PitchBook

Global Real Estate Report

H2 2020

PitchBook

Contents

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Real estate fund type definitions

Core: Core investments target the safest forms of real estate investing, usually in strong markets with great locations. They seek high-quality properties with low vacancy rates. Usually these funds have a buy-and-hold strategy and include an income stream from property leasing and management activities.

Core plus: Similar to core investments in their targeting of stable and fundamentally sound properties, these funds look for assets with an opportunity to add value or enhance returns. Core plus investments may have a slightly higher degree of risk, such as upcoming lease expiration, or may require minor renovations.

Value-add: These investments often require additional effort and cost to drive enhanced returns such as major renovation, repositioning, or reducing vacancy rates through effective marketing. The value-add investments may take longer—five to seven years—to execute, and the return on the sale of the property should produce most of the expected returns.

Opportunistic: Opportunistic investments tend to be in properties that need substantial work, mainly due to renovation needs, high vacancy rates, or relative strength of the market. New property development falls in this category.

Distressed: Distressed funds target properties and/or mortgages wherein the current ownership is in or near default.

Debt: Debt funds provide short- to medium-term capital for real estate borrowers, often for development or redevelopment projects.

Key takeaways

Global real estate fundraising weakened considerably in 2020. Firms were able to keep activity steady in the first half of the year, but by year end, fund closings had ground nearly to a halt. Activity was particularly soft in North America and Europe, while Asia was resilient during the tumultuous year. The amount of capital raised was the lowest since 2013, and the number of funds closed was lower than in any year during the global financial crisis (GFC).

Dry powder levels remained relatively flat through the first half of 2020, sitting just above one third of $1 trillion. Approximately half of that capital sits in distressed or opportunistic vehicles. These figures may fall as the COVID-19 pandemic presents a prime buying opportunity in certain strained property types and geographies.

Industrial and self storage were the only US REIT sectors to record positive total returns in 2020. This strong performance during the pandemic caps off a five-year run during which returns for industrial properties far outperformed all other property types. As the pandemic caused many to forgo elective medical procedures, skip vacations, and work and shop from home, healthcare, office, retail, and lodging all fell.

Real estate technology has grown rapidly over the past decade, though VC deal flow fell to $9.1 billion in 2020. As the world transitions from pandemic-induced lockdowns to the next cycle in the real estate market, flexible office space, warehouse utilization, tenant engagement, and data analytics are all areas of interest.

Macro overview

- The Green Street Commercial Property Price Index, which tracks prices in the US, fell from its all-time high by more than 10% from January to March 2020. While currently recovering, the Index remains down roughly 7% from those highs as of February 2021. Europe had a better story, as the Pan-European version of Green Street's Index retreated just 2.1% in 2020.

- Apartment vacancy rates rebounded to 6.5% by the end of 2020—up from the multidecade low of 5.7% during Q2 2020.[1] New housing permits for construction bounced back strongly by the end of 2020, ultimately reaching a post-GFC high of 1.7 million on an adjusted annual rate.[2] New development could bring on new supply, which would dampen the potential recovery for US apartments for 2021 and 2022.

- Rates across many developed economies have been below 1.0% for some time. After the 10-year US Treasury yield approached 0.5% in early August 2020, rates began to climb markedly. A similar story has played out in Germany and Japan. A 30-year steady decline in interest rates has been a boon to real estate investors as property values have soared in tandem. As interest rates approach zero and may be at or near a nadir, the return profile for real estate investments could change going forward—leading future returns to fall short of past returns. Although rates tend to be volatile, some in the real estate world believe this bounce will sustain. CoStar Group (NASDAQ: CSGP), the largest real estate data provider, called off its proposed merger with CoreLogic (NYSE: CLGX), citing climbing interest rates and their deleterious effects on the residential housing market.

- The New York Fed's 2021 Survey of Consumer Expectations found that consumers have the highest inflation expectations since 2014.[3] Any lift in inflation expectations may curb the downward pressure on pricing that rising rates would exert because real estate owners are typically able to pass price increases on to tenants.

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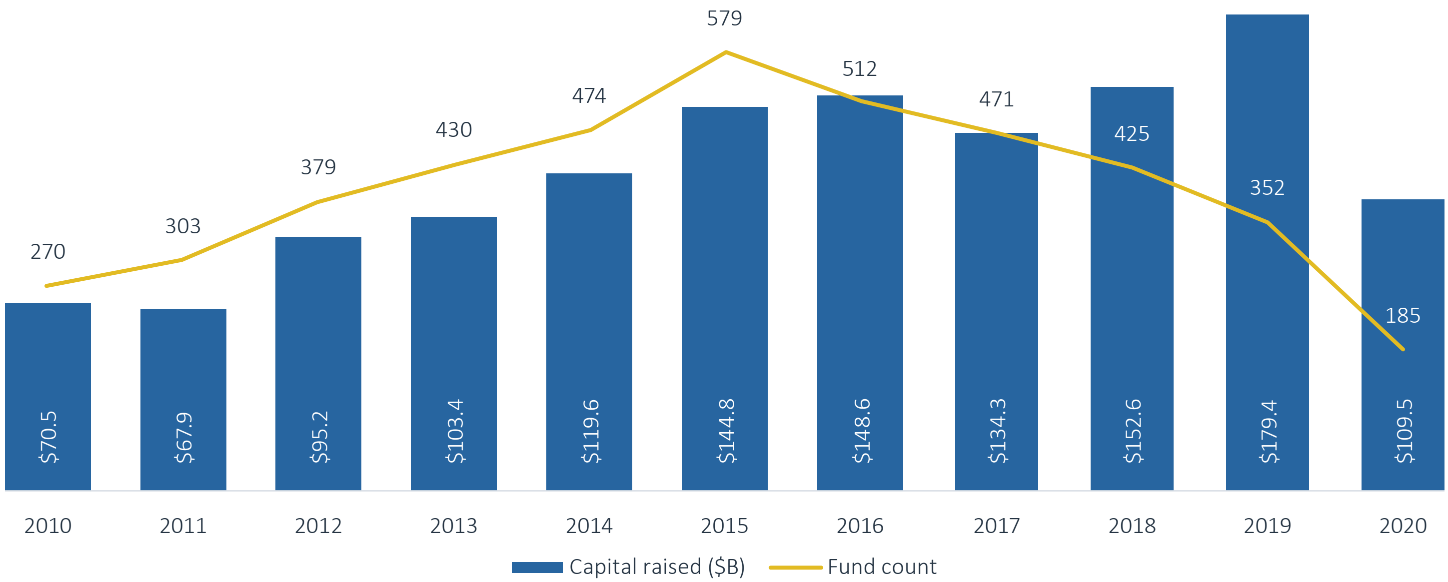
1: "Rental Vacancy Rate for the United States," FRED, accessed on March 14, 2021.
2: "New Private Housing Units Authorized by Building Permits," FRED, accessed on March 15, 2021.
3: "Survey of Consumer Expectations," Center for Microeconomic Data FRBNY, March 2021.

Fundraising overview

Real estate fundraising activity



Source: PitchBook | **Geography**: Global

Considering the uncertainty arising from the COVID-19 pandemic, fundraising for private real estate vehicles proved resilient through much of 2020. Activity was strong early in the year, maintaining the momentum from a record-breaking 2019. However, fundraising decelerated sharply through the second half of 2020, with the 12-month rolling totals for both capital raised and fund closures dropping to the lowest levels in over five years. The beginning of 2021 has been sluggish for real estate fundraising, too, and this trend seems likely to continue as there are few large funds in the market at present.

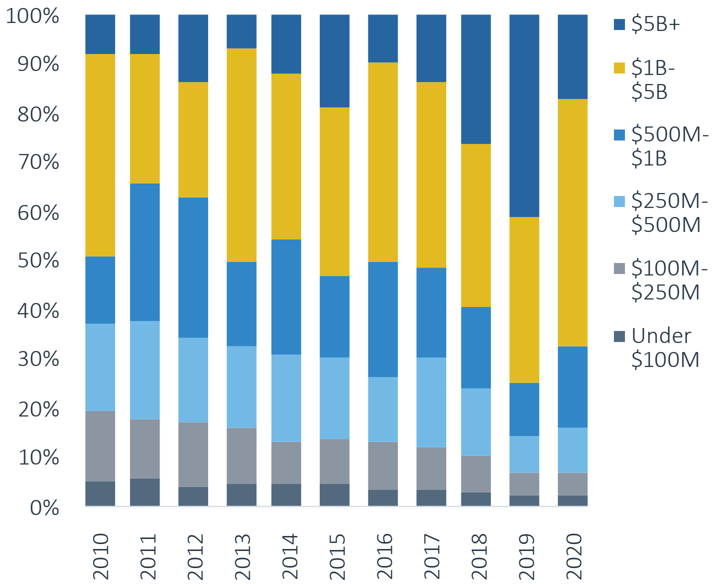
The word "bifurcation" is often used to describe fundraising trends in many areas of private markets, with LPs concentrating capital in massive funds on one end and small, specialized funds on the other. The opposite phenomenon played out in real estate in 2020, with weakness on the ends of the size distribution and strength in the middle. Blackstone (NYSE: BX) was the only firm that closed a fund of more than $5 billion during the year—and the firm did it twice, capturing $10.8 billion for Real Estate Partners Europe VI and another $8.0 billion for a debt-focused vehicle.

Even with this anemic activity at the top of the market, the median and top-quartile fund sizes rose sharply as the small end of the market also seized up, with the number of funds under $500 million hitting its lowest level since 2004. While smaller and larger fund counts contracted, activity for real estate vehicles between $500 million and $5 billion held relatively steady YoY.

Activity was down across all real estate substrategies except for core plus, wherein capital raised rose to a multiyear high. With the upheaval stemming from the pandemic, it seemed to be a good time to raise a distressed fund. However, totals regressed in 2020 to some of the lowest levels on record. Much of this can be attributed to 2019's strong year and the long fundraising cycles in private markets. When it comes to asset preferences, investors appear to be gravitating toward strategies that are insulated from pandemic headwinds. Many recently raised funds focused on resilient areas such as industrial and multifamily housing. While there are pockets of weakness in housing, industrial rent growth in North America exceeded 3% in 2020.

