

SURVEY



Global Real Estate Asset Management Survey 2024



Introduction

This year, we launched our Global Real Estate Asset Management Survey, in which we asked our real asset management and investor client base to provide their perspective on the key trends, challenges, and strategic intentions that will define the global real estate market in 2024.

Our survey respondents include key global private equity real estate managers across REITs, sovereign wealth funds, pension funds, boutique funds, family offices, and high-net-worth individuals. This diverse group provides valuable investor feedback, capturing the general sentiment and investment themes.

This comprehensive survey covers various aspects of investment strategy, including geographic focus, sector preferences, technological advancements, and operational efficiency, providing a holistic view of the industry's trajectory in the coming year. From navigating valuation uncertainties and higher interest rate environments to embracing digital innovation and sustainability initiatives, real estate asset managers are poised to adapt and thrive in an ever-evolving market landscape.

Survey respondents

The survey included 25 respondents across diverse roles in the real estate investment landscape, primarily investment consultants (48%).

The group sizes varied, with 56% from companies with over 250 employees. Assets under Management ranged widely, with 52% reporting over USD 15 billion. Geographically, investments were diversified: Europe/UK (49%), Asia-Pacific (23%), Australia/New Zealand (15%), North America (11%), and Latin America (2%).

This indicates a diverse global footprint and investment focus among respondents.



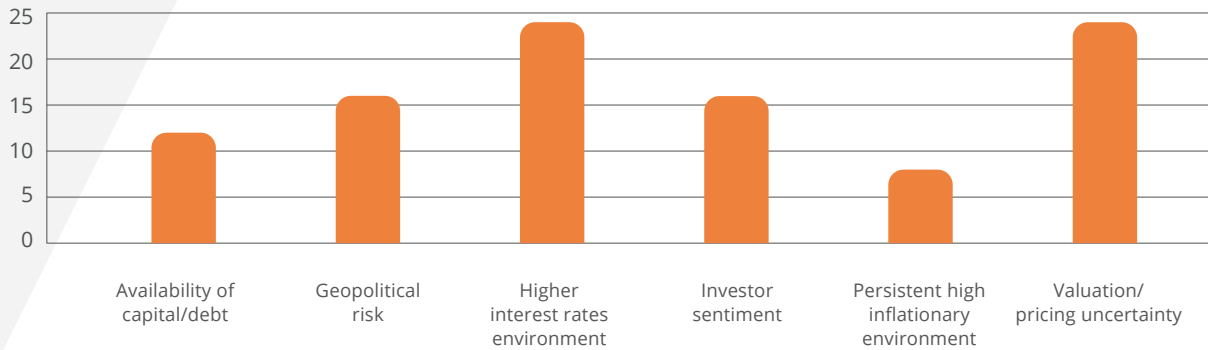
Overall, the outlook for real estate asset management in 2024 is marked by cautious optimism and strategic planning in response to evolving market conditions.

Investment strategy and outlook

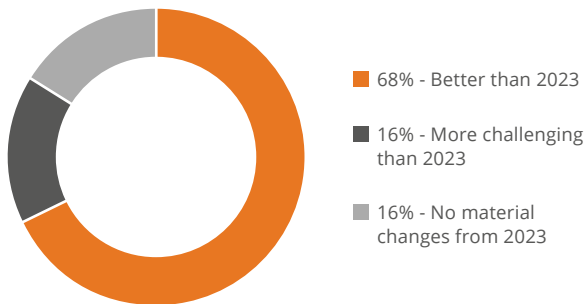
- 1 Real estate asset managers anticipate various challenges in 2024, including valuation/pricing uncertainty and a higher interest rate environment.
- 2 **48%** of respondents are looking to increase their allocation to real estate investment, despite some ongoing uncertainties.
- 3 **60%** of respondents intend to launch a new real estate equity investment strategy in 2024, with closed-ended funds being the preferred investment structure.
- 4 Europe and the UK are seen as offering the best real estate investment opportunities, particularly in sectors like **logistics/industrial** and **residential properties**.
- 5 Investor sentiment is expected to be **more positive in 2024**, with **institutional investors** and **family offices** being the most receptive to capital-raising efforts.
- 6 There are **concerns** about **potential distressed situations** and **real estate valuation reductions** in 2024 but there is a general expectation that investor redemptions will be less than or similar to previous years, suggesting a degree of stability in investor confidence.
- 7 The **office sector** is anticipated to be the **most impacted** by real estate valuation reductions, highlighting sector-specific challenges within the broader real estate landscape.

