



FORE

FAMILY OFFICE REAL ESTATE INSTITUTE

Annual Study

2022

ANNUAL

FAMILY OFFICE REAL ESTATE INVESTING STUDY

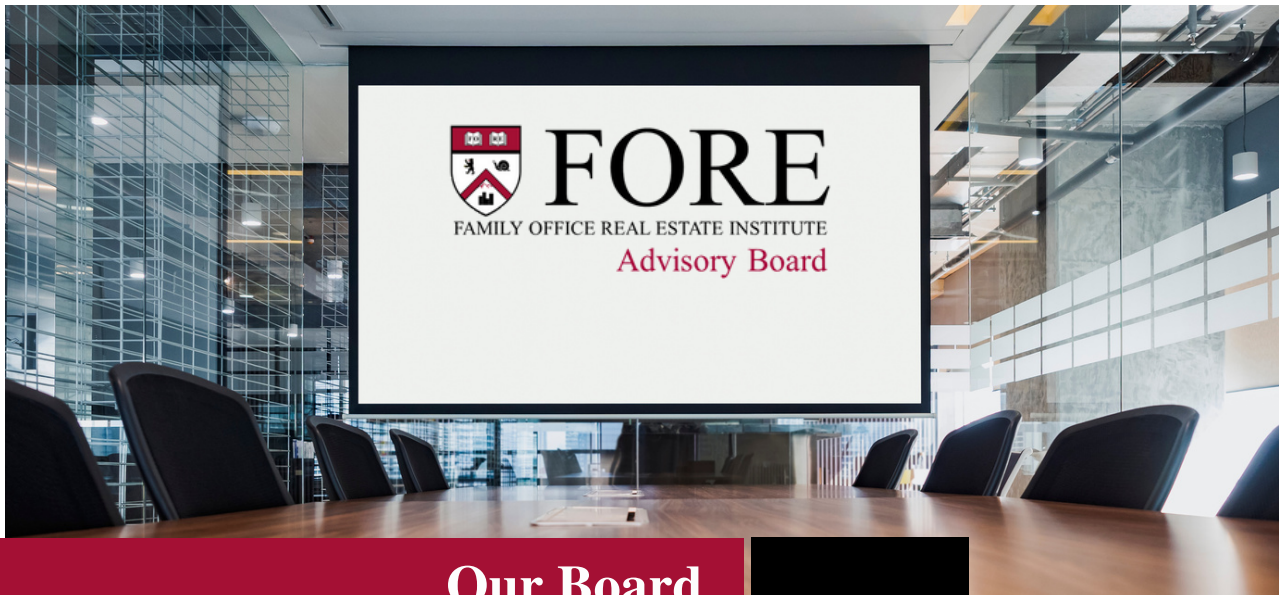
**The Worlds Most Comprehensive
Family Office Real Estate Study**

The Annual Family Office Real Estate Investing Study is a comprehensive analysis that examines trends and strategies in real estate investments by family offices. It provides valuable insights into allocation percentages, portfolio returns, and expectations, serving as a vital resource for informed decision-making in this sector.

www.fore.institute 

Denver, CO 

Evergreen



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DJ VAN KEUREN

Founder, Family Office Real Estate Institute
Co Managing Member - Evergreen

A LETTER FROM THE FOUNDER

Dear Reader,

As the founder of the Family Office Real Estate Institute, it is with great pride and anticipation that I introduce our 4th annual Family Office Real Estate Investing Study.

Over the past four years, we have dedicated ourselves to providing the most comprehensive analysis of family office real estate investment behaviors, strategies, and preferences. Our commitment to this mission has led us to create what is now recognized as the world's largest study of its kind.

The 2022 edition of our study continues this tradition of excellence. We have delved deeper, asked more probing questions, and broadened our scope to ensure we provide the most valuable insights into the intricate world of family office real estate investments.

This year's study commences with an examination of the participant types, demographics, and size distribution of the family offices we surveyed. We explore the various investment strategies employed and the factors influencing these decisions. We've also expanded our research into alternative real estate investments, including tokenized real estate, and the importance of trust and diversification in real estate partnerships.

We introduce the concept of the 'Philanthropic Spectrum', highlighting the varying degrees of philanthropic involvement among family offices. We also cover tax efficiency, 1031 exchanges, and the interest in Opportunity Zones, including specific investment strategies.

As we conclude the study, we look ahead to future concerns, the growing influence of impact investing in real estate, and the key priorities in education for family offices. We also present beneficiary insights and the need for additional education in this field.

Thank you for your continued support and interest in our work. We look forward to sharing our findings with you and to another successful year of family office real estate investing.

A handwritten signature in dark ink, appearing to read 'DJ Van Keuren', written in a cursive style.

DJ VAN KEUREN

Founder, Family Office Real Estate Institute

The 2022 Family Office Real Estate Institute Study

The 2022 Family Office Real Estate Institute Study provides an exhaustive analysis of the investment behaviors, strategies, and preferences of family offices in the real estate sector. This comprehensive report covers a wide array of topics, offering valuable insights into the intricate world of family office real estate investments.

The study commences by examining the participant types, demographics, and size distribution of family offices, providing a clear understanding of the landscape. It explores the various investment strategies employed and the factors influencing family office real estate investments. The report also delves into direct investing, allocations and strategies, average annual investment, average per investment, and investment hold periods.

The report further investigates real estate allocations, property and market preferences, and the location of assets. It provides a detailed understanding of investment

priorities, including those specific to family offices and real estate. The motivations behind these investments, including generational planning and the establishment of foundations, are also discussed.

The study introduces the concept of the 'Philanthropic Spectrum', highlighting the varying degrees of philanthropic involvement among family offices. It also covers tax efficiency, 1031 exchanges, and the interest in Opportunity Zones, including specific investment strategies.

Now in its 5th year, the Family Office Real Estate Institute's Real Estate Investing Study stands unrivalled as the world's most extensive study on family office real estate investments.



The report provides insights into alternative real estate investments, including tokenized real estate, and the importance of trust and diversification in real estate partnerships. It also discusses fund investments for direct deals access and the due diligence practices employed, including sponsor and investment considerations.

The study presents an analysis of service providers, allocations and returns, and the consciousness of fees from a family office perspective. It also discusses the external capital of family offices and their investment plans for 2022.

The report concludes with a look at future concerns, the growing influence of impact investing in real estate, and the key priorities in education. It also presents beneficiary insights and the need for additional education in this field.

Overall, the 2022 Family Office Real Estate Institute Study offers a comprehensive view of the current state of family office real estate investments, providing valuable insights for investors, family offices, and service providers alike.



Investment and Portfolio Management Challenges within Real Estate and the Family Office

The participants identified a range of challenges in investment and portfolio management, specifically within the realms of real estate and the family office:

Family Allocation,
Tax Strategy
Liquidity
Due Diligence
Investment Restrictions
Lack of Professional Guidance
Sourcing New Deals
Portfolio Construction
Diversification
Tax Efficiencies for International Investments
Limited Supply of Stabilized Income Opportunities
Deployment of Capital with the Right Partners.

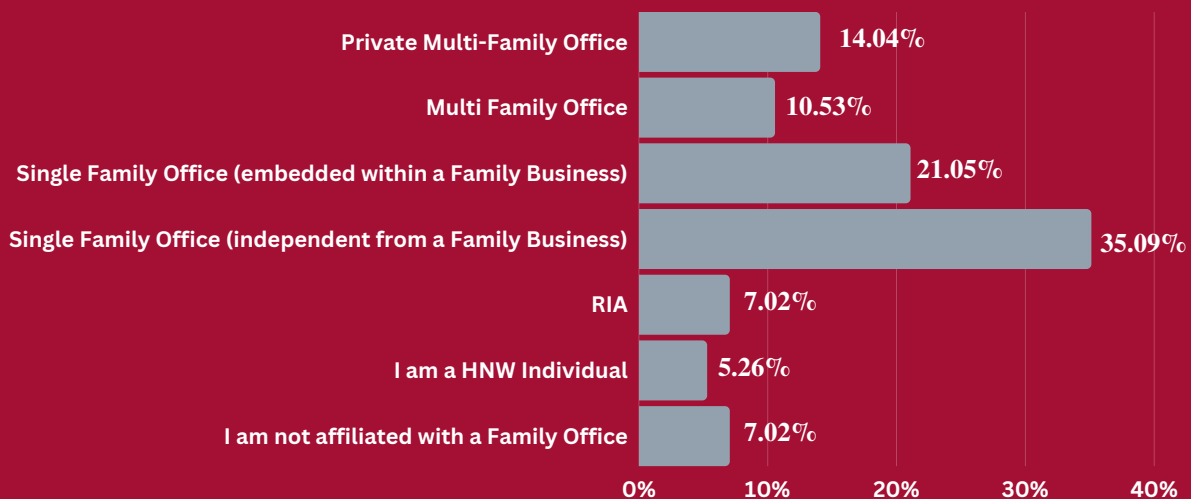


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Participants Type

The respondents represented a diverse range of family office types, showcasing the various structures and affiliations within the survey. Among the participants, 14.04% belonged to a private multi-family office, indicating a presence of shared resources and collaboration among multiple families. Multi-family offices, which serve the needs of multiple high-net-worth families, accounted for 10.53% of respondents. Single-family offices embedded within a family business represented 21.05%, highlighting the integration of wealth management functions within a larger business entity. Additionally, 35.09% of respondents were part of single-family offices that operate independently from a family business, indicating a focus on managing the financial affairs of a single family. Registered Investment Advisors (RIA) made up 7.02% of the participants, providing professional investment advisory services. A smaller percentage, 5.26%, identified as high-net-worth individuals (HNW) without affiliation to a specific family office. Lastly, 7.02% of respondents indicated that they were not affiliated with a family office. These diverse family office types represented in the survey contribute to a comprehensive understanding of the real estate landscape from various organizational structures and perspectives.

The makeup of the Family Office participants



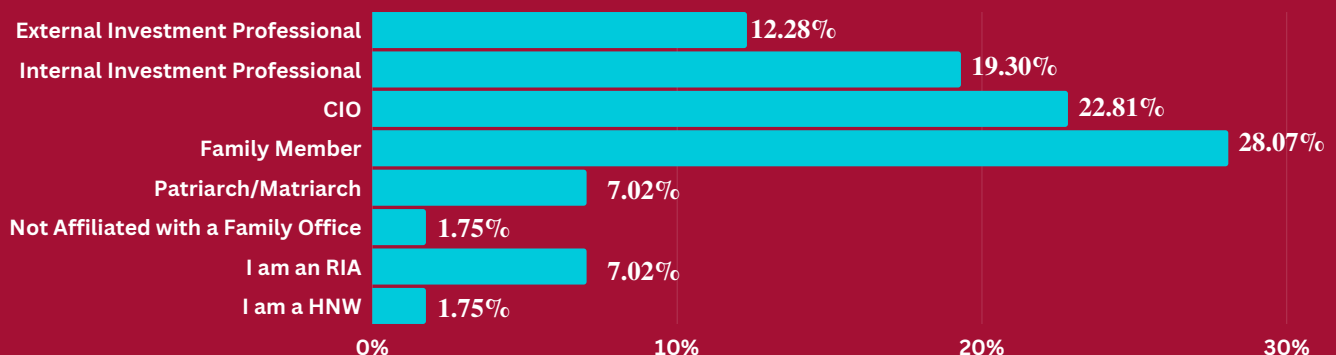
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Demographics of Survey Participants

This analysis focuses on understanding the demographics of participants who took part in a survey. The data provided reveals the distribution of respondents across various categories.

Among the participants, 12.28% identified as External Investment Professionals, indicating their involvement in investment-related activities outside the surveyed family offices. Internal Investment Professionals constituted 19.30% of the respondents, suggesting that they were engaged in investment activities within the family offices.

Participants Role with the Family Office



A significant proportion of 22.81% of participants identified themselves as Chief Investment Officers (CIOs), indicating their executive role was responsible for managing investments within the family offices. Family Members, representing the largest group at 28.07%, indicated that they were part of the family owning or managing the family office.

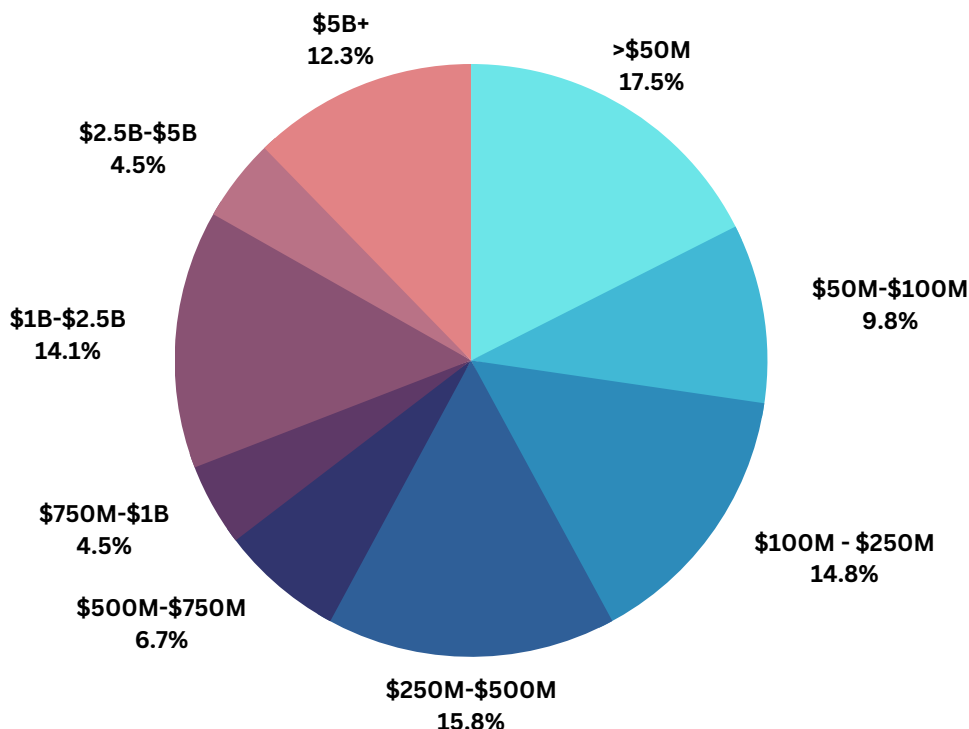
A smaller proportion of respondents, accounting for 7.02%, identified themselves as Patriarchs or Matriarchs, signifying their role as the senior members or leaders of the family office. A relatively low percentage of 1.75% mentioned that they were not affiliated with a family office, while another 1.75% identified themselves as Registered Investment Advisors (RIAs), indicating their professional involvement in providing investment advice.

Lastly, a minority of 7.02% mentioned that they were High Net Worth individuals (HNWs), suggesting their personal financial status.

Family Office Size of Participants

The analysis examined the distribution of family office sizes based on survey participants' responses. The survey question aimed to determine the family offices' total size. Out of the respondents, 17.54% reported a size of over \$50 million, making them the majority. Among the predefined size ranges, the most common category was "\$250M-\$500M," with 15.79% of participants falling within this range. Other significant categories included "\$1B-\$2.5B" at 14.04% and "\$100M-\$250M" at 12.28%. Smaller proportions of respondents reported family office sizes in the "\$50M-\$100M" (8.77%), "\$5B+" (12.28%), "\$500M-\$750M" (5.26%), and "\$750M-\$1B" (3.51%) ranges. Additionally, 7.02% of participants specified sizes falling outside the predefined ranges. Overall, the findings indicate a concentration of wealth among the surveyed family offices, with a diverse range of financial capacities represented. It is important to note that the analysis is limited to the survey respondents and may not reflect the entire population of family offices.

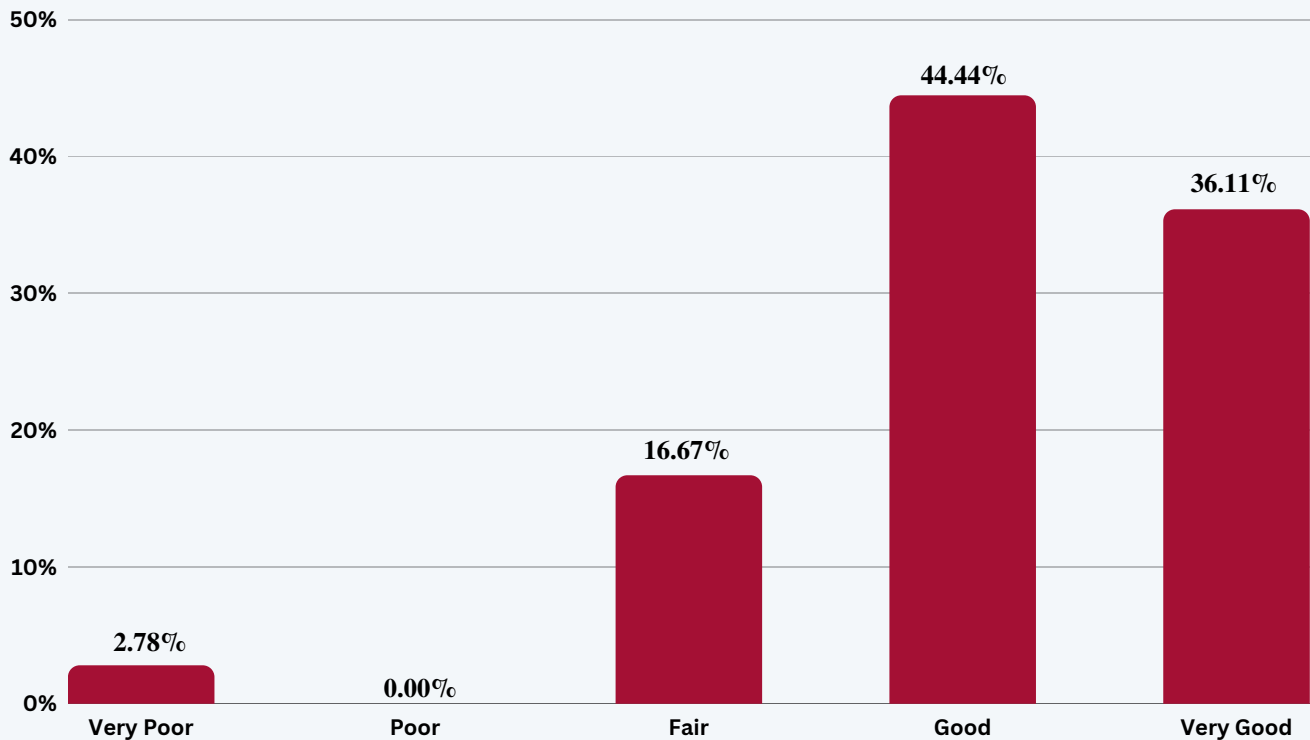
What is the total size of your Family Office?