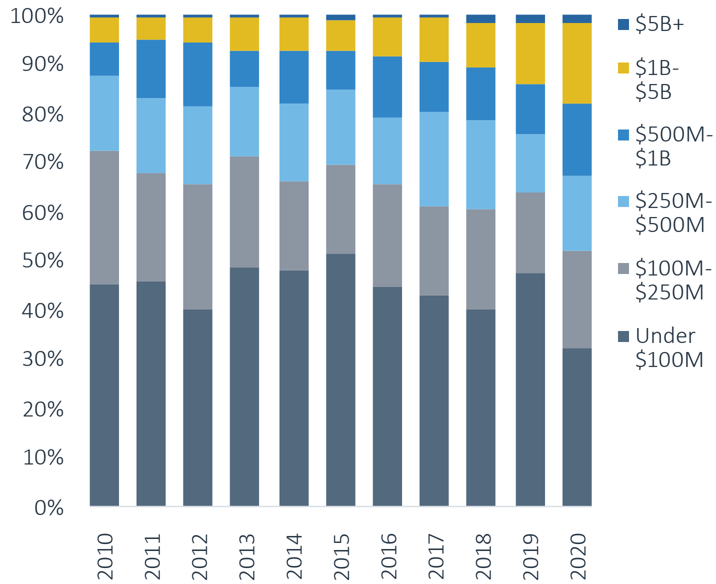
Real estate fundraising at the regional level also aligned with the ways economies are combating the pandemic. North America suffered the steepest drop YoY in capital raised for the strategy on both absolute and relative bases, with capital raised dropping to its lowest level in over five years. Europe also experienced a sharp decline, while Asia enjoyed a rebound from a slow 2019. Asia's transaction market also proved strong. Activity in the region rebounded to pre-pandemic levels, while dealmaking in North America and Europe accelerated in Q4 2020 but remained below recent high-water marks on an annual basis.

Real estate funds ($) by size



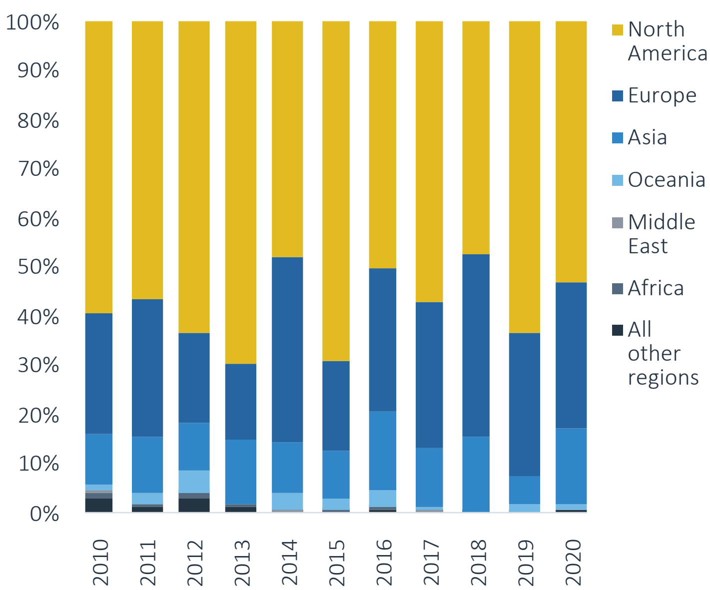
Source: PitchBook | **Geography:** Global

Real estate funds (#) by size



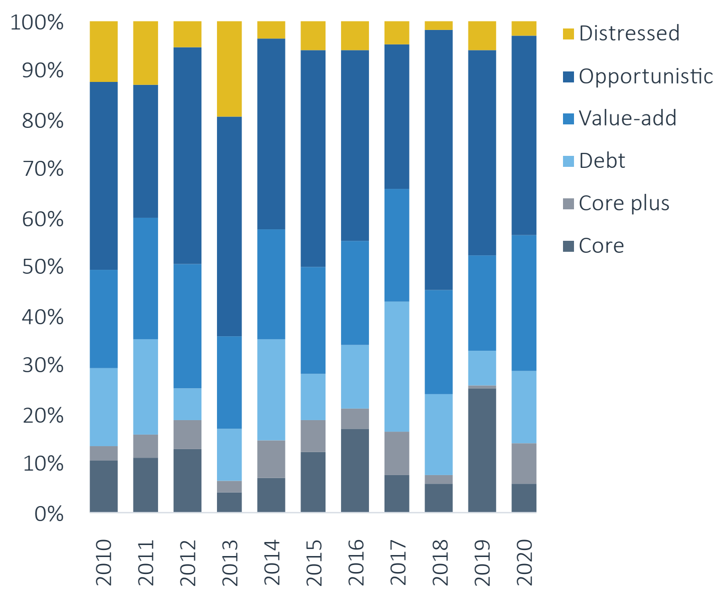
Source: PitchBook | **Geography:** Global

Real estate funds ($) by region



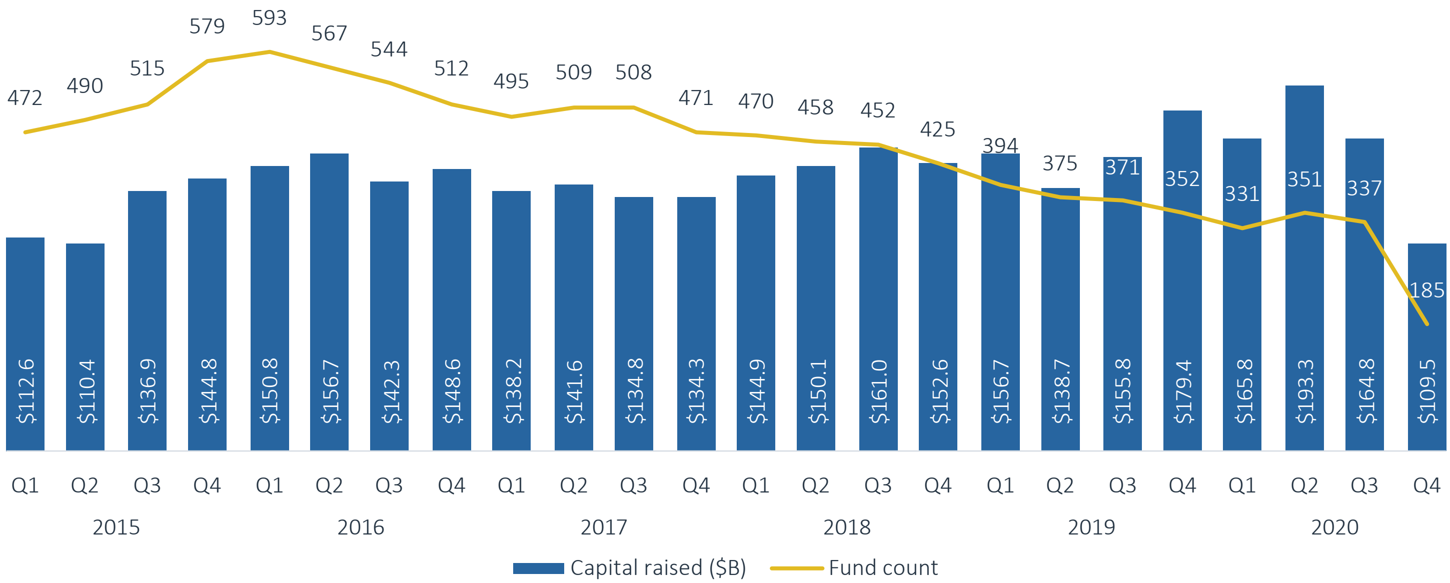
Source: PitchBook | **Geography:** Global

Real estate funds ($) by type



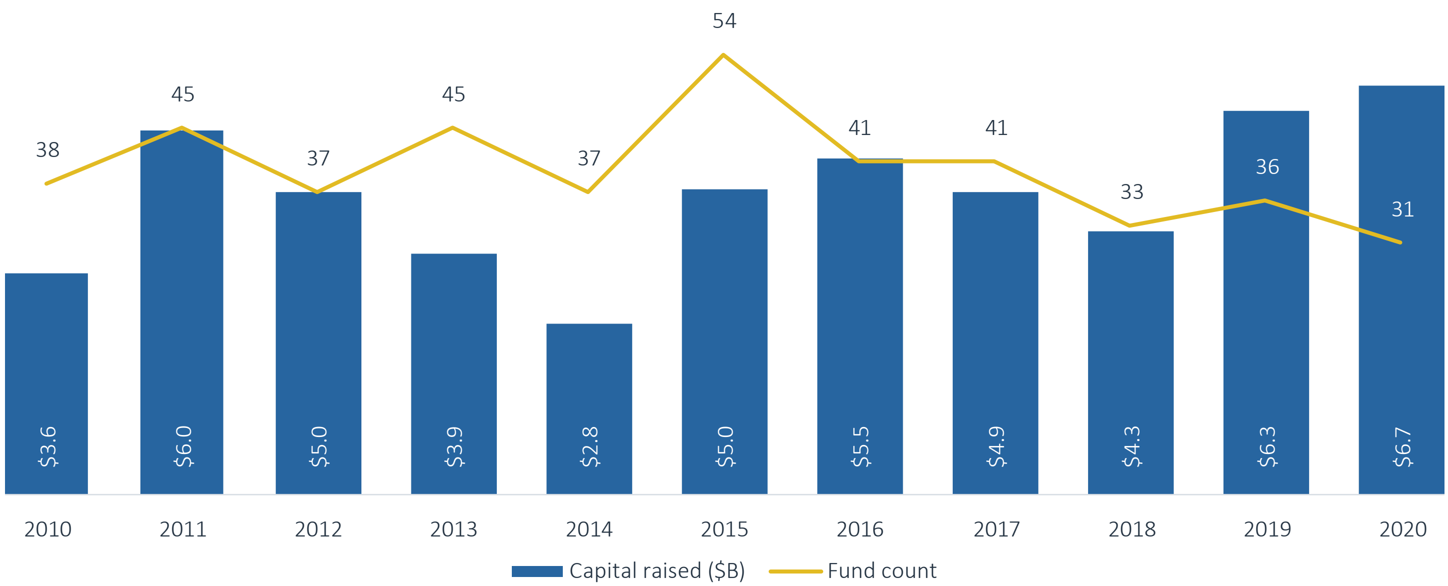
Source: PitchBook | **Geography:** Global