Visual data summary

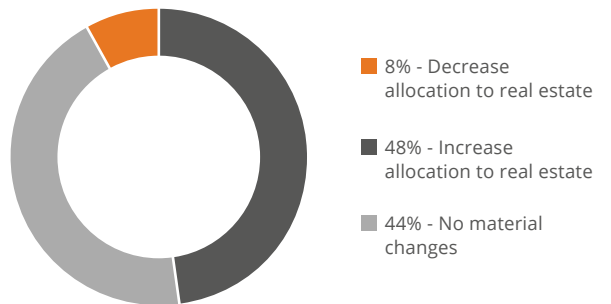
Q. What do you consider the biggest challenge for risk facing global real estate asset managers in 2024?



Q. Do you anticipate that the market conditions for launching new real estate investment strategies in 2024 will be:



Q. What best describes your groups intentions regarding real estate investment in 2024?



Q. Are you intending to launch a new real estate equity investment strategy in 2024?

Yes No

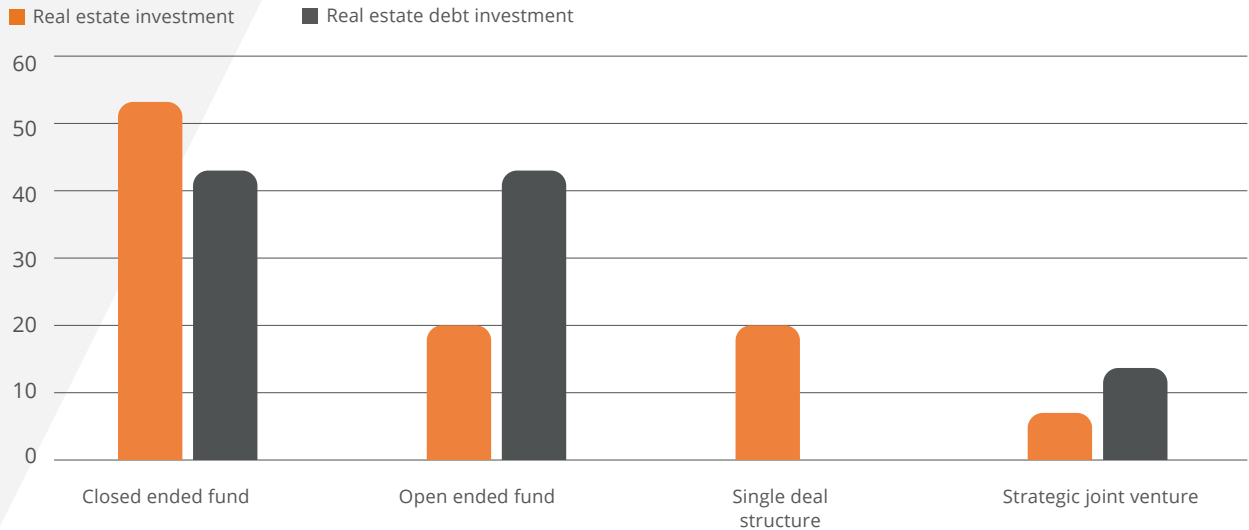


