

THE DEFINED CONTRIBUTION SURVEY 2023

A comprehensive study of DC capital raising, structuring and enterprise benchmarking metrics in the real estate investment management industry

Research-Development
Operating expense
Marketing
NET INCOME 59,877,892.00

EQUITY STATEMENT

REVENUES 6,554,224.00
NOT SALES 3,420,349.00
Investment 6,764,984.00



92%



EQUITY
Current
Non-Current
CASH FLOW STATEMENT
OPERATIONS
NOT SALES
Investment
EXPENSES
Development
Operating expenses
Marketing
NET INCOME



The Defined Contribution Survey 2023

The Defined Contribution Survey is the only comprehensive study of its kind, delving deeply into defined contribution capital raising, structuring, organizational metrics and best practices of real estate investment managers. This research is intended to support expansion strategies in the DC market.

Produced in partnership for the third consecutive year by the Defined Contribution Real Estate Council (DCREC), NAREIM and Ferguson Partners, the Defined Contribution Survey 2023 tracks DC investor appetite for private real estate within their plans, as well as portfolio construction strategies and allocation intentions.

The Survey will cover:

- Scale and growth of DC offerings and the management of DC real estate vehicles;
- Breakdown of trends, including AUM growth and DC real estate capital flows from 2018 through 2022; and
- Organizational resources currently used and planned for the future in supporting DC real estate strategies.

Representing more than \$1.75 trillion in AUM and a cross-section of the industry in terms of size, strategy and geography, 30 real estate investment management firms in the US responded to the Defined Contribution Survey 2023. Data was collected between April and June 2023 and represent assets as of December 31, 2022.

The final report, released in September 2023, includes 36 pages of detailed insights into DC capital raising and enterprise management practices that allow respondents to benchmark themselves against the industry to target and expand into the DC investment market.

We extend our sincere thanks and appreciation to all responding organizations for participating in our research and helping us to make this valuable information available for the industry.

Jani Venter and Greg Jenkins
Co-Presidents, DCREC

Zoe Hughes
CEO, NAREIM

Justin Pellino
Director, Ferguson Partners

Jason Zinn
Associate, Ferguson Partners



The Defined Contribution Real Estate Council was formed in 2012 to promote the inclusion of investments in direct commercial real estate and real estate securities, including REITs, within defined contribution plans. Its goal is to improve participant outcomes by furthering education about, advocacy for, and best practices of such investments. Members include many of the leading providers of real estate investment products to the defined contribution marketplace.

NAREIM is the industry association dedicated to the business and organizational strategy of real estate investment management. Founded in 1990, NAREIM today represents real estate investment management firms with combined assets under management of \$2.8 trillion.

For over 30 years, NAREIM has been the home of real estate investment management benchmarking and best practice education, where investment managers candidly share intelligence and learn – through peer-to-peer workshops – how to drive process and strategy, and how others in the industry are innovating their businesses, their departments, and individual roles and strategies.

NAREIM's benchmarking research comprises enterprise-wide organizational metrics (the Global Management Survey), real estate investment management's only industry-specific Compensation Survey, the first corporate DEI Survey and now, organizational metrics focused on Defined Contribution capital raising, structuring and best practice education.

Ferguson Partners is a global professional services firm dedicated to serving the real assets industries. Over the past 30+ years, Ferguson Partners has built a reputation for being a go-to advisor for clients regarding their most important strategic, operational, and human capital needs. With 11 offices around the world, FP offers a global perspective across its four holistic business lines: Executive and Board of Director Search, Leadership Consulting, Compensation Advisory, and Management Consulting.

Table of contents

| | |
|----|---|
| 4 | Restatement |
| 5 | Executive summary |
| 12 | The Defined Contribution Survey 2023 RESULTS |
| 13 | Manager demographics |
| 21 | DC capital flows |
| 25 | Dedicated DC real estate strategies |
| 32 | Organizational resources for DC real estate strategies |
| 36 | The Defined Contribution Survey 2023 manager respondents |

Restatement

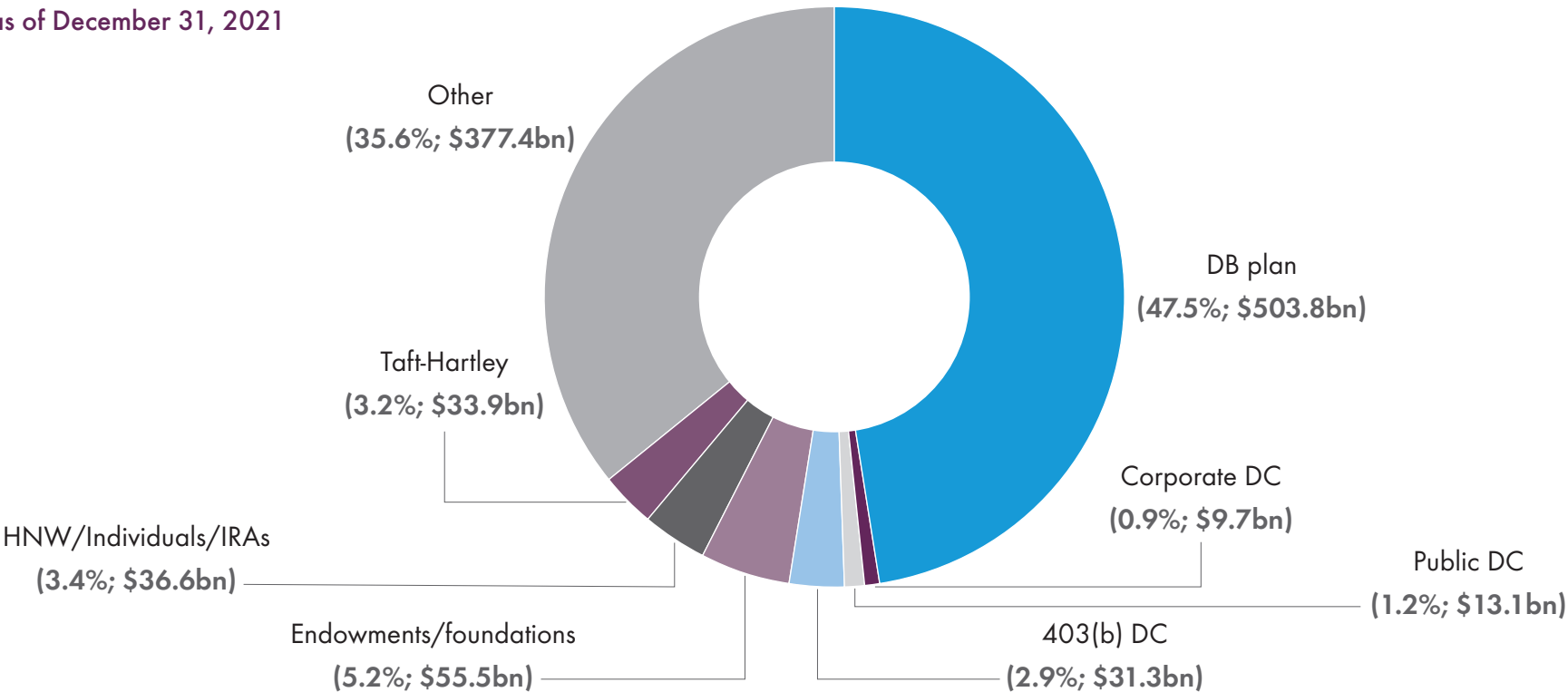
The Defined Contribution Survey 2022 originally stated that there was \$79.4 billion invested in DC private real estate, of which \$22.8 billion was from corporate DC investors, \$25.3 billion from public DC investors and another \$31.3 billion from 403(b) DC plans.

The AUM for 2021 has been restated to a total of \$54.2 billion invested in DC private real estate, of which \$9.7 billion was from corporate DC investors, \$13.1 billion from public DC investors and another \$31.3 billion from 403(b) DC plans.

A survey question regarding the source of the private real estate AUM was misinterpreted by a respondent. This error was caught and confirmed as misstated during the 2023 response audit.

PRIVATE REAL ESTATE AUM (RESTATED)

Data as of December 31, 2021



EXECUTIVE SUMMARY

A return to positive inflows after a challenging year due to market volatility and investor rebalancing

KEY TAKEAWAYS FROM THE DEFINED CONTRIBUTION SURVEY 2023

- Approximately \$59.1 billion of defined contribution (DC) capital is currently invested in private real estate, including \$17.7 billion in corporate DC vehicles, \$15.4bn in public DC vehicles and \$26.0 billion in vehicles open to 403(b) DC plans. *(page 17)*
- In 2022, private real estate investments outperformed equities and bonds, causing investors with such holdings to rebalance portfolios due to the denominator effect to meet predesignated limits. Although real estate investment managers reported that the year ended with an overall net outflow of 3.3%, commitments from existing DC investors increased 7.2% over the previous year, mostly in the second half when real estate prices moderated slightly. *(page 23)*
- Understanding the source of DC capital is important for managers who are interested in building strong programs. External OCIO or discretionary accounts are the source of nearly half of private equity real estate investor holdings. For public equity real estate, advisory mandates form over half of AUM. Real estate investment managers with a dedicated DC strategy report that custom target date funds make up nearly half of all fund or account assets. *(pages 18 and 31)*
- Interest in offering DC products continues to grow among new players, with most real estate investment managers that are considering developing a DC offering anticipating a product launch within three to five years. *(page 19)*
- To prepare for rebalancing activity, two-thirds of real estate investment managers with dedicated DC vehicles have quarterly liquidity sleeves ranging from 10% to 12%. However, the industry-wide review of liquidity sleeves is starting to have an impact with some firms introducing a liquidity maximum available during which investors can redeem a percentage of their holdings. *(page 30)*
- Most real estate investment managers employ two full-time staff on their DC offerings. Survey participants reported that employees have a background in either DC and/or real estate and spend the bulk of their time on marketing, sales and distribution to new clients. *(pages 33–35)*

Private real estate offers diversification and inflation-protection benefits within a defined contribution portfolio. Thus professional asset allocators, glide path managers, consultants and plan sponsors who recognize this are looking to increase and optimize their exposure to improve outcomes for plan participants.

The Defined Contribution Survey 2023 – produced jointly by DCREC, NAREIM and Ferguson Partners – has estimated the amount of DC capital currently invested in private real estate at approximately \$59.1 billion, in corporate, public and 403(b) DC vehicles.

SURVEY ORIGINS

First created in 2015 by the Defined Contribution Real Estate Council (DCREC) as part of its annual survey of real estate investment managers, the Defined Contribution Survey has become an industry tool for understanding strategies real estate investment managers are using to target the DC market.

In 2023, DCREC partnered with NAREIM and Ferguson Partners for the third consecutive year to expand on the metrics being tracked and to monitor DC capital raising and structuring considerations. The Survey also serves as a way for real estate managers to understand organizational and staffing best practices among real estate investment managers in their efforts to capture DC assets.

The 2023 Survey was completed by 30 real estate investment management firms representing \$1.75 trillion of AUM and a cross-section of the industry in terms of size, strategy and geography.

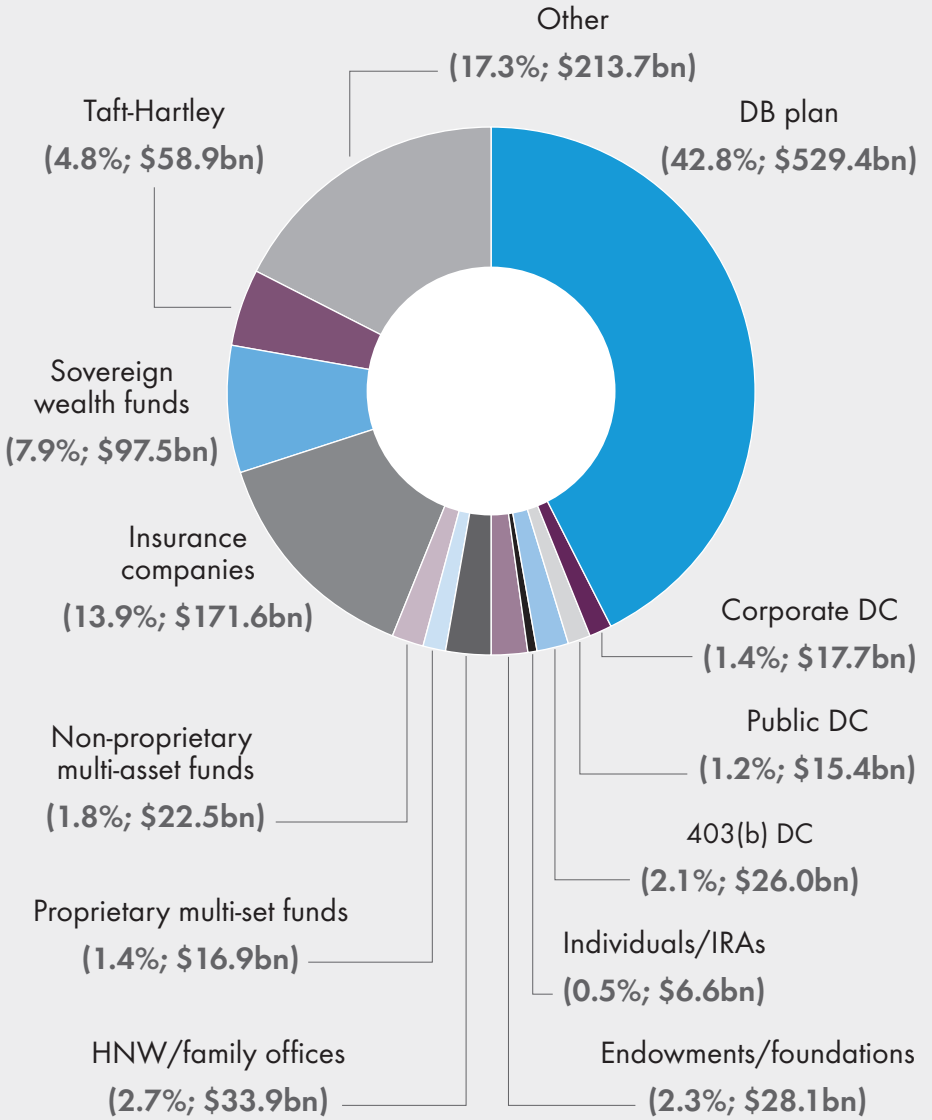
The firms – which represent two-thirds of DCREC members and one-quarter of NAREIM members – responded to the 2023 Survey between April and June 2022. This final report includes 36 pages of detailed insights into DC capital raising, structuring, liquidity and enterprise management practices.