Rolling four-quarter real estate fundraising activity



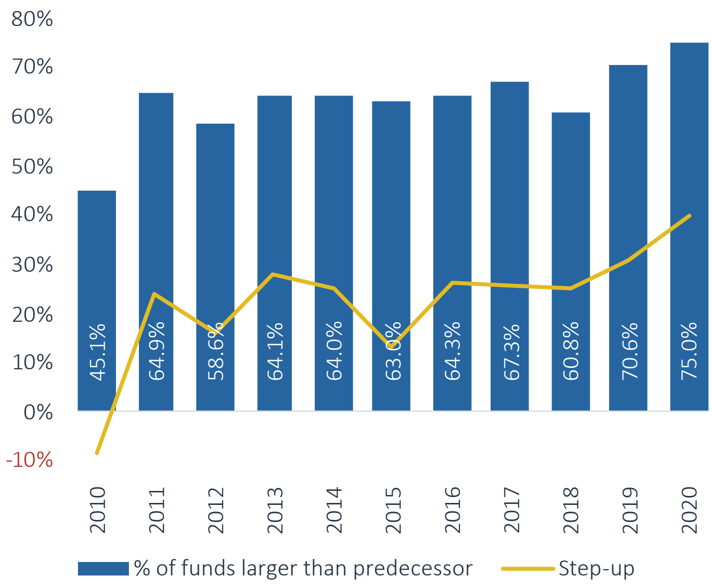
Source: PitchBook | **Geography**: Global

Real estate first-time fundraising activity



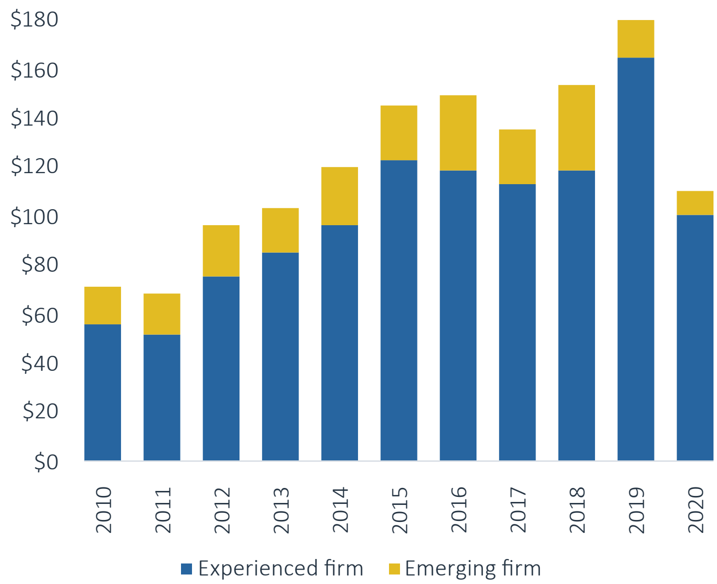
Source: PitchBook | **Geography**: Global

Median step-up multiple from previous real estate fund in fund family



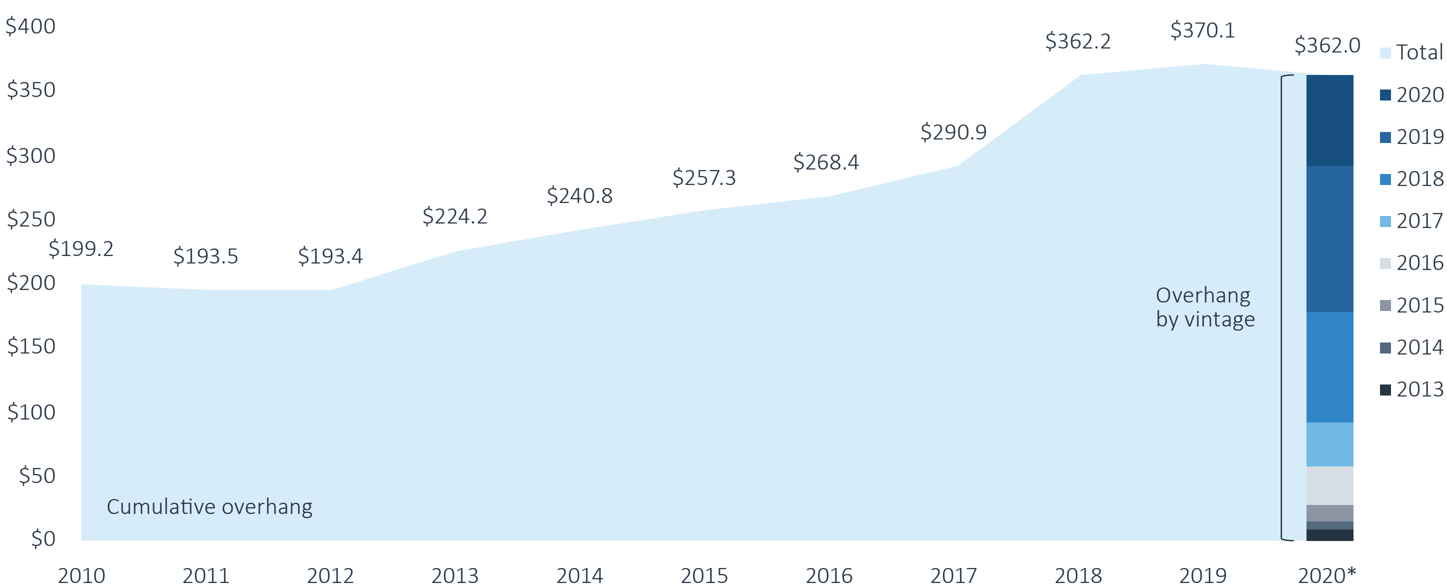
Source: PitchBook | Geography: Global

Real estate fundraising ($B) by fund manager experience



Source: PitchBook | Geography: Global

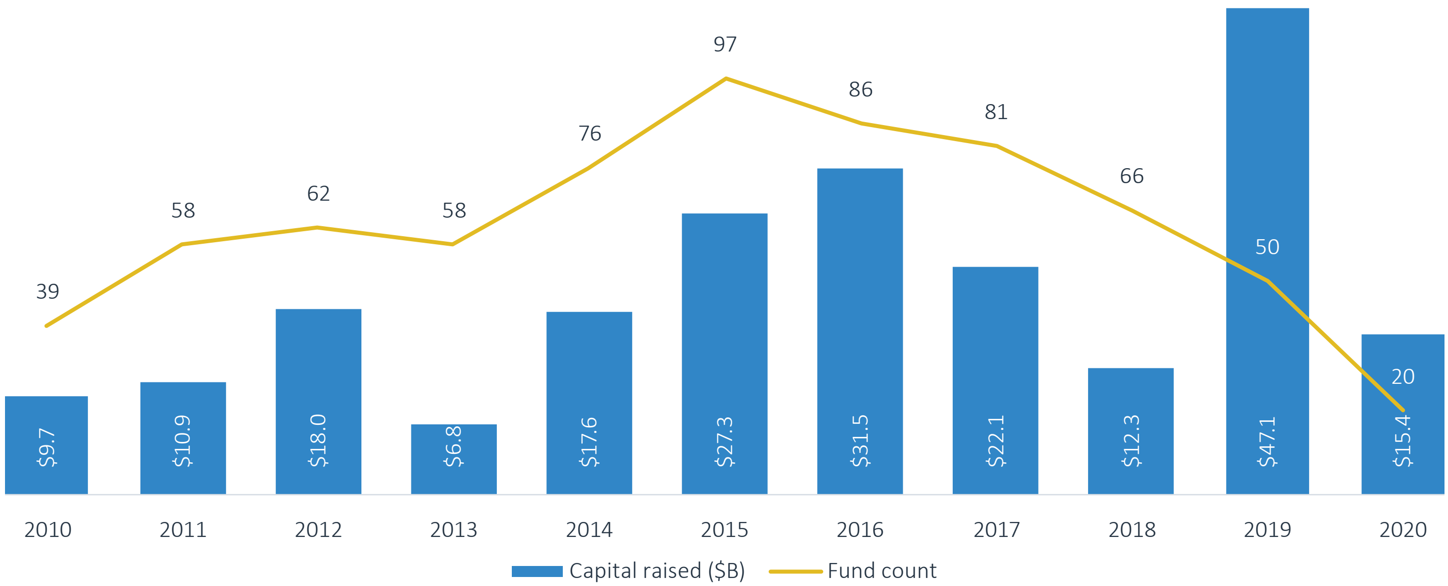
Real estate dry powder ($B)



