Estate ($1.0 billion), Owl Rock Capital ($1.0 billion), Starwood Capital ($874 million), Black Creek Group ($673 million), Hines Interest ($588 million), Bridge Investment Group ($509 million), LaSalle Investment Management ($406 million), CION Investment ($380 million), ExchangeRight ($372 million), Passco ($369 million), and Broadstone Real Estate ($352 million).

Alternative investment sponsors continue to offer new ways for investors to allocate capital to income-oriented real estate and investments that are not directly correlated to the public equity markets. The emergence of NAV REITs, an expanding presence in the interval fund market, and the introduction of opportunity zone funds are all examples.

“Stanger expects this innovation will continue to fuel alternative investment fundraising,” according to Tisha Miller, executive managing director of Stanger.

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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