Q. Are you intending to launch a new real estate debt investment strategy in 2024?

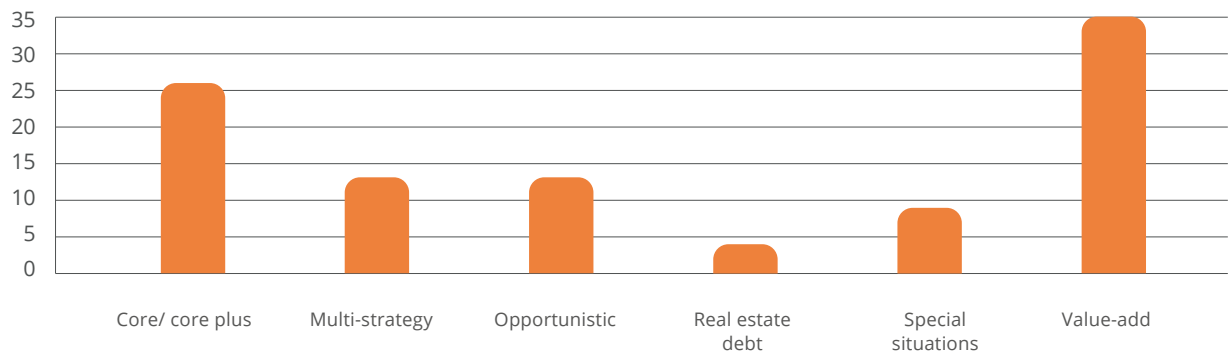
Yes No



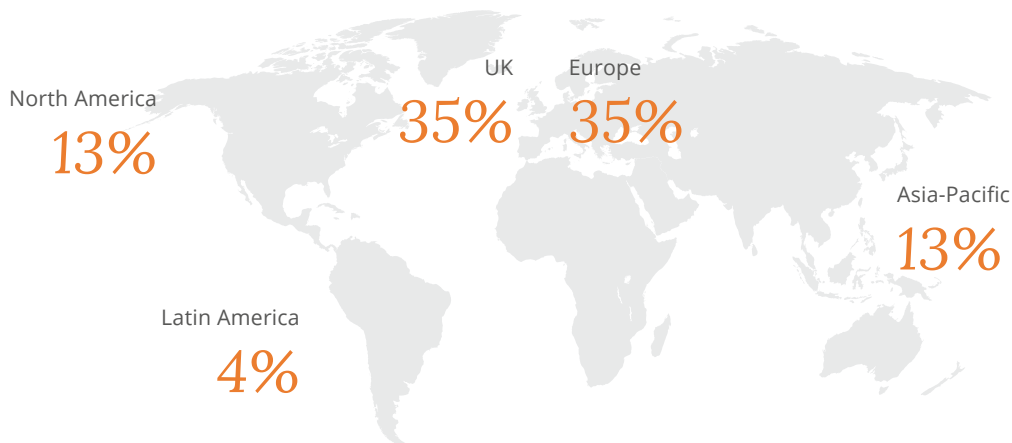
Q. Will that real estate investment/debt investment be structured as?



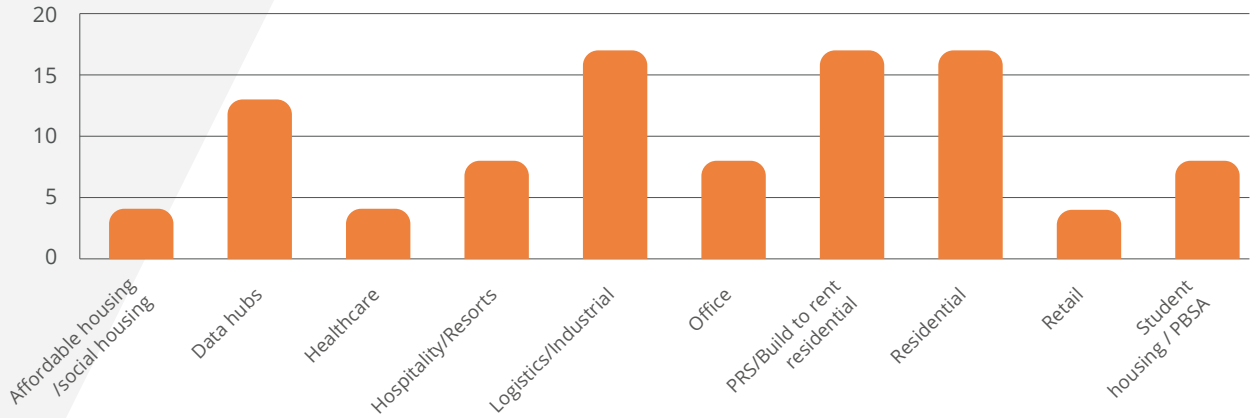
Q. What is your group's preferred investment strategy for 2024



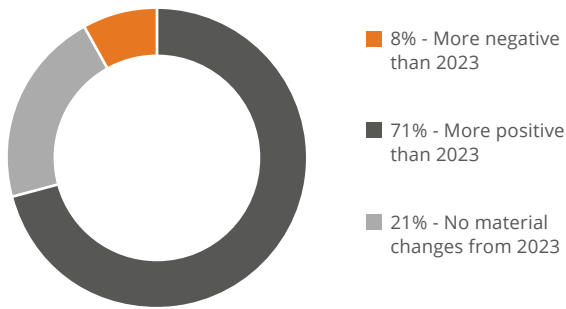
Q. What geographical region in your view will provide the best real estate investment opportunities in 2024?