MARKET CONDITIONS

For DC capital managers, private real estate’s strong performance in the post-Covid-19 environment has been both a boon, as demonstrated by overall net inflows in 2021, and a bane, as shown in the Defined Contribution Survey 2023 tracking 2022 activity.

DC accounts for a growing portion of private real estate AUM

Real estate investment managers responding to the Defined Contribution Survey 2023 report there is \$59.1 billion currently invested in DC private real estate, including \$17.7 billion from corporate DC investors, \$15.4 billion from public DC investors and \$26.0 billion in 403(b) DC plans.



In 2022, real estate’s outperformance, against equities and fixed income, forced many stewards of capital to rebalance their portfolios, this time downwards to meet predesignated limits due to the denominator effect.

For many DC capital managers, it was a year of two halves, with the first half characterized by net outflows of DC capital from real estate and a recovery in the second half. The volume of corporate DC and public DC invested in private real estate has grown year over year, according to the Survey. In 2021, there

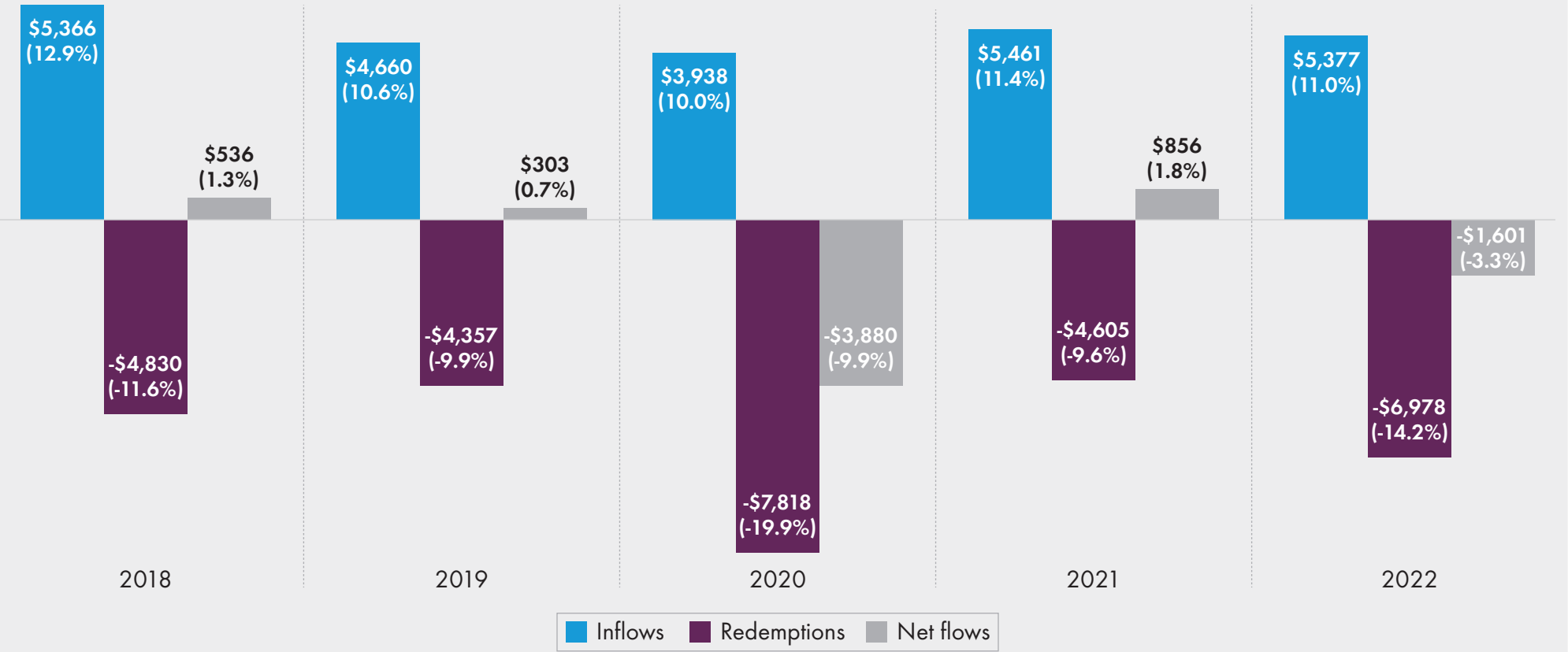
was a reported \$9.7 billion of corporate DC and \$13.1 billion of public DC invested in private real estate. By 2022, those figures had grown to \$17.7 billion and \$15.4 billion, respectively.

GROWING MARKET

Although real estate investment managers said they experienced an overall net outflow of 3.3% from private real estate in 2022, there were encouraging signs of market activity.

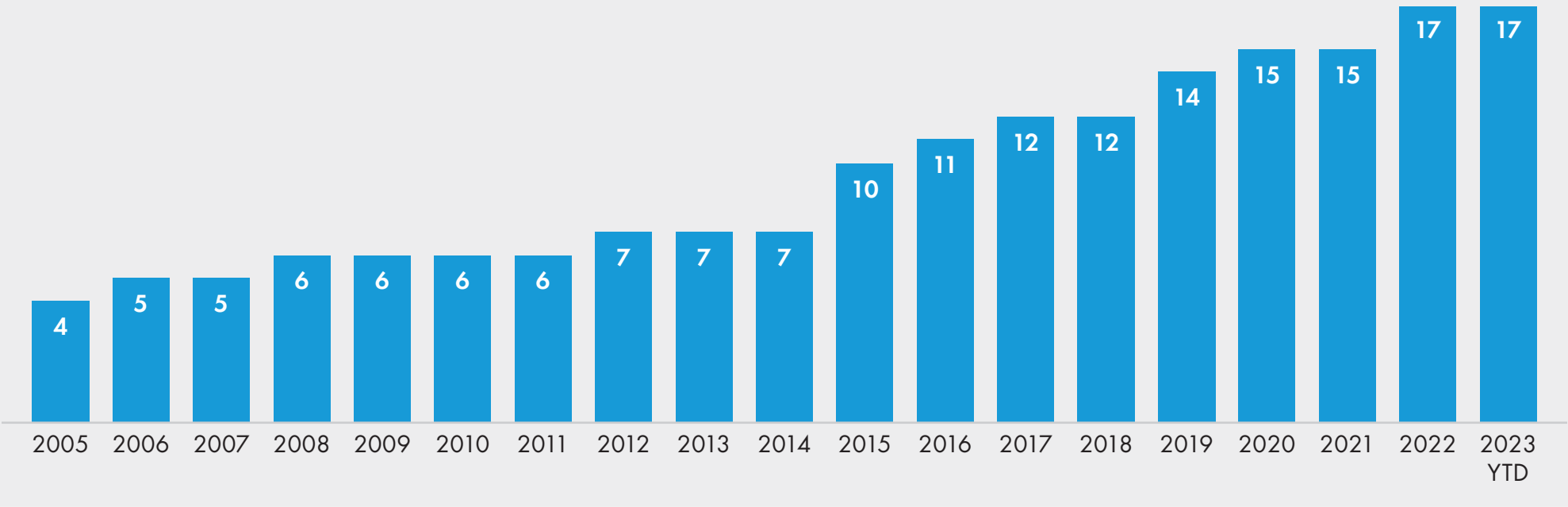
Managers report a slight decline in net capital flows as investors rebalanced

Investors continue to be attracted to private real estate’s diversification and lower volatility benefits within a portfolio. However, the asset class’s stable performance during the first half of 2022 led to active rebalancing activity due to the denominator effect, while the second half saw flows returning as traditional asset class performance recovered. Defined Contribution Survey 2023 participants reported overall net outflows of 3.3% for the year.



The number of private real estate DC vehicles have been steadily growing

Since 2015, managers have been increasing the number of dedicated DC private real estate vehicles in the market, from 10 to 17 currently.



Private real estate’s delivery of diversification and inflation-hedging benefits into portfolios drove new investors and mandates to commit capital to the sector.

Existing investors of DC capital in private real estate continued to demonstrate their commitment to the sector. Existing DC investors committed \$4.8 billion of capital to private real estate in 2022, up slightly from the \$4.5 billion committed in 2021. New investors were slower to invest in private real estate – new DC investor mandates totalled \$583.3 million in 2022, down from the \$989.2 million of new capital reported in 2021.

The growth of the industry over the past two decades is apparent. The number of dedicated daily valued DC private real estate vehicles among respondents rose fourfold from four in 2005 to 17 by the end of 2022. A total of six strategies were larger than \$1 billion AUM; the 50th percentile of managers reported an average dedicated DC strategy size of \$1.2 billion and the top quartile at \$1.8 billion in net AUM.

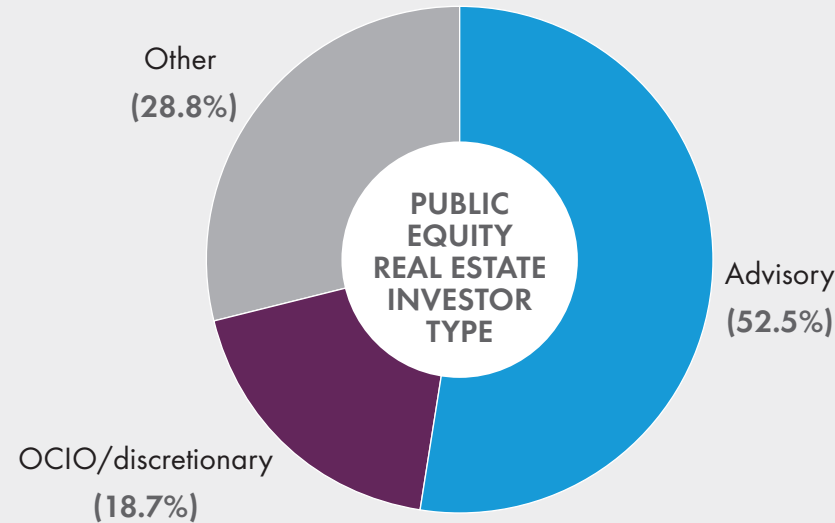
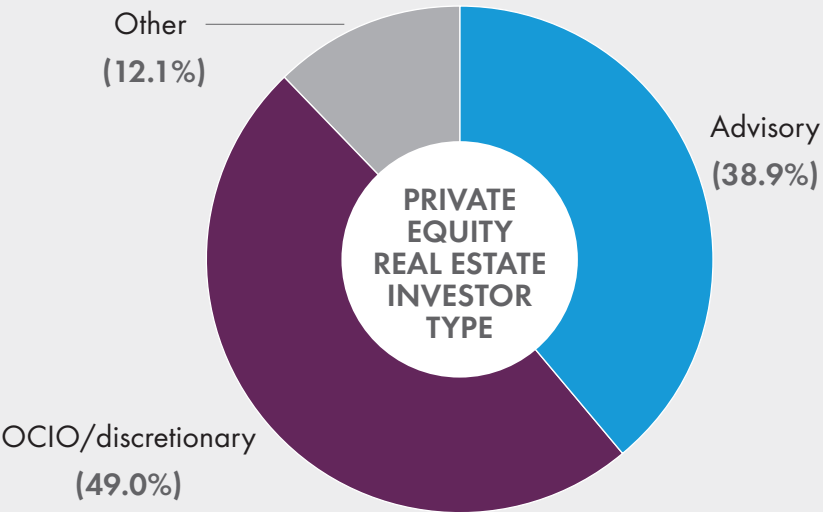
INVESTOR PROFILE

For the first time in 2023, the Survey asked participants to provide insights into the type of investor accounts they were targeting. Respondents said that almost half of DC investment in private real estate came from external OCIO/discretionary accounts. This underscores the important role played by major consulting firms with their own proprietary funds.

The reason for the smaller proportion of advisory AUM could be reflected in the lack of growth in advisory custom target date clients. Custom target date funds are labor intensive and carry heavy fiduciary responsibility. In an OCIO or outsourcing relationship, fiduciary responsibility and operations are assumed by the provider, easing the load on plan sponsors and making bespoke funds more viable. Meanwhile, REITs are easier to implement in DC plans (especially smaller plans) and offered by about 25% of all plans according to industry surveys, making them more common in advisory relationships.

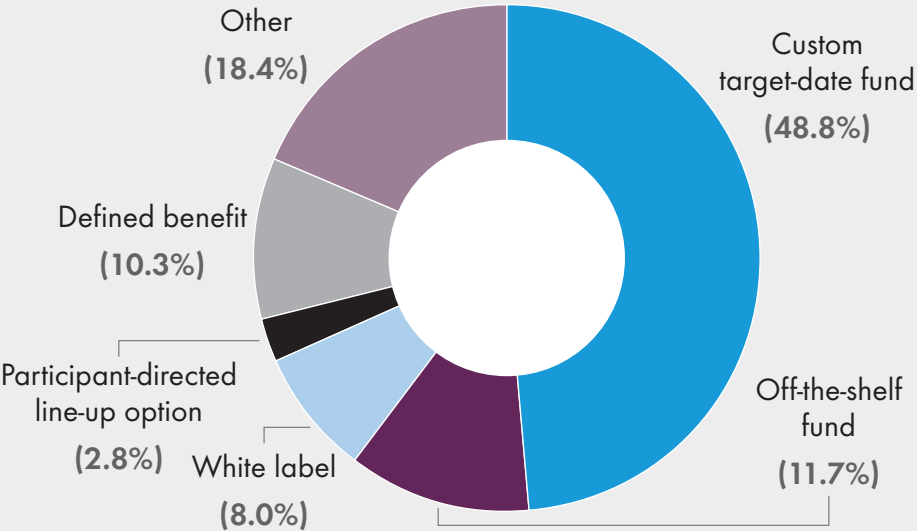
External OCIO/discretionary accounts are the main source of private real estate capital

Almost half of private real estate capital originated from OCIO/discretionary accounts, followed by advisory at almost 40%. Advisory accounted for the largest component of public real estate investors due to REIT investing characteristics.