Family Offices Understanding

The responses indicate that family offices generally have a good understanding of real estate investments. A significant percentage, 44.44%, considered their understanding of real estate investments to be good, reflecting a level of confidence and knowledge in this asset class. Furthermore, 36.11% expressed a very good understanding of real estate investments, indicating a high level of proficiency and comprehension in this area. A smaller proportion, 16.67%, regarded their understanding as fair, suggesting a moderate level of knowledge but with room for improvement. Notably, very few respondents, only 2.78%, expressed a perception of very poor understanding, and none reported poor understanding. Overall, the majority of family offices have a positive perception of their understanding of real estate investments, with a notable percentage considering their knowledge to be very good.

Perception of Family Office Understanding of Real Estate Investments



Investment Strategies

This analysis examines the real estate investment strategies that garnered interest from family offices for the year 2022. The data reveals the distribution of responses across various strategies, indicating the levels of interest expressed by the participants.

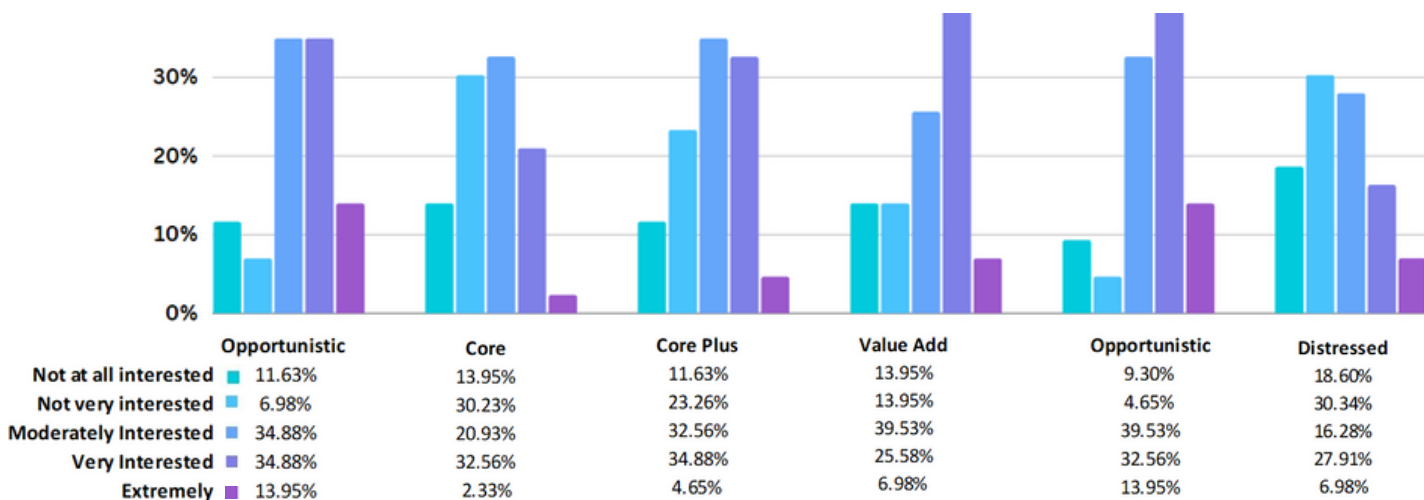
The findings show that Opportunistic and Core strategies were the most popular choices among family offices. Opportunistic strategies attracted significant attention, with 34.88% of respondents indicating a "Very Interested" level of interest and an equal percentage expressing "Moderately Interested." This suggests that family offices are actively seeking high-potential, high-risk opportunities. Core strategies also gained traction, with 32.56% indicating a "Moderately Interested" level and 20.93% expressing a "Very Interested" level. However, a notable proportion of 30.23% showed less enthusiasm, indicating a more cautious approach to real estate investments.

In addition, Value Add strategies were appealing to family offices, with 39.53% indicating a "Very Interested" level and 25.58% expressing "Moderately Interested." This reflects a strong desire to invest in properties with the potential for improvement or value enhancement. Distressed strategies garnered varied interest, with 27.91% indicating a "Moderately Interested" level, while 30.23% showed less interest. These findings highlight family offices' diverse range of preferences and risk appetites in pursuing real estate investments.

Overall, the analysis underscores the significance of Opportunistic and Core strategies and the appeal of Value Add opportunities among family offices for the year 2022. However, the findings are based on the provided data, and further context or specific details would be necessary to gain a deeper understanding of the motivations and preferences of family offices in their real estate investment strategies.

Family Office Real Estate Investment Strategies for 2022

(multiple answers apply)



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Investment Strategies

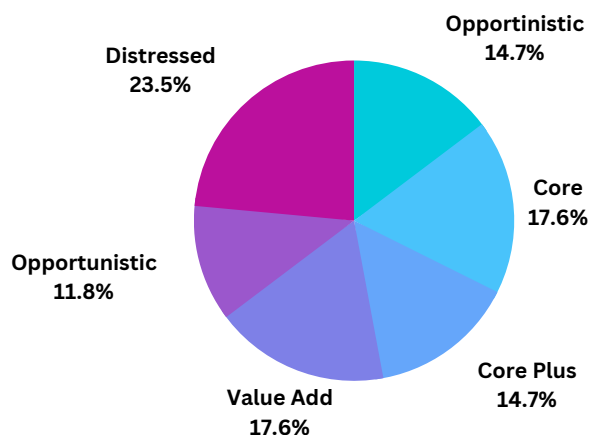
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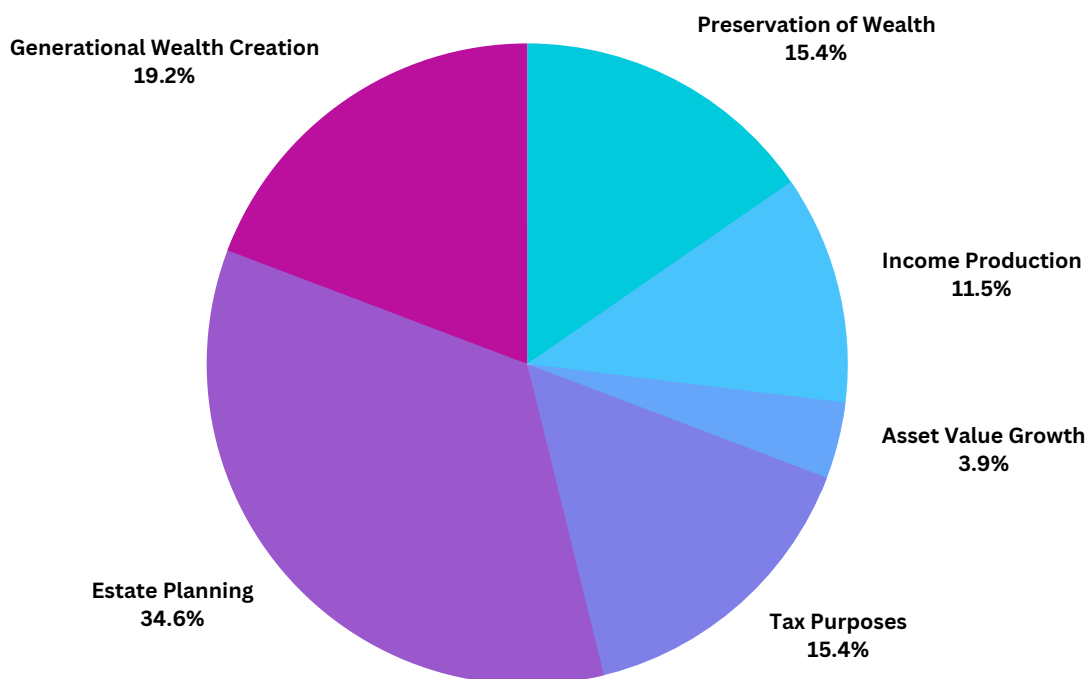
Family Office Real Estate Investment Strategies for 2022
(multiple answers apply)



Factors in Family Office Real Estate Investments

When considering investments in commercial real estate, the family office places great importance on several key factors. According to the data, the most significant factors for the family office are the preservation of wealth, asset value growth, and income production. The preservation of wealth is considered extremely important by a majority of 41.86% of the family office, indicating their focus on maintaining the value and stability of their investments. Similarly, asset value growth is highly valued, with 48.84% rating it as very important and an additional 20.93% considering it extremely important. This highlights their emphasis on capital appreciation and the potential for increased property values over time. Additionally, generating income from their investments is a top priority, as indicated by 48.84% rating income production as very important and 11.63% rating it as extremely important. While tax purposes, estate planning, and generational wealth creation also factor into their decision-making process, they are not as uniformly prioritized as the top three factors. This analysis provides valuable insights for the family office's investment strategy in commercial real estate, helping them focus on preserving wealth, achieving asset value growth, and generating income for their portfolio.

Importance of Factors for Family Office in Commercial Real Estate Investments

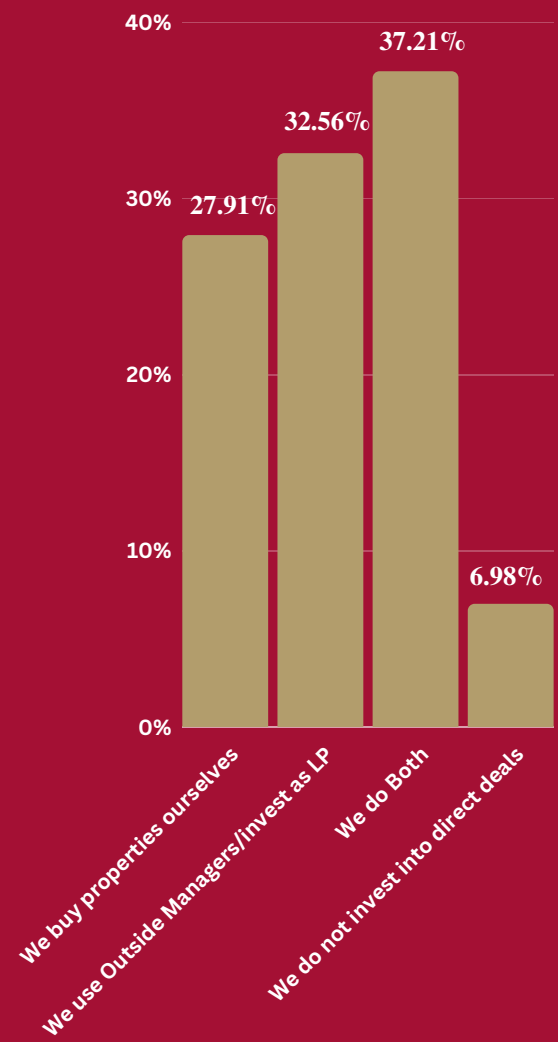


Direct Investing

The methods employed by family offices to invest in direct real estate show a combination of approaches. A significant percentage, 37.21%, indicated that their family offices utilize both strategies, implying a diversified approach to direct real estate investments. This approach allows for a combination of direct property acquisitions and investments made through outside managers or as limited partners (LP). Another substantial proportion, 32.56%, reported relying on outside managers and investing as LP, indicating a preference for utilizing professional expertise and partnering with experienced managers. On the other hand, 27.91% of respondents stated that their family offices directly buy properties themselves, demonstrating a hands-on approach to real estate investments. It is worth noting that a small percentage, 6.98%, indicated that their family offices do not invest in direct deals, potentially reflecting a different investment focus or strategy. These findings highlight the diversity of investment approaches employed by family offices when it comes to investing in direct real estate.



Family Office Investment Approach for Direct Real Estate

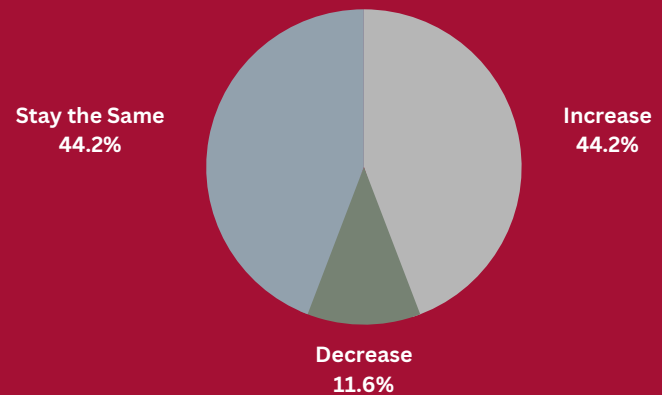


Allocations & Strategies

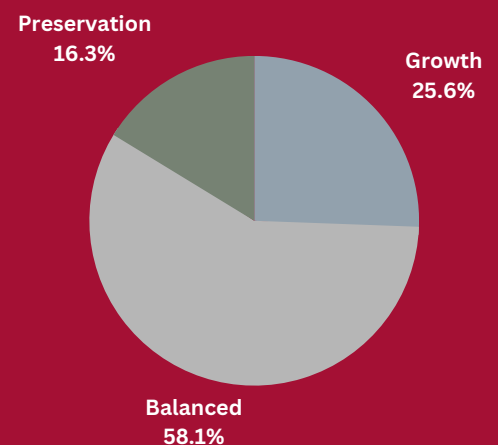
Family offices display a balanced outlook for real estate allocations in 2022 compared to 2021. Around 44.19% of respondents plan to increase their real estate investments, indicating positive sentiment and a desire for further asset class expansion. Similarly, 44.19% aim to maintain their current allocations, prioritizing stability in their portfolios. A smaller portion, 11.63%, intends to decrease real estate allocations, possibly reflecting a conservative stance or strategic shift. Overall, family offices exhibit a mix of optimism, prudence, and adaptability in their future real estate plans. Investment strategies for 2022 also vary, with 58.14% favoring a balanced approach, seeking growth potential and risk management. Additionally, 25.58% adopt a growth-oriented strategy, pursuing higher returns through higher-risk investments. Conversely, 16.28% prioritize preservation, focusing on stable, income-generating assets to safeguard capital. These strategies reflect unique goals, risk tolerance, and market outlooks among family offices.



Family Office's Real Estate Allocations: 2021 vs. 2022 Intentions



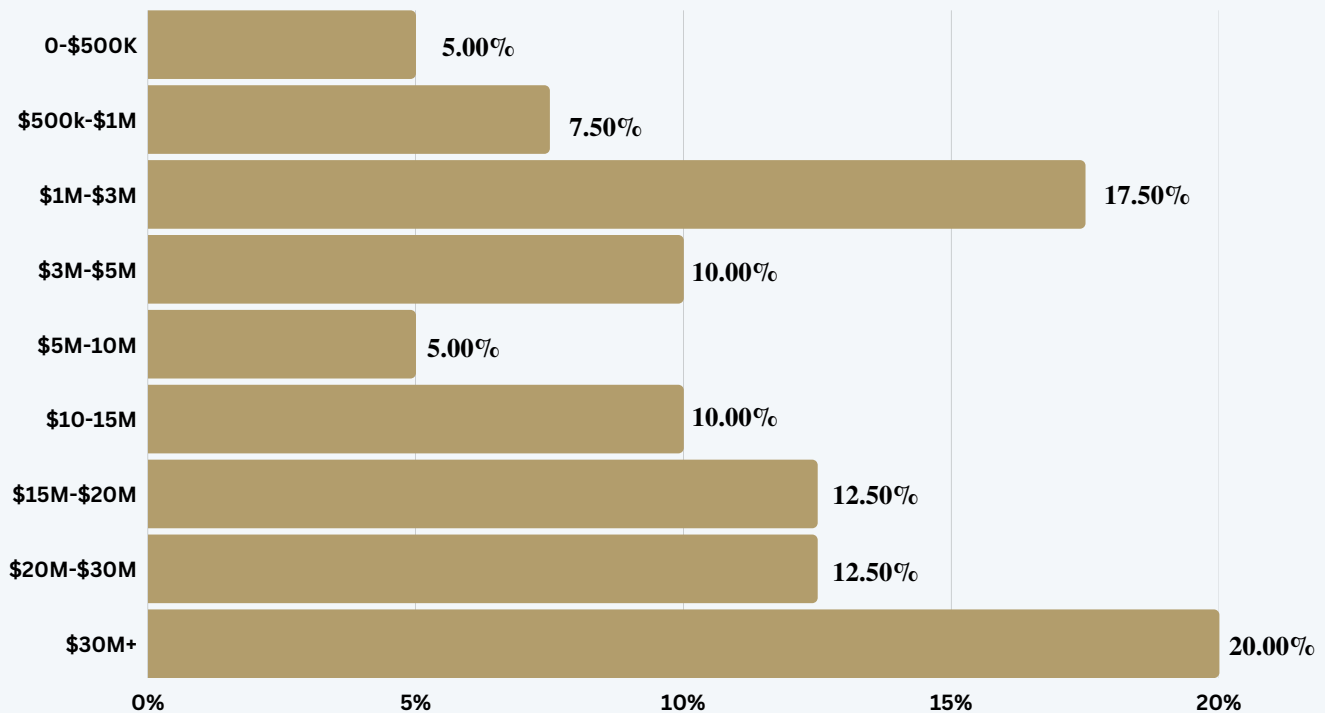
Family Office's Primary Real Estate Investment Strategy for 2022



Average Annual Investment

Comparing the annual investment amounts into real estate by family offices to the previous paragraph, we observe differences in investment size distribution. A smaller percentage (5.00%) reported investing between 0 and \$500K annually, indicating a relatively smaller allocation compared to the average investment sizes. Similarly, the range of \$500K-\$1M accounted for 7.50%, reflecting a smaller annual investment amount. However, the range of \$1M-\$3M represented a higher percentage (17.50%), suggesting a significant portion of family offices investing within this range annually. The bracket of \$3M-\$5M accounted for 10.00%, aligning with the previous paragraph. Interestingly, the range of \$5M-\$10M represented 5.00% in this question, indicating a difference in distribution compared to the average investment size. Additionally, 10.00% invested between \$10M and \$15M annually, while 12.50% allocated investments within the \$15M-\$20M and \$20M-\$30M ranges. Finally, 20.00% reported investing \$30M or more annually, highlighting a substantial portion with higher annual investment capacities. Overall, the results demonstrate the diversity of annual investment amounts allocated by family offices into real estate, with variations in distribution compared to average investment sizes.

