

## Albert Tan, Justin Keller Publish Article in *Sovereign Wealth Quarterly*: ‘Global Perspective – Spotlight on Real Estate Debt and Fund Finance’

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**PRACTICES** Corporate, Multi-Currency/Cross Border Financings, Finance, Real Estate Finance, Fund Finance, International

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Partner [Albert Tan](#), co-chair of the firm’s Fund Finance Practice, and Associate [Justin Keller](#) authored an article in the July issue of *Sovereign Quarterly*. Read an excerpt below:

### Introduction

Based on the latest quarterly data from PERE, a leading publication for the world’s private real estate markets, there seems to be a major shift underway in private real estate fundraising, as real estate debt has recently prevailed as the most popular strategy amongst real estate asset classes since PERE began tracking the data in 2008. This shift served as the impetus for a recent panel discussion at this year’s PERE Global Investor Forum, held in May 2022, in San, Francisco, California.

Moderated by Albert Tan, a Partner and Co-Head of Fund Finance at Haynes Boone, the panel, titled “Global Perspective – Spotlight on Real Estate Debt and Fund Finance,” brought together the expertise of panelists Roshan Chagan, Partner at Ares Management Corporation, Vicky Du, Managing Director and Global Head of Fund Finance at Standard Chartered Bank, and Simon Uiterwijk, Head of Commercial Real Estate Debt, U.S., at NN Investment Partners, who addressed the recent ascension of real estate debt as a favored strategy within real estate fundraising, situating the trend within the broader economic shifts of recent years, and discussed the role of subscription-secured lines of credit within this context.

Following is a high-level summary of the discussions from that panel. **Global Perspective – The Rise of Real Estate Debt** According to PERE’s Q1 2022 Fundraising Report published in early May, out of total capital raised of \$33.2 billion during the first quarter, debt prevailed as the most popular strategy for the first time since PERE began tracking the data in 2008—raising approximately \$11.5 billion. Significantly, debt accounted for more than 34% of total capital raised during the quarter—easily the largest-ever percentage for the strategy since PERE started tracking the data. Notably, based on the report, four of the top five private real estate funds closed in the first quarter of 2022 were focused on mezzanine debt investments, and all four debt funds exceeded \$1.5 billion—with the highest topping \$3.2 billion.

Debt’s fundraising triumph consequently knocked the reigning champion strategy—opportunistic—out of the top spot, a position the latter strategy has held, according to PERE, for all but one of the last 12 years. Apart from 2020, opportunistic has prevailed every year as the most favored strategy, accounting for at least 30% of total capital raised since 2017. This time, however, opportunistic dropped to its smallest-ever share of 25.18% and fell to third place behind value-add, which accounted for 33.03% of the capital raised.

Excerpted from *Sovereign Wealth Fund Institute Quarterly*. To read the full article, click on the PDF below.

[\*\*Sovereign Wealth Fund Institute Quarterly\*\*](#) (see Page 35)

*Editor's note: Summer Associate Carlos Rendon contributed to this article. Carlos is not licensed to practice law.*