Investors favor custom target date funds

For investors that have a dedicated DC strategy, nearly half prefer the bespoke qualities of custom target date funds to accommodate their individual plan requirements.



Custom target date funds accounted for almost half of all fund or account assets, by far the most popular option among investors with a dedicated DC strategy. Off-the-shelf funds were favored by nearly 12% of investors. Almost 3% used participant-directed line-up options.

LIQUIDITY IN FLUX

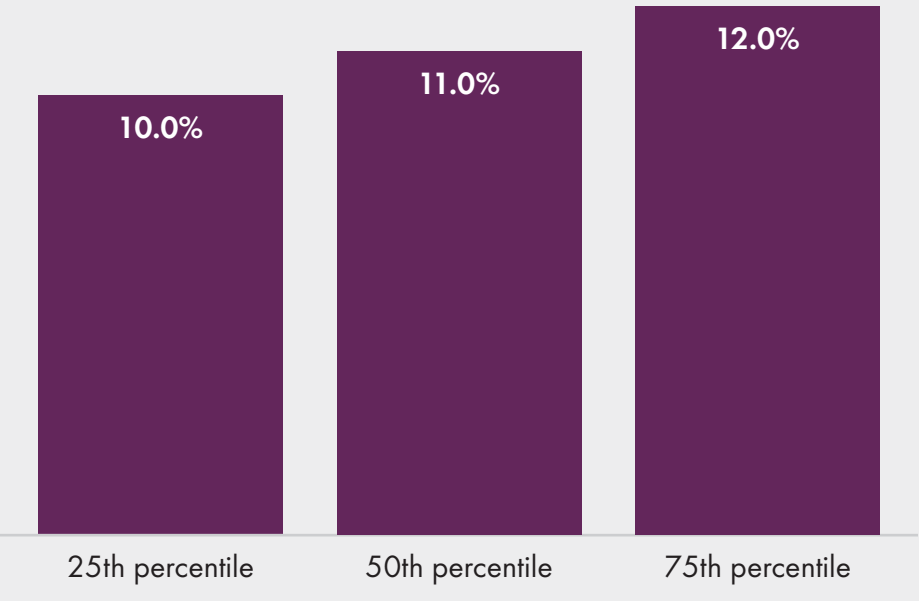
Although DC capital inflows into private real estate strategies were healthy, significant redemptions brought into sharp focus the importance of managing liquidity for DC players.

Defined Contribution Survey 2023 participants reported average quarterly liquidity sleeves ranging from 10% at the bottom quartile to 12% at the top quartile.

Market conditions not only created challenges for new capital raising for DC real estate strategies, but it also led to increased rebalancing and redemption needs.

Average quarterly liquidity sleeve is 12% for DC real estate strategies

With 86% of portfolios invested in private, illiquid assets, managing liquidity is a core attribute of DC real estate strategies. 2023 Survey respondents reported an average quarterly liquidity sleeve of 12%.



As a result, 2022 represented a period like 2020, where DC real estate vehicles were truly tested in terms of their liquidity and operational redemption policies.

Some managers reduced the liquidity maximum available within the guideline periods during which investors could redeem a percentage of their holdings.

In 2022, the market also witnessed ideas such as reducing the subperiod drip maximum to support real estate investment managers’ goals. Doing so allowed those that reduced it to offer liquidity for longer during periods of market stress and to support more benchmark-aware allocations.

INCREASING SOPHISTICATION

To meet growing investor sophistication and market opportunity, real estate investment managers are positioning themselves for future success by increasing the capabilities of their in-house teams.

Defined Contribution Survey 2023 respondents said existing employees had a background in DC and/or real estate. They were also increasing the proportion of time allocated to marketing and sales for new clients.

Education remains an important part of winning over investors and assuaging concerns over litigation risk and competing priorities, such as an overhaul of custom target date series to add retirement income solutions and the launch of the SECURE 2.0 Act.

The 2023 Survey reveals that, despite a challenging environment for DC with elevated levels of rebalancing activity, investors both existing and new recognize private real estate’s benefits and continue to commit to the asset class.

The Defined Contribution Survey seeks to benchmark and record the changes and continuities in this market opportunity, as it has for the prior eight years. This report is the result of respondents working together to share and document practices and knowledge for the benefit of the industry.

The Defined Contribution Survey 2024

The Defined Contribution Survey 2024 will launch in Q2 2024 for data collection. All DCREC and NAREIM members are eligible to respond and will be contacted pre-launch.

THE DEFINED CONTRIBUTION SURVEY 2023

RESULTS

Number of respondents: 30

Total AUM of all managers that responded to the Survey: \$1.75 trillion

MANAGER DEMOGRAPHICS

This section of the report provides summary demographic information for the manager survey respondent group, including an overview of their size, strategy and other characteristics.

Specific data presented includes the following:

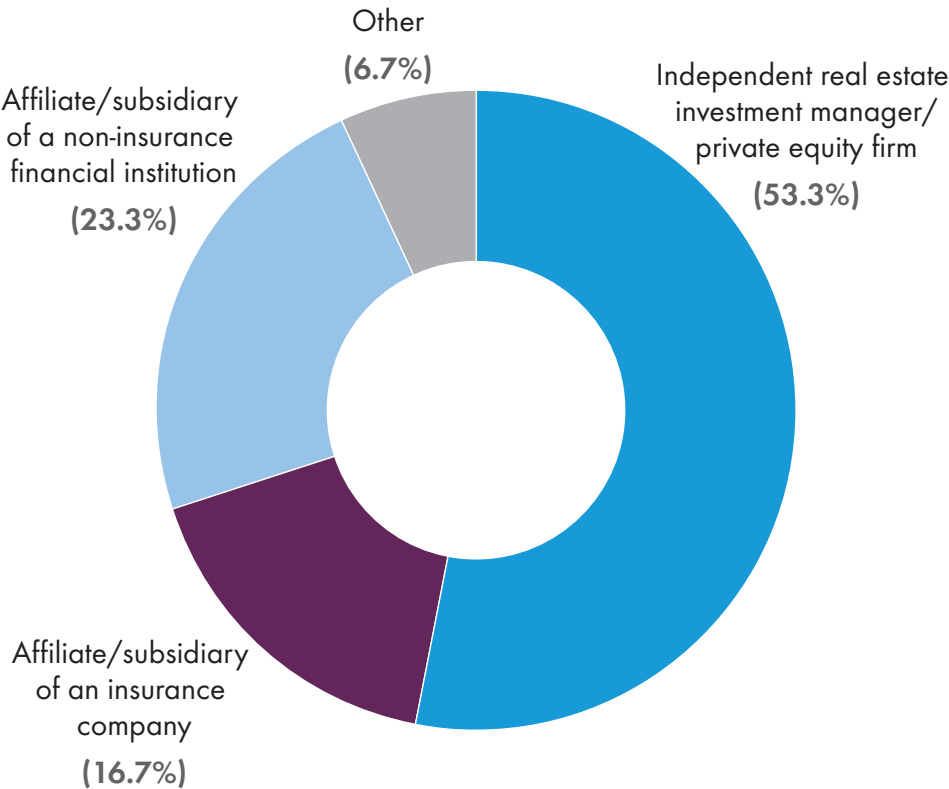
- Organization type (independent manager, affiliate/subsidiary)
- Number of full-time employees
- Distribution of real estate AUM
- Gross real estate AUM by investment quadrant
- Private real estate AUM by investor category
- Real estate AUM by investor type
- Current efforts in the DC space (actively manage, developing an offering, no intention of pursuing DC capital) and type of vehicle managing private real estate DC capital

Daily valued private real estate strategies are available to DC plan investors and others

Dedicated DC private real estate strategies are available to DC plan investors only

Manager type and number of full-time employees

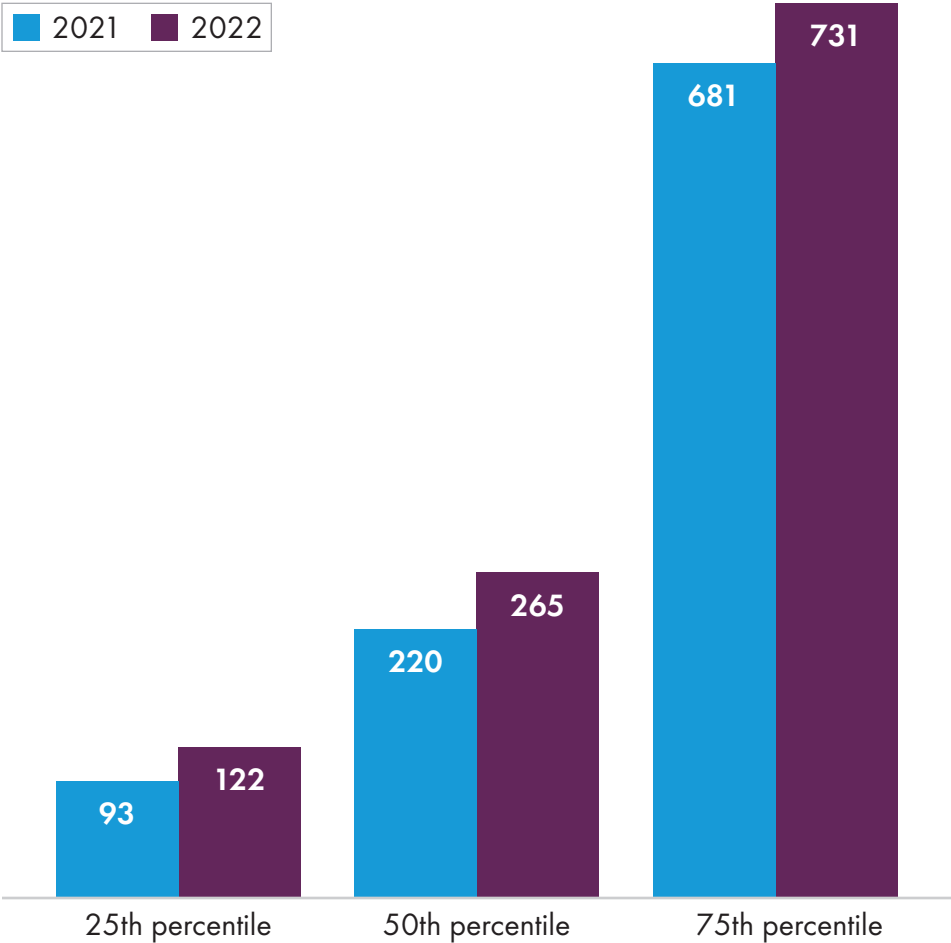
MY ORGANIZATION IS BEST DESCRIBED AS



Note: Other included independent asset and wealth management firm; nonprofit low-income housing tax credit (LIHTC) syndicator, lender and equity investor.
Number of respondents: 30

NUMBER OF FULL-TIME REAL ESTATE INVESTMENT MANAGEMENT EMPLOYEES

Data as of December 31

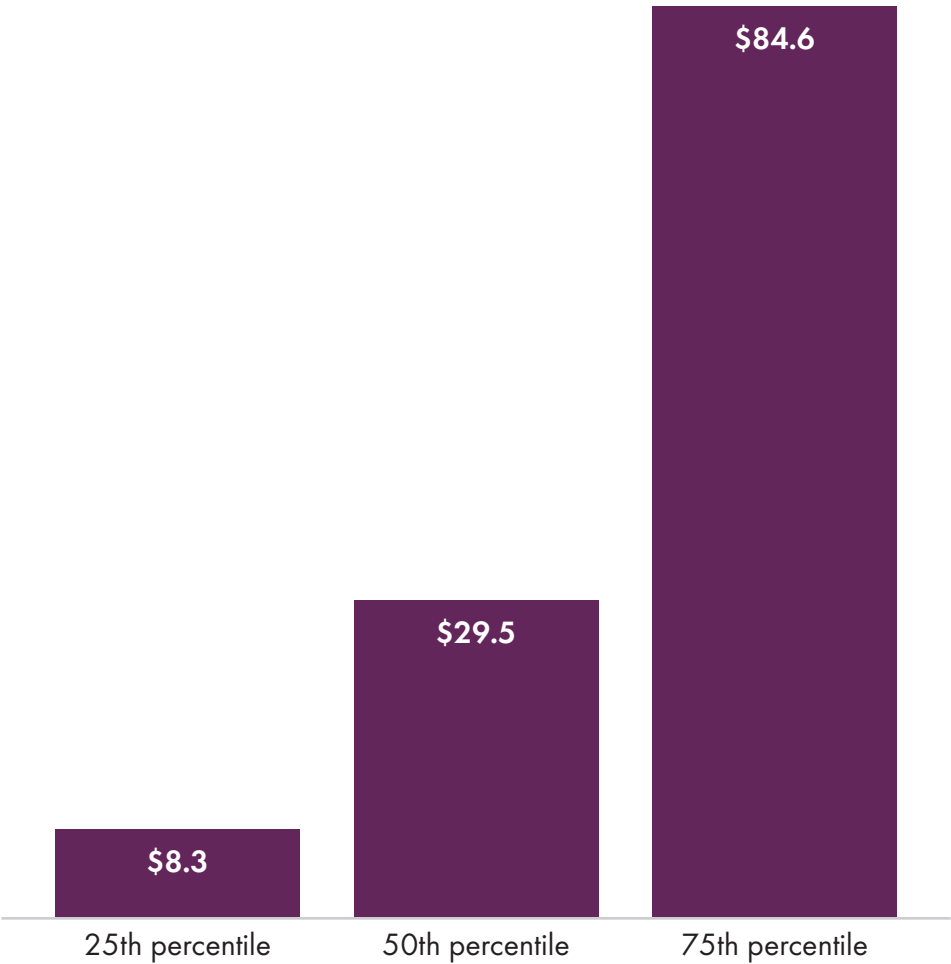


Number of respondents: 30

Real estate AUM

DISTRIBUTION OF RESPONDENT GROSS AUM (\$BN)