Source: PitchBook | Geography: Global
*As of June 30, 2020

Core and core plus

Core and core plus fundraising activity

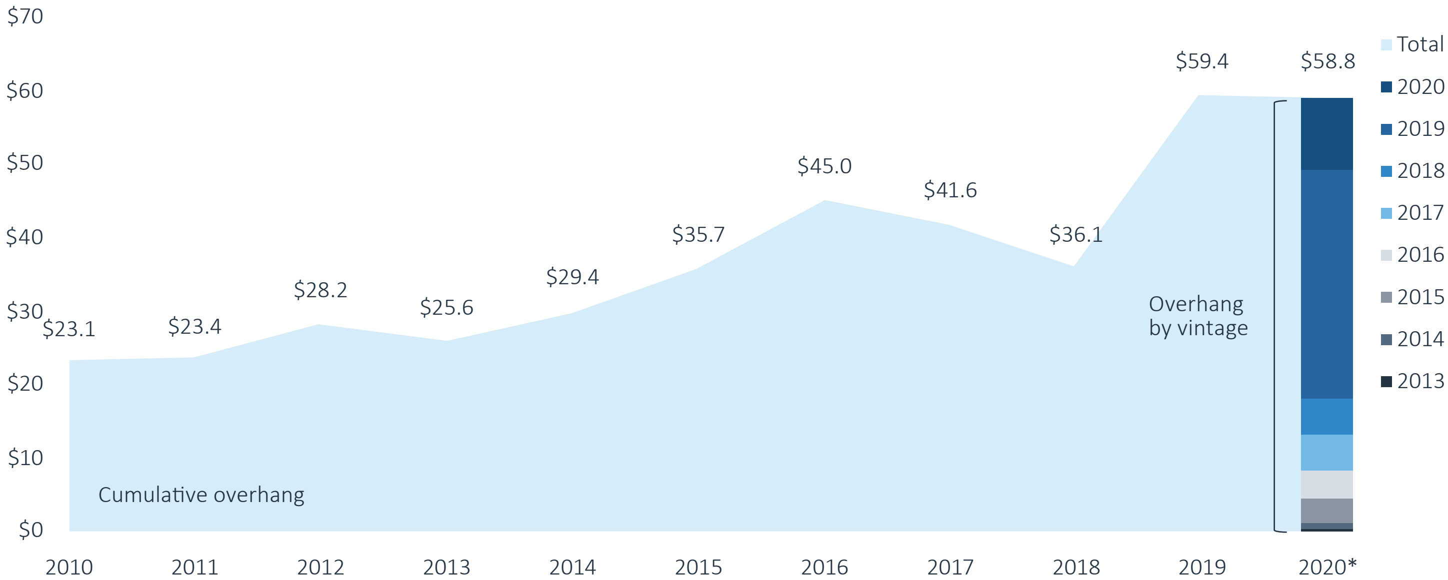


Source: PitchBook | **Geography:** Global

- In 2020, core and core plus raised just over $15 billion globally. This was roughly in line with the five-year average, despite this substrategy exhibiting significant volatility in fundraising totals. For example, core and core plus funds raised $47.1 billion in 2019 and just $12.3 billion in 2018.
- The pandemic may present solid buying opportunities for long-term-oriented investors focused on urban areas. With the flood of telecommuting white-collar workers, urban office utilization rates dipped. Vacancy rates climbed from 9.0% to 15.0% between Q1 and Q2 2020 alone.[4] According to real estate company JLL, net absorption for office space was down 84 million square feet, the first negative year in over one decade.[5]
- Simultaneously, apartment vacancy rates soared as city dwellers fled to suburbs and rural areas, thereby causing apartment rents to fall by as much as one third in urban centers including New York, San Francisco, and Seattle. However, many cities appear to be turning a corner and posting positive month-over-month rent increases for the first time since the pandemic began.[6] According to Apartment List, nine of the 10 cities with the steepest rent declines posted rent increases in February 2021.[7] New York City, the only city from the list to post a loss, was down just 0.1%.
- Blackstone, the world's largest real estate owner, made a splash in the core plus market in Q4 2020 with its innovative BioMed Realty transaction. Blackstone rolled the BioMed ownership out of its Blackstone Real Estate Partners VIII and BREIT (the firm's retail vehicle) funds and into a new perpetual life core plus vehicle. The transaction valued BioMed at $14.6 billion. BioMed's valuation was then bumped to $20.0 billion in December 2020 after BioMed tacked on another $3.5 billion in life sciences real estate in the Cambridge, Massachusetts, submarket. This strategy could be mirrored in industrial assets, where Blackstone owns over 1 billion square feet, as well as by other real estate owners with thematic multibillion-dollar portfolios.
- Fundraising in the core and core plus arenas will likely continue apace. At present, there are nearly one dozen open funds targeting at least $1.0 billion, including two targeting life sciences real estate.
- After spiking in 2019, dry powder levels have remained steady for core and core plus strategies.

4: "Office Vacancy Rates in the United States From 2nd Quarter 2019 to 2nd Quarter 2020," Statista, July 2020.
5: "United States Office Outlook – Q4 2020," JLL, Phil Ryan, January 20, 2021.
6: "Apartment List National Rent Report," Apartment List, Chris Salviati, Igor Popov, & Rob Warnock, February 24, 2021.
7: Ibid.

Core and core plus dry powder ($B)



Source: PitchBook | **Geography**: Global
*As of June 30, 2020

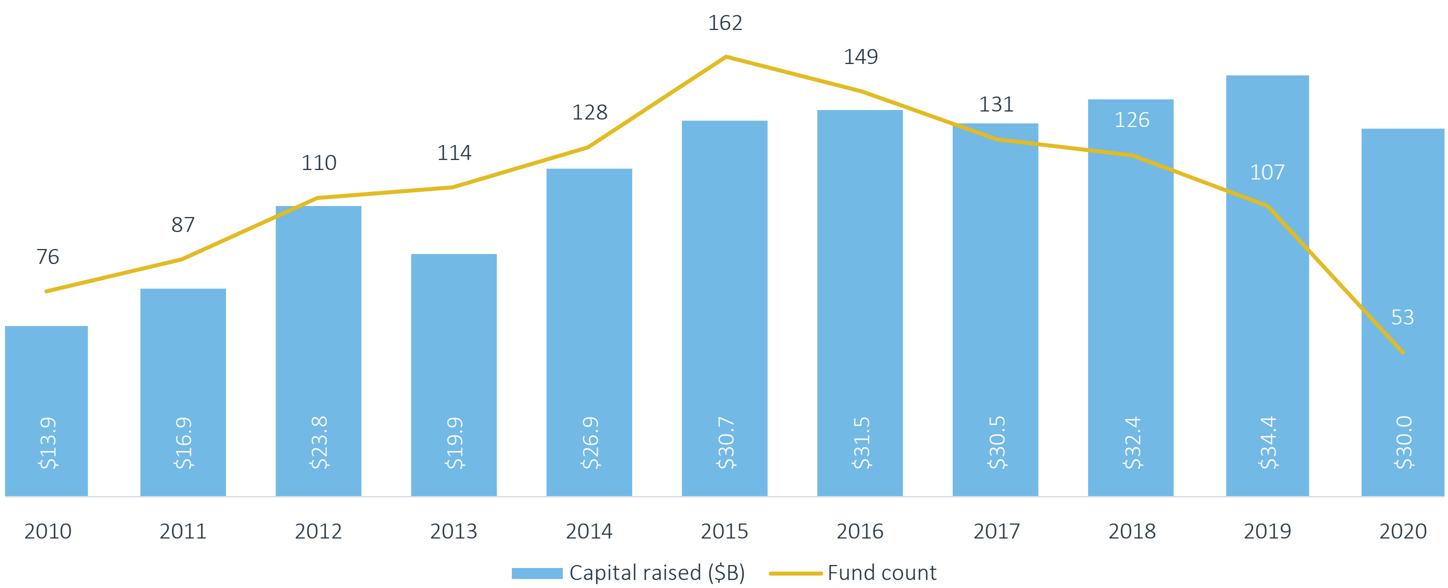
Top core and core plus funds to close in 2020

Fund	Investor	Fund size ($M)	Close date	Fund country
CR Land Residential Development	China Resources Capital Management	$4,277.8	January 1, 2020	Hong Kong
GLP China Income I	GLP	$2,100.0	April 20, 2020	Singapore
Rockpoint Growth & Income Real Estate III	Rockpoint Group	$2,000.0	May 5, 2020	US
Brookfield European Real Estate Partnership	Brookfield Asset Management	$1,341.2	October 27, 2020	UK
Prudential Senior Housing Partners VI	PGIM Real Estate	$996.0	February 24, 2020	US
FPA Core Plus V	FPA Multifamily	$970.0	June 11, 2020	US
Griffis Premium Apartment V	Griffis Residential	$512.6	April 24, 2020	US
Harbert Seniors Housing II	Harbert Management	$510.0	May 5, 2020	US
Ecosystem Investment Partners IV	Ecosystem Investment Partners	$454.5	February 5, 2020	US
PGIM Real Estate Asia Core	PGIM Real Estate	$447.0	January 1, 2020	Hong Kong

Source: PitchBook | **Geography**: Global

Value-add

Value-add fundraising activity

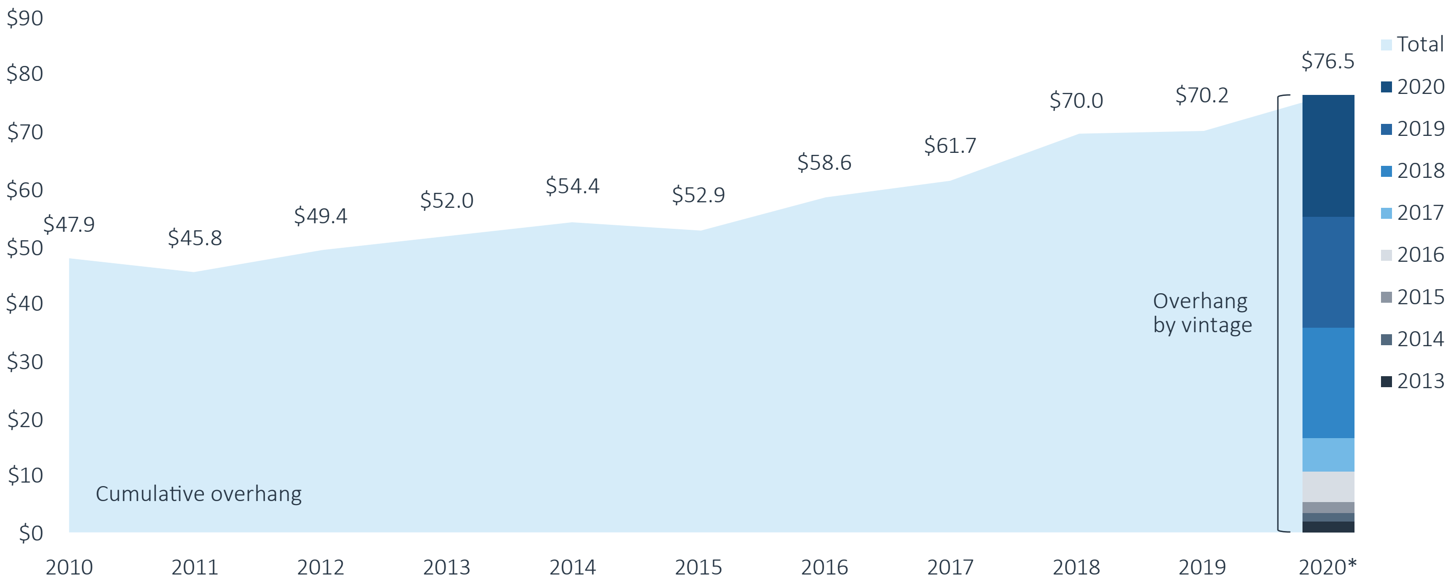


Source: PitchBook | **Geography**: Global

- Value-add funds brought in $30.0 billion in 2020, which approximates the results from the previous five years—between $30.5 billion and $34.4 billion. Investors have been attracted to recent years' consistent performance, wherein, despite its moderate risk profile, value-add funds as a whole have been net cash flow positive for the past seven years.
- Danish firm NREP closed on two value-add funds that totaled a combined $4.8 billion. The firm is deploying capital into greener projects in the Nordic region and had already deployed more than 40% of its Strategies Fund IV as of October 2020.[8]
- For some investors, the value-add approach holds particular appeal. Value-add investments typically take six to 18 months or longer to complete their targeted improvements, which may include renovations and renegotiating leases. Once the pandemic eases, investors hope these assets will be cash flowing at those targeted rates.
- Value-add continued to see dry powder levels accrue. Midway through 2020, value-add funds had over $75 billion in dry powder, which is up from the $52.9 billion just five years prior. However, when factoring in call-down rates, current dry powder levels sit at less than three-years' worth of capital on hand—the least of any substrategy.
- As few funds targeting $1.0 billion+ currently exist in the market, dry powder levels may diminish in the coming quarters.