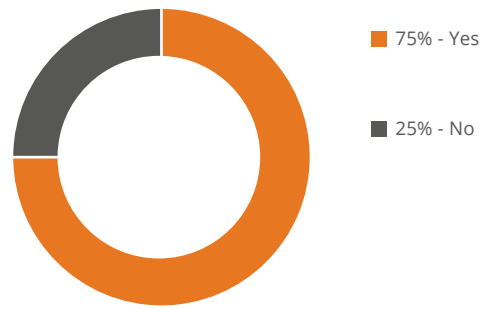
Q. Which sector in your view will provide the best real estate investment opportunities in 2024?



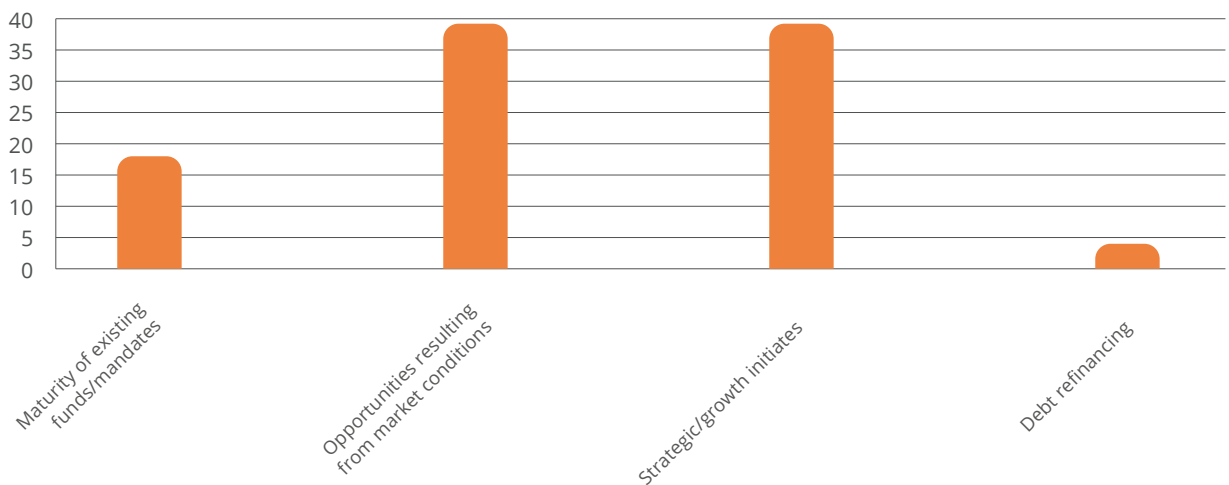
Q. In your view, will investor sentiment in 2024 be:



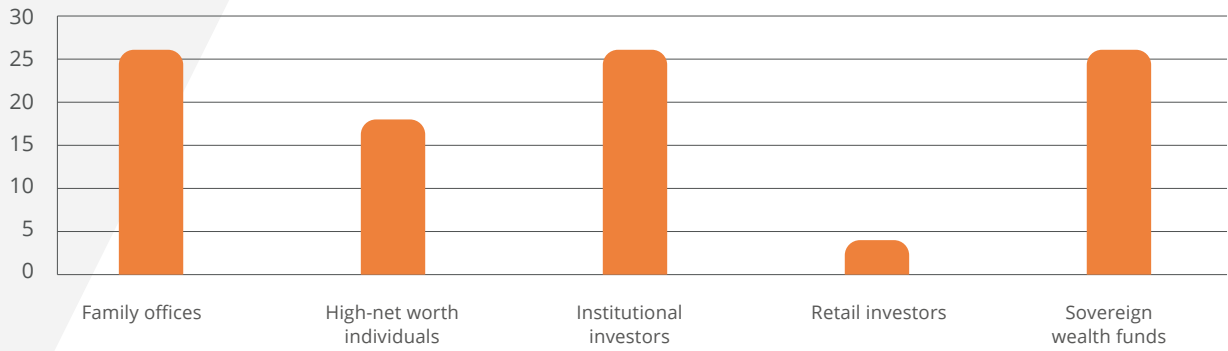
Q. Is your group planning to undertake capital raising activities in 2024?