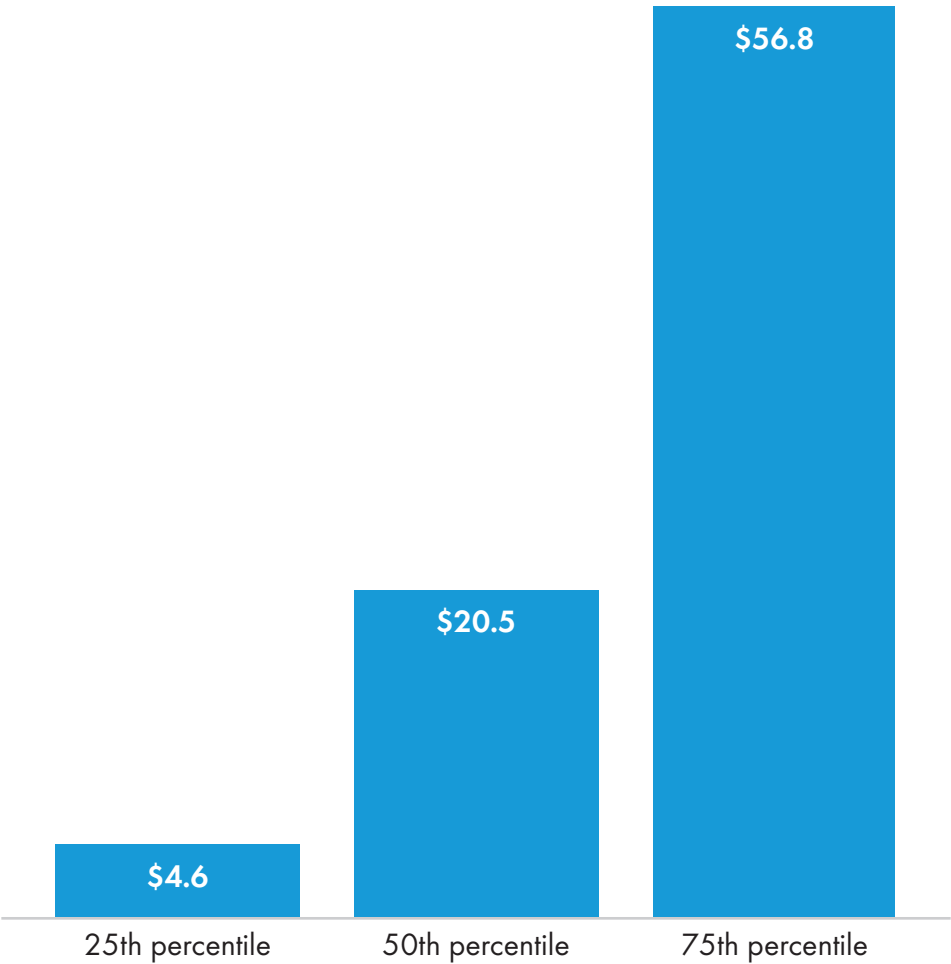
Data as of December 31, 2022



Note: Includes dry powder.
Number of respondents: 28

DISTRIBUTION OF RESPONDENT NET AUM (\$BN)

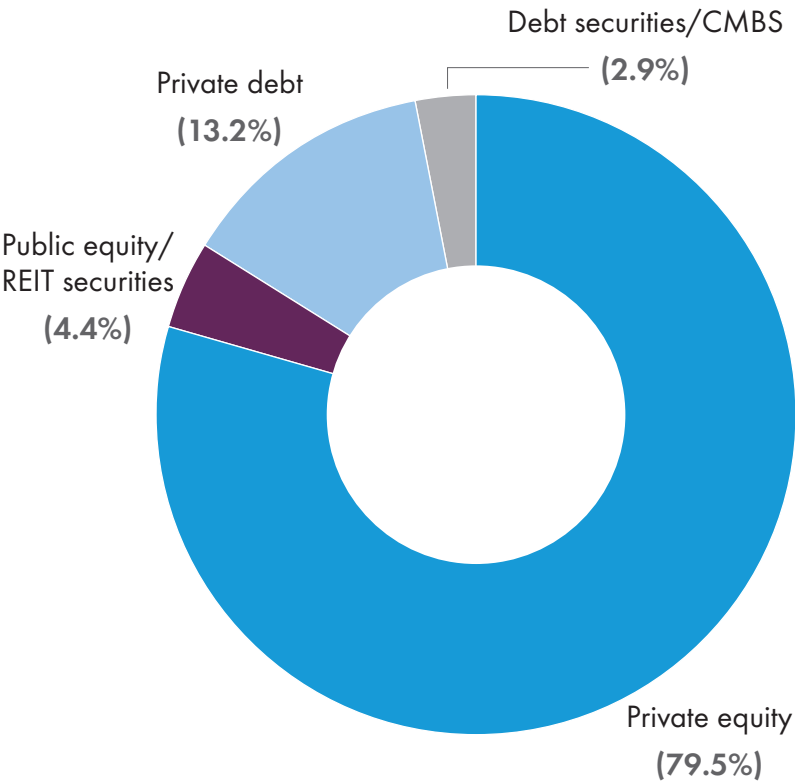
Data as of December 31, 2022



Note: Includes dry powder.
Number of respondents: 28

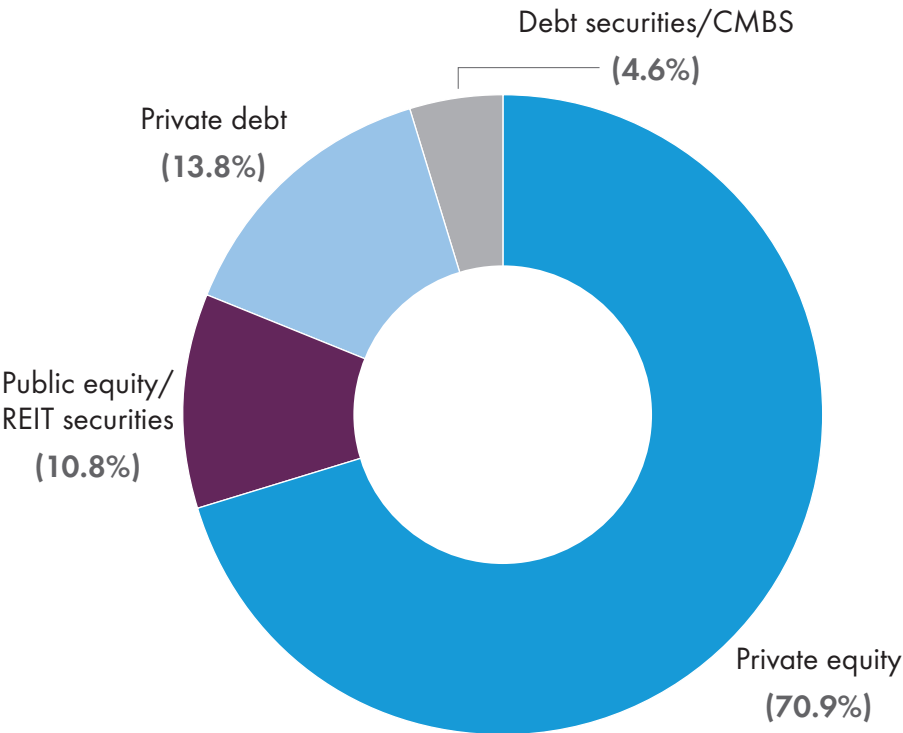
Gross real estate AUM by quadrant

BY REAL ESTATE INVESTMENT QUADRANT (AVERAGE)
Data as of December 31, 2022



Number of respondents: 30

BY REAL ESTATE INVESTMENT QUADRANT (WEIGHTED AVERAGE)
Data as of December 31, 2022

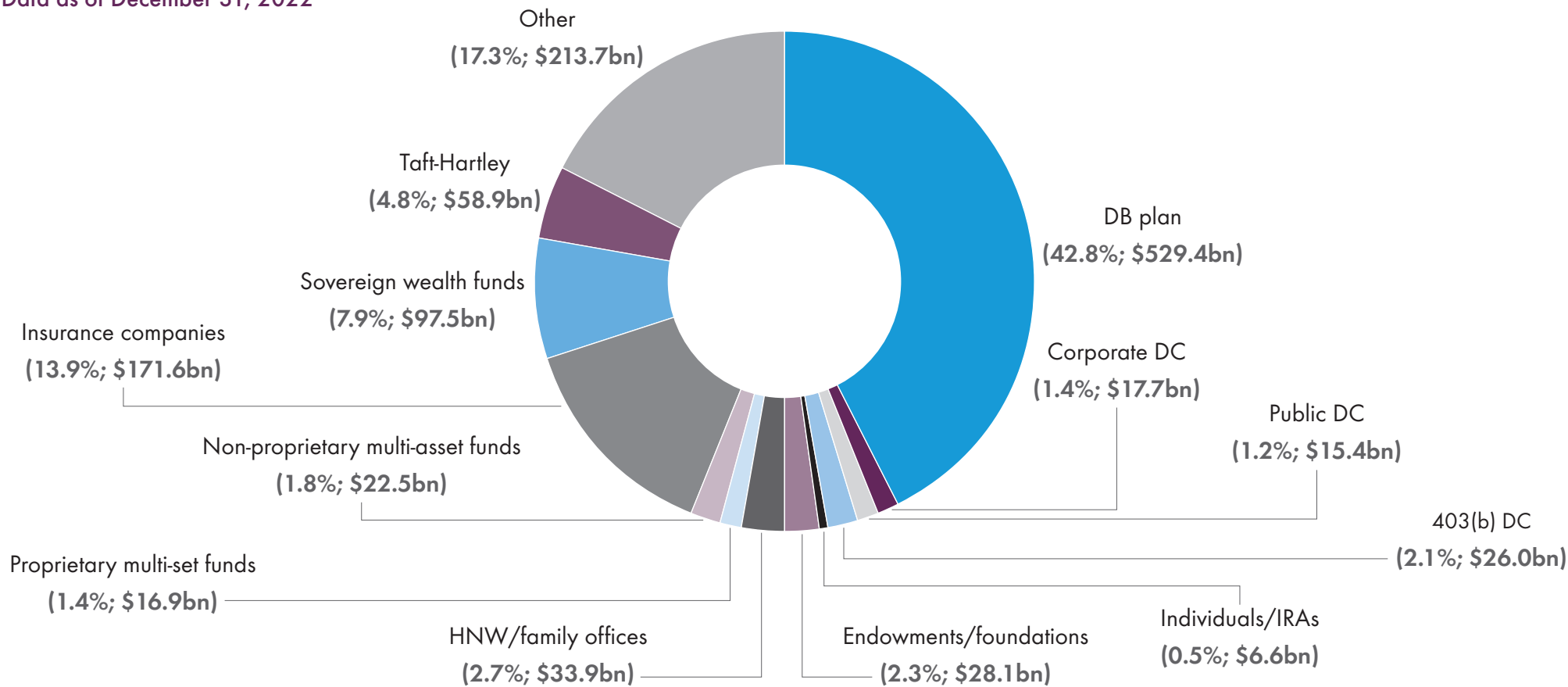


Number of respondents: 30

The majority of 2023 Survey respondents were independent real estate firms, with significant representation from affiliates or subsidiaries of banks or insurance companies. The top quartile were bigger in terms of gross AUM and full-time employees (FTEs) than last year, managing \$84.6 billion of assets on average and employing 731 FTEs. Both the simple average and weighted average calculations show 70%-80% of AUM invested in private real estate on behalf of DC clients, down from 86% in 2022. On a simple basis, allocations to private debt and public equity/REITs increased by 4.5% and 1.1%, respectively.

Private real estate AUM by investor category

PRIVATE REAL ESTATE AUM
Data as of December 31, 2022



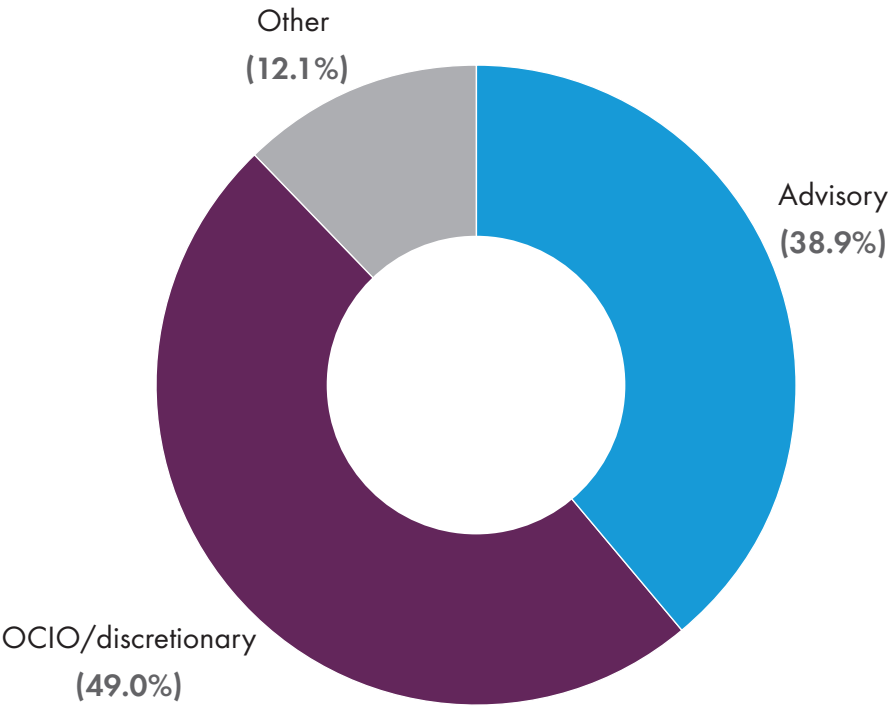
Note: Other included affiliates, asset managers, banks, family offices, financial institutions, funds of funds, general partners, nonprofits, religious funds, sovereign wealth funds and superannuation funds.
Number of respondents: 29

The 2023 Survey reports that the amount of DC capital invested in private real estate at \$59.1 billion in corporate, public and 403(b) DC vehicles. As can be seen in the chart above, corporate and public DC plans comprise 2.6% and 403(b) plans represent 2.1% of gross private real estate AUM.