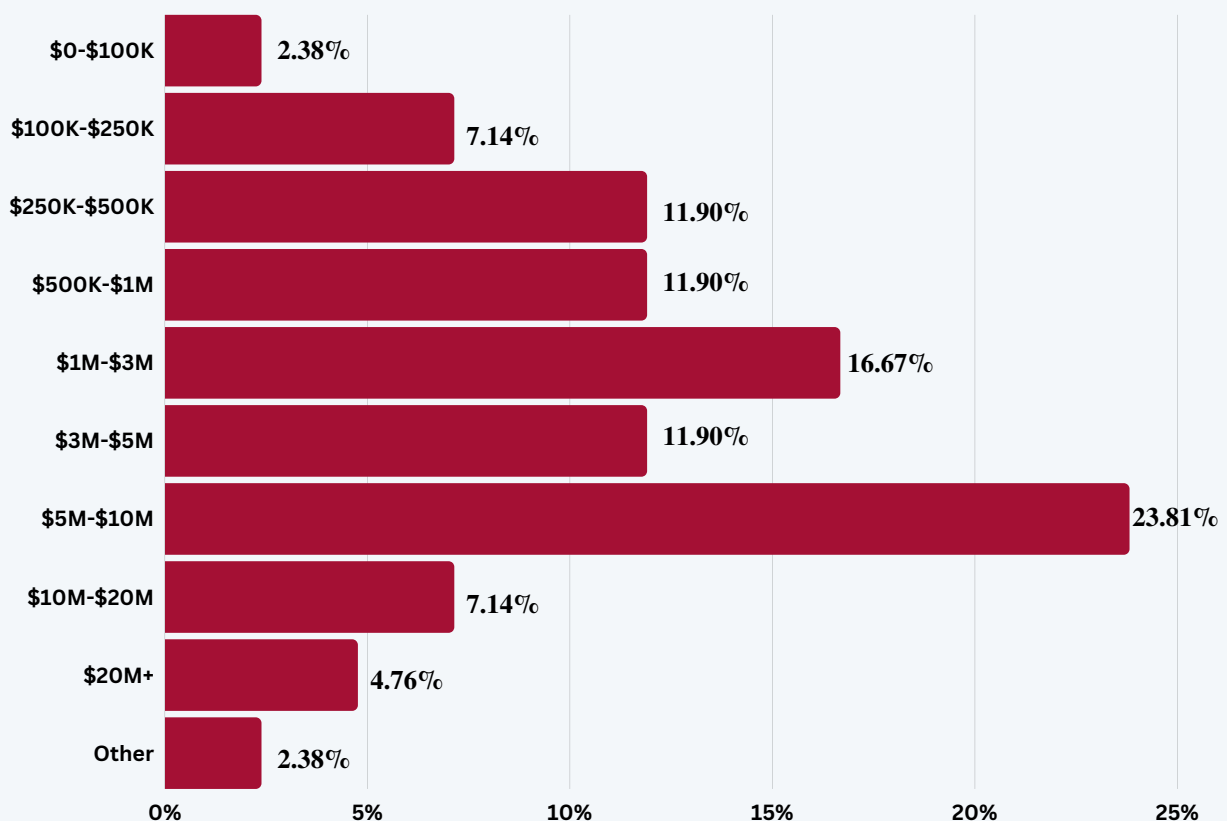
Annual Real Estate Investment Amount by Family Office



Average Per Investment

Family offices demonstrate diverse investment capacities when it comes to real estate investments. The average investment/check size varies significantly among respondents. While some family offices (2.38%) reported smaller investments ranging from \$0 to \$100K, others (7.14%) fell within the \$100K-\$250K bracket. Similarly, there were participants (11.90%) who allocated investments in the \$250K-\$500K and \$500K-\$1M ranges.

Family Office Investment Size per Real Estate Investment

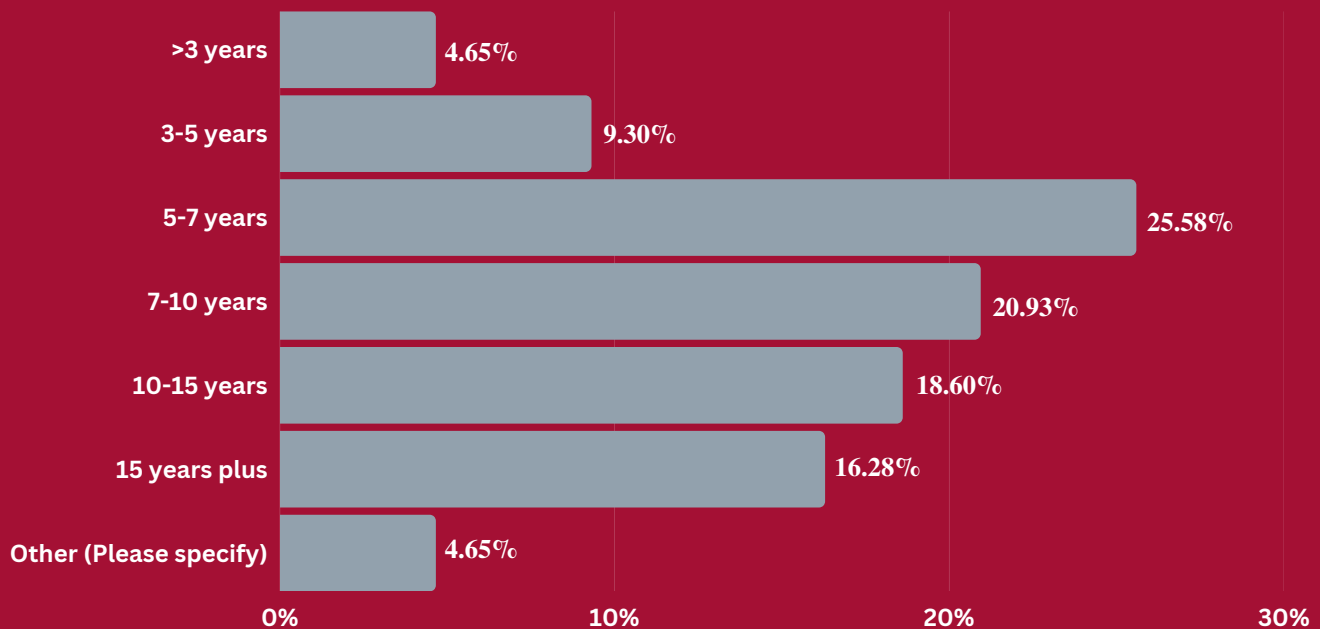


A substantial portion (16.67%) invested between \$1M and \$3M, and a notable percentage (11.90%) allocated between \$3M and \$5M. A significant number of family offices (23.81%) were invested in the \$5M-\$10M range. A smaller percentage (7.14%) fell within the \$10M-\$20M range, and 4.76% had investment capacities exceeding \$20M. Lastly, 2.38% had investment sizes falling under the "Other" category. These findings highlight the diverse investment sizes and capacities among family offices in the realm of real estate investments.

Investment Hold Period

The duration for which family offices typically hold their real estate investments shows a range of timeframes. Among the respondents, 4.65% indicated a holding period of over 3 years, reflecting a longer-term investment approach. A slightly higher percentage, 9.30%, reported holding investments for a duration of 3-5 years, suggesting a moderately longer horizon. The most prominent category, chosen by 25.58% of respondents, was a holding period of 5-7 years, indicating a significant preference for holding real estate investments within this timeframe. Additionally, 20.93% reported a holding period of 7-10 years, signifying a focus on longer-term investment strategies. The range of 10-15 years was chosen by 18.60% of respondents, suggesting a notable percentage of family offices favor a decade-long investment horizon. Similarly, 16.28% indicated holding their real estate investments for 15 years or more, indicating a commitment to long-term ownership. A small percentage of 4.65% fell into the "Other" category, representing unique or specific holding periods. Overall, the responses indicate varying investment horizons among family offices, with a substantial emphasis on holding real estate investments for 5-7 years and a notable proportion favoring longer-term ownership.

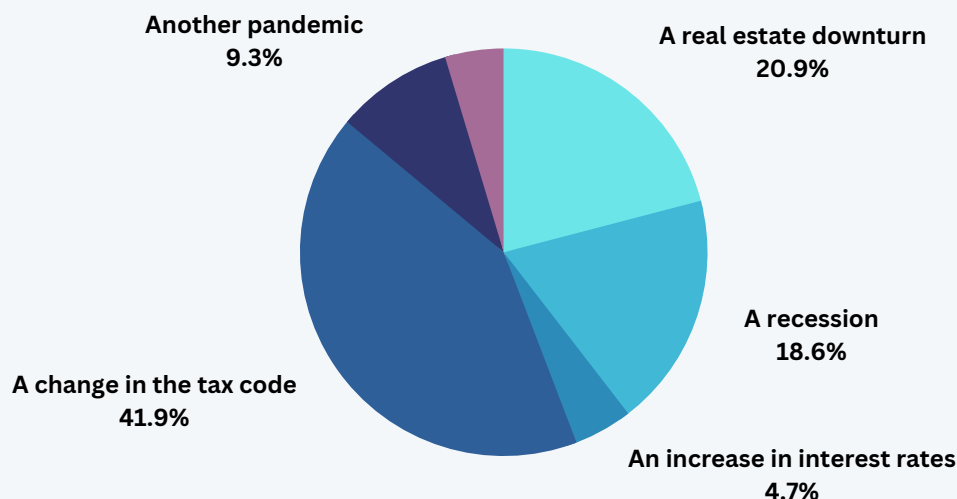
Average Holding Period of Real Estate Investments for Family Office



Real Estate Allocations: Key Factors

When considering the factors that would have the greatest negative impact on family offices' allocations to real estate, the responses reveal a range of concerns. The most prominent factor, selected by 41.86% of respondents, is a change in the tax code. This suggests that family offices are particularly sensitive to alterations in tax regulations, which could significantly impact their real estate allocations. Additionally, 20.93% identified a real estate downturn as the factor with the greatest negative impact, indicating a concern about potential declines in property values and market conditions. An economic recession was selected by 18.60% of respondents, highlighting apprehension about the broader economic landscape and its potential influence on real estate investments. Interestingly, a relatively small percentage, 4.65%, expressed concerns over an increase in interest rates, potentially indicating confidence in their ability to navigate rate fluctuations. Similarly, another 4.65% fell into the "Other" category, representing unique factors not captured by the provided options.

Factor with the Greatest Negative Impact on Family Office Allocations to Real Estate



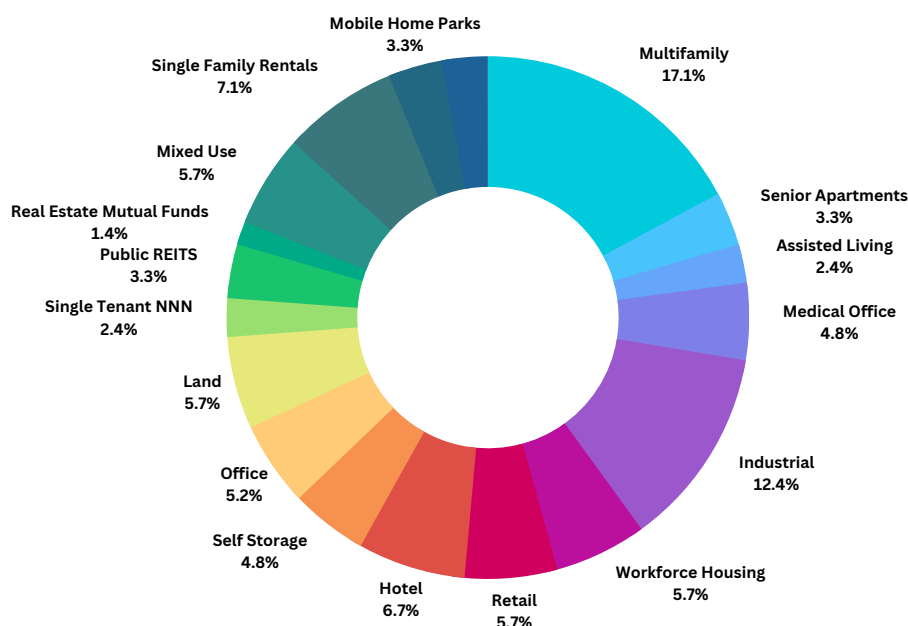
Lastly, 9.30% indicated that another pandemic would have the greatest negative impact, suggesting a continued awareness of the potential risks posed by global health crises. These results reflect the range of factors that family offices perceive as potential threats to their real estate allocations, with a notable emphasis on changes in the tax code as a key concern.

Property Preferences

In 2022, Family Offices have demonstrated a diversified approach to real estate investment, with a clear preference for certain property types. The data indicates that Multifamily properties are the most favored, with a significant 83.72% of Family Offices investing in them. This preference can be attributed to the potential for steady cash flow and the increasing demand for rental housing. Multifamily properties often offer a lower risk compared to other real estate investments, as vacancies in one unit can be offset by income from others. Additionally, the scale of multifamily properties can provide more opportunities for operational efficiencies and cost savings.

On the other hand, Industrial properties also stand out with 60.47% of Family Offices investing in them. This can be linked to the e-commerce boom and the need for warehouses and distribution centers. Industrial properties are known for their resilience and ability to generate stable returns, especially in an era where online shopping is thriving. Furthermore, Single Family Rentals and Hotels have also garnered attention with 34.88% and 32.56% respectively. Single Family Rentals can offer a more hands-on investment for Family Offices, while Hotels can be an attractive option due to the expected rebound in travel and tourism.

It is also worth noting that there is a relatively balanced interest in Workforce Housing, Retail, Land, and Mixed Use properties, each attracting around 27.91% of Family Offices. These investments can be seen as a way to diversify portfolios and hedge against risks associated with focusing on a single property type. However, Real Estate Mutual Funds seem to be the least favored with only 6.98%, possibly due to their indirect nature and lack of control compared to direct property investments. In conclusion, Family Offices in 2022 are heavily leaning towards Multifamily and Industrial properties, while also maintaining a diversified portfolio with investments in various other property types.

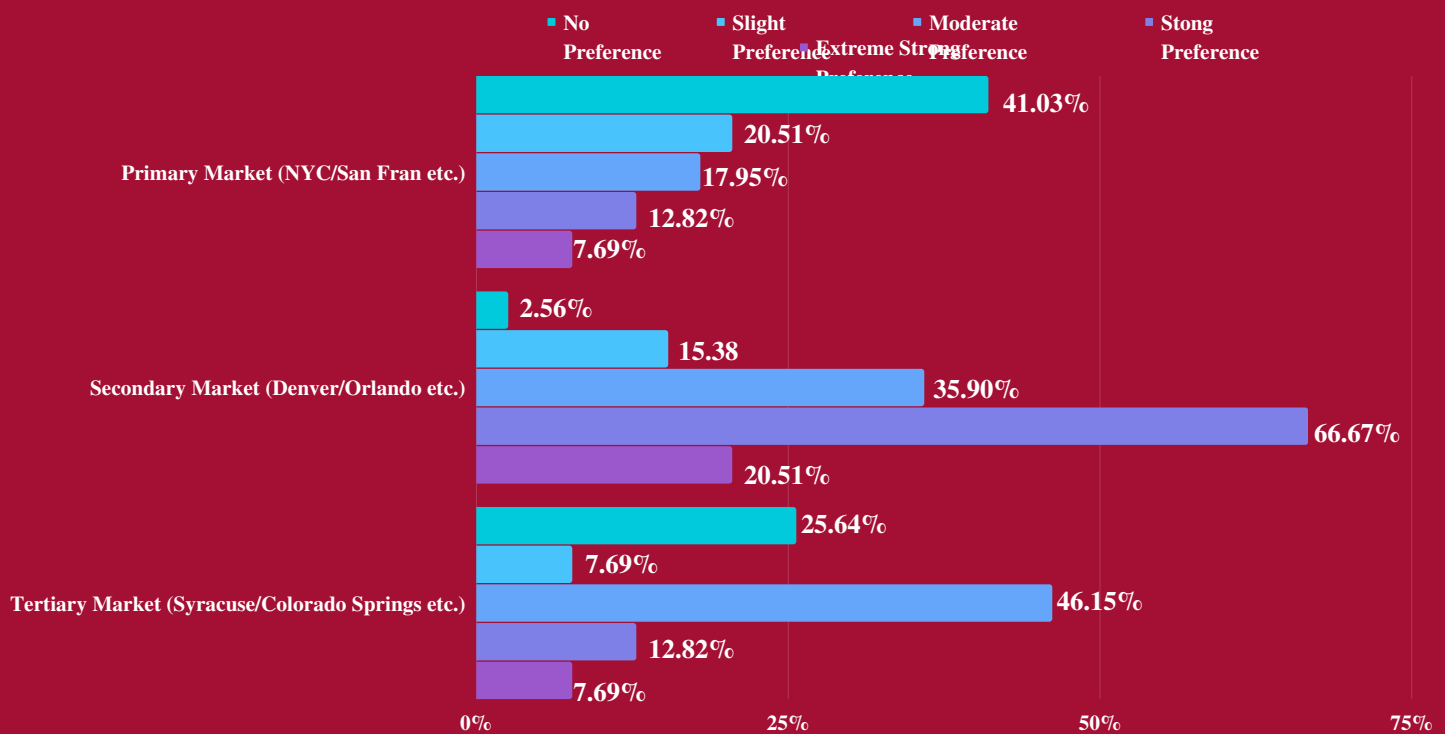


**Family Office
Investment
Distribution Across
Property Types in
2022**

Market Preferences

The preferences of Family Offices for market size, specifically in primary markets such as New York City and San Francisco, the data reveal a diverse range of inclinations. A significant 41.03% of Family Offices have indicated that they have no preference when it comes to investing in primary markets. This could suggest a flexible investment strategy that is not mainly focused on the scale of the market. On the other hand, 20.51% have a slight preference, and 17.95% have a moderate preference for primary markets, indicating a mild to moderate inclination towards these markets, possibly due to the potential for higher returns and liquidity.

Family Office Investment Location Preference



Interestingly, 12.82% of Family Offices have a strong preference, and 7.69% have an extremely strong preference for primary markets. This segment of Family Offices likely values the stability, prestige, and opportunities that primary markets can offer. In summary, while a notable portion of Family Offices is indifferent to market size, there is a gradual scale of preference towards primary markets, with a smaller, yet significant, group having a strong or extremely strong preference.

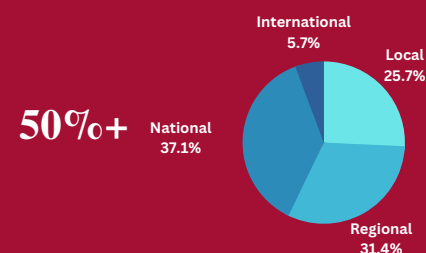
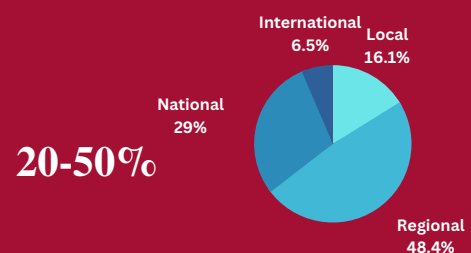
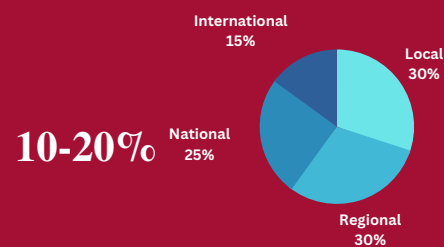
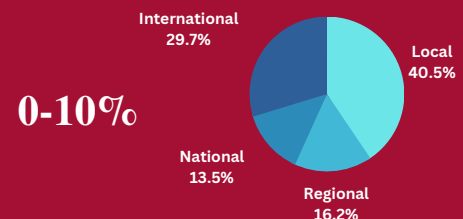
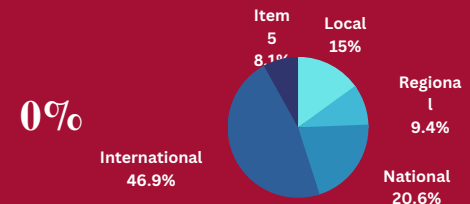
Location of Assets

The analysis reveals interesting insights into the percentage of real estate holdings based on location. When examining the local market, it is evident that a significant portion of respondents, comprising 20.93%, have allocated over half of their real estate holdings to this area. Furthermore, 34.88% have between 0-10% invested locally, indicating a widespread distribution of holdings. The regional market, on the other hand, demonstrates a different pattern, with 34.88% of respondents having a substantial stake of 20-50% in this region. This suggests that investors are more inclined to concentrate their investments regionally rather than locally.