8: "NREP Nordic Real Estate Fund Rakes in €1.9B for Investments," IPE Real Assets, IPE Staff, October 7, 2020.

Value-add dry powder ($B)



Source: PitchBook | **Geography:** Global
*As of June 30, 2020

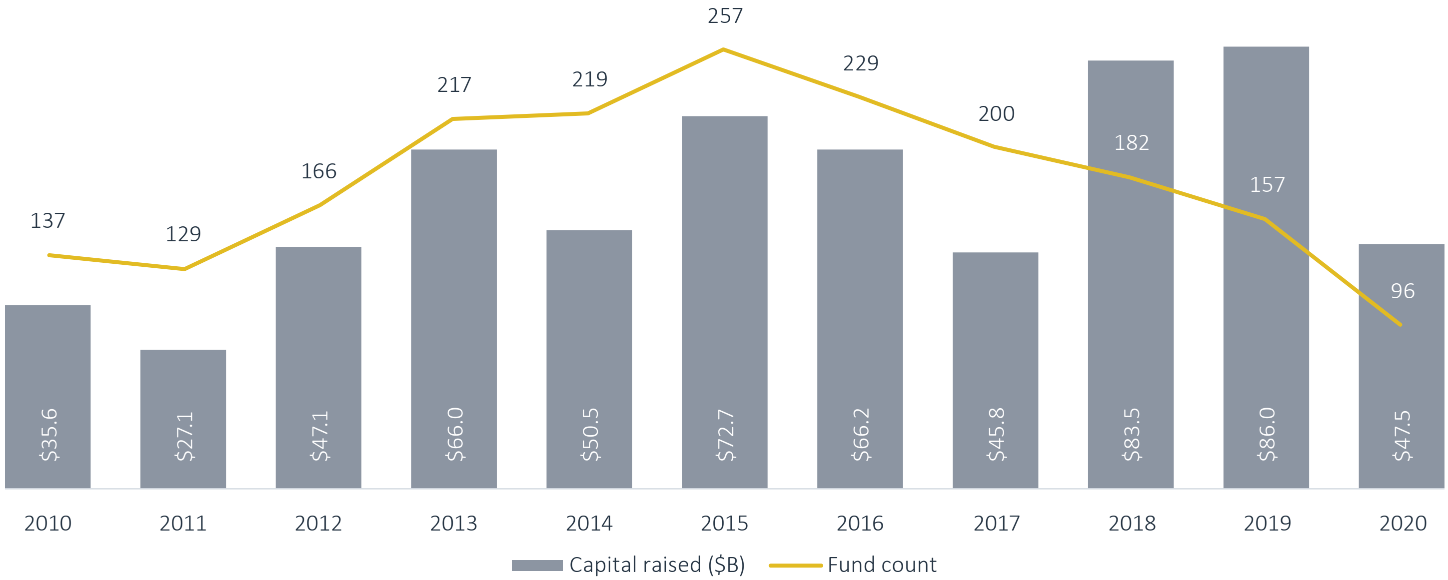
Top value-add funds to close in 2020

Fund	Investor	Fund size ($M)	Close date	Fund country
Nordic Real Estate Partners Housing and Care	NREP	$2,588.3	October 6, 2020	Denmark
DivcoWest VI	DivcoWest	$2,250.8	October 20, 2020	US
NREP Nordic Strategies IV	NREP	$2,234.4	October 8, 2020	Sweden
DRA Growth & Income X	DRA Advisors	$2,071.6	March 13, 2020	US
Mapletree US & EU Logistics Private Trust	Mapletree Investments	$1,800.0	April 6, 2020	Poland
AG Europe Realty III	Angelo, Gordon & Company	$1,500.0	July 2, 2020	UK
Gaw Capital Partners IDC	Gaw Capital Partners	$1,300.0	September 7, 2020	Hong Kong
AEW Value Investors Asia IV	AEW Capital Management	$1,200.0	January 1, 2020	Hong Kong
TA Realty Associates XII	TA Associates Realty	$1,200.0	March 20, 2020	US
Bell Apartment VII	Bell Partners	$950.0	June 3, 2020	US

Source: PitchBook | **Geography:** Global

Distressed and opportunistic

Distressed and opportunistic fundraising activity



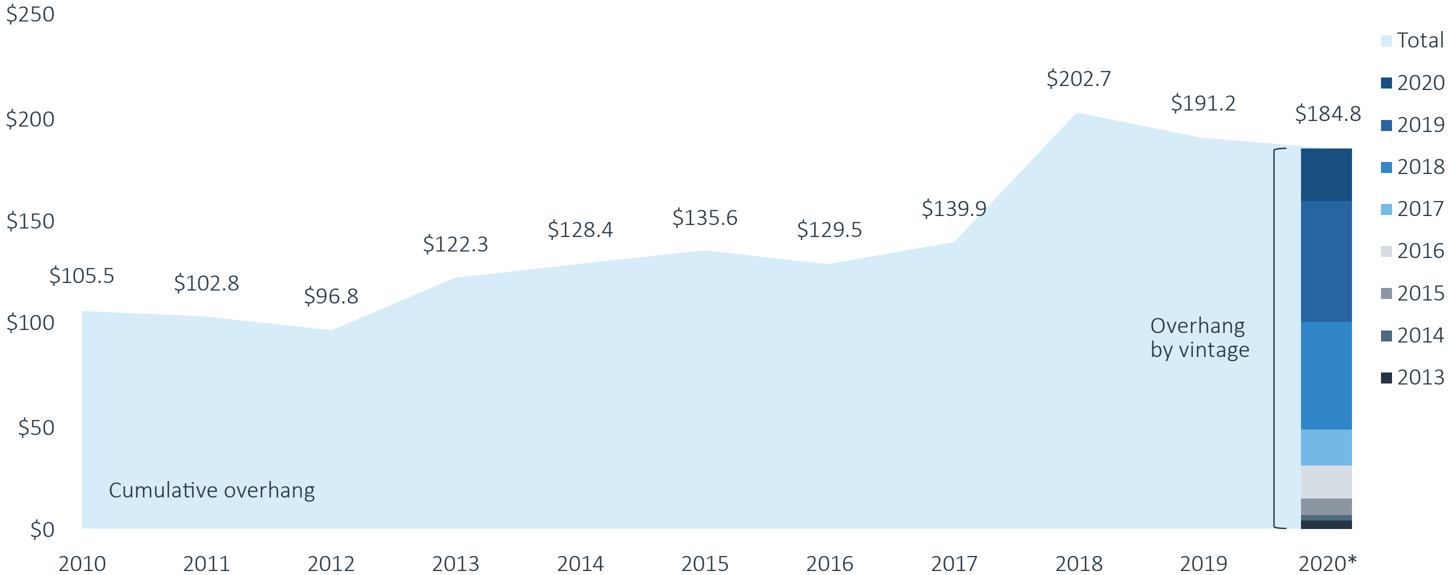
Source: PitchBook | **Geography**: Global

- Capital raised by distressed real estate funds in 2019 reached the second-highest level since 2006, but this activity all but stopped in 2020. The year produced only eight distressed real estate funds that raised less than $3.7 billion in aggregate—some of the lowest figures in the last 15 years. In a continuation of a long-term trend, opportunistic fundraising was also down, with the annual fund count steadily falling from a record 225 in 2015 to just 88 in 2020.

- The pandemic seemed to present a prime buying opportunity for distressed and opportunistic real estate investors, with retailers, restaurants, and hotels mostly shuttered and office parks left empty. Furthermore, the apparent long-term reality of remote working prompted an exodus from larger cities to cheaper suburbs and rural and smaller metropolitan areas. Even with fundraising down, however, dry powder rose through the first half of 2020, which indicates lackluster investment activity from private funds. Many of the large real estate funds closed during 2020 are targeting a broad opportunity set, but many funds in the middle size buckets are focused on the multifamily category.

- Delinquency rates for commercial real estate loans in the US have fallen steadily for a decade—from a peak of more than 8.5% during the depths of the GFC to less than 1% coming into 2020. That trend reversed course early in 2020, with delinquencies rising to 1.16%—the highest level since 2015. While still low by historical standards, this suggests that the number of viable targets for distressed and opportunistic investors is on the rise.

Distressed and opportunistic dry powder ($B)



Source: PitchBook | **Geography:** Global
*As of June 30, 2020

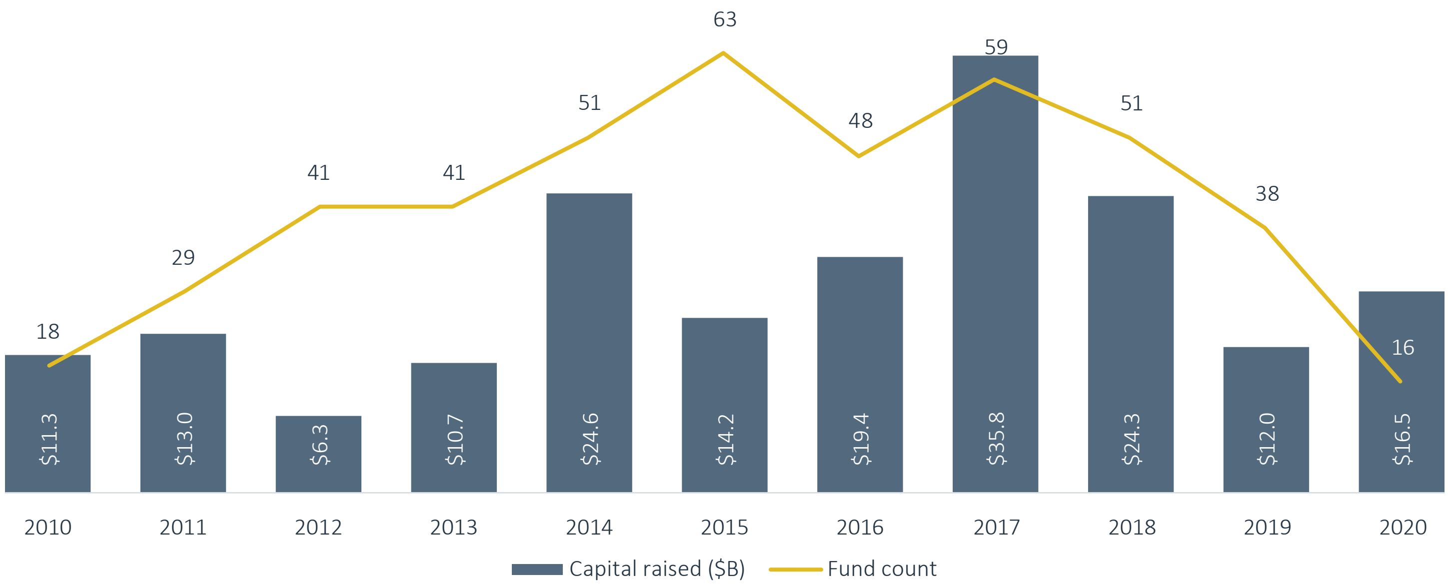
Top distressed and opportunistic funds to close in 2020