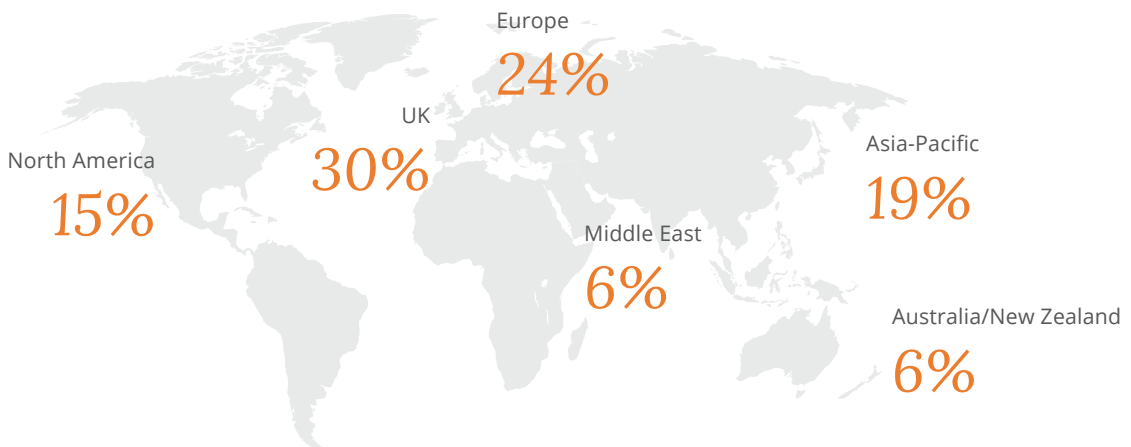
Q. What is the primary driver for capital raising in 2024?



Q. Which group of investors do you expect to be the most receptive to capital-raising efforts in 2024?



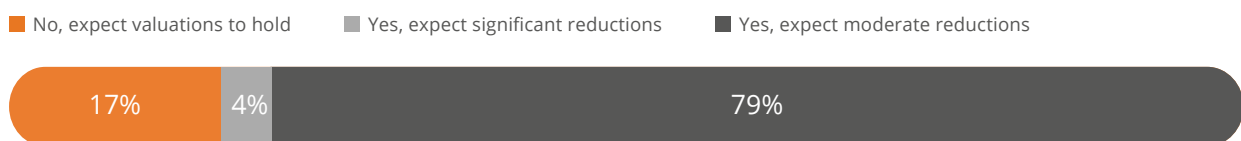
Q. What region do you believe will generate the most interest from potential investors?



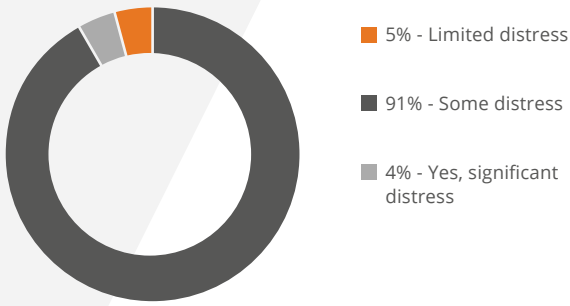
Q. Do you believe that performance of global real estate investment portfolios in 2024 will be:



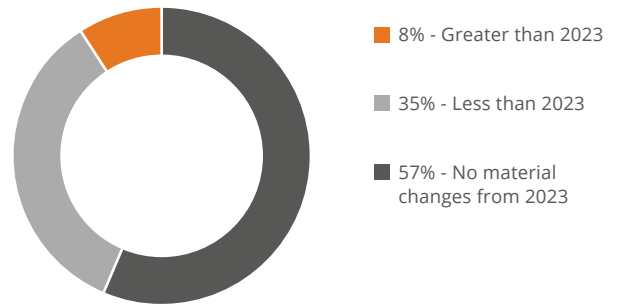
Q. Are you expecting reductions in real estate valuations in 2024?



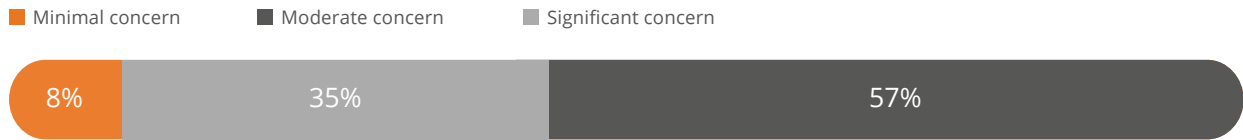
Q. Do you think we will see distressed situations in 2024 due to market conditions?