Moving to the national market, the data shows a relatively even distribution of holdings, with 30.23% of respondents having 50% or more invested nationally, and 25.58% having no national holdings. This indicates a diversified approach to real estate investments on a national scale. In contrast, the international market appears to be the least prominent among the respondents, with a majority of 58.14% having no international holdings. Only a small percentage, ranging from 4.65% to 6.98%, have allocated a portion of their holdings to international real estate.

Overall, the analysis suggests that investors tend to have a significant presence in their local markets, possibly due to familiarity and ease of management. Regional and national markets also play a substantial role in the portfolios of many investors, with a considerable proportion having notable investments in these areas. The international market, while less popular among the respondents, still holds some appeal for a select few. These findings provide valuable insights into the geographic allocation of real estate holdings and can assist investors in making informed decisions regarding their investment strategies.

**Geographic Allocation of Real Estate Holdings:
Local, Regional, National, and International Markets**

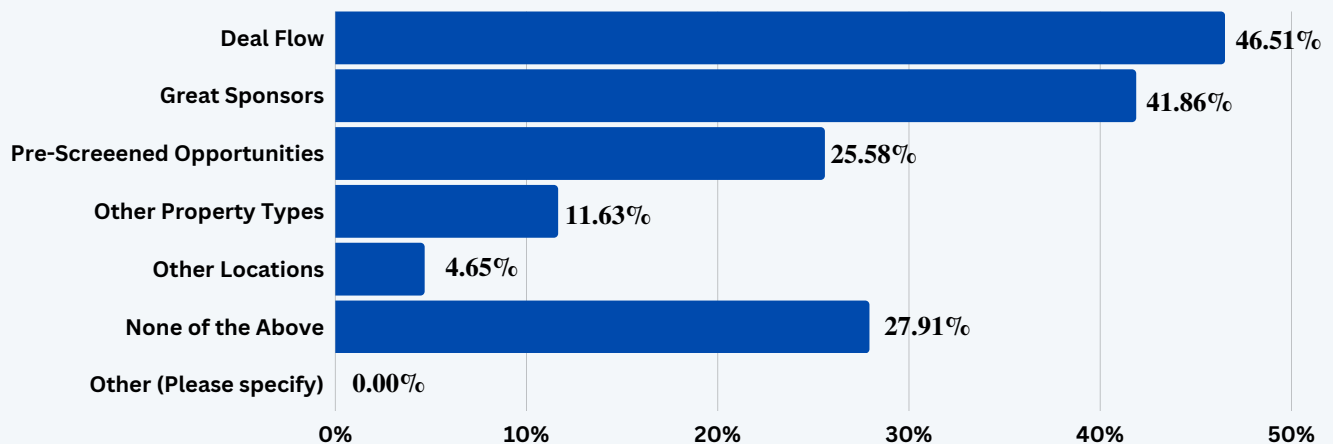


Investment Priorities

Family offices exhibit a clear preference for expanding their real estate investments, with a focus on deal flow, collaboration with reputable sponsors, and engagement with pre-screened opportunities. Specifically, 46.51% of respondents are keen on increasing exposure to deal flow, indicating the importance of a continuous stream of investment opportunities. Additionally, 41.86% emphasize the need to partner with experienced sponsors, reflecting the value placed on expertise and credibility. Moreover, 25.58% show interest in pre-screened opportunities, suggesting a preference for rigorously assessed investments.

Diversification also emerges as a theme, with 11.63% of respondents open to exploring different property types, and a smaller 4.65% considering investments in new locations, indicating a willingness to diversify their portfolios.

Areas for Family Office Exposure in Real Estate
(Check all that Apply)



Conversely, 27.91% of the respondents do not see the need for additional exposure in the mentioned areas, possibly indicative of contentment with their current portfolio or adherence to a particular investment strategy.

In essence, family offices are actively seeking to broaden their investment scope through deal flow, reputable partnerships, and vetted investment options, with a subset looking at diversification avenues. However, a significant group is content with their current investment landscape.

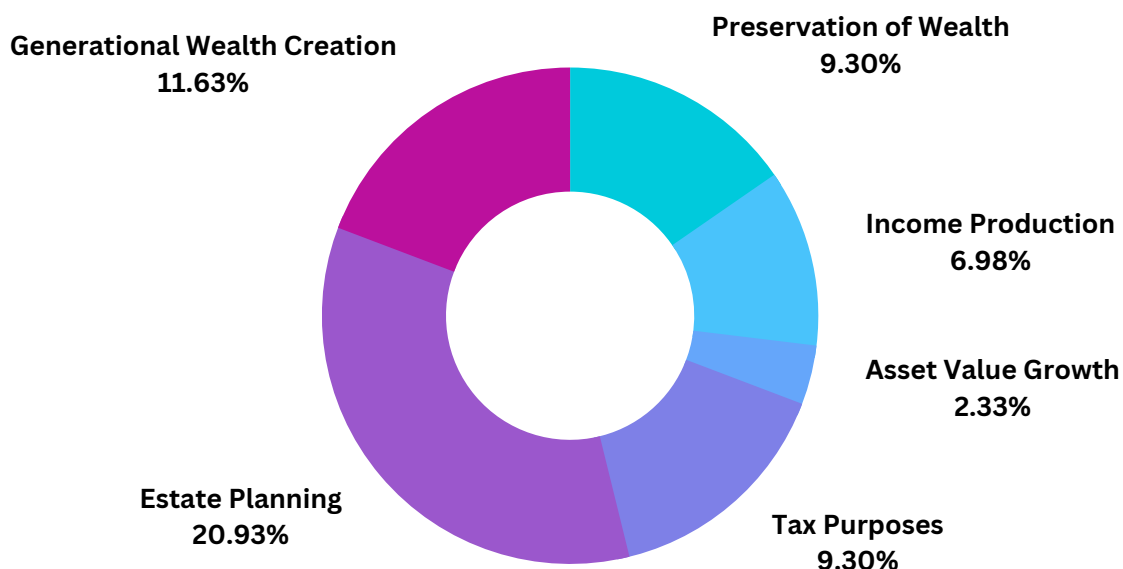
Family Office Real Estate Investment Priorities

The analysis reveals key insights into the factors most important for Family Offices when investing in commercial real estate. Preservation of wealth emerges as the top priority, with a substantial 41.86% of respondents considering it very important, followed closely by 20.93% who perceive it as extremely important. Income production ranks second, with 48.84% emphasizing its significance, while asset value growth takes the third spot, with 48.84% considering it very important.

Tax purposes and estate planning demonstrate a considerable level of importance, with 30.23% and 23.26% of respondents assigning them varying degrees of importance. Generational wealth creation also receives attention, with 20.93% considering it very important. It is worth noting that there are variations in respondents' perspectives on these factors, indicating the diversity of priorities among Family Offices.

Overall, the findings emphasize the primary focus of Family Offices on preserving wealth, generating income, and promoting asset value growth when investing in commercial real estate. These factors are viewed as crucial for long-term stability and prosperity. The insights gained from this analysis can assist Family Offices in aligning their investment strategies with their objectives and priorities, ensuring that their commercial real estate investments align with their broader wealth management and financial goals.

Analysis of Factors Influencing Family Office Investments in Commercial Real Estate



Real Estate Priorities

The provided data offers insights into the perceived importance of various items over the next 12 months for respondents.

Implementing a succession plan emerges as a significant focus, with 33.33% considering it important, followed by 33.33% deeming it somewhat important. This indicates a strong emphasis on ensuring a smooth transition of leadership within family-owned real estate enterprises.

Educating family member(s) on real estate is also regarded as important, with 30.56% considering it important and 27.78% finding it somewhat important. This highlights the recognition of the value in imparting knowledge and understanding of real estate investments to the next generation.

Implementing a form of risk management is viewed as important by 30.56% of respondents, along with 25.00% considering it somewhat important. This signifies the importance of mitigating risks and safeguarding investments in the dynamic real estate market.

Using real estate to help maintain a legacy is seen as important by 33.33% of respondents, followed by 25.00% finding it somewhat important. This underscores the desire to preserve and pass down family legacies through real estate assets.

Using real estate to create generational wealth is considered important by 33.33% of respondents, with an additional 25.00% rating it as very important. This highlights the aspiration to leverage real estate investments for long-term wealth accumulation and financial security across generations.

Investing more into real estate is deemed important by 25.00% of respondents, accompanied by 22.22% finding it somewhat important. This indicates an intention to expand real estate portfolios and allocate more resources to capitalize on investment opportunities.

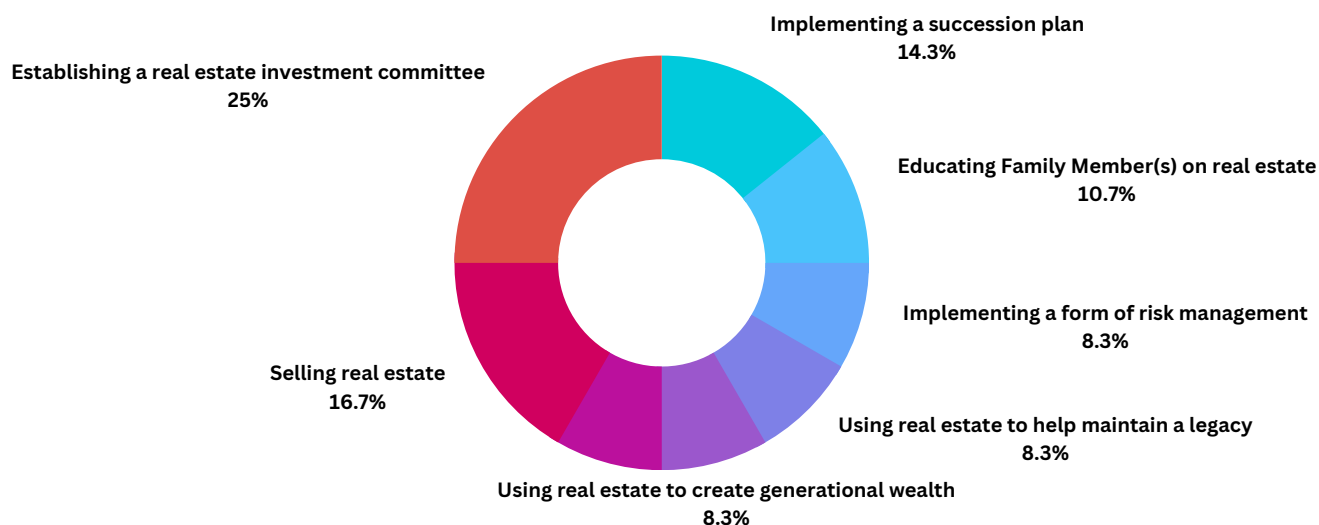
Selling real estate, on the other hand, is considered not important by a significant portion of respondents, with 38.89% indicating it as such. This suggests a focus on holding and maintaining existing real estate assets rather than divesting.

Establishing a real estate investment committee is viewed as not important by the majority of respondents (58.33%). This indicates a lower priority for this item, possibly due to other preferred decision-making structures or existing governance mechanisms in place.

The analysis demonstrates the varying degrees of importance assigned to different items by the respondents. The emphasis on succession planning, education, risk management, legacy maintenance, and generational wealth creation reflects the strategic and long-term approach taken by respondents in managing their real estate assets. These insights can inform decision-making processes and guide the allocation of resources within family-owned real estate enterprises.

Real Estate Priorities

Real Estate Priorities: Perceived Importance



FORE

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Motivations

Family offices' motivations to invest in real estate extend beyond financial returns, encompassing a range of factors including tax benefits, generational wealth creation, control, diversification, location, direct investment opportunities, and social impact. This reflects a multifaceted approach to investment decisions, balancing strategic, generational, and social considerations.

Delving into specifics, tax benefits are a significant motivator for 56.76% of family offices, highlighting the importance of tax efficiency in their investment strategy. Generational wealth creation is a strong motivation for 59.46%, and maintaining legacy wealth is important for 37.84%, underlining the long-term perspective and the desire to preserve and grow wealth across generations.

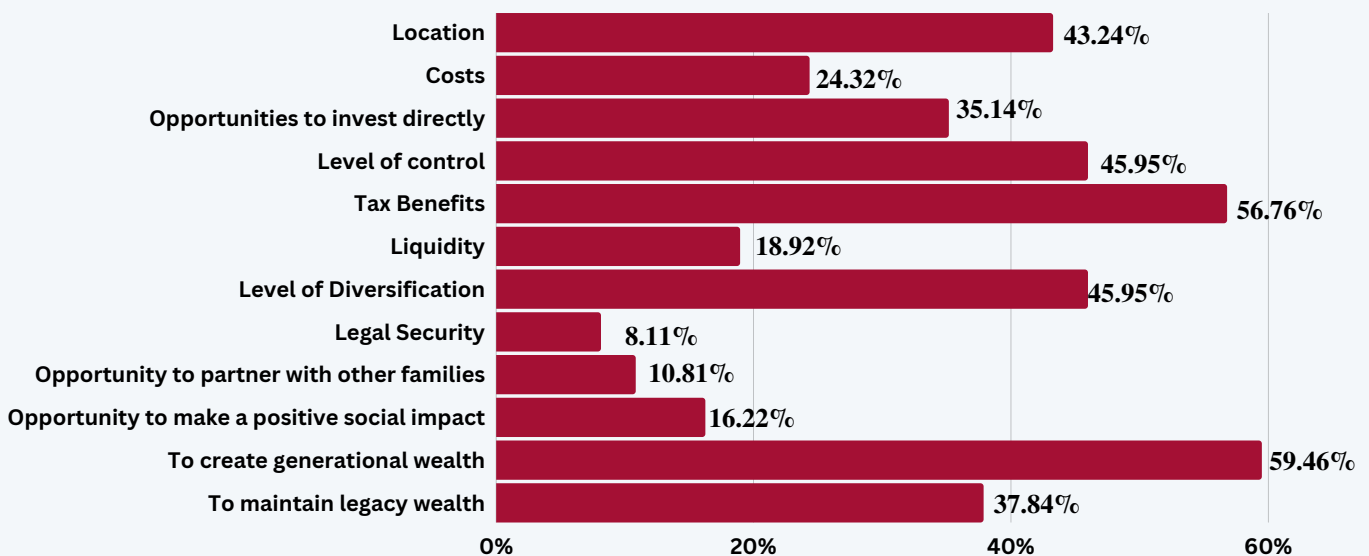
Control and diversification are key considerations for 45.95% of respondents, indicating a preference for direct influence over investments and risk management through a varied portfolio. Location is influential for 43.24%, emphasizing the strategic importance of the geographical aspect of real estate investments.

Direct investment opportunities motivate 35.14% of family offices, suggesting a preference for hands-on involvement. The opportunity to partner with other families motivates 10.81%, indicating a value placed on collaboration within the family office community.

Other factors such as costs (24.32%), liquidity (18.92%), legal security (8.11%), and the opportunity to make a positive social impact (16.22%) also influence family offices' real estate investment decisions, further highlighting the comprehensive nature of their motivations.

Motivation of Family Office for Real Estate Investments Beyond Returns

(Check all that Apply)



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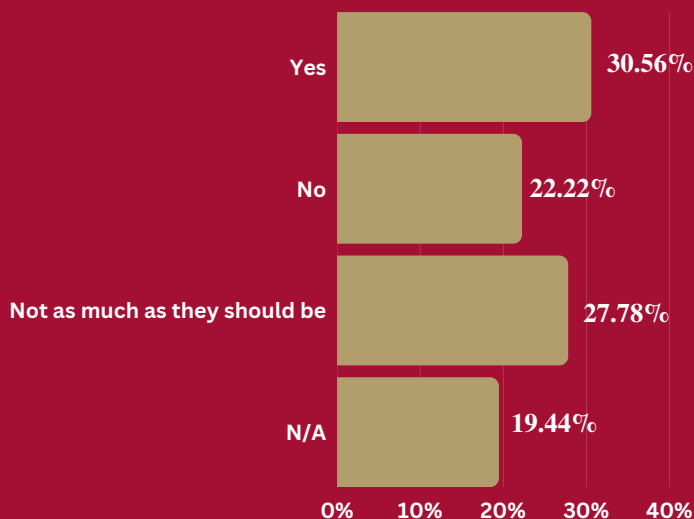
Generational Planning

Real estate is a key element in the generational planning of many family offices, though some see room for increased emphasis. Additionally, family offices exhibit mixed sentiments regarding the next generation's involvement, with varying levels of interest and recognition of the benefits of engagement.

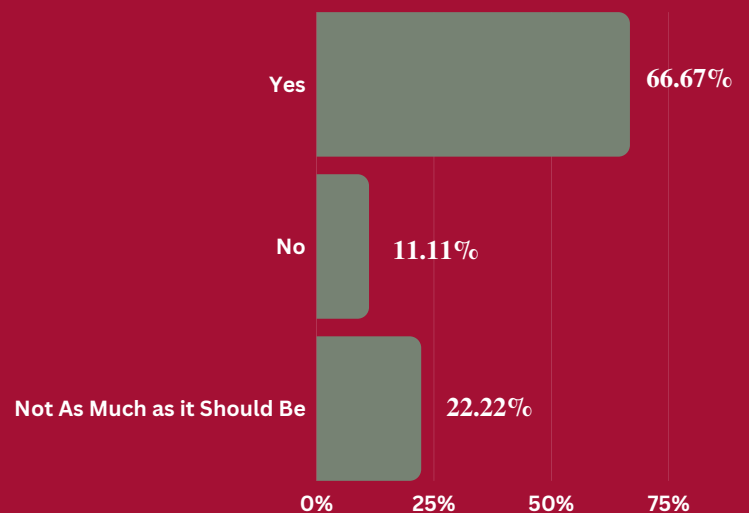
Delving into the details, 66.67% of family offices incorporate real estate in their generational planning, acknowledging its importance in wealth preservation and growth across generations. However, 11.11% do not view real estate as significant, while 22.22% believe it should have a larger role in their planning.

Regarding the next generation's involvement in family offices, 30.56% indicate an eagerness for greater participation. In contrast, 22.22% report no desire for increased involvement. Interestingly, 27.78% feel the next generation should be more involved, recognizing potential benefits. Additionally, 19.44% selected "N/A," which may reflect diverse family office structures or contexts.

Next Generation's Desire for Increased Involvement in the Family Office



Integration of Real Estate in Family Office Generational Planning



Foundations

Regarding direct investments, 33.33% of respondents stated that their foundation does make such investments, while 66.67% indicated that their foundation does not engage in direct real estate investments.