Fund	Investor	Fund size ($M)	Close date	Fund country
Blackstone Real Estate Partners Europe VI	The Blackstone Group	$10,761.0	April 8, 2020	UK
Rockpoint Real Estate VI	Rockpoint Group	$3,800.0	June 16, 2020	US
BREP Europe VI (Alberta)	The Blackstone Group	$3,074.4	April 8, 2020	UK
Secured Capital Real Estate Partners VII	PAG	$2,750.0	April 9, 2020	Japan
Sculptor Real Estate IV	Sculptor Capital Management	$2,600.0	June 23, 2020	US
Westbrook Real Estate XI	Westbrook Partners	$2,506.0	March 9, 2020	US
Fortress Real Estate Opportunities IV	Fortress Investment Group	$1,750.0	February 19, 2020	US
Europe Property V	BlackRock Realty Advisors	$1,615.0	May 6, 2020	UK
Ardian Real Estate European II	Ardian	$1,505.4	December 19, 2020	France
Greystar Global Strategic Partners I	Greystar Real Estate Partners	$1,500.0	April 2, 2020	US

Source: PitchBook | **Geography:** Global

Debt

Real estate debt fundraising activity



Source: PitchBook | **Geography**: Global

- More than half of banks tightened their lending standards for commercial loans in Q2, Q3, and Q4 2020, which created an opportunity for nontraditional lenders—including real estate debt funds—to step in.

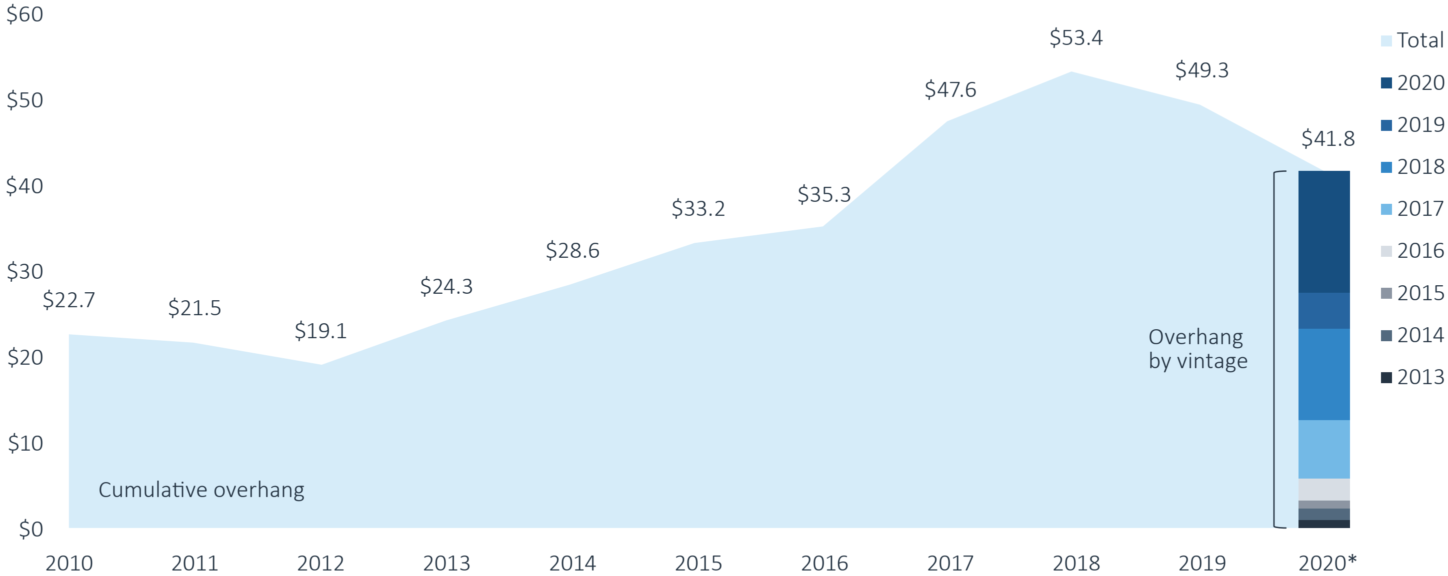
- In recent years, real estate debt funds have been a popular strategy, but fundraising dipped in 2019 and remained sluggish in 2020, with only 16 funds closing. This dip, combined with heightened demand for nonbank lending, has led dry powder to plunge from a peak of $53.4 billion in 2018 to $41.8 billion through Q2 2020. Of the more than $70 billion raised for real estate debt funds closed between 2017 and 2019, only about $20 billion remains in dry powder.

- Kayne Anderson closed on more than $1 billion for its fourth debt-focused real estate vehicle and also quickly organized another $1 billion+ pool of capital specifically to target opportunities arising from dislocations in the secondary market stemming from the pandemic. "We were buying Freddie Mac bonds due to a dramatic dislocation in the debt markets, which effectively ended in early April when the Fed stepped in and said they would start buying everything from ETFs to corporate debt to CMBS," said Al Rabil, Managing Partner and CEO at Kayne Anderson Real Estate, in an interview from October 2020.[9] During that window, the firm was able to deploy more than $4 billion, including nearly 60% of the newly raised vehicle.[10]

- Blackstone is another prominent real estate debt investor flush with dry powder after closing an $8.0 billion vehicle in 2020—representing nearly half of the capital raised for the strategy during the year. Given the demand for nonbank sources of lending and LPs' desire to gain access to yield-producing strategies, we believe a strong year is ahead for real estate debt fundraising. Numerous experienced GPs are raising new funds, including nine with a target of $1.0 billion or more.

9: "Kayne Anderson's Rabil: Distressed Buying Opportunities Are Here," *National Real Estate Investor*, Beth Mattson-Teig, October 26, 2020.
10: Ibid.

Real estate debt dry powder ($B)



Source: PitchBook | **Geography**: Global
*As of June 30, 2020

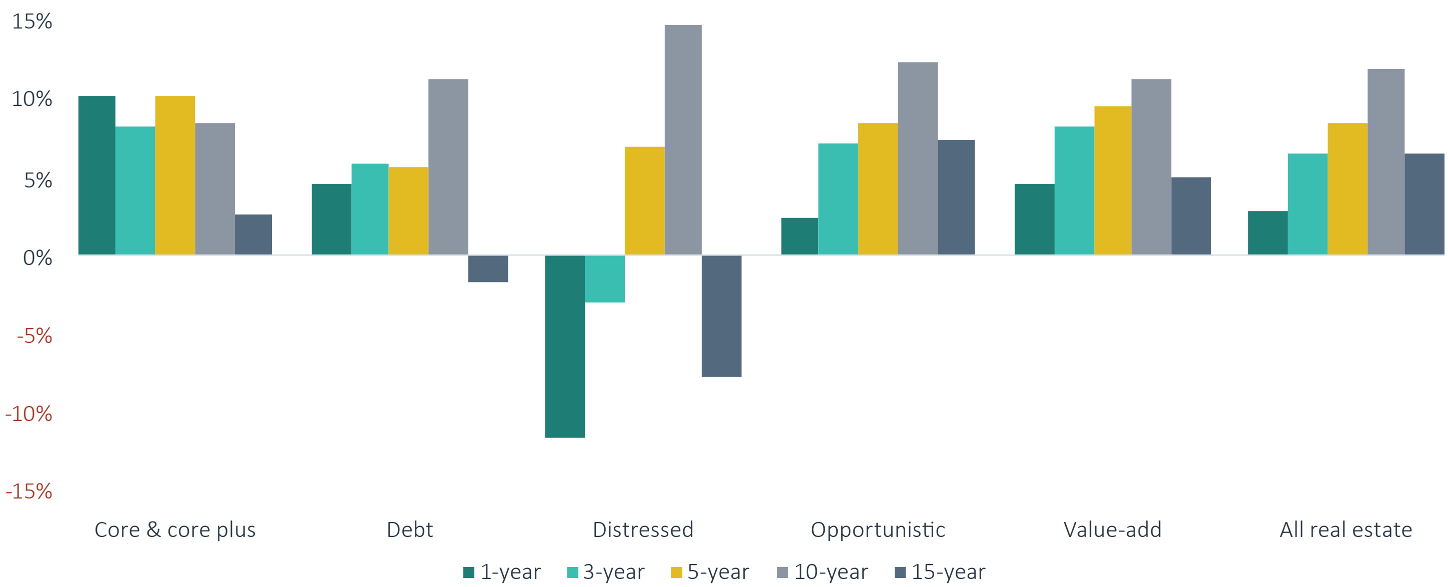
Top US real estate debt funds to close in 2020

Fund	Investor	Fund size ($M)	Close date	Fund city
Blackstone Real Estate Debt Strategies IV	The Blackstone Group	$8,000.0	September 22, 2020	New York
Walton Street Real Estate Debt II	Walton Street Capital	$1,520.0	March 13, 2020	Chicago
Kayne Anderson Real Estate Opportunity Debt	Kayne Anderson Capital Advisors	$1,300.0	May 21, 2020	Los Angeles
Kayne Anderson Real Estate Debt IV	Kayne Anderson Capital Advisors	$1,300.0	April 23, 2020	Los Angeles
MSD Real Estate Credit Opportunity	MSD Capital	$1,100.0	June 19, 2020	New York
KKR Real Estate Credit Opportunity Partners II	KKR	$950.0	July 21, 2020	San Francisco
Greystar Credit Partners II	Greystar Real Estate Partners	$600.0	August 10, 2020	Charleston, SC
Madison Square Structured Debt	New York Life Real Estate Investors	$500.0	October 28, 2020	New York
Maxim Income Opportunity II	Maxim Capital Group	$347.8	November 5, 2020	New York
HighVista Opportunistic Private Credit	HighVista Strategies	$309.0	January 14, 2020	Boston