Real estate AUM by investor type

PRIVATE EQUITY REAL ESTATE AUM BY INVESTOR TYPE

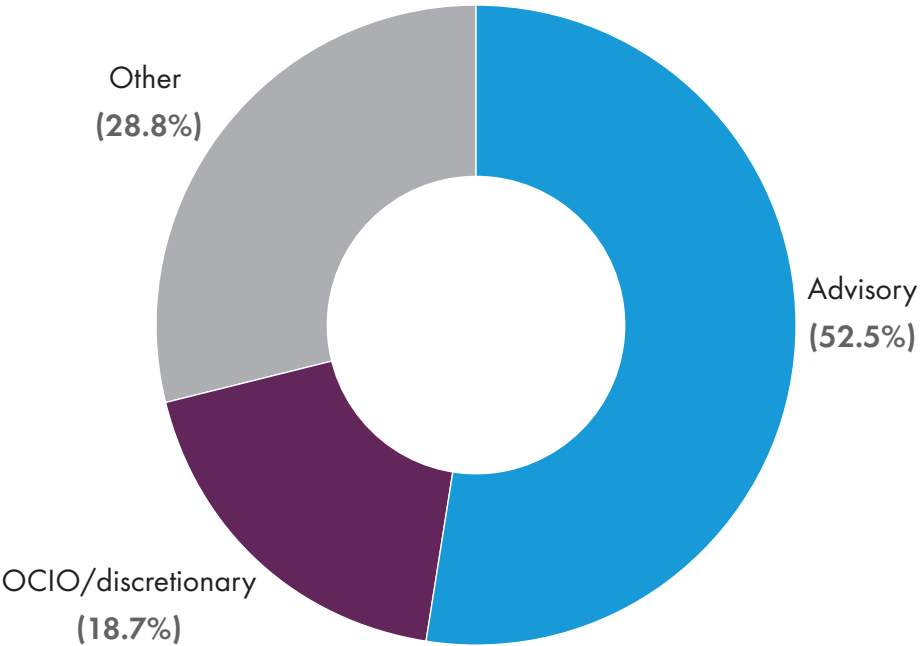
Data as of December 31, 2022



Note: Other included in-house investment management, non-discretionary or limited discretion joint ventures/SMAs, balance sheet investments, and non-separate accounts.
Number of respondents: 24

PUBLIC EQUITY REAL ESTATE AUM BY INVESTOR TYPE

Data as of December 31, 2022

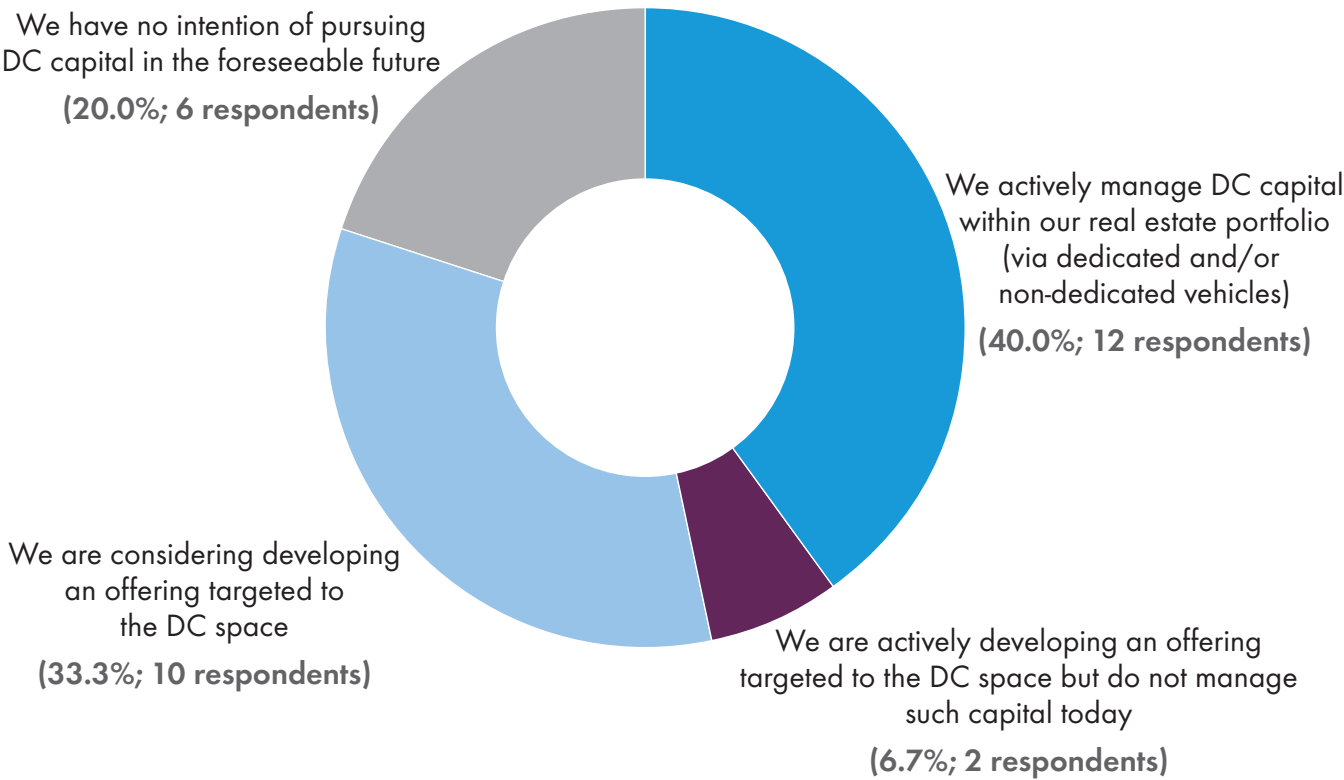


Note: Other included in-house investment management.
Number of respondents: 9

For private real estate, the bulk of business – 49% – originated from outsourced chief investment officer (OCIO)/discretionary channels, followed by 38.9% from advisory and the remainder of 12.1% from in-house investment management, non-discretionary or limited discretion joint ventures/separate managed accounts, and balance sheet investments. Among public equity real estate, OCIO/discretionary is a much smaller source at almost 20%, while advisory mandates formed a majority at 52.5%.

Current efforts in the DC space

MY ORGANIZATION’S CURRENT EFFORTS IN THE DC MARKET CAN BEST BE CHARACTERIZED AS



Number of respondents: 30

FIRMS CONSIDERING DEVELOPING A DC OFFERING MIGHT HAVE A PRODUCT READY TO LAUNCH WITHIN

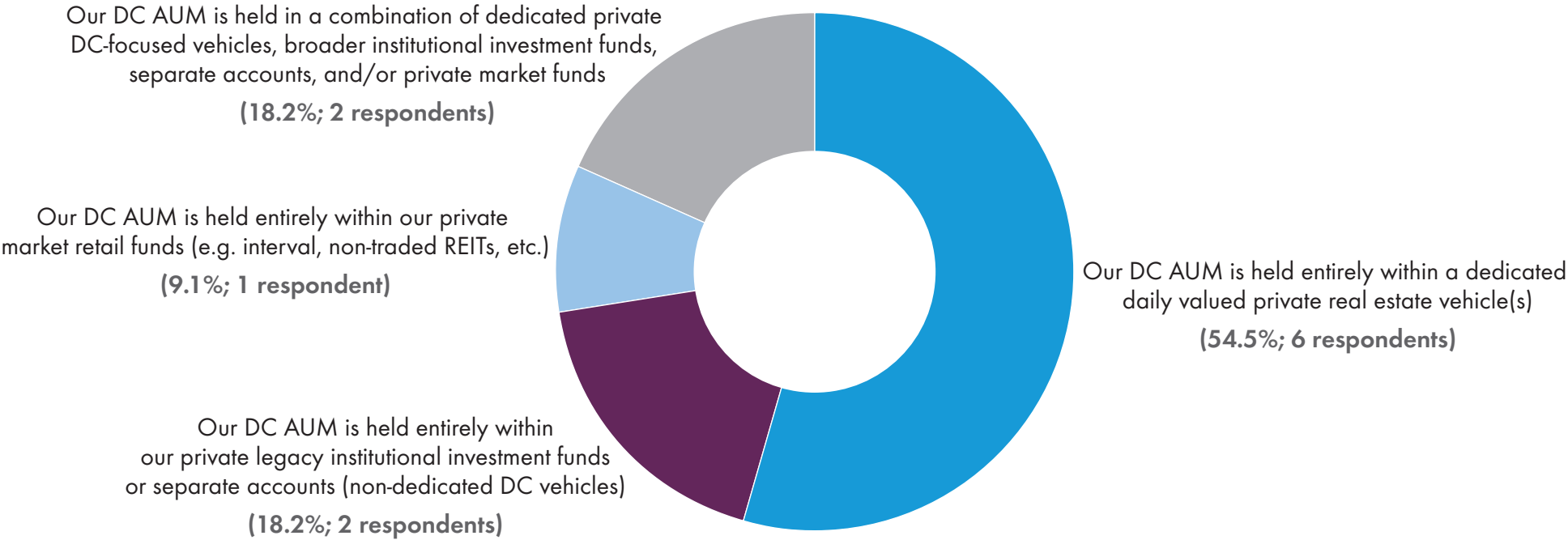
| | |
|--------------|-------|
| 1 – 2 years: | 12.5% |
| 3 – 5 years: | 62.5% |
| 5+ years: | 25.0% |

Number of respondents: 8

A total of 46.7% of 2023 Survey respondents said they actively managed or were actively developing an offering of DC capital within their real estate portfolio. This is the same proportion as the previous year. A further one-third of respondents were considering developing an offering. Of managers considering DC, 62.5% expected to have a product ready to launch within three to five years, 25% expected a longer term launch of over five years while 12.5% expected to do so within two years.

Current efforts in the DC space *continued*

MY PRIVATE REAL ESTATE DC CAPITAL IS MANAGED BY THE FOLLOWING VEHICLES



Number of respondents: 11

Just over half (54.5%) of respondents said they held DC AUM within dedicated daily valued private real estate vehicles. This is slightly higher than the 2022 Survey at 50%. Other real estate investment managers offered DC real estate equally between private legacy funds or separate accounts, and a combination of dedicated and non-dedicated vehicles, as well as through private market retail funds.

DC CAPITAL FLOWS

In 2023, the Defined Contribution Survey asked investment managers to report on capital raised from DC investors for all private real estate strategies — not just DC-dedicated strategies — over the past five years.

Over the next two pages, we provide insights into DC capital raised for:

- Dedicated DC real estate strategies
- Private institutional funds (such as ODCE funds) and separate accounts
- Market retail funds (such as interval/non-traded REITs)

Specific data presented includes:

- DC capital flows and inflows from new investors/mandates
- Total capital flows

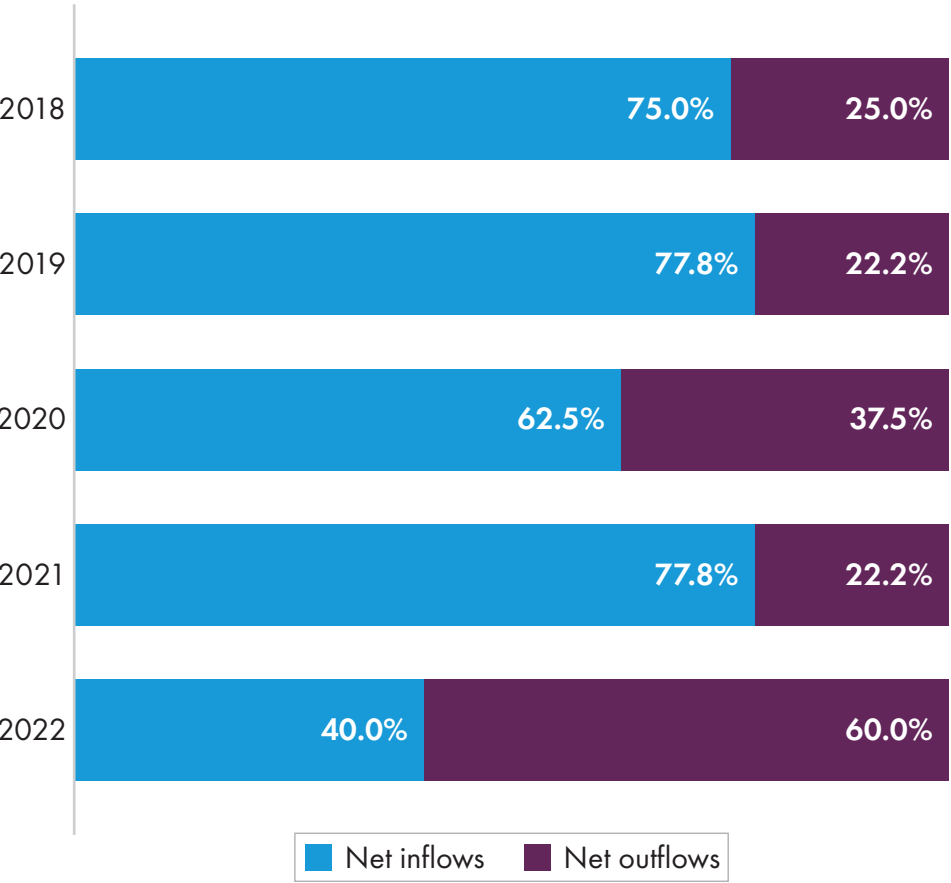
Daily valued private real estate strategies are available to DC plan investors and others

Dedicated DC private real estate strategies are available to DC plan investors only