Regarding Public REITs, Real Estate Funds, and Co-Investments, the same percentage of respondents (26.67%) preferred these investment types. On the other hand, 73.33% of respondents did not indicate a preference for their foundation to invest in these options.

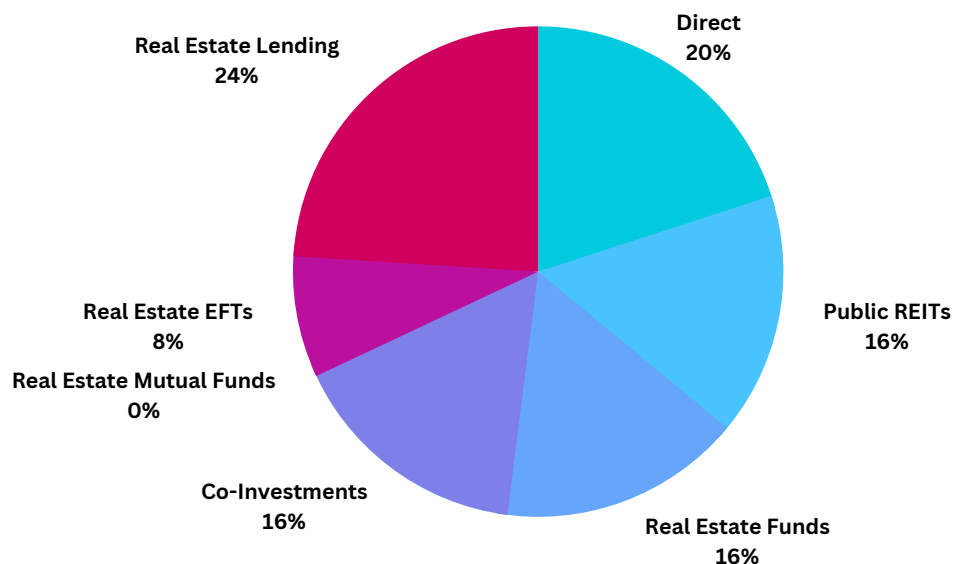
None of the respondents expressed a preference for Real Estate Mutual Funds, indicating that no foundations among the respondents make investments in this particular type.

For Real Estate ETFs, 13.33% of respondents indicated a preference for their foundation to invest in this option, while 86.67% did not express a preference for Real Estate ETFs.

Lastly, Real Estate Lending had a preference from 40.00% of respondents, with 60.00% not indicating a preference for this type of investment for their foundation.

This analysis provides insights into the types of real estate investments preferred by foundations. It highlights the varying preferences among respondents, showing that some foundations engage in direct investments while others opt for different investment vehicles such as Public REITs, Real Estate Funds, Co-Investments, Real Estate ETFs, or Real Estate Lending. Understanding these preferences can guide foundations in making investment decisions aligned with their objectives and risk appetite.

If you do have a foundation what type of real estate investments does the foundation make?



Philanthropic Spectrum

the responses reveal that family offices are engaged in varying degrees of philanthropic involvement through foundations, with half already having a foundation, a significant portion without one, and a small segment actively considering or in the process of establishing one.

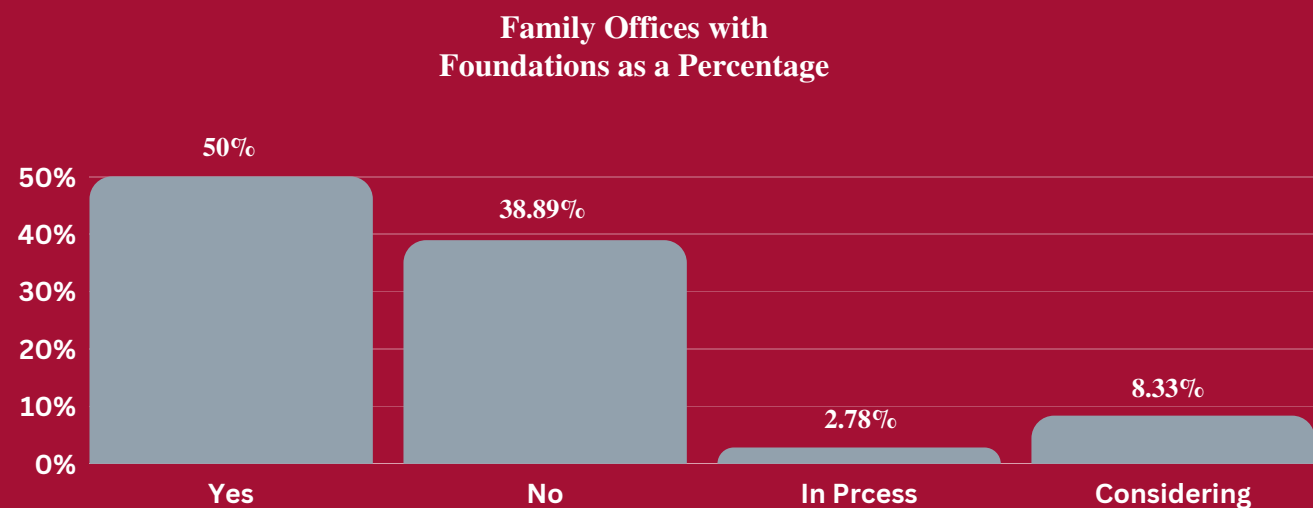
Diving into specifics, 50.00% of the surveyed family offices confirmed the existence of a foundation, showcasing a commitment to philanthropy and charitable activities. This reflects the recognition among family offices of the value and social responsibility in giving back to the community or supporting causes.

Conversely, 38.89% of the respondents indicated that they do not have a foundation. This could be due to various reasons such as different priorities, resource constraints, or alternative methods of philanthropy.

Interestingly, 2.78% are in the process of establishing a foundation, indicating an active effort towards creating a philanthropic entity. This suggests a recent or ongoing shift in focus towards charitable endeavors.

Furthermore, 8.33% of family offices are considering the establishment of a foundation, implying an openness to philanthropy but without a definitive plan or commitment at the time of the survey.

Overall, the data highlights the diverse approaches and stages among family offices in establishing foundations for philanthropic purposes, reflecting a spectrum of commitment levels and intentions in engaging in charitable activities.



Tax Efficiency

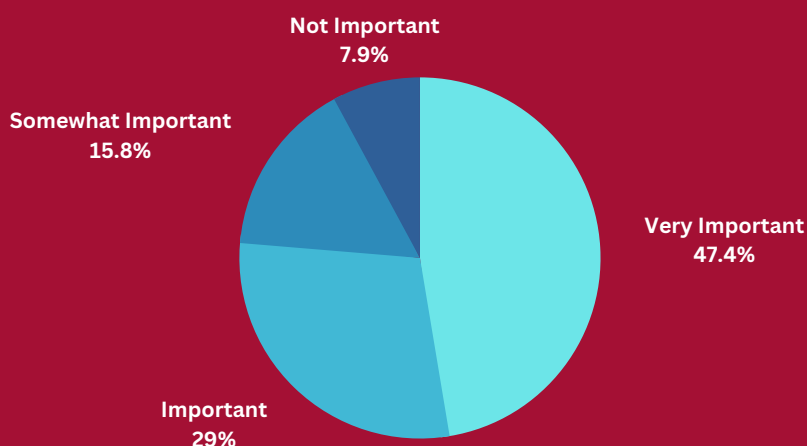
The takeaway from this analysis is that tax efficiency is critical for family offices involved in real estate investments. A significant majority place high importance on optimizing tax strategies to minimize liabilities and maximize after-tax returns. There is a clear understanding and recognition of the value of tax efficiency among most family offices.

Additionally, most family offices are satisfied with the tax efficiency of their real estate investments, with a substantial proportion expressing confidence in their current tax planning strategies. This indicates that many family offices have been successful in implementing effective tax optimization strategies.

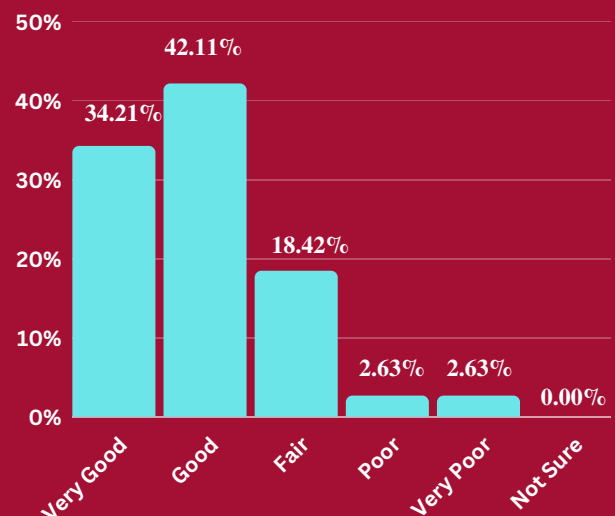
However, a segment of family offices also believes there is room for improvement in their tax efficiency. This suggests that not all family offices are equally adept at tax planning, and some may need to reassess and potentially adjust their strategies to manage their tax obligations better.

While tax efficiency is generally regarded as highly important, and many family offices are satisfied with their tax planning, there is still a need for continuous evaluation and improvement in tax strategies among some family offices to ensure optimal financial returns in real estate investments.

Importance of Tax Efficiency for Family Office Real Estate Investments



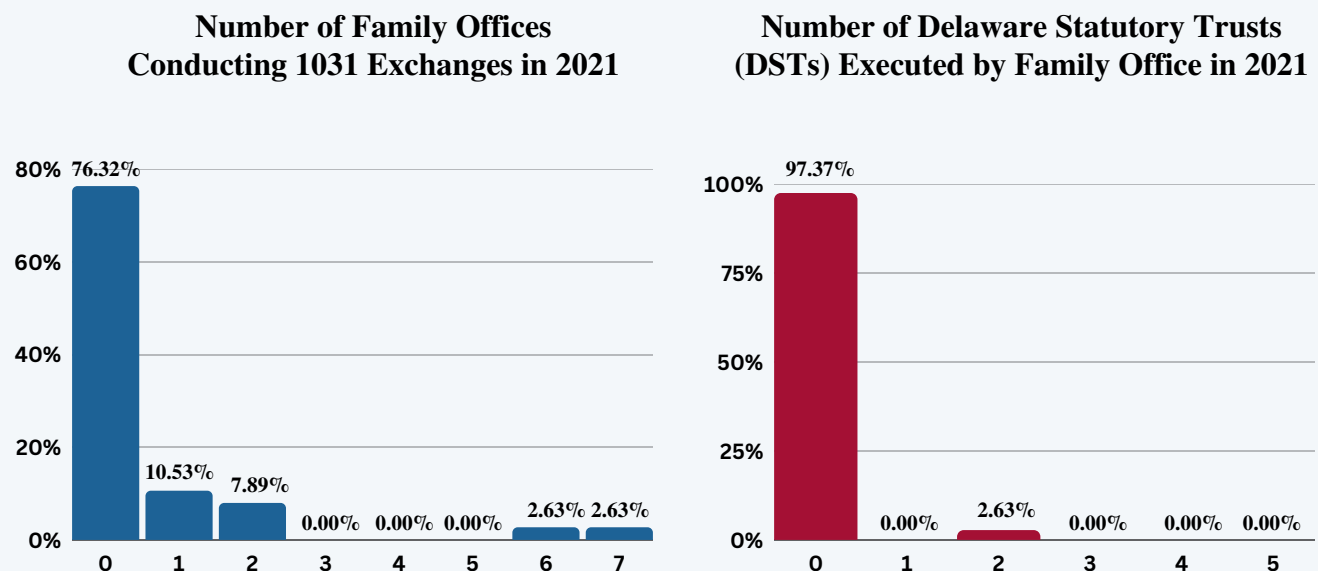
Perception of Tax Efficiency in Family Office Real Estate Investments



1031 Exchanges

In 2021, family offices showed limited engagement in utilizing 1031 exchanges and Delaware Statutory Trusts (DSTs) as investment strategies.

For 1031 exchanges, a significant majority of 76.32% of the respondents did not conduct any such exchanges. This could imply a preference for other investment strategies or a lack of suitable opportunities for exchange.



However, there was a minority, 10.53%, that completed one 1031 exchange, and 7.89% conducted two, indicating that some family offices were actively utilizing this tax-deferment strategy. A very small portion of 2.63% reported conducting six or seven exchanges, showing that a few were highly engaged in this strategy.

In contrast, the utilization of DSTs was even lower. A staggering 97.37% of family offices did not engage in any DSTs in 2021. Only a small fraction of 2.63% indicated involvement in two DSTs. This suggests that DSTs were not a popular or prioritized investment vehicle among the surveyed family offices during that year.

In summary, family offices did not widely use 1031 exchanges and DSTs in 2021. While a small portion took advantage of 1031 exchanges, almost none engaged in DSTs. This could indicate family offices either not finding suitable opportunities, having other preferences, or not prioritizing these investment vehicles during that period.

Opportunity Zones

The responses reveal a mixed sentiment among family offices concerning real estate opportunity zone investments in 2022.

Firstly, a small fraction of 11.11% of the respondents have a clear intention to invest in real estate opportunity zones in the coming year. This indicates that there is some interest and perceived potential in opportunity zone investments among a minority of family offices.

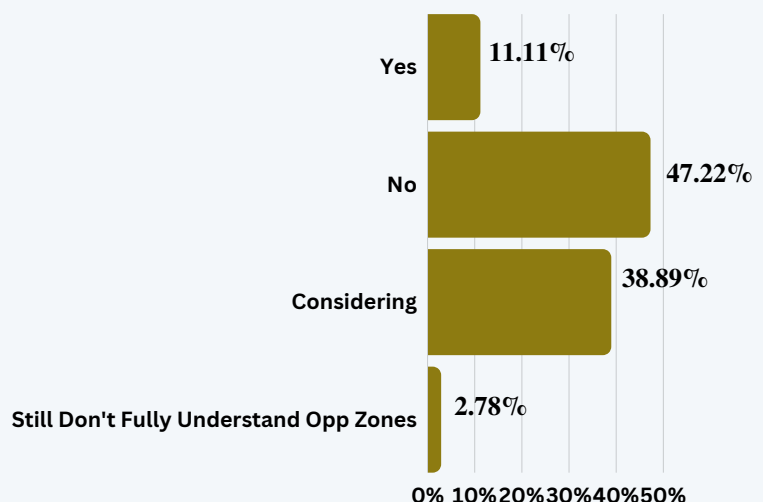
Conversely, a considerably larger portion, 47.22%, has decided against investing in opportunity zones in 2022. This could be due to various reasons, such as a preference for other investment strategies, perceived risks, or lack of alignment with their investment goals.

Interestingly, a significant segment, 38.89%, is on the fence regarding this investment avenue. They are considering the possibility of investing in opportunity zones but have not made a firm commitment. This suggests that there is curiosity and openness to explore opportunity zones as an investment option, but perhaps they are waiting for more information, better opportunities, or favorable conditions before making a decision.

Additionally, a small percentage of 2.78% admitted to not fully understanding what opportunity zones entail. This highlights an educational gap and indicates that there might be family offices that could potentially be interested if they had a better grasp of the concept and benefits of investing in opportunity zones.

In summary, family offices display varied intentions regarding real estate opportunity zone investments for 2022. While a minority have definitive plans to invest, a significant proportion are still weighing their options, and a notable segment has decided against it. Furthermore, there is a small group that represents an educational opportunity, as they are still unfamiliar with the concept of opportunity zones. This diversity in perspectives suggests that opportunity zones are an investment avenue that is still being evaluated and understood by family offices.

Family Office Investment Plans for Real Estate Opportunity Zones in 2022



Opportunity Zones (s)

The responses we received really shed light on the investment strategies and capital allocation plans of family offices regarding real estate opportunity zone investments.

In terms of investment approach, the majority of family offices, 57.14%, prefer to invest as limited partners (LPs). This indicates a tendency to participate in opportunity zone investments through partnerships or funds that are managed by other entities, possibly to leverage expertise and share risks. On the other hand, 23.81% of family offices plan to take a more hands-on approach by investing directly, which suggests a desire for greater control and involvement in managing the investment. Interestingly, 19.05% of the respondents are looking to employ a hybrid approach by combining direct investments with LP participation. This could be a strategic move to diversify their investment portfolio or balance control with a partnership's benefits.

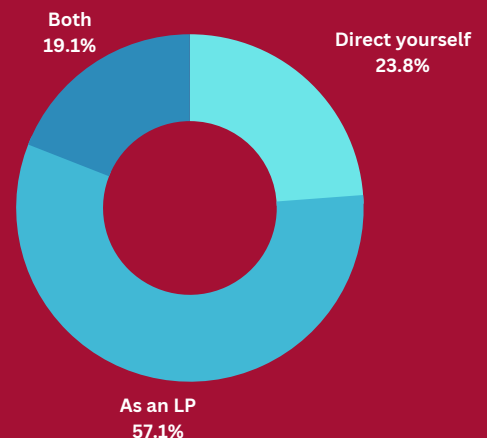
Regarding capital allocation, the responses reveal a wide range of investment amounts that family offices are considering. Notably, none of the respondents plans to invest \$10 million or more, which might suggest a cautious approach or a desire to limit exposure to a single investment avenue.

Family offices display a preference for participating in opportunity zone investments as limited partners, possibly to capitalize on the expertise of fund managers and share risks. A segment also prefers direct involvement or a combination of both approaches for strategic reasons. In terms of capital allocation, family offices are considering a diverse range of investment amounts, with a notable proportion leaning towards investments in the range of \$500,000 to \$5 million. The absence of investments above \$10 million suggests a cautious or diversified approach to opportunity zone investments.