Source: PitchBook | **Geography**: Global

Public and private performance overview

Real estate horizon IRRs by strategy*



Source: PitchBook | **Geography:** Global
*As of June 30, 2020

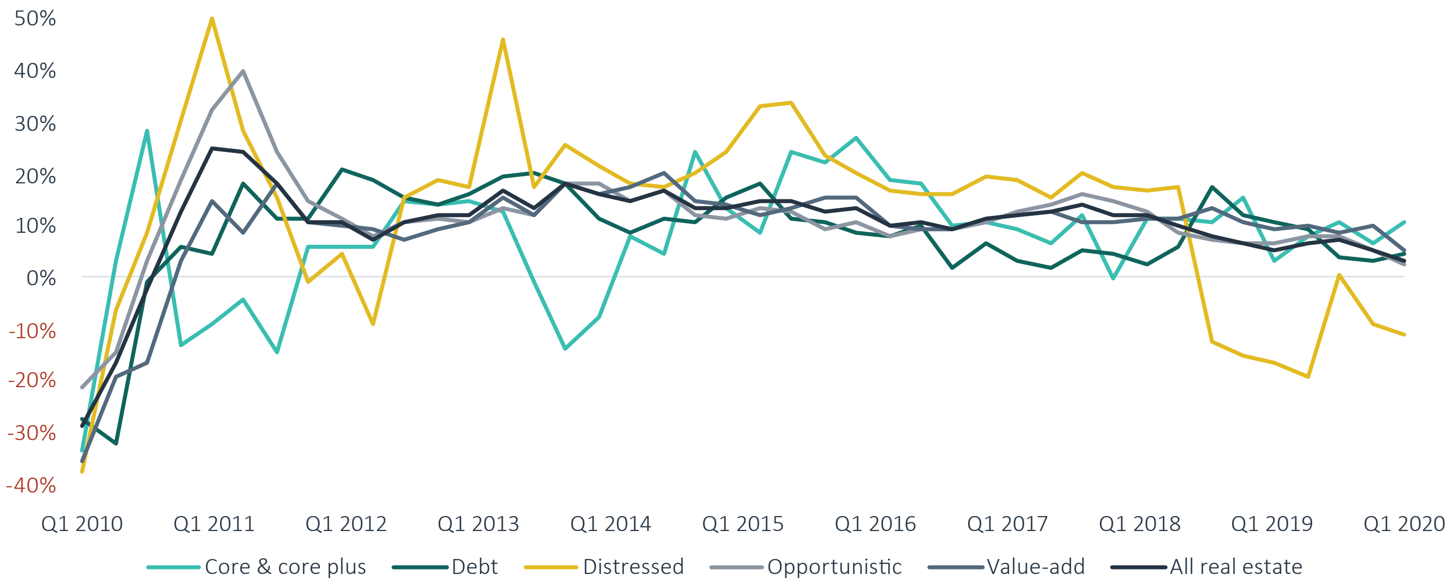
Amid the COVID-19 pandemic, the reduced volatility afforded to investors in private markets has been exemplified by real estate funds. While many strategies have seen swings of more than 5.0% between quarters in 2020, real estate fund performance has remained in a relatively narrow range. Preliminary Q3 2020 data shows returns turning slightly positive—rebounding from a -1.5% in Q2.

It is also interesting to compare private market returns with performance of REITs. When the pandemic took hold in Q1 2020, public REITS sold off by more than 25% during the quarter compared with a drop of just 0.1% for private market funds. In addition to the natural insulation provided by illiquidity, private markets seem to have benefited from their tilt toward industrial and value-add, noncore multifamily housing. The year's largest writedowns in private markets came during Q2, primarily in newer vintages with recent acquisitions. While private market funds accounted for most of their losses in Q2, public REITS enjoyed a rebound with performance in the double digits.

While real estate transaction volume was reportedly down in 2020, cash flow data shows that both contributions and distributions are roughly in line with recent years. This likely indicates that a higher proportion of dealmaking is coming from private market funds as well as a potential curtailing of leverage in certain areas. The strong level of distributions also suggests that rent impairment may not be as acute of an issue as many feared one year ago, particularly because institutional investors tend to gravitate toward high-end multifamily, which has proven resilient.

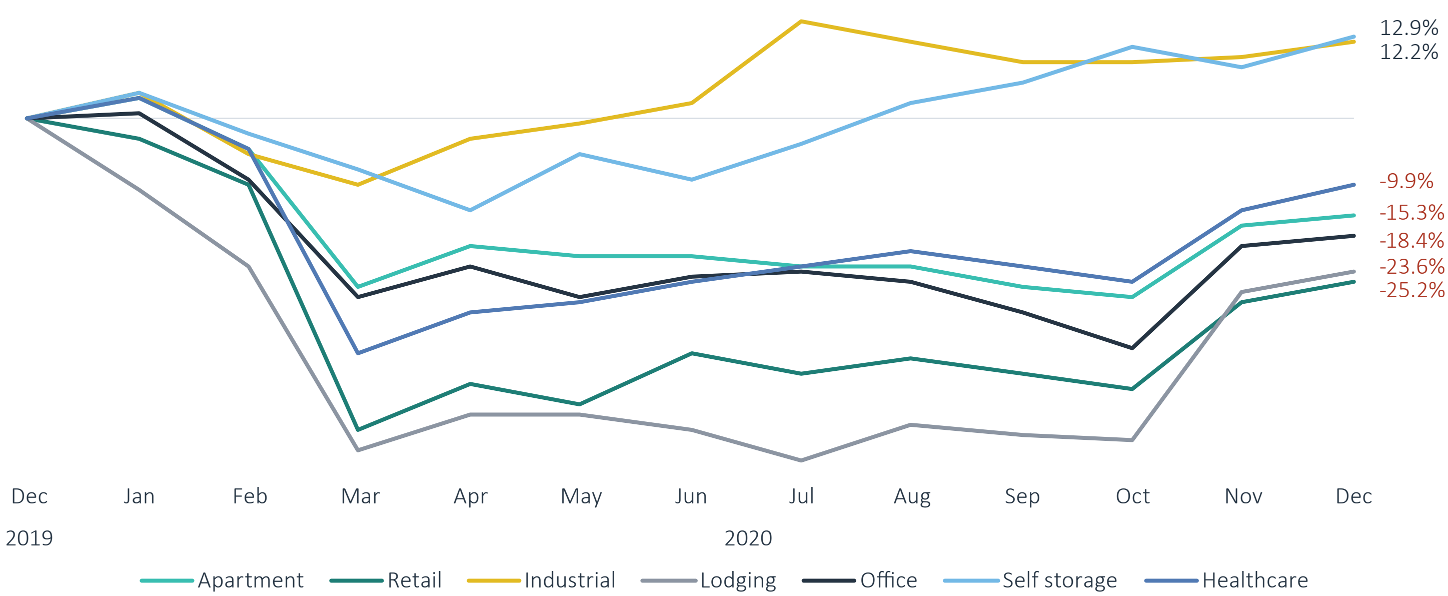
The dispersion of returns across the primary real estate property types proved significant in 2020. Led by surging demand from e-commerce activity as the pandemic raged, industrial was up 12.2% on the year. This caps off an unmatched five-year stretch wherein returns were up over 150%. The next-best performer in 2020, self storage, netted a healthy 12.9% bump YoY. All other property types had returns plunge to varying degrees. As people stopped receiving elective medical procedures and going into offices, healthcare property prices dipped 9.9% in 2020, while office returns came in at -18.4%. Predictably, lodging and retail suffered the heaviest losses on the year, with their total returns coming in at -23.6% and -25.2%, respectively. Just as a widescale vaccine rollout promises a more normal life and a potential return to offices and urban areas, real estate investors must now combat climbing interest rates—another potential detractor of returns.

Real estate rolling one-year horizon IRRs by strategy*



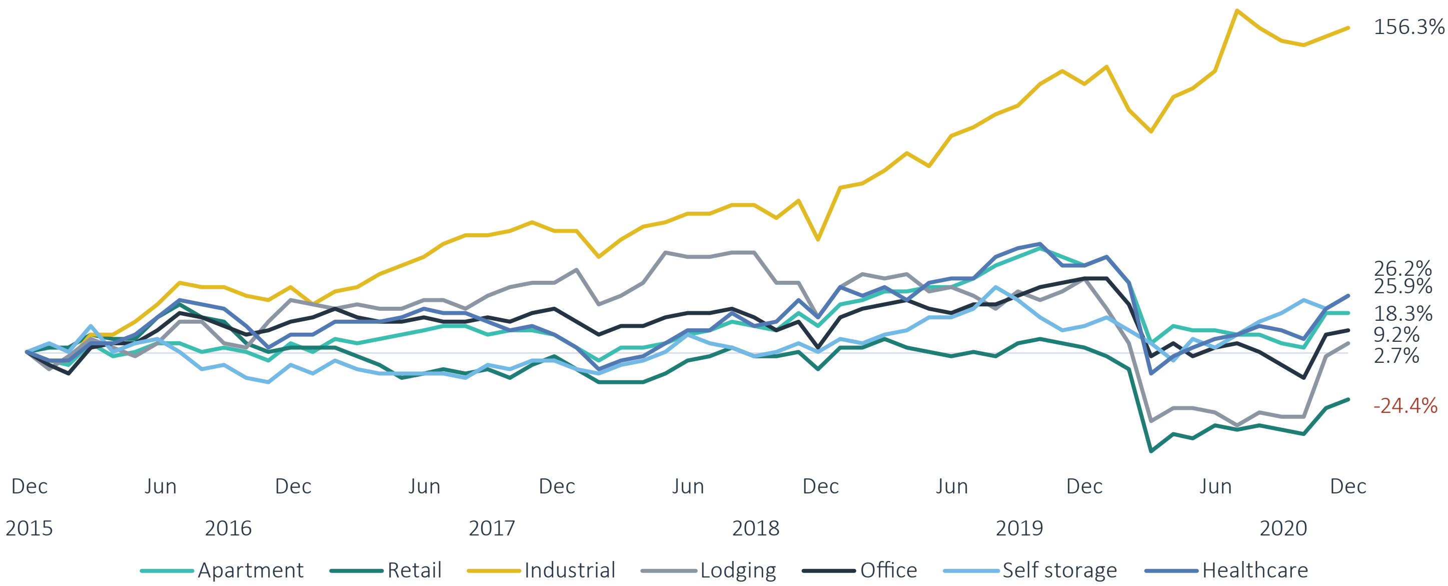
Source: PitchBook | **Geography:** Global
*As of June 30, 2020