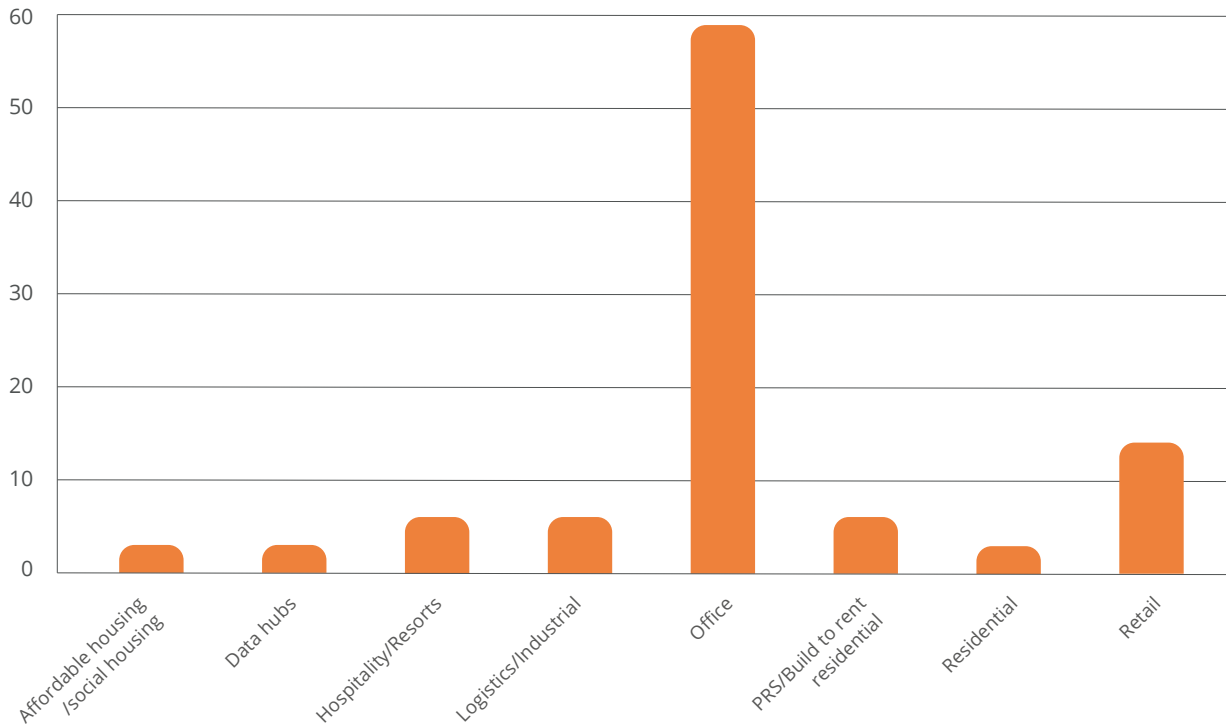
Q. For any open-ended structures, do you believe that investor redemptions in 2024 will be:



Q. Assuming your group had to refinance its real estate portfolio in 2024, what level of concern or otherwise would you have about the availability and pricing of debt?



Q. What sector do you think will be most impacted by real estate valuation reductions?



ESG impact

87%

of respondents reported either a moderate or significant rise in investor demand for ESG-compliant investment opportunities

87%

of participants indicate that ESG considerations are influencing the selection of investment opportunities and potential adjustments to asset management strategies to at least a moderate extent.

70%

of participants plan to allocate additional internal resources towards ESG initiatives within their asset management practices in 2024.

These results clearly demonstrate the increased commitment to ESG initiatives by the asset management industry, highlighting the importance of incorporating these factors into investment decision-making processes.

Q. Has your group experienced an increased demand for ESG-compliant investment opportunities from investors in recent years?

■ No significant change ■ Yes, moderately increased ■ Yes, significantly increased



Q. To what extent are ESG considerations influencing the selection of investment opportunities and potential adjustments to asset management strategies in 2024?

■ Minimally ■ Moderately ■ Significantly



Q. Are you planning to allocate additional internal resources towards ESG initiatives within your asset management practices in 2024?

■ Yes ■ No



Digital innovation

65%

of respondents expressed their intention to invest in innovative digital and operating technologies, surpassing 2023 investment levels.

67%

of respondents plan to increase their level of investment in digital and operating technologies expenditure compared to 2023.

78%

of respondents stated they are not exploring the implementation of blockchain or other distributed ledger technologies within their asset management processes in 2024.

22%

of respondents have indicated their openness to this emerging technology.

13%

Real asset tokenisation is not a priority for most respondents, with only 13% considering its implementation as part of their investment strategy in the short to mid-term.

These findings underscore a growing recognition of the importance of digital innovation within the asset management industry, with varying levels of interest and adoption across different technological domains.