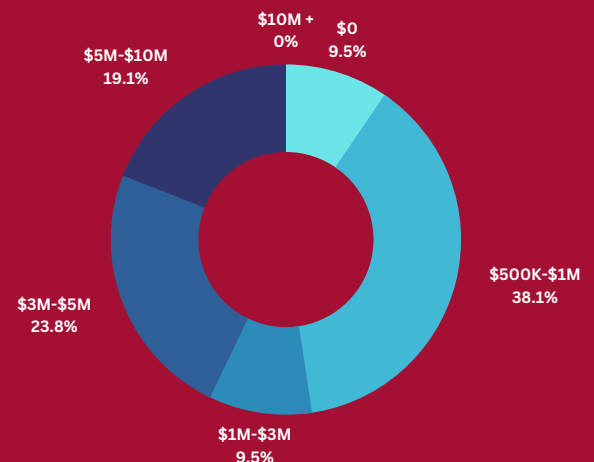
Reasons for Non-Participation by Family Offices:

- 1) "Don't anticipate a benefit"
- 2) "Not believe it is a top investment opportunity at the time"

Investment Strategy for Real Estate Opportunity Zone Investments



Allocation of Capital Gains for Investment in Real Estate Opportunity Zones



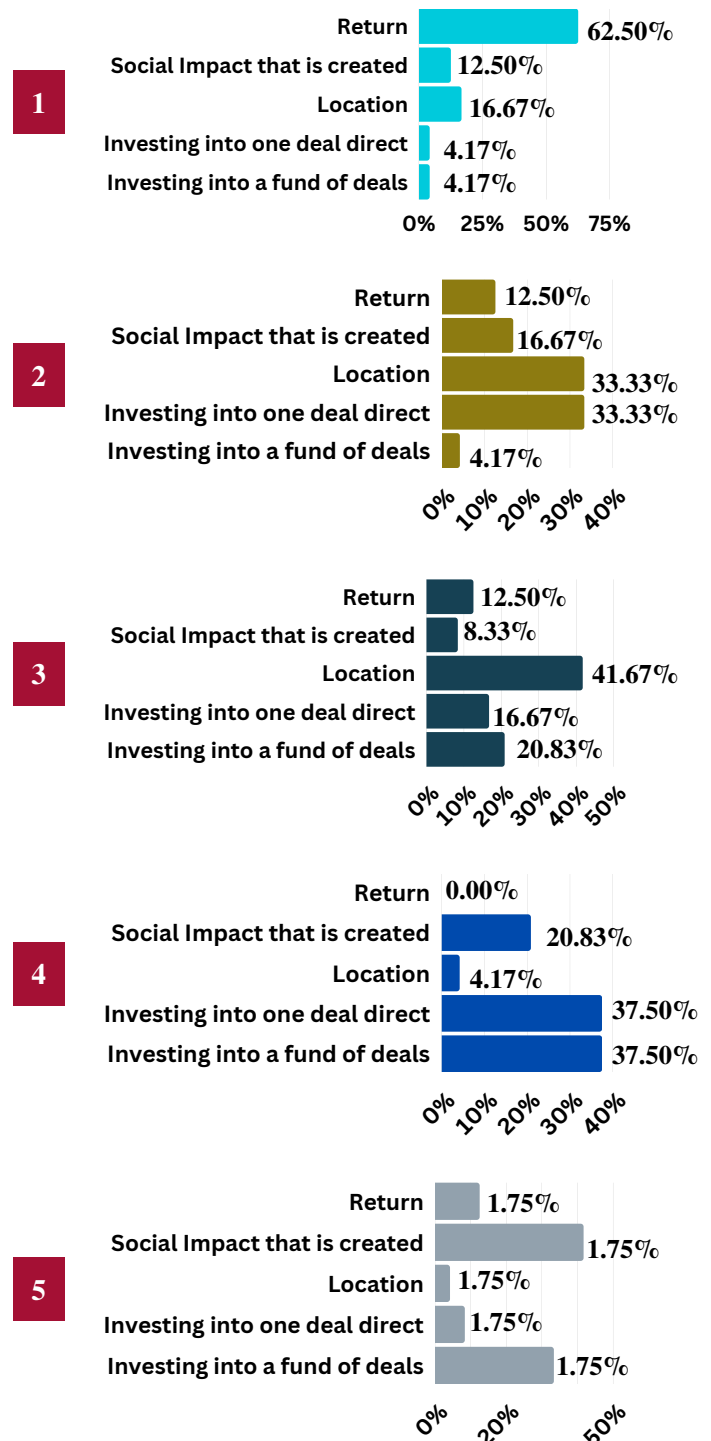
Opportunity Zone Interest

Based on the provided data, the analysis reveals key insights into the factors influencing the importance of an opportunity zone investment. Return on investment emerges as the most critical factor, with a rating of 1 from 62.50% of respondents, indicating a strong focus on maximizing financial returns. The location follows closely behind, emphasizing the significance of the geographical context in investment decisions.

Furthermore, the analysis highlights the different preferences between investing directly in one deal versus investing in a fund of deals. While both options receive notable ratings, investors are more inclined to invest in a fund of deals, which provides diversification across multiple opportunities within opportunity zones.

In terms of social impact, it is evident that investors also consider this factor in their investment decisions, with a substantial 41.67% of respondents rating it as the most important. This suggests a growing awareness and interest among investors to make investments that generate positive social and environmental outcomes.

The analysis underscores the importance of return on investment and location in opportunity zone investments. The preference for investing in a fund of deals suggests the desire for diversification, while the consideration of social impact indicates a broader focus on making investments that align with societal values. These findings provide valuable insights for investors seeking to make informed decisions within the opportunity zone framework.



OZ Investment Strategy

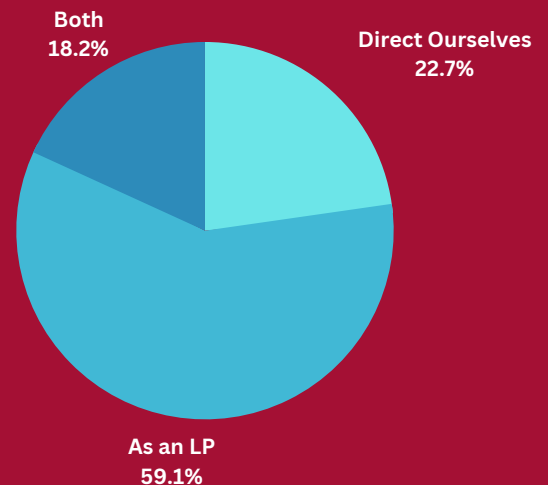
The analysis focuses on how individuals plan to invest in an opportunity zone. The options provided are "Direct Ourselves," "As an LP (Limited Partner)," and "Both." Based on the data provided, the majority of respondents, accounting for 59.09%, plan to invest as an LP. This suggests that a significant portion of investors prefer to invest indirectly through a limited partnership structure, allowing them to pool their resources with other investors and leverage the expertise of a fund manager or investment firm.

On the other hand, 22.73% of respondents plan to invest directly themselves, indicating a preference for a more hands-on approach to investing in opportunity zones. These individuals are likely to be responsible for identifying and managing their investments without relying on a fund or partnership.

A smaller proportion of respondents, representing 18.18%, expressed interest in pursuing both options simultaneously. This group appears to have a mixed investment strategy, combining the benefits of investing as an LP with the desire for direct involvement and control over their investments.

The data suggests that while investing as an LP is the most popular choice among the respondents, there is still a significant portion of investors who prefer a more direct approach. It is important for investors to carefully consider their own investment goals, risk tolerance, and level of expertise when deciding whether to invest directly or through an LP structure.

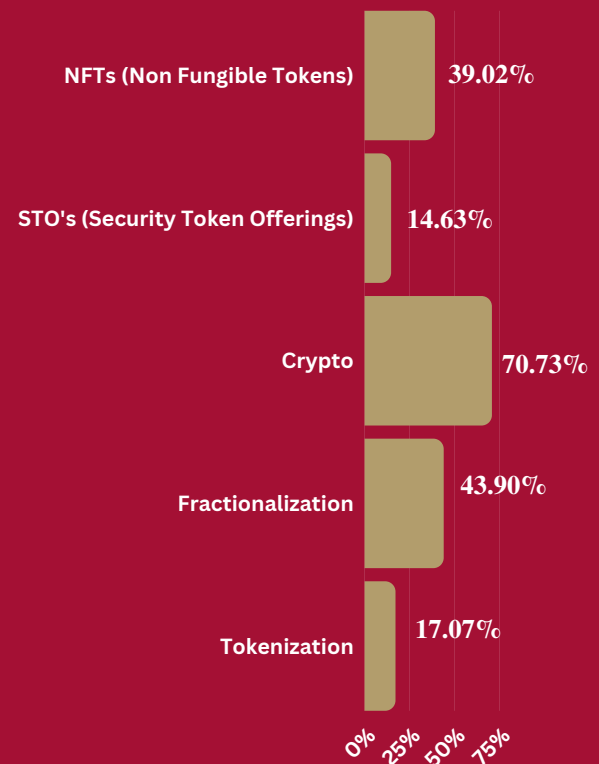
Investment Plans for Opportunity Zone: Strategies of Expectant Family Office Investors



Alternative Real Estate Familiarity

When asked about their familiarity with different types of alternative ways into real estate, the responses provide interesting insights. The majority of family offices, 70.73%, indicated familiarity with cryptocurrencies, suggesting a widespread awareness of digital currencies and their potential role in real estate investment. Additionally, 43.90% expressed familiarity with fractionalization, which refers to the division of an asset into smaller ownership shares, allowing for increased accessibility and liquidity. Notably, 39.02% of family offices reported familiarity with NFTs (Non-Fungible Tokens), highlighting their knowledge of this emerging technology that represents unique digital assets and has the potential to impact real estate. In comparison, 17.07% mentioned being familiar with tokenization, a process that represents real-world assets as digital tokens on a blockchain. Lastly, 14.63% indicated familiarity with STOs (Security Token Offerings), which involve issuing investment contracts represented as security tokens on a blockchain. These results demonstrate varying degrees of familiarity among family offices with these alternative ways into real estate, with a notable interest in cryptocurrencies and fractionalization, and emerging awareness of NFTs, tokenization, and STOs.

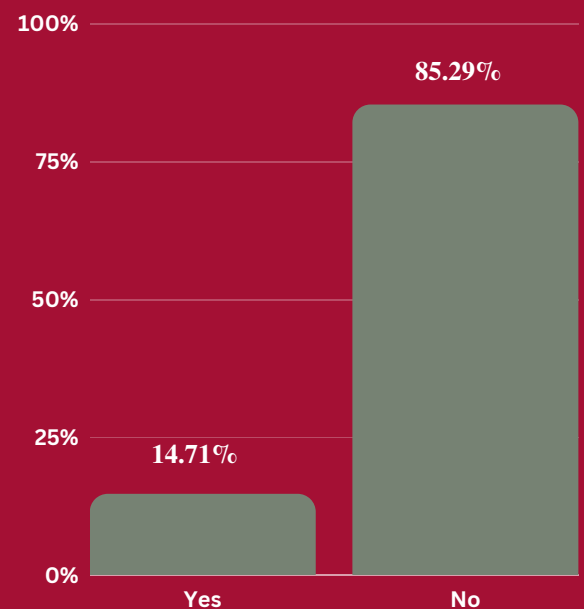
Family Office Familiarity with Various Real Estate Investment Approaches
(multiple answers apply)



Investing in Tokenized Real Estate: Preference and Potential

The results of the question regarding investing in a property or fund that required the investment to be through a token or cryptocurrency reveal a significant preference among respondents. A majority of 85.29% expressed their reluctance to invest in such a manner, indicating a strong inclination towards traditional investment avenues. However, 14.71% expressed openness to the idea, showcasing a smaller yet notable group of individuals who see potential in tokenization and cryptocurrency-based investments. It is important to note that the future of real estate is increasingly embracing the concept of tokenization, which has the potential to revolutionize the industry by providing liquidity and access to properties for investors worldwide. Tokenization can enable fractional ownership and streamline the investment process, allowing for greater participation and diversification. While the current data suggests some hesitation towards tokenized investments, it is worth considering the evolving landscape and potential benefits that tokenization can bring to the real estate sector.

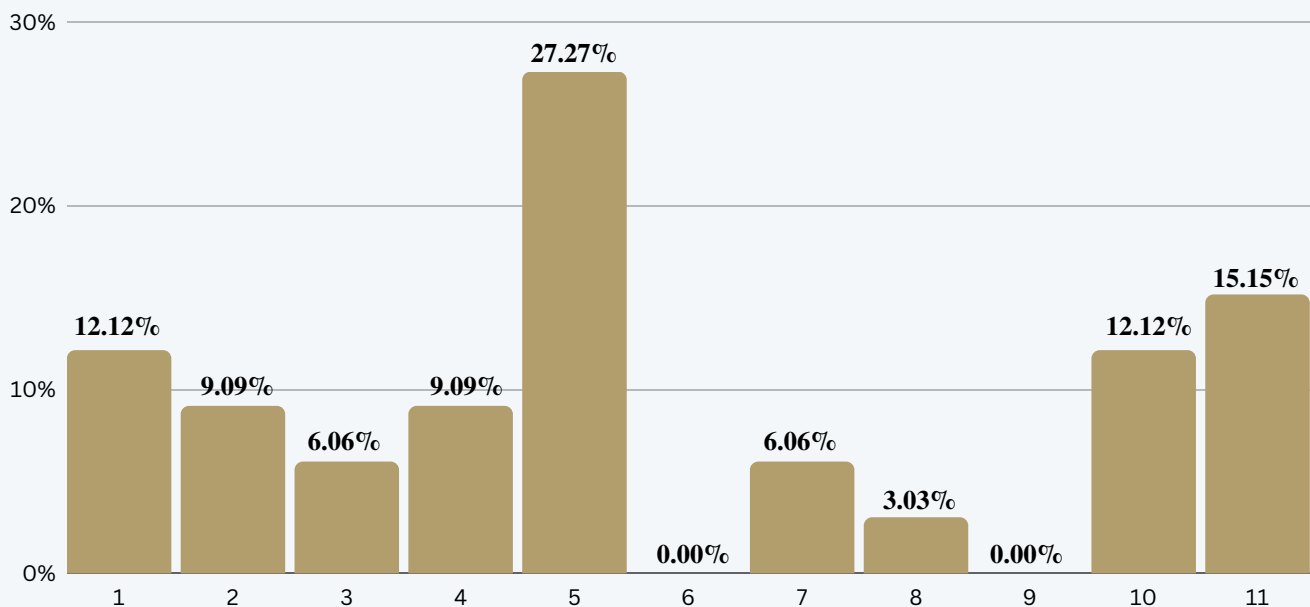
Family Office Investor Interest in Token or Crypto-Based Real Estate Investments



Real Estate Partnerships: Trust and Diversification

The number of real estate partners that family offices directly invest with plays a crucial role in establishing trust within these relationships. The statistics reveal a varied distribution, with the majority of respondents investing with multiple partners. However, regardless of the specific number, the underlying principle of trust remains paramount. Family offices understand the importance of building trust over time, often beginning with smaller investments and gradually increasing their commitment as confidence grows. This approach allows family offices to assess the performance and integrity of sponsors and operators, ensuring alignment of goals and values. As evident from the data, a significant portion of respondents, 27.27%, invest with five partners, indicating a willingness to diversify and spread risk across trusted entities. Additionally, it is worth noting that 12.12% invest with a single partner, suggesting a strong level of trust developed over time. Ultimately, the process of starting small and gradually scaling investments showcases the significance of trust in the relationships between family offices and real estate sponsors/operators.

Number of Direct Real Estate Partnerships with Operators/Sponsors



Fund Investments for Direct Deals Access

The data provided offers insight into Family Offices' willingness to invest in a fund that grants them access to direct deals. A substantial 32.56% of Family Offices responded affirmatively, indicating that access to direct deals is an appealing incentive for this segment. This could be attributed to the perceived benefits of direct deals such as potentially higher returns, more control, and a closer alignment with their investment objectives.

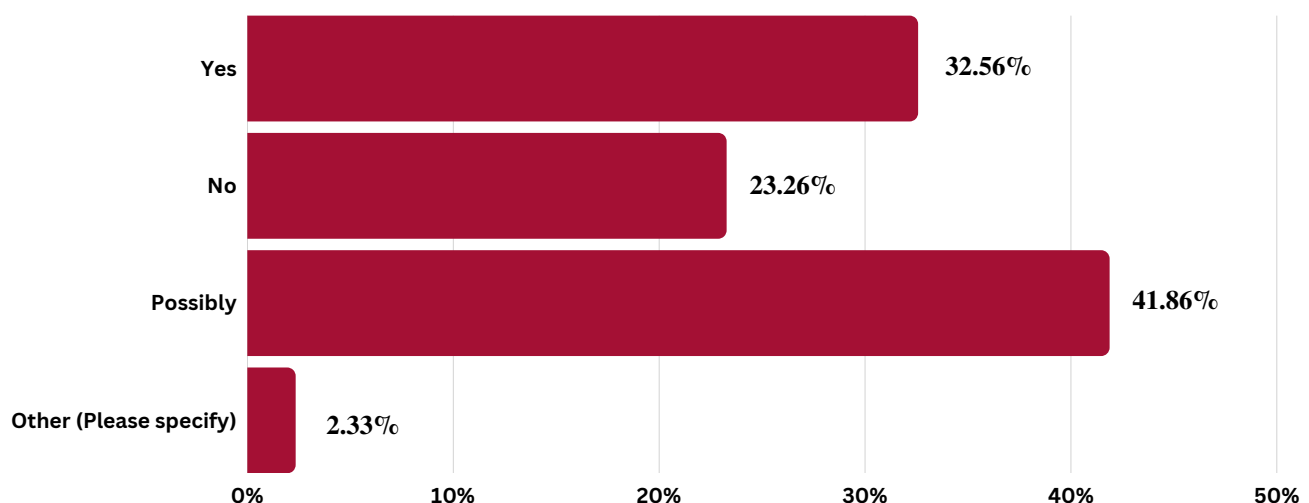
Conversely, 23.26% of Family Offices would not invest in a fund even if it allowed access to direct deals. This group might have reservations about funds in general, prefer other investment avenues, or have concerns about the risks or commitments associated with direct deals.

Interestingly, the largest group, at 41.86%, responded with "Possibly." This indicates a more cautious or conditional approach. The decision to invest might depend on various factors such as the terms of the fund, the quality of direct deals available, or the alignment with their broader investment strategy.

Finally, 2.33% fall under the "Other" category, which might encompass a range of unique considerations or stipulations that don't fit neatly into the yes/no/possibly responses.

In summary, while a significant portion of Family Offices are enticed by the prospect of gaining access to direct deals through fund investment, there is a considerable diversity in responses, with many adopting a conditional approach and a smaller segment showing no interest.

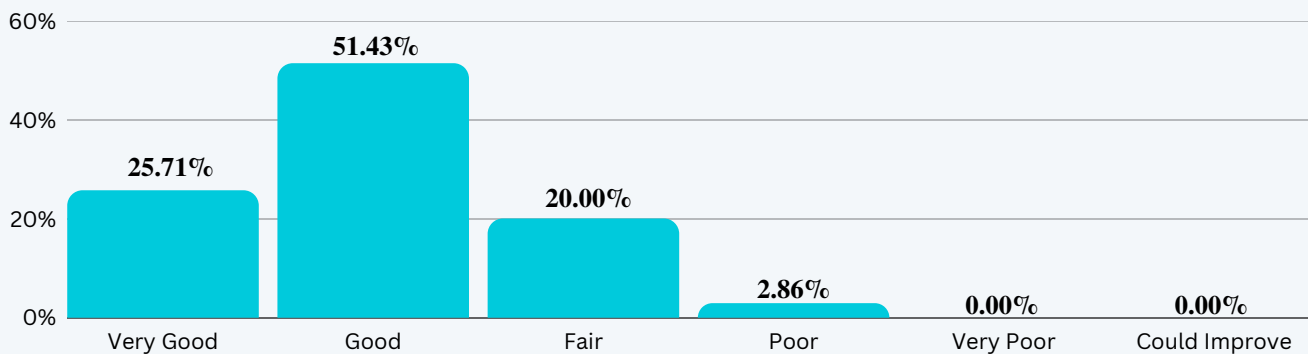
Family Offices' Investment Decisions: Weighing Fund Access to Direct Deals



Due Diligence

Based on the responses to the question about the quality of real estate due diligence, the majority of participants, 51.43%, expressed confidence in their abilities, stating that their real estate due diligence is "good." Additionally, 25.71% of respondents rated their due diligence as "very good," indicating a high level of satisfaction. A considerable portion, 20.00%, considered their due diligence efforts to be "fair." However, only a small percentage, 2.86%, felt that their real estate due diligence was "poor," suggesting room for improvement. Notably, no participants rated their due diligence as "very poor" or believed that it couldn't be improved, highlighting a generally positive outlook and willingness to enhance their processes.