One-year total return for select REIT indexes



Source: Nareit | **Geography:** Global

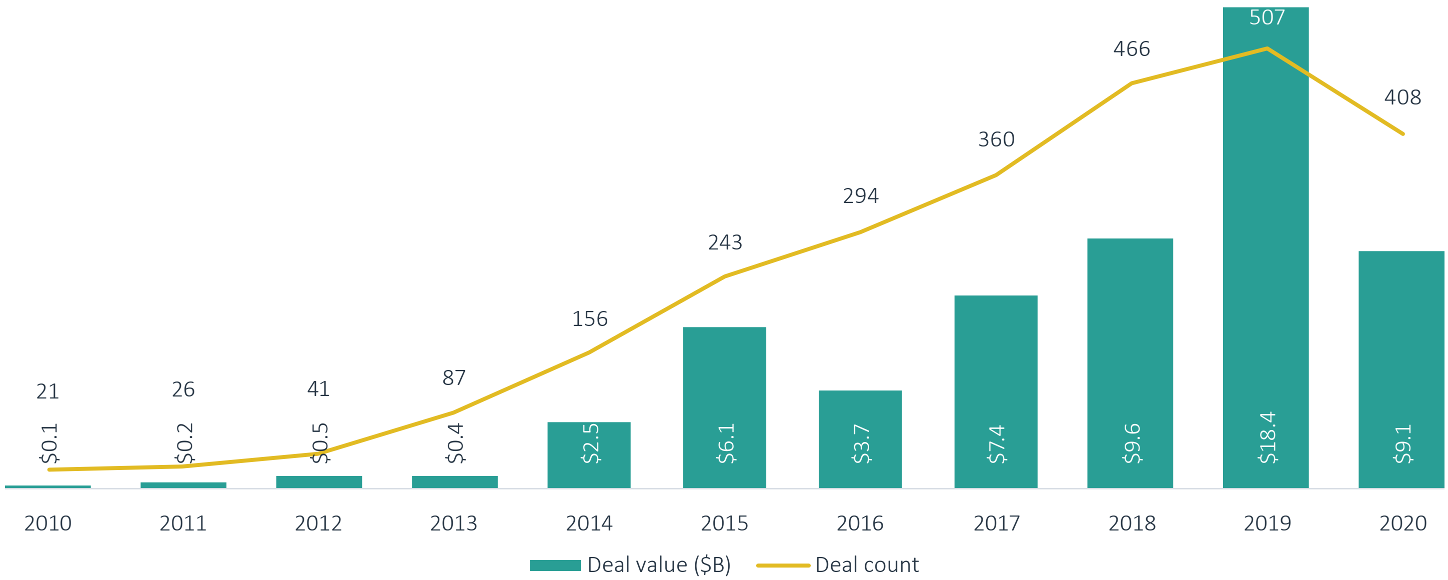
Five-year total return for select REIT indexes



Source: Nareit | Geography: Global

Real estate technology

Real estate technology VC fundraising activity



Source: PitchBook | **Geography**: Global

The venture landscape for real estate technologies pulled back in 2020 compared with 2019, posting $9.1 billion capital raised by startups across 408 deals. The drop's main culprit was in the commercial real estate technology subvertical, chiefly because WeWork required billions of dollars in rescue money in 2019, which made for a tough comparable. Construction and residential real estate technology posted modest gains in deal flow. Despite the year's reduction in overall startup funding, the real estate technology space made headlines with the IPO of Airbnb (NASDAQ: ABNB) in December, which valued the hospitality startup at $40.6 billion post-money despite the travel industry's pandemic-induced depression. Airbnb's current market cap of more than $100 billion is a huge step up from April 2020's $18.0 billion valuation when much of the world was implementing travel restrictions.

As outlined in our forthcoming Real Estate Technology Snapshot, several industry drivers make this an opportune time for startup investors and real estate managers alike to be paying attention to commercial real estate technology.

- Strong e-commerce demand has been a boon for industrial assets, and the growing need for distribution centers and warehouse space should bode well for supply-chain-focused startups. Notable areas of focus are warehouse management via robotics and artificial intelligence, which includes Chinese startup Quicktron, and warehouse marketplaces that connect small businesses with inventory management and surplus space, which includes Seattle's FLEXE and Chicago's ShipBob. Industrial-focused startups have raised $2.9 billion over the past five years, the third-highest total of all the commercial real estate technology subsegments.

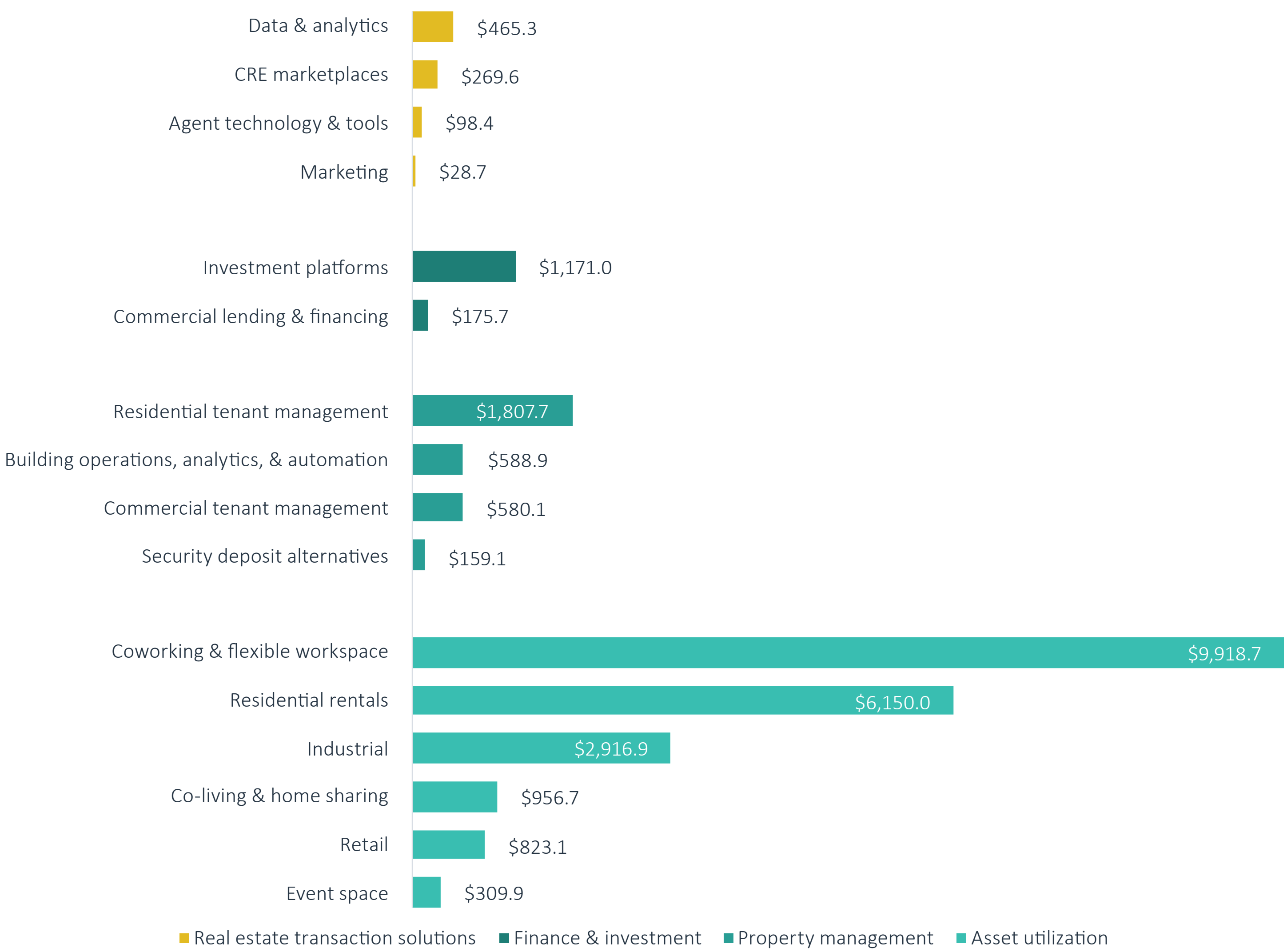
- Even post-COVID-19, telecommuting and flexible workspaces appear to be inevitable. A June 2020 McKinsey and Co. report indicates that, going forward, companies will likely require a diverse portfolio of real estate solutions, including owned assets, coworking and flexible spaces, and continued remote access from home.[11] Its report suggests that while the proportion of time spent in main offices is expected to decline by 12%, flexible office space will hold steady.[12]

11: "Reimagining the Office and Work Life After COVID-19," McKinsey & Co., Brodie Boland, et al., June 8, 2020.
12. Ibid.

- Tenant engagement and analytics represents the next great digital opportunity for commercial real estate. Real estate managers realize their data will provide important metrics into their properties, and digesting that data into actionable insights will likely prove crucial as the industry advances into the technological age. Most commercial real estate (CRE) firms have an executive position dedicated to data strategy and governance. Nearly half of all CRE teams spend about 15%-25% of their time managing and organizing data.[13]

Entering the digital revolution has been a slow process for the world's oldest asset class. But the disparate nature of real estate under management means that the industry is ripe for consolidation and advancement. Startups that capitalize on these opportunities will have access to an institutionally managed market of $9.6 trillion on the commercial side, with trillions more when factoring in the size of traditional residential markets, noninstitutional real estate, and the real estate construction industry.[14] We will continue to monitor developments in real estate technology and provide updates in future reports.

Commercial real estate technology VC funding ($M) by subsegment (2016-2020)



Source: PitchBook | **Geography**: Global

13: "How Will PropTech Shape the Future of the CRE Workforce?" GlobeSt, Lisa Brown, January 27, 2020.
14: "Real Estate Market Size 2019/20," MSCI, accessed on March 11, 2021.