



2025 PREA Affinity Group Program

PREA's Affinity Group Program is designed to maintain a small-group dynamic, even as the Association's membership grows, and allows members to discuss topics of shared interest. Open to a maximum of 40 individuals from member firms by invitation, each affinity group is devoted to a specific topic, such as innovation, international investment, and capital markets. Affinity groups meet during PREA's Spring and Fall Conferences. Members sign on for a two-year term. PREA members interested in additional program details should contact [Amy Laffargue](#), Director of Meetings and Events, at 860-785-3846.

- Alternative Real Estate Investment
- Capital Markets—Blue Flight and Red Flight
- Defined Contribution Plans
- Development
- Innovation
- International Real Estate Investment
- Reporting & Valuation
- Research



Alternative Real Estate Investment

Inna Khidekel, *Bridge Investment Group*

Brian McCarthy, *New York State Common Retirement Fund*

The Alternative Real Estate Investment Affinity Group is dedicated to investment strategies and vehicles that fall outside traditional parameters. Originally formed to focus on non-core property sectors, the group now considers real estate that is facing disruption by technology, demographic shifts, a post-pandemic world, liquidity, and other factors. In addition, the group focuses broadly on emerging trends relevant to the real estate investment management industry, such as asset allocation, public-private partnerships, property-type repurposing, the availability of debt, and changing dynamics between GPs and LPs.

Our sessions are designed to be highly interactive and are typically structured as a deep dive into a single topic. Discussions are led by our investor and manager members as well as invited outside guests, including accomplished investors, managers, developers, and real estate researchers. Recent sessions covered topics below:

- **The Odyssey of the ODCE: The Journey from Core to Alternative:** Allocations to alternative sectors are growing within the private and public real estate industry. So much so that the NCREIF Fund Index—Open End Diversified Core Equity (ODCE), one of the most widely used benchmarks of the US private real estate industry, made sweeping changes to the index to meet the current market and allow for continued growth in alternatives going forward. Our panel explored the implications of the changes and discussed in detail concerns over tracking error, impact on capital flows to alternative sectors, selection of ODCE as a benchmark versus competitors, valuations, and the evolving definition of core real estate.
- **Topsy-Turvy: Banks Have Stopped Making Loans and Are Selling Them:** Rapidly rising interest rates and declining values resulted in banks having too much CRE on their balance sheets, forcing several bank failures and creating a liquidity crunch across the US banking sector. We discussed the implications of the 2023 banking crisis and its impact on regional and global financial institutions. Our panel covered the sale and underwriting of performing and nonperforming loans, including the role of the FDIC and the risks associated with note purchases. The group discussed expectations on when and how orderly lending would resume to bring back market liquidity and normalized transaction activity.
- **Taking a Piece of the Action: Investing in GP Stakes:** Although the traditional approach for investors has been to invest as limited partners, opportunities exist to align with proven organizations to provide capital to fortify operations, bolster balance sheets, retain top-tier talent, or scale up platforms in exchange for “GP economics.” By assuming some operational risk, investors can enhance access to deal flow and find attractive returns by participating in sponsor fees, promotes, and enterprise value. Our panel discussed the sourcing, underwriting, monetization, and risk factors of various GP-side investment strategies, including coinvestments, entity-level investments, and diversified GP-stake vehicles.



Capital Markets—Blue Flight

The **Capital Markets Affinity Groups** consist of two flights, Capital Markets Blue and Red. Both groups focus on relevant domestic and global issues impacting investment activity and capital markets. Using a combination of speaker presentations and group and breakout discussions, the groups' goal is to promote an active and educational dialogue about pertinent topics impacting the real estate capital markets.

Blue Flight:

Bruce Cohen, *Temerity Strategic Partners*

Shawn Lese, *Nuveen Real Estate*

Fall 2024: In an uncertain environment, buffeted by the US presidential election, international conflicts, interest rate volatility, and an absence of transaction activity, the Blue Flight heard a presentation from Donald Hall, the global head of research for Nuveen. He shared his economic outlook and how he envisioned unfolding developments would impact property values and capital flows. His positions were challenged by those in the room and led to considerable dialogue. Discussions were then held at each table, during which members debated the topics and were asked to list those they agreed and disagreed with. Representatives from the tables then presented their conclusions.

This session was followed by a presentation by James Trout of CleanArc Data Centers and Greg Stamas of Snowhawk Partners on data center, a sector that interests many investors but remains difficult to access. Group members asked an array of questions and were able to find a common foundation as they explored the sector.

We hope that through this combination of presentations and dialogue, our members left the session with improved perspectives, having learned something and enjoyed their time with other senior industry leaders.

Spring 2025: We plan on using the upcoming session to take this interactive approach one step further, focusing on a series of topics today for which there's considerable debate. Those include the likely availability and pricing of debt and equity in this environment, market share and access to retail investors, the ability to deliver alpha going forward, and the most attractive investment opportunities in the new cycle. We are excited to foster a debate around these topics.



Capital Markets—Red Flight

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Red Flight:

Peggy DaSilva, *PIMCO Prime Real Estate*

Ani Vartanian, *Rubicon Point Partners*

Spring 2023: The Red Flight meeting kicked off with a friendly catch-up session of our close-knit membership. Following that, members had a robust discussion about the activity in the secondary market. Jeff Giller, a Partner at Stepstone Group, kicked off the discussion. He provided detailed research and historical insights into the secondary market, which stimulated a lot of questions and discussion about market fundamentals and the current state of the market. Scott Koenig, Managing Director and Head of Secondaries at Neuberger Bergman, also contributed to the discussion by providing additional perspectives on the current trends and added deeper insights into how the secondary market functions.

Fall 2024: As usual, the Red Flight members kicked off the meeting by catching up; they value the opportunity to build lasting, career-long relationships. Sandeep Dave, Chief Digital and Technology