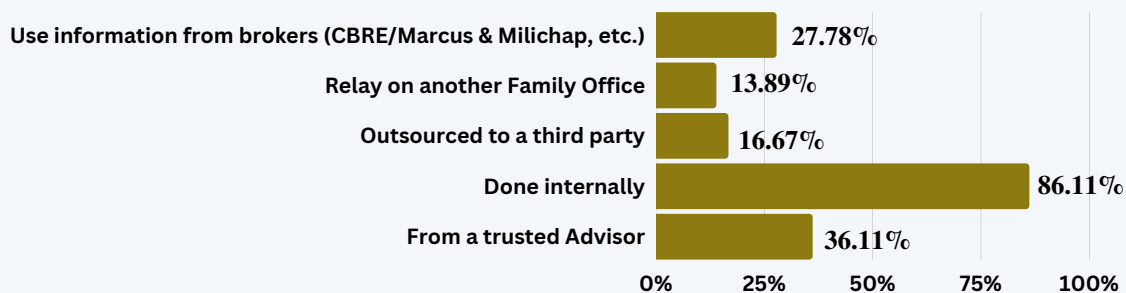
Perception of Family Offices Real Estate Due Diligence Effectiveness



Due Diligence: Sponsor & Investment

Despite the paramount importance of vetting sponsors/operators before investments, a significant number of family offices seem to neglect this vital step. According to a survey, only 64.71% of respondents confirmed that their family office conducts due diligence on sponsors/operators. This is alarming as even the most promising deal can disintegrate if handled by an inexperienced or incapable sponsor/operator. Interestingly, none completely ignore this process, but a concerning 20.59% only sometimes conduct it, and 14.71% act as sponsors/operators themselves, potentially missing out on the benefits of external scrutiny.

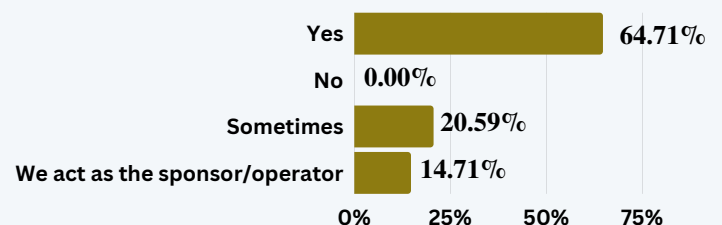
Family Office Due Diligence on Real Estate Sponsors and Investments (multiple answers apply)



On the brighter side, when it comes to due diligence on investments or deals, a substantial 86.11% of family offices confirmed their commitment to this practice. This indicates a strong dedication to thorough assessment and risk management. It's noteworthy that none of the respondents indicated a total absence of due diligence, which is indicative of the sector's professionalism.

In conclusion, while there is a commendable proactive and cautious approach to investment decision-making among family offices, the data highlights an urgent need for more consistent and rigorous evaluation of sponsors/operators. Family offices must recognize the gravity of thoroughly assessing the qualifications and capabilities of sponsor/operators before committing to any investment opportunity.

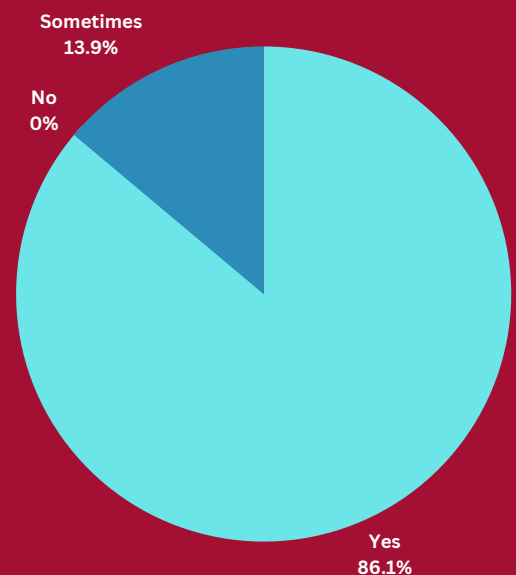
Family Office Due Diligence on Sponsor/Operator



Due Diligence Practices

The data provided sheds light on the due diligence practices of Family Offices when it comes to investments or deals. An overwhelming majority, 86.11%, of Family Offices affirm that they perform due diligence on the investments or deals they venture into. This indicates a high level of prudence and risk management among Family Offices, as due diligence is a critical step in assessing the viability and potential risks of an investment. It reflects the importance Family Offices place on informed decision-making and safeguarding their investments. Interestingly, there is no Family Office that reported not performing due diligence, which underscores the universal recognition of its importance in investment practices. However, 13.89% of Family Offices stated that they sometimes perform due diligence. This suggests that there might be certain circumstances or types of investments where these Family Offices might rely on alternative methods of risk assessment or have a different approach to investment decision-making. In conclusion, due diligence is a widely adopted practice among Family Offices, with a small portion employing it selectively based on specific criteria or circumstances.

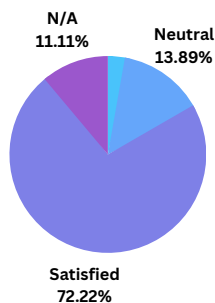
Family Office Due Diligence in Investments/Deals



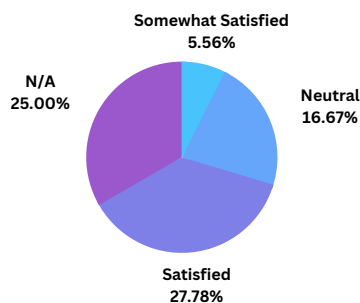
Service Providers

The data reveals varying degrees of satisfaction among clients utilizing different service providers. The Attorney emerges as the most favorably perceived, with an overwhelming 72.22% of clients expressing satisfaction, and no dissatisfaction. In contrast, the Accountant and Real Estate Partners receive mixed feedback, with satisfaction levels of 30.56% and 27.78% respectively. The Outsourced CIO and Outsourced Services to an MFO, both have low satisfaction rates at 8.33%, but it's critical to note that a large proportion of respondents (77.78%) marked N/A for these services, indicating that they might not be widely used or understood. The Real Estate Broker has a balanced feedback with 27.78% satisfied, but a considerable 25% remain neutral, suggesting ambivalence or lack of strong impressions. In summary, while the Attorney is highly regarded, other service providers should explore client engagement strategies and assess the quality of their services to enhance satisfaction levels. Additionally, the Outsourced services should investigate the high N/A responses to understand if there is a lack of awareness or relevance among the target audience.

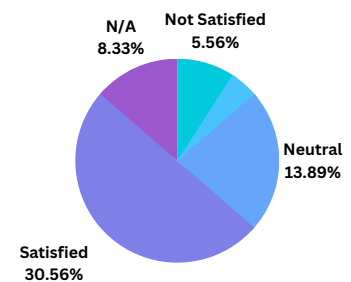
Attorney



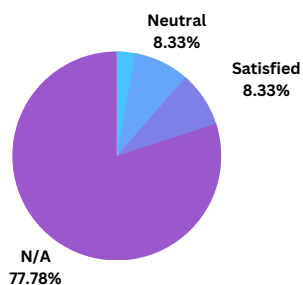
Real Estate Partner(s)



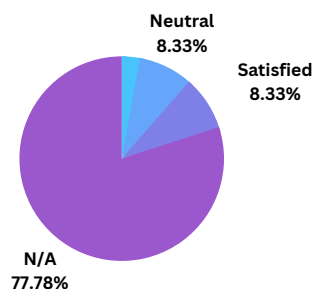
Accountant



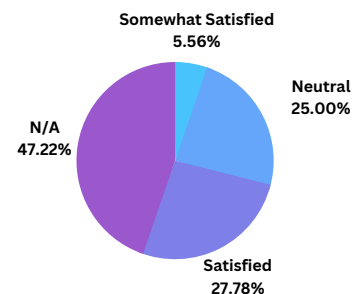
Outsourced CIO



Outsourced Services to an MFO



Real Estate Broker



Allocations & Returns

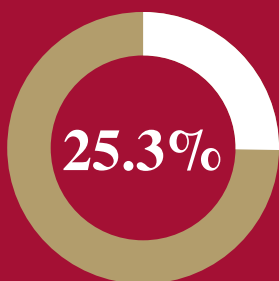
Family offices have shown a growing interest in real estate investments. In 2021 real estate continued to have a significant position in a family office's overall strategy, emphasizing the importance of diversification. Furthermore, family offices achieved an impressive 16.6% return on their real estate investments in 2021, outperforming other asset classes. This success can be attributed to favorable market conditions, effective management, and strategic investments and partnerships

Looking ahead to 2022, family offices are projected to increase their allocation to real estate, with an expected percentage of 25.3% in their total portfolio. This substantial increase signifies growing confidence in the real estate sector and the perception of strong return opportunities. It also indicates a strategic shift towards real estate as a more prominent investment class within their portfolios.

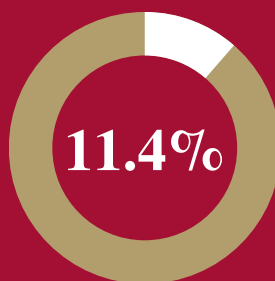
However, the projected return on the real estate portfolio for 2022 is expected to be 11.4%, slightly lower than the returns achieved in 2021. While this may suggest a moderation in performance, it still reflects a positive outlook for real estate investments. It is important for family offices to consider various factors such as market conditions, economic trends, and the execution of investment strategies that can impact the actual returns.

Family offices have increasingly recognized the potential of real estate investments. The rise in the expected allocation to real estate for 2022 demonstrates their strategic shift towards this asset class. Despite the anticipated lower return, real estate investments remain attractive for family offices seeking diversification and long-term capital appreciation. Staying informed about market dynamics and making well-informed investment decisions will be crucial for maximizing returns and managing risks in the real estate sector.

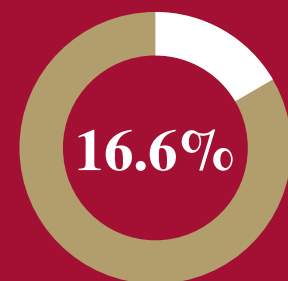
**The Expected % Allocation to
Real Estate in the Family
Office's Total Portfolio for 2022**



**The Expected Return on
a Real Estate Portfolio in
2022**



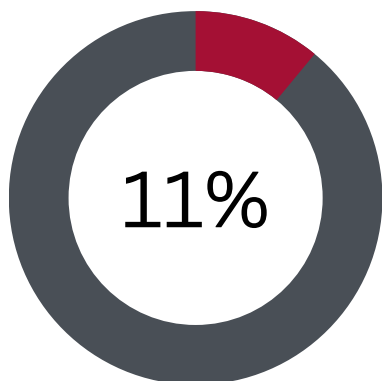
**Real Estate Portfolio
Returns for Family
Offices 2021**



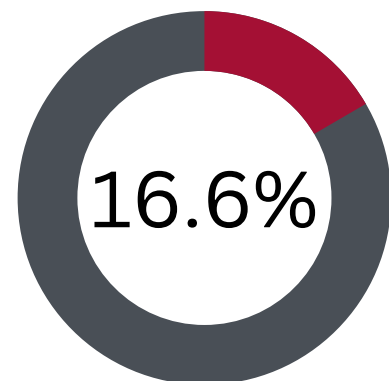
Returns

The collection of charts provides a comprehensive overview of real estate investments within family offices. The first chart displays the allocation percentage of family office portfolios dedicated to real estate investments in 2021, offering insights into their asset allocation strategy. The second chart showcases the returns generated by real estate portfolios during the same year, providing a measure of their performance. Looking ahead to 2022, the third chart predicts the expected percentage allocation to real estate within the family office's total portfolio, indicating their anticipated investment focus. Lastly, the fourth chart estimates the expected return on a real estate portfolio for 2022, giving an outlook on potential financial gains or losses. These charts collectively provide valuable information for understanding real estate investment trends within family offices.

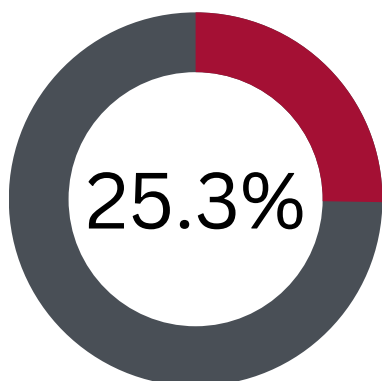
**Family Offices' Real Estate Investment:
Portfolio Percentage in 2021**



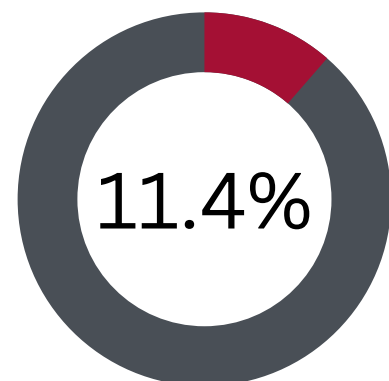
**2021 Real Estate Portfolio
Returns for Family Offices**



**The Expected % Allocation to Real
Estate in the Family Office's Total
Portfolio for 2022**



**The Expected Return on a Real
Estate Portfolio in 2022**



Fee Consciousness: Family Office Perspective

The analysis reveals critical insights into how respondents evaluated their experiences with real estate partners in three key areas: Investor Reporting, Communication, and Investment Performance.

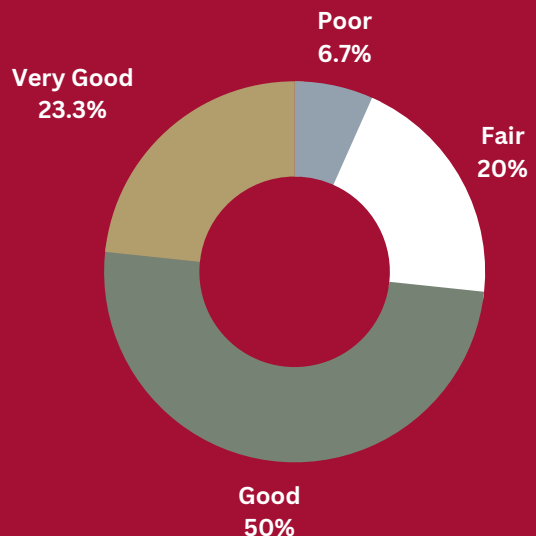
For Investor Reporting, none of the respondents rated it as "Very Poor," but 6.67% rated it as "Poor," indicating room for improvement in reporting practices.

Communication received positive ratings, with 73.33% of respondents rating it as either "Good" or "Very Good." Only a small percentage (3.33%) rated it as "Very Poor" or "Poor," suggesting effective communication efforts by real estate partners.

Regarding Investment Performance, 80.00% of respondents rated it as either "Good" or "Very Good," indicating satisfactory outcomes. However, 16.67% rated it as "Fair," highlighting potential areas for improvement.

These findings underscore the importance of enhancing Investor Reporting, maintaining effective Communication, and striving for optimal Investment Performance. The analysis provides valuable feedback for real estate partners to refine their practices and ensure positive experiences for their clients.

**Real Estate Partner Evaluation:
Investor Reporting,
Communication, and Investment
Performance**



Fee Consciousness: Family Office Perspective

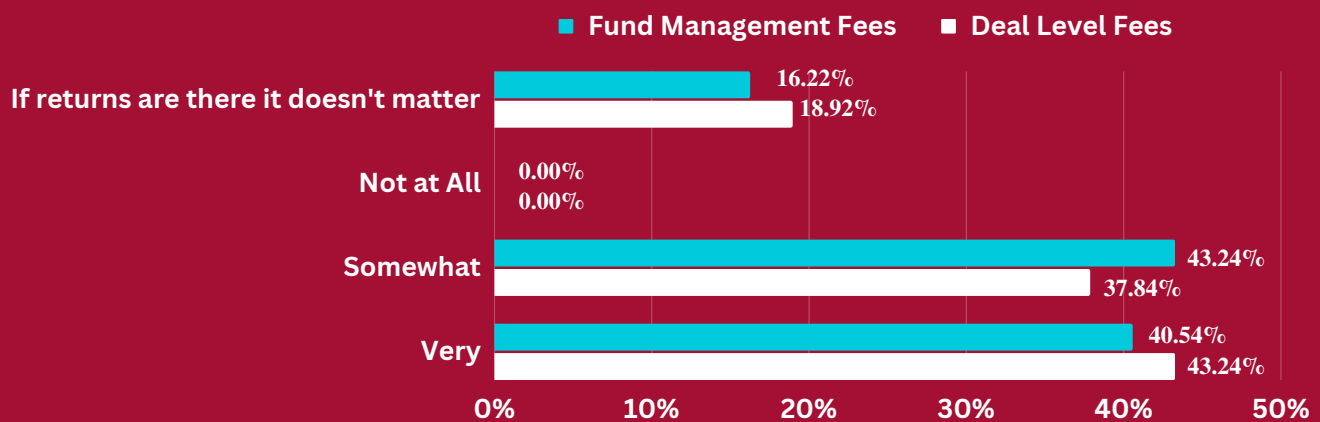
The analysis examines the level of fee consciousness among Family Offices when it comes to real estate investing that generates good returns. The data is divided into two categories: "Fund Management Fees" and "Deal Level Fees."

Regarding fund management fees, a notable proportion of respondents, representing 16.22%, expressed that if good returns are achieved, the fees are not a significant concern. Similarly, 18.92% of respondents held the same perspective for deal level fees.

None of the respondents indicated being "Not at All" conscious of fees in either category.

A majority of respondents demonstrated a certain degree of fee consciousness. For fund management fees, 43.24% of respondents considered themselves somewhat conscious, while 40.54% claimed to be very conscious. In terms of deal level fees, 37.84% indicated being somewhat conscious, and 43.24% identified as very conscious.

Fee Consciousness in Real Estate Investing: Family Office Perspective



The data suggests that a significant portion of Family Offices prioritizes fee consciousness to some extent when it comes to real estate investments that offer good returns. While there is a group that believes fees do not matter if returns are satisfactory, a substantial proportion still demonstrates varying levels of awareness and consideration for both fund management fees and deal level fees.