Q. Do you intend on investing in innovative digital and operating technologies in 2024?

■ Yes ■ No



Q. Will the level of investment in digital and operating technologies expenditure in 2024 be:

■ Less than 2023 ■ More than 2023 ■ No material changes from 2023



Q. Are you exploring the implementation of blockchain or other distributed ledger technologies within your asset management processes in

■ Yes ■ No



Q. Do you have any plans to explore real asset tokenisation as a part of your investment strategy in 2024?

■ No but open to learning more ■ No, it will not form part of our investment strategy in the short to mid-term ■ Yes we are considering it



Operational platforms and efficiency

73%

of respondents indicate a prevalent use of outsourcing for middle or back-office functions among asset management groups using.

43%

of respondents express intentions to either moderately or significantly increase outsourcing to external service providers.



Among the functions outsourced, **fund administration** and **property accounting** emerge as the most common, followed by **company secretarial** and **finance/fund accounting**.



The decision to consider or increase outsourcing is primarily driven by factors such as **cost savings**, **scalability**, and **flexibility**, with a notable emphasis on accessing professional skills and focusing on core business functions.



Additionally, some respondents cite the potential for **global market expansion** as a driving force behind their outsourcing strategies, indicating a multifaceted approach to enhancing operational platforms and efficiency within asset management practices.

The results highlight a renewed focus by asset managers on outsourcing strategies and enhancing operational platforms and efficiency within asset management practices