DC capital flows

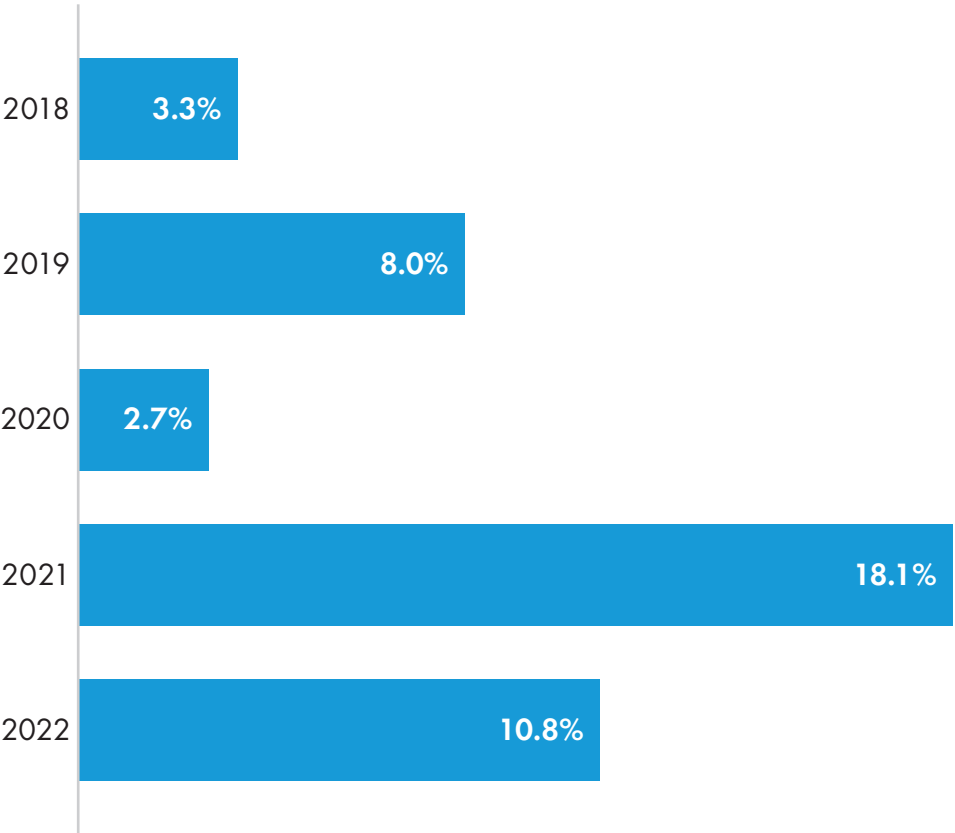
Five-year history 2018–2022

% OF FIRMS EXPERIENCING NET INFLOWS VS. OUTFLOWS



Number of respondents: 10

% OF INFLOWS FROM NEW INVESTORS/MANDATES

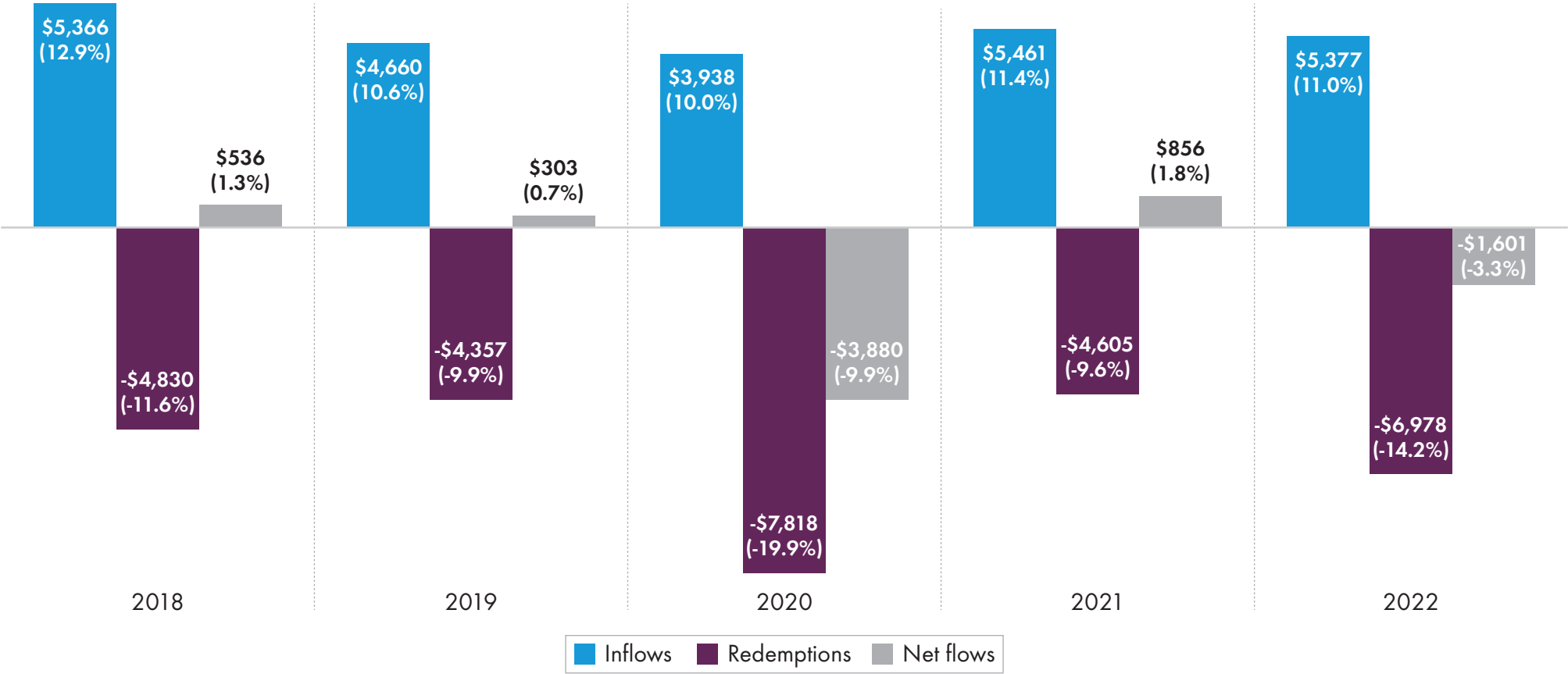


Number of respondents: 10

Against a challenging economic backdrop of market volatility and private real estate’s strong post-Covid performance, 60% of real estate investment managers experienced net outflows as investors rebalanced due to the denominator effect. Almost 11% of real estate investment managers reported inflows from new investors or mandates in 2022.

Total capital flows

TOTAL PRIVATE REAL ESTATE DC CAPITAL FLOWS OVER THE PAST FIVE YEARS (\$M)



Number of respondents: 10

Private real estate is playing a growing role within DC portfolios as investors recognize its diversification benefits and lower volatility compared to REITs. However, market conditions and investor requirements impacted DC capital flows. Against real estate outperformance in 2021 and the first half of 2022, real estate investment managers recorded \$7 billion of redemptions against inflows of \$5.3 billion, netting an outflow of 3.3%.

Total capital flows *continued*

BREAKDOWN OF TOTAL PRIVATE REAL ESTATE DC CAPITAL FLOWS OVER THE PAST FIVE YEARS (\$M)

| | | Total inflows | Redemptions from existing DC investors | Net capital flows |
|------|--|-------------------|--|--------------------|
| 2018 | Dedicated DC real estate strategies | \$4,740.85 | \$4,172.83 | \$568.02 |
| | DC capital in private funds or separate accounts | \$563.54 | \$641.94 | -\$78.30 |
| | DC capital in private market retail funds | \$61.22 | \$15.17 | \$46.05 |
| | DC capital – Aggregate | \$5,365.61 | \$4,829.94 | \$535.77 |
| 2019 | Dedicated DC real estate strategies | \$3,965.16 | \$3,381.40 | \$583.77 |
| | DC capital in private funds or separate accounts | \$674.34 | \$975.45 | -\$301.01 |
| | DC capital in private market retail funds | \$20.50 | \$0 | \$20.50 |
| | DC capital – Aggregate | \$4,660.00 | \$4,356.85 | \$303.26 |
| 2020 | Dedicated DC real estate strategies | \$3,442.04 | \$6,964.63 | -\$3,522.69 |
| | DC capital in private funds or separate accounts | \$486.77 | \$846.03 | -\$359.26 |
| | DC capital in private market retail funds | \$9.35 | \$7.02 | \$2.33 |
| | DC capital – Aggregate | \$3,938.16 | \$7,817.68 | -\$3,879.62 |
| 2021 | Dedicated DC real estate strategies | \$4,613.29 | \$3,457.78 | \$1,155.51 |
| | DC capital in private funds or separate accounts | \$801.52 | \$1,117.81 | -\$316.29 |
| | DC capital in private market retail funds | \$46.48 | \$29.39 | \$17.08 |
| | DC capital – Aggregate | \$5,461.29 | \$4,604.98 | \$856.30 |
| 2022 | Dedicated DC real estate strategies | \$4,842.66 | \$6,279.17 | -\$1,436.50 |
| | DC capital in private funds or separate accounts | \$524.22 | \$684.49 | -\$160.28 |
| | DC capital in private market retail funds | \$10.44 | \$14.72 | -\$4.28 |
| | DC capital – Aggregate | \$5,377.32 | \$6,978.38 | -\$1,601.06 |

DEDICATED DC REAL ESTATE STRATEGIES

This section looks at the state of manager offerings specifically dedicated to or originally structured for the DC marketplace, including their size, number and growth.

Specific data presented includes the following:

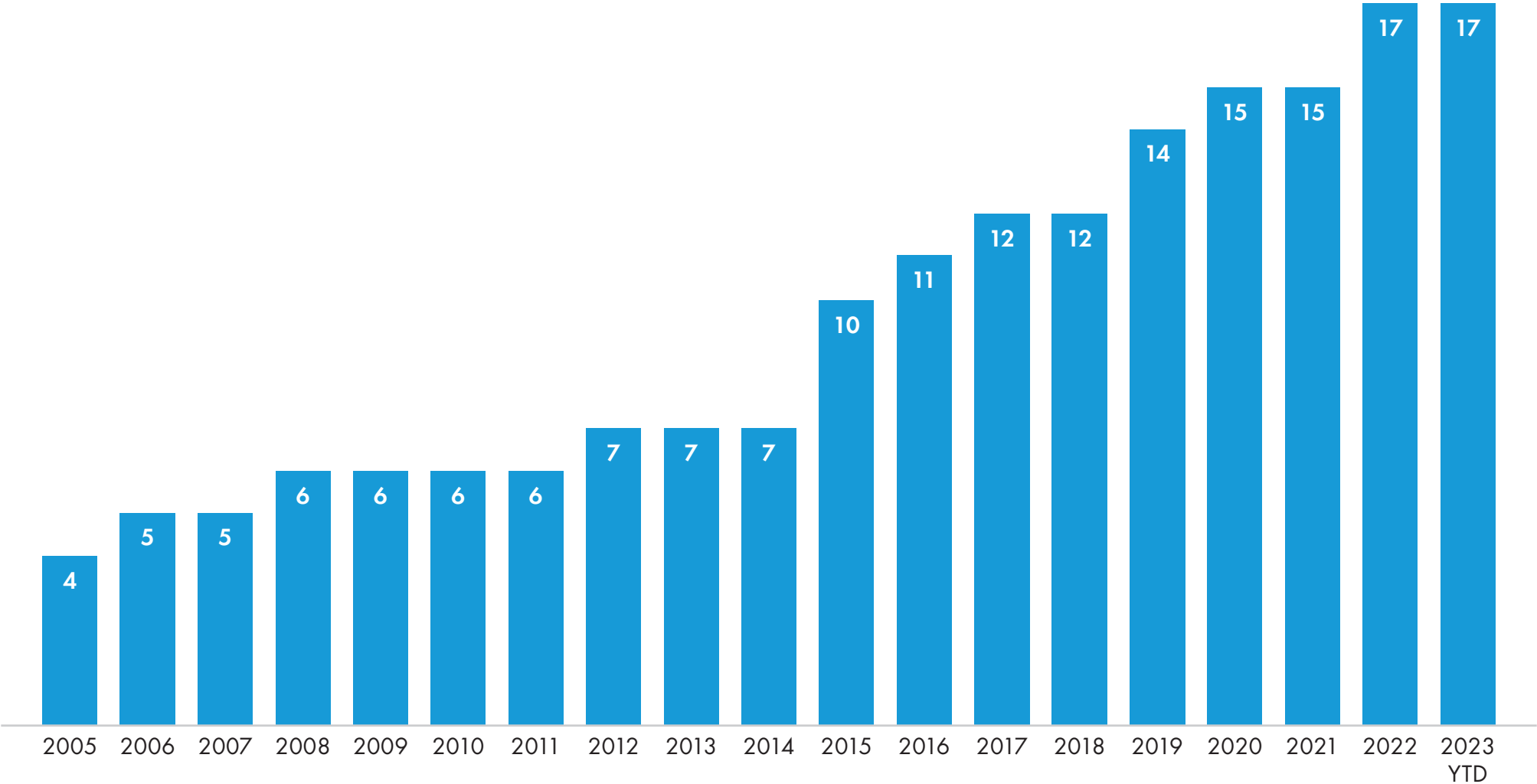
- Growth in daily valued products available
- Distribution of strategy AUM and size of strategies dedicated to or originally structured for DC investors
- Scale and growth of DC real estate strategies
- Structure and composition of DC real estate vehicles
- Target allocation and liquidity sleeve
- DC investor demographics by dedicated DC strategy

Daily valued private real estate strategies are available to DC plan investors and others

Dedicated DC private real estate strategies are available to DC plan investors only