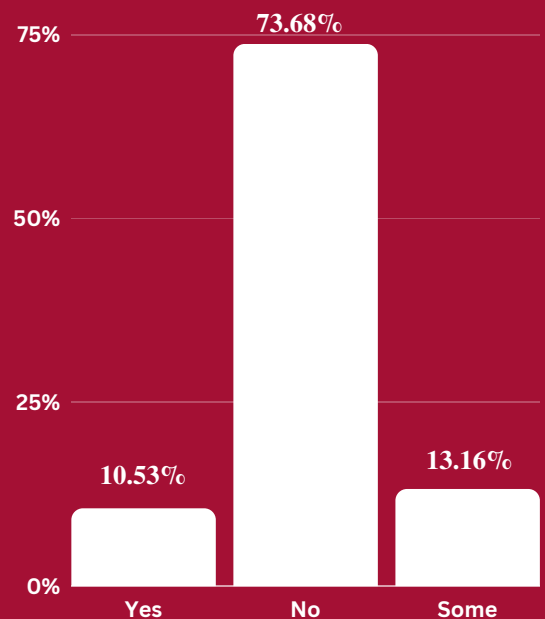
Understanding the fee consciousness of Family Offices is crucial for investment managers and professionals in the real estate industry. It highlights the importance of aligning fee structures with perceived value and ensuring transparency to meet the expectations and preferences of investors.

Family Office External Capital

The responses indicate that the majority of family offices, 73.68%, do not raise money for their own deals. This suggests that they primarily rely on their own capital or other sources of financing without actively seeking external funding for their real estate ventures. On the other hand, a smaller proportion of family offices, 10.53%, do raise money for their own deals, indicating an active effort to secure additional funds for their investment activities. Additionally, 13.16% of respondents selected "Some," suggesting a partial engagement in raising funds for their own deals. These results highlight the varied approaches adopted by family offices when it comes to financing their real estate projects, with the majority not actively seeking external funds for their own deals.



Family Office Fundraising for Internal Real Estate Deals



Investment Plan for 2022

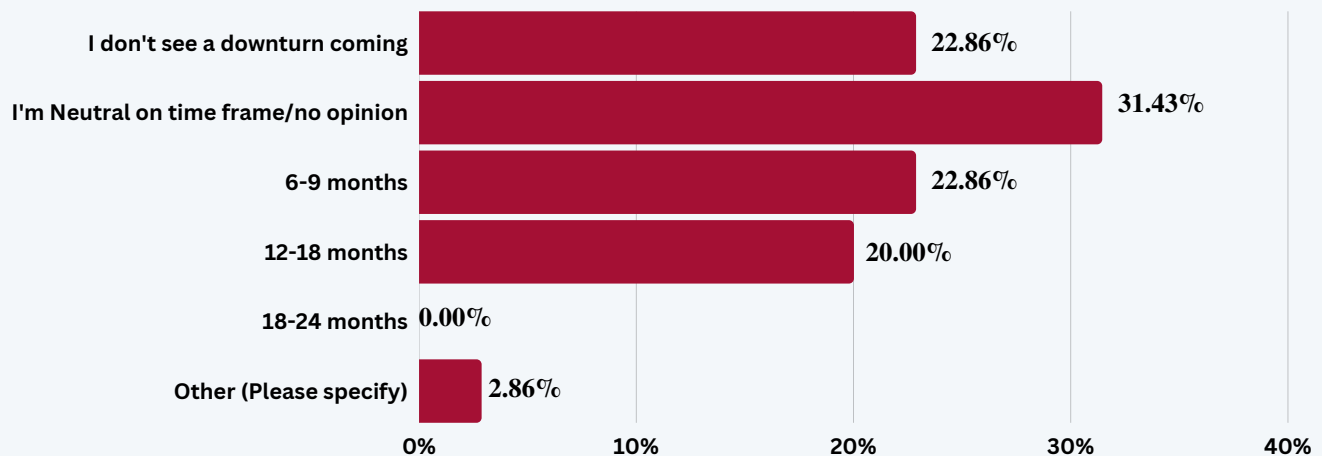
How percentage does your family office plan to invest in 2022 into each type of real estate investment?

	0%	0-5%	5-10%	10-15%
Institutional Real Estate (i.e. Blackstone/Deutsche Bank etc.)	65.12%	23.26%	2.33%	0.00%
Club Deals (multiple family offices investing together)	46.51%	13.95%	16.28%	9.30%
Crowdfunding	93.02%	2.33%	0.00%	0.00%
Direct into Real Estate (own property)	25.58%	11.63%	4.65%	4.65%
Real Estate ETF's	72.09%	16.28%	0.00%	0.00%
Real Estate Opportunity Zone Fund	76.74%	9.30%	9.30%	0.00%
Real Estate Mutual Funds	88.37%	6.98%	0.00%	0.00%
Direct Lending on Real Estate (direct from the family office)	69.77%	6.98%	16.28%	4.65%
Co-Investment with another Family Office	39.53%	6.98%	23.26%	9.30%
1031 Exchange	76.74%	6.98%	9.30%	2.33%
Direct into Real Estate with an operator	39.53%	11.63%	11.63%	4.65%
Public Reit's	79.07%	9.30%	9.30%	2.33%
Private Real Estate Lending Fund	65.12%	18.60%	11.63%	2.33%
Private Real Estate Fund	46.51%	16.28%	9.30%	6.98%
Real Estate using Crypto	93.02%	4.65%	2.33%	0.00%
	15-25%	25-50%	50-75%	75%-100%
Institutional Real Estate (i.e. Blackstone/Deutsche Bank etc.)	4.65%	0.00%	4.65%	0.00%
Club Deals (multiple family offices investing together)	4.65%	9.30%	0.00%	0.00%
Crowdfunding	0.00%	0.00%	0.00%	0.00%
Direct into Real Estate (own property)	4.65%	16.28%	16.28%	16.28%
Real Estate ETF's	0.00%	2.33%	0.00%	0.00%
Real Estate Opportunity Zone Fund	2.33%	0.00%	0.00%	0.00%
Real Estate Mutual Funds	2.33%	0.00%	0.00%	0.00%
Direct Lending on Real Estate (direct from the family office)	2.33%	0.00%	0.00%	0.00%
Co-Investment with another Family Office	4.65%	16.28%	0.00%	0.00%
1031 Exchange	2.33%	2.33%	0.00%	0.00%
Direct into Real Estate with an operator	16.28%	11.63%	4.65%	0.00%
Public Reit's	0.00%	0.00%	0.00%	0.00%
Private Real Estate Lending Fund	0.00%	0.00%	2.33%	0.00%
Private Real Estate Fund	2.33%	9.30%	6.98%	2.33%
Real Estate using Crypto	0.00%	0.00%	0.00%	0.00%

Future Concerns

Based on the given results, it appears that opinions are divided regarding the possibility of a downturn in the coming time periods. Approximately 22.86% of respondents expressed confidence that a downturn is not on the horizon, while 31.43% remained neutral or had no opinion on the matter. Another 22.86% anticipated a potential downturn within the next 6-9 months, while 20.00% expected it within 12-18 months. Interestingly, no respondents believed a downturn would occur within 18-24 months. A small portion, 2.86%, had alternative viewpoints or additional considerations not captured by the provided options.

Family Office Sentiment on Anticipated Downturn in the Near Future



Impact Investing

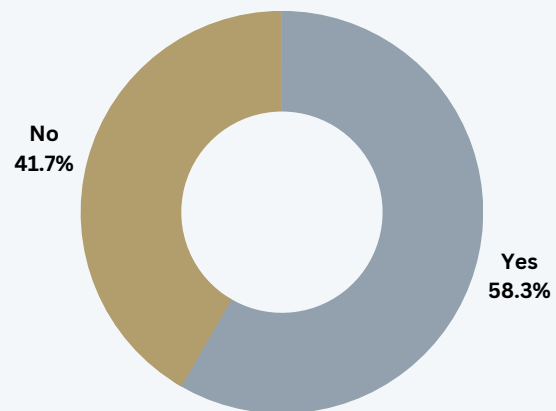
The analysis of family offices' consideration of real estate impact/social investing reveals an encouraging trend, indicating a growing awareness among these offices of the importance of generating positive social and environmental outcomes alongside financial returns. The majority of respondents, 58.33%, affirm that their family offices have contemplated impact investing in the real estate sector. This demonstrates a proactive approach to aligning investment strategies with social and environmental goals.

Furthermore, this trend becomes even more pronounced when examining the preferences of the younger generations within family offices. The younger generations, often characterized by their focus on sustainability and social responsibility, show a greater interest in impact/social investing. Their involvement in decision-making and influence within family offices contribute to the increasing consideration of impact investing in real estate. The younger generations recognize the potential to make a positive difference while generating financial returns, driving the shift towards impact/social investing in the real estate sector.

However, it is important to note that 41.67% of family offices have not yet explored real estate impact/social investing. This suggests that there is still a segment of family offices that may need further education or awareness regarding the benefits and opportunities associated with impact investing. Encouragingly, as the younger generations take on more prominent roles within family offices, there is a greater likelihood of a broader adoption of impact/social investing strategies in the future.

Overall, the majority of family offices have shown a willingness to consider real estate impact/social investing, reflecting a growing awareness of the importance of integrating social and environmental factors into investment decision-making. The alignment of investment strategies with sustainability goals is particularly notable among the younger generations within family offices, who exhibit a stronger interest in impact investing. As the industry evolves and younger generations take the lead, the adoption of impact/social investing in the real estate sector is expected to increase further.

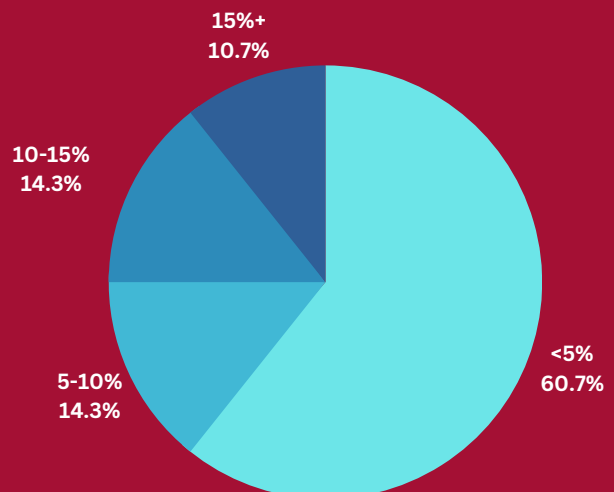
Family Office Consideration of Real Estate Impact/Social Investing



Real Estate Impact Investing: Growing Awareness & Influence

The question about allocating a percentage of real estate investments towards impact/social impact investing provides valuable insights into the priorities of family offices. The results indicate that the majority, 60.71%, allocate less than 5% of their real estate investments towards impact investing. However, it is important to recognize the shifting landscape driven by the younger generation's influence. As wealth is passed along to the younger generation over time, there is a growing demand for social impact investing. This is reflected in the responses, with 14.29% of family offices considering allocating 5-10% or 10-15% of their real estate investments towards impact investing. Furthermore, 10.71% of respondents indicate a willingness to allocate 15% or more towards impact investing, signaling a stronger commitment to creating social and environmental benefits alongside financial returns. As the younger generation continues to shape the priorities of family offices, it is likely that the percentage allocated towards impact investing will increase in the future.

Allocation Percentage for Real Estate Impact/Social Impact Investments by Family Office

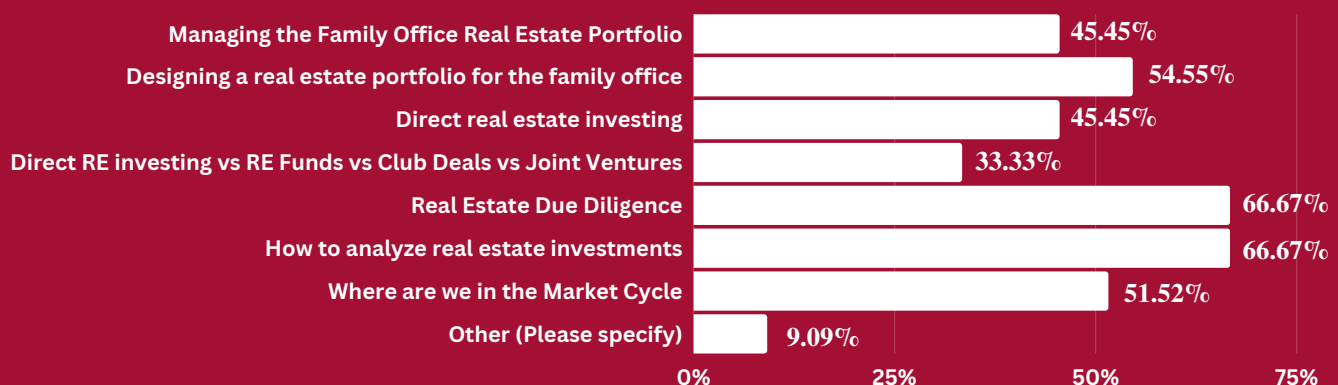


Education: Key Priorities

The responses indicate the topics that family offices are interested in regarding family office real estate education. A significant percentage, 66.67%, expressed interest in learning about real estate due diligence, emphasizing the importance of conducting thorough assessments before making investment decisions. Similarly, the topic of how to analyze real estate investments received the same level of interest, highlighting the desire to enhance analytical skills and evaluation capabilities in real estate. Managing the family office real estate portfolio was chosen by 45.45% of respondents, indicating a focus on effective portfolio management strategies specific to family offices. Designing a real estate portfolio for the family office garnered a slightly higher interest at 54.55%, emphasizing the importance of developing a well-structured and tailored portfolio aligned with the family office's objectives. Understanding the market cycle and determining where we are in it attracted the interest of 51.52% of respondents, suggesting a desire to gain insights into market trends and timing for real estate investments. On the other hand, the topic of direct RE investing versus RE funds, club deals, and joint ventures received interest from 33.33% of participants, indicating a desire to understand the different investment approaches and their pros and cons. Lastly, 9.09% mentioned "Other" topics not covered in the provided options, indicating specific areas of interest unique to their family office.

These results provide valuable insights into the topics that family offices prioritize for real estate education, encompassing due diligence, investment analysis, portfolio management, market cycles, and designing tailored portfolios.

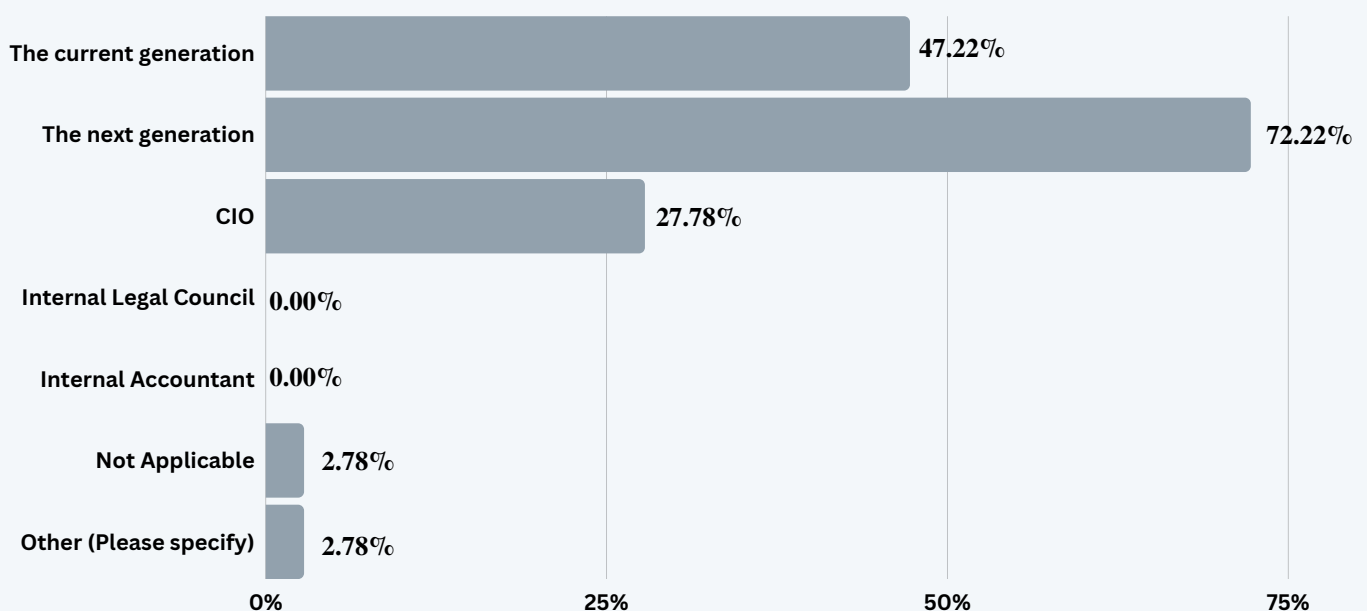
Topics of Interest for Family Office Real Estate Education (multiple answers apply)



Education: Beneficiary Insights

According to the responses, family offices believe that additional real estate education could benefit multiple stakeholders. The majority, 72.22%, identified the next generation as those who could benefit from additional real estate education. This highlights the recognition of the importance of equipping future family members with knowledge and skills related to real estate investments. Similarly, 47.22% mentioned that the current generation could also benefit from additional real estate education, indicating a desire to further enhance the expertise of those currently involved in managing the family office. On the other hand, a smaller proportion of 27.78% indicated that the Chief Investment Officer (CIO) could benefit from additional education, suggesting the importance of deepening the CIO's understanding of real estate investment strategies and trends. However, no respondents mentioned the internal legal counsel or internal accountant as beneficiaries of additional real estate education. A small percentage of 2.78% fell into the "Other" category, expressing unique perspectives or identifying specific individuals within the family office who would benefit from further education. These results highlight the perceived importance of real estate education for both the current and next generations within family offices, with a lesser emphasis on other internal roles.

Target Audience for Additional Real Estate Education
(multiple answers apply)

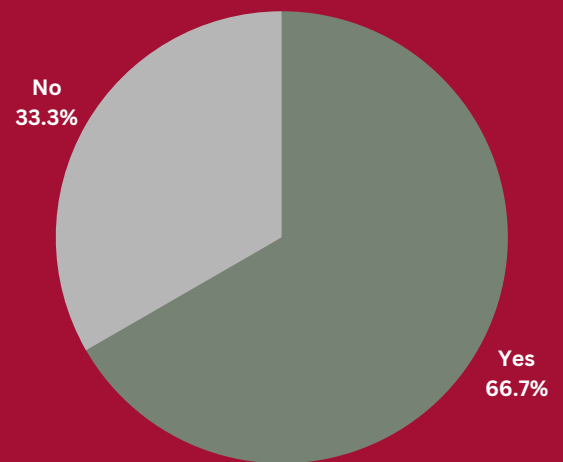


Additional Education

The majority of respondents, 66.67%, expressed a belief that having additional education on real estate-related issues would be helpful for their family office. This indicates a recognition of the value and importance of continuing education and staying informed about developments, trends, and best practices in the real estate industry. It suggests a proactive approach to enhancing knowledge and skills to make more informed investment decisions. On the other hand, a smaller proportion, 33.33%, indicated that they do not feel the need for additional education in real estate-related issues. While they may already possess sufficient knowledge or have alternative means of staying informed, it's worth noting that ongoing learning and education can still offer benefits, such as staying updated on market changes and expanding expertise. Overall, the results demonstrate a notable interest among family offices in furthering their education in real estate-related matters.



Perceived Value of Additional Real Estate Education for Family Office





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