Q. Does your group currently outsource any of its middle or back-office functions or operations?

■ Yes ■ No

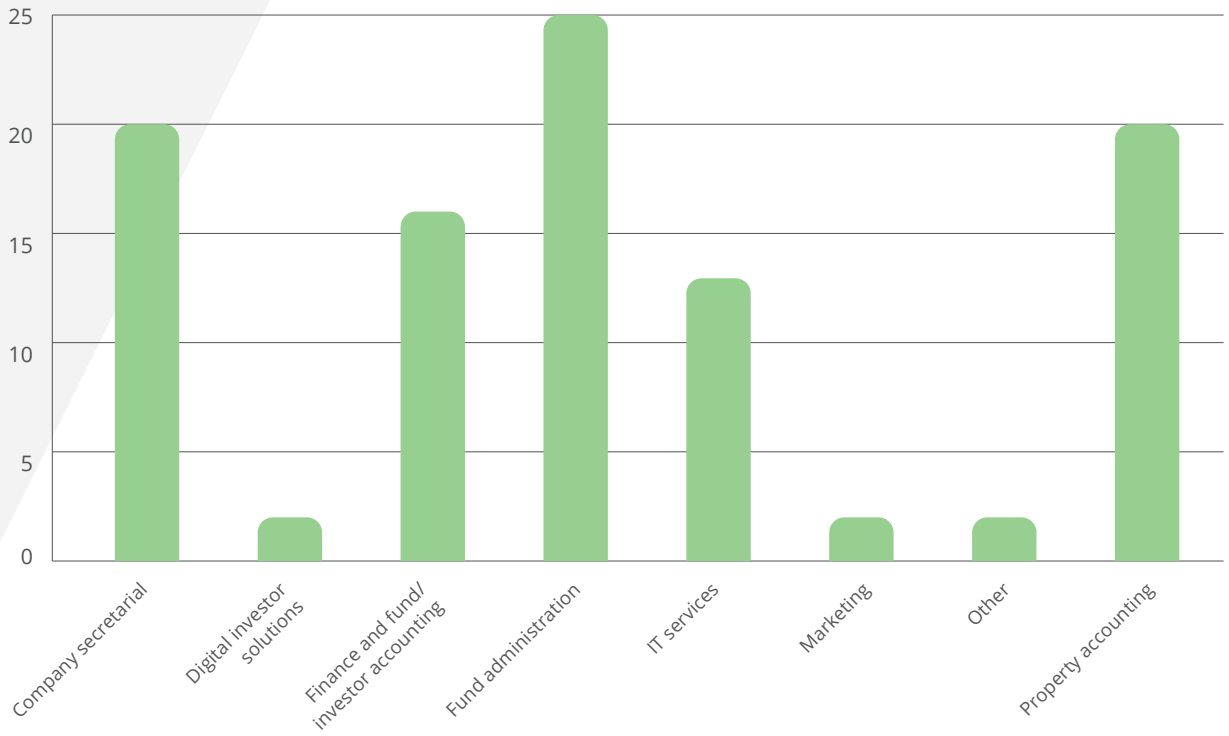


Q. Is your group actively exploring or planning to increase outsourcing to an external service provider in 2024?

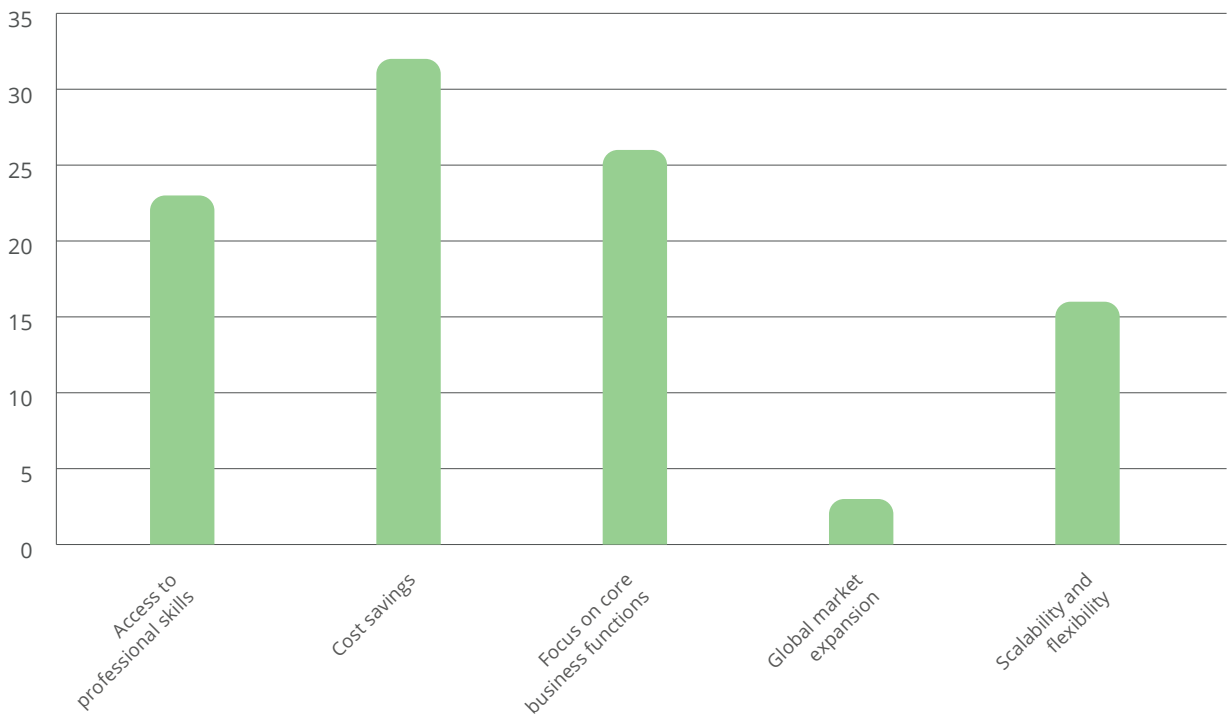
■ Yes, significantly ■ Yes, moderately ■ No material changes



Q. What functions are currently outsourced?



Q. What factors are driving your group's decision to consider or increase outsourcing to third party providers?



Conclusion

The outlook for real estate asset management in 2024 is marked by cautious optimism and strategic planning in response to evolving market conditions.

Despite concerns surrounding valuation uncertainty and a potentially higher interest rate environment, there is a notable inclination among asset managers to increase their allocation to real estate investment. With a significant proportion intending to launch new real estate equity investment strategies, particularly through closed-ended funds, Europe and the UK are identified as promising regions for investment, particularly in logistics/industrial and residential sectors. While investor sentiment is anticipated to be generally positive, the office sector may face challenges due to potential valuation reductions.

There is a clear trend towards increased demand for ESG-compliant investment opportunities, driving asset managers to integrate ESG considerations into their strategies. This commitment is evidenced by the planned allocation of additional resources towards ESG initiatives, reflecting a recognition of the importance of environmental, social, and governance factors in investment decision-making.

Asset managers are actively investing in innovative technologies to enhance operational efficiency, with a notable focus on digital and operating technologies. While blockchain and distributed ledger technologies are not widely explored, there is openness to their potential applications in the future.

Operational platforms and efficiency are also evolving, with a significant proportion of asset managers planning to increase outsourcing to external service providers. This shift is driven by factors such as cost savings, access to professional skills, and a focus on core business functions, reflecting a strategic approach to enhancing operational capabilities in a dynamic market environment.

Overall, the investment strategy and outlook for real estate asset management in 2024 reflect a balance of optimism and caution, with a strong emphasis on adaptability, innovation, and sustainability amidst evolving market dynamics.





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