Growth in daily valued products available

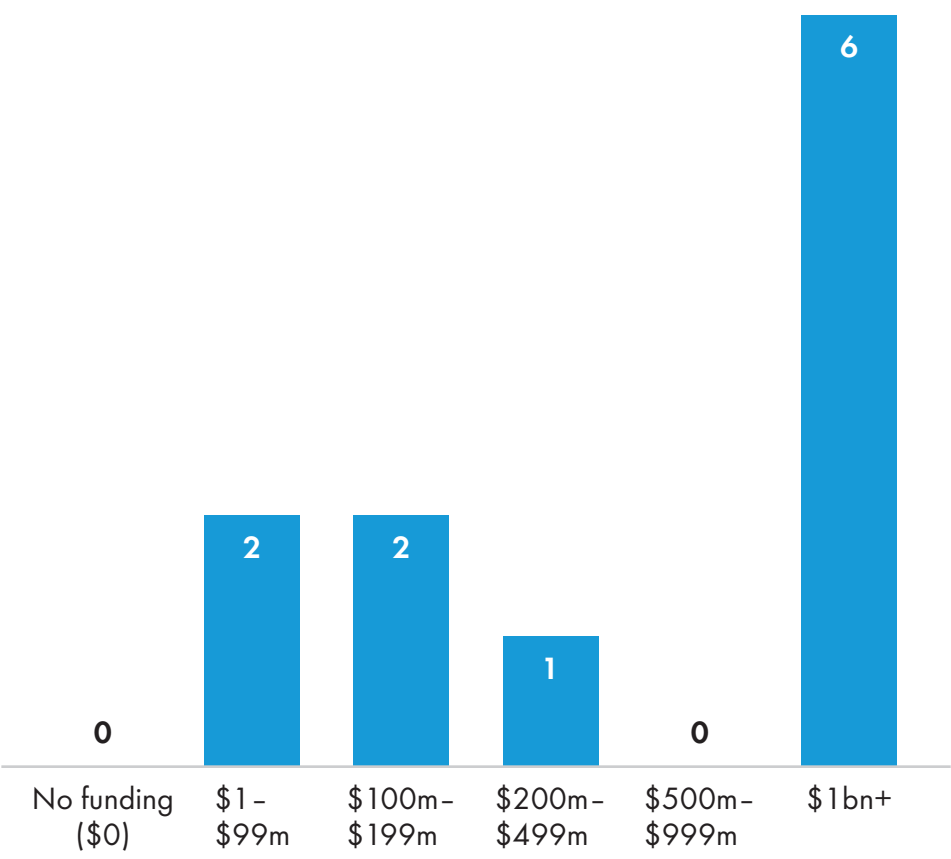
OF DEDICATED DC PRIVATE REAL ESTATE VEHICLES IN MARKET



Note: Four firms have multiple products.

Distribution of strategy AUM

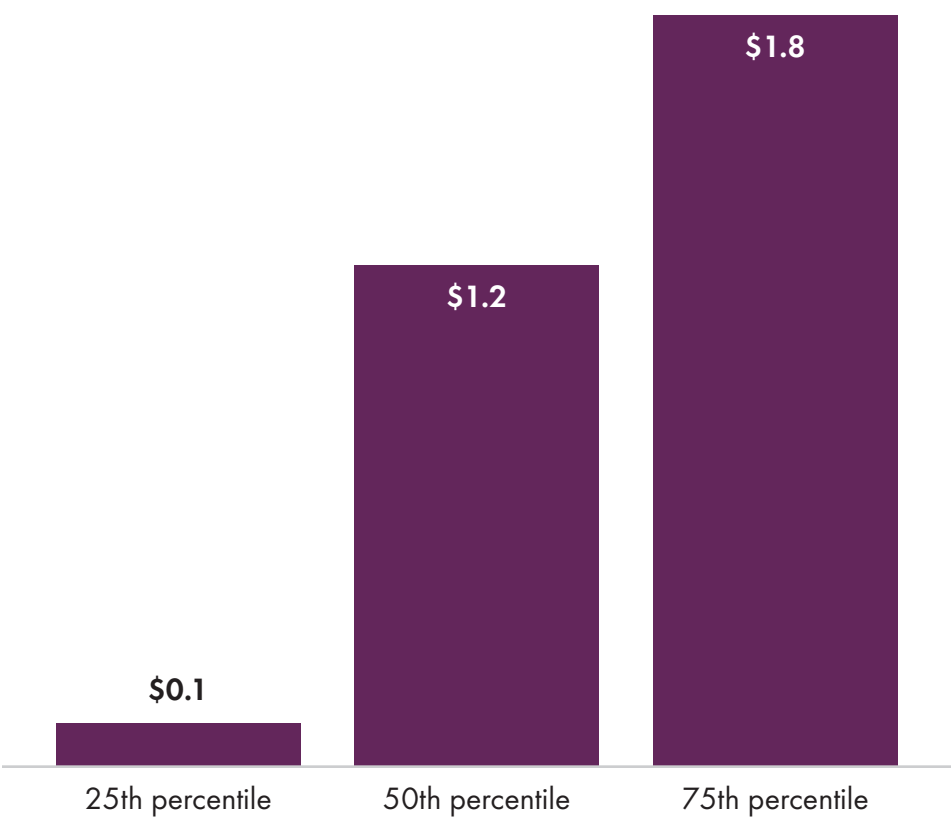
AUM OF DEDICATED DC STRATEGIES IN 2022



Note: Includes unfunded commitments. Some managers offer multiple dedicated DC strategies.
Number of respondents: 11

SIZE OF DEDICATED DC STRATEGIES (\$BN)

Data as of December 31, 2022



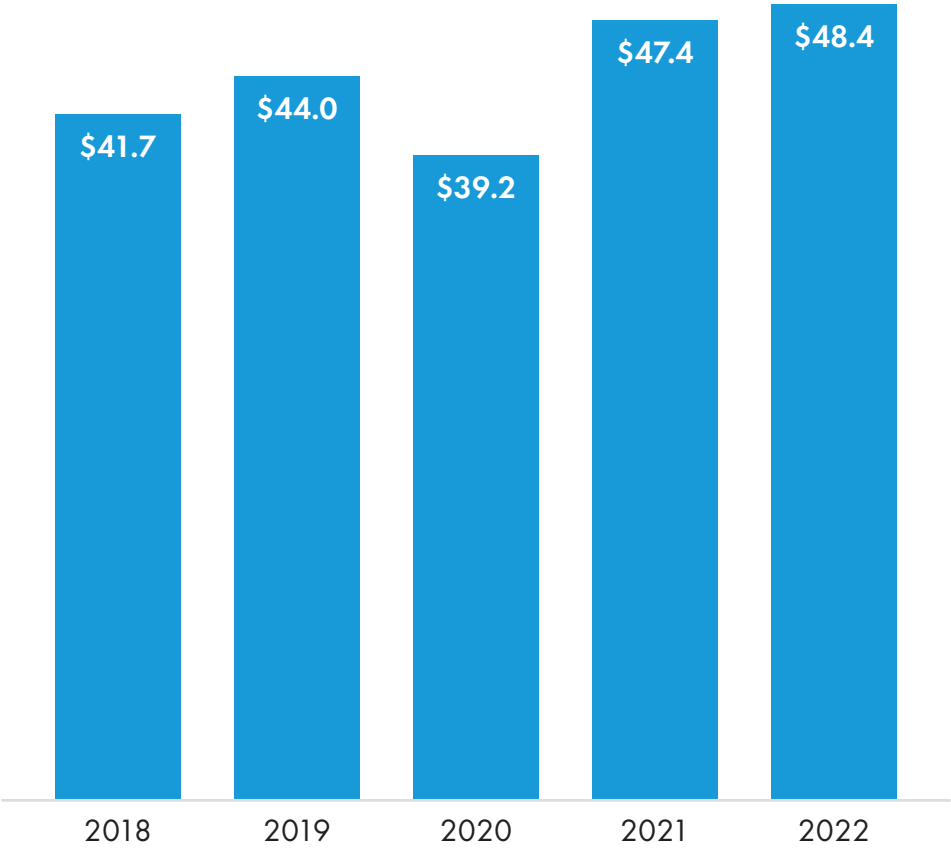
Number of respondents: 11

Over half of daily valued real estate products for DC capital in the market were larger than \$1 billion of AUM. While the 75th percentile of dedicated DC strategy size was at \$1.8 billion a tad lower than the previous year’s \$2.1 billion, the average size jumped to \$1.2 billion from \$0.2 billion.

Scale and growth of DC real estate strategies

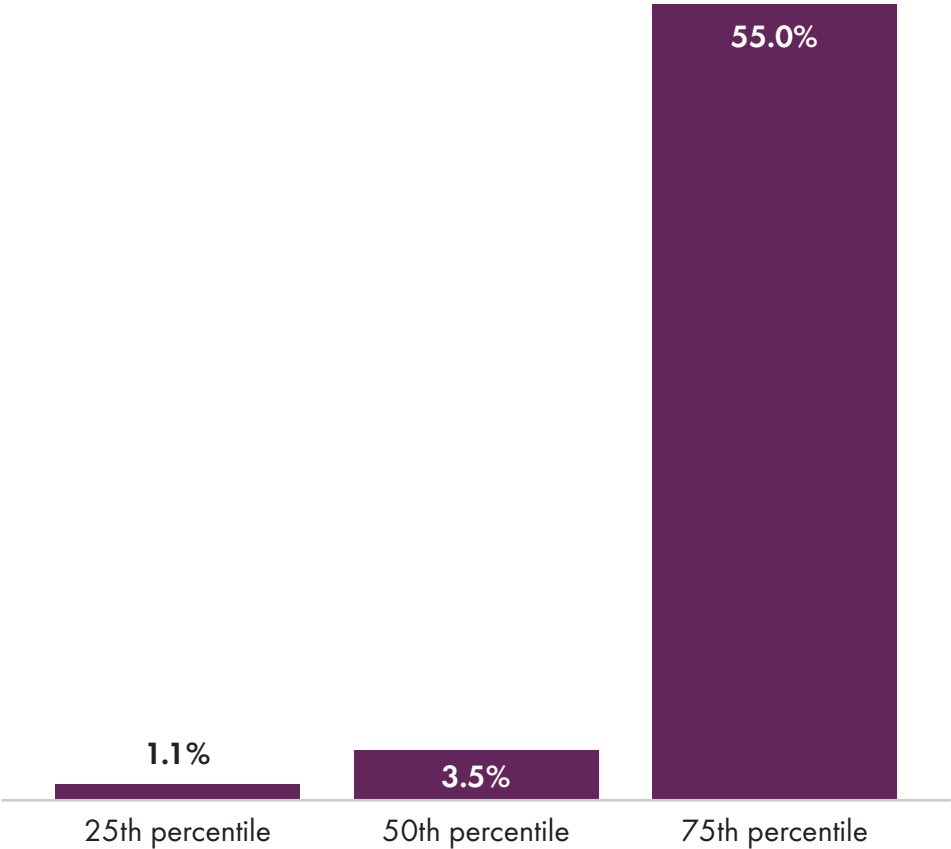
Below a sample of respondents provided a five-year history of AUM growth

5-YEAR HISTORY OF AUM GROWTH FOR SAME STORE RESPONDENTS (\$BN)



Number of respondents: 7

CAGR OF PRIVATE REAL ESTATE DC AUM

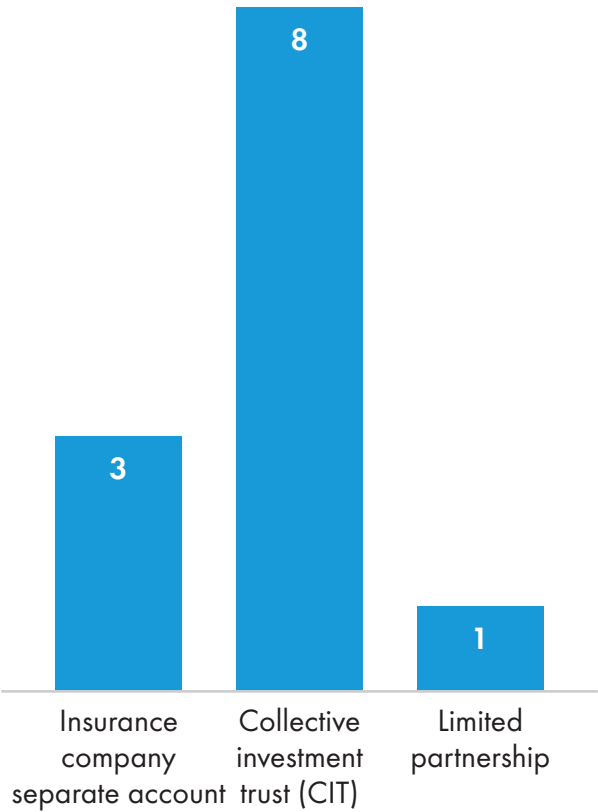


Number of respondents: 7

Real estate investment managers with a five year or longer track record of managing DC capital reported that AUM rose to \$48.4 billion in 2022 from \$47.4 billion the previous year. The five-year median compound annual growth rate (CAGR) of private real estate DC AUM was 3.8%, with the top quartile growing the fastest at 55% on average.

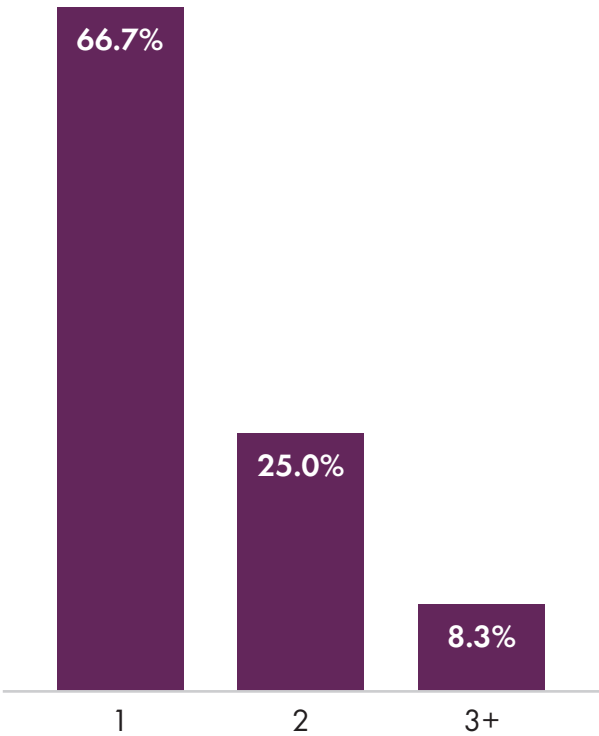
Structure and composition of DC real estate vehicles

FUND STRUCTURE



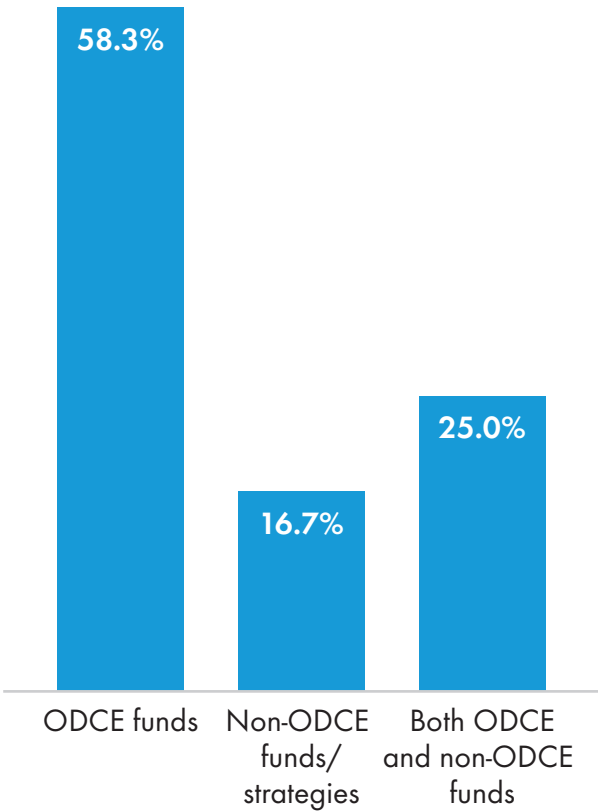
Number of respondents: 12

OF PRIVATE STRATEGIES USED IN OFFERING



Number of respondents: 12

FUNDS UNDERLYING THE PRIVATE REAL ESTATE STRATEGY

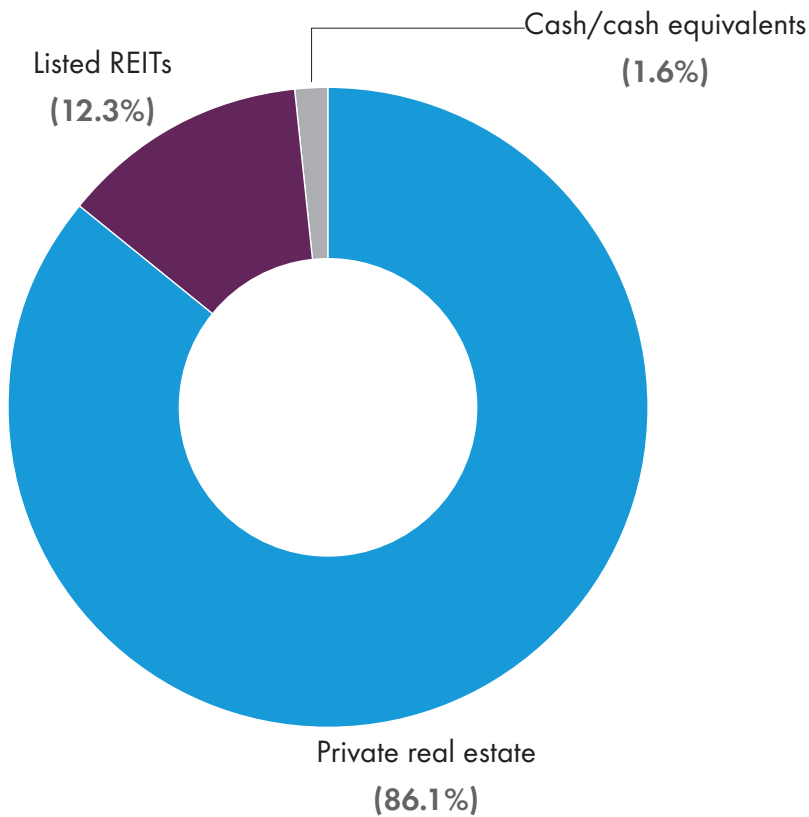


Number of respondents: 12

The collective investment trust (CIT) continues to be the most popular vehicle structure for DC funds. Two-thirds of vehicles used one private strategy in their offering and over half used ODCE (Open End Diversified Core Equity, originated by NCREIF) funds only as the underlying strategy. Just over 16% used only non-ODCE funds while one-quarter used a mix of ODCE and non-ODCE funds.

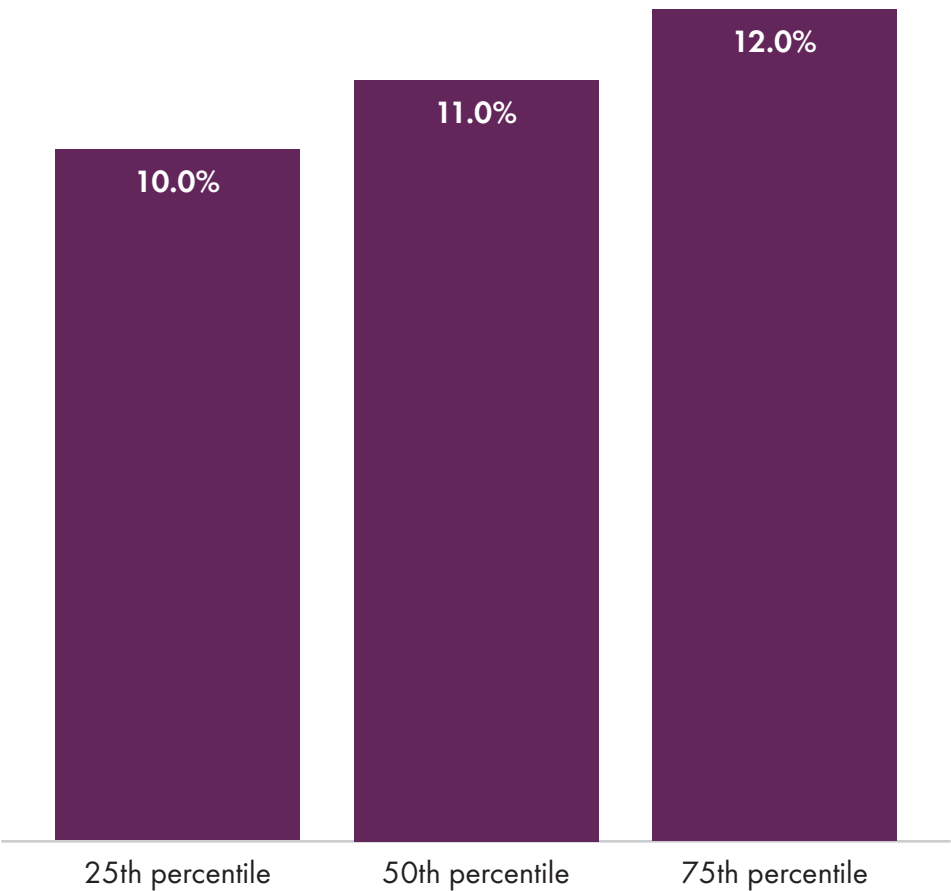
Target allocation and liquidity sleeve

AVERAGE TARGET ALLOCATIONS



Number of respondents: 12

QUARTERLY LIQUIDITY SLEEVE FOR DC REAL ESTATE STRATEGIES

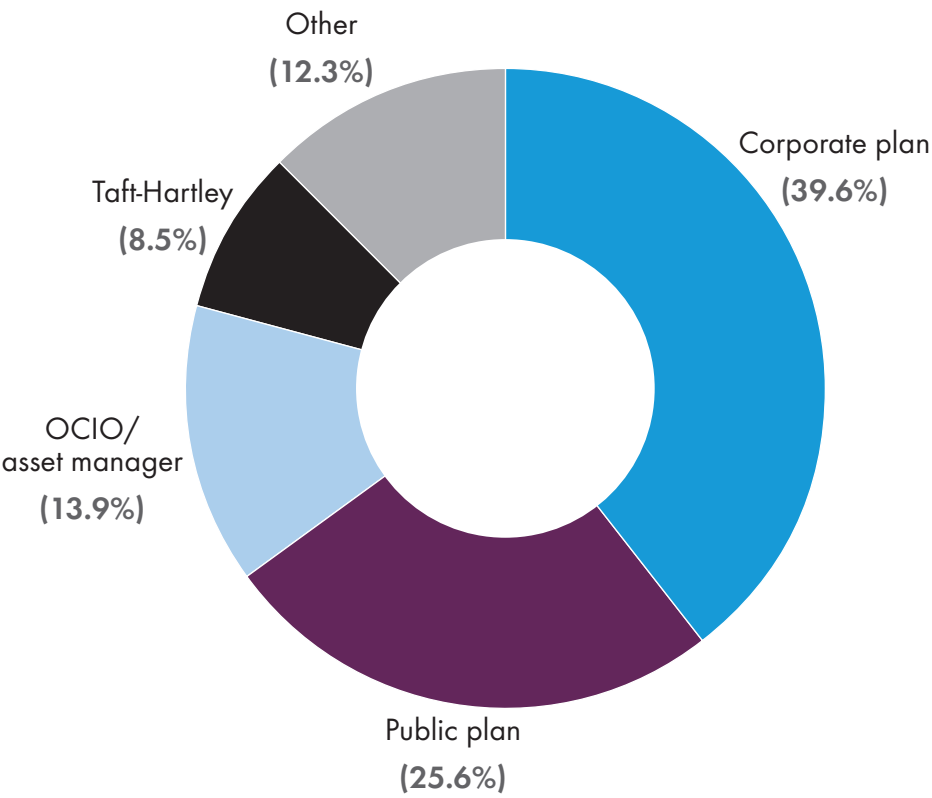


Number of respondents: 6

DC capital managers reported on average an 86% target allocation to private real estate, with the remainder in liquid REITs (12.3%) and cash or cash equivalents (1.6%). Liquidity continues to play an important role for both DC investors and managers alike.

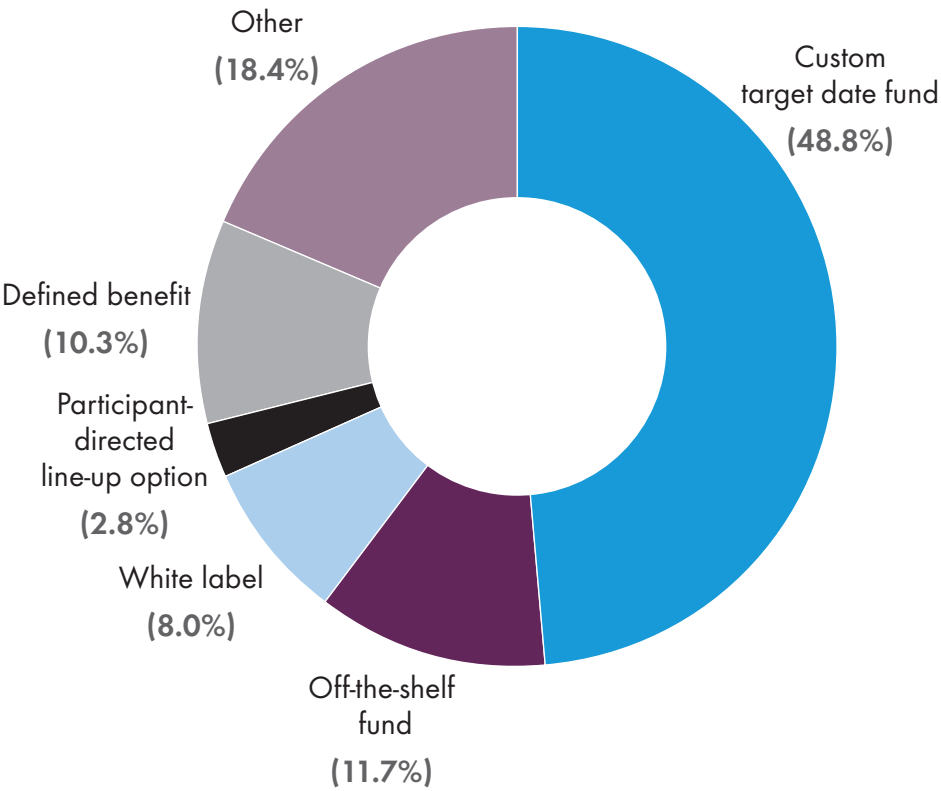
DC investor demographics by dedicated DC strategy

DC INVESTOR PROFILE



Other included church/religious funds, target-date funds and 403(b) nonprofits.
Number of respondents: 11

SOURCE OF FUND/ACCOUNT ASSETS



Other included Taft-Hartley, public plans, corporate plans and trustee-directed funds.
Number of respondents: 11

In 2023, Survey respondents said they sourced 40% of their DC real estate fund capital from corporate pension plans and 25.6% from public pensions. Almost half of assets originated from custom target date funds. Off-the-shelf funds accounted for nearly 12% of assets.

ORGANIZATIONAL RESOURCES FOR DC REAL ESTATE STRATEGIES

This section looks at how real estate investment managers are staffing their DC real estate strategies.

Specific data presented includes the following:

- Number of full-time employees
- Background of full-time employees
- DC capital raising distribution resources
- Time allocation of distribution resources
- Hiring plans

Daily valued private real estate strategies are available to DC plan investors and others

Dedicated DC private real estate strategies are available to DC plan investors only

The Defined Contribution Survey 2023 manager respondents

Four participants elected not to be listed

AEW Capital Management

Bailard

BGO

CBRE Investment Management

Clarion Partners

Dermody Properties

Harrison Street Real Estate Capital

Heitman

Hines

Intercontinental Real Estate Corporation

Invesco Real Estate

JPMorgan Asset Management

LaSalle Investment Management

National Equity Fund

National Real Estate Advisors

Partners Group

PCCP

PGIM Real Estate

Principal Real Estate Investors

PIMCO

Prologis

Rockpoint


Stockbridge Capital Group

TSCG Investors

Torchlight Investors

UBS Realty Investors

Waterton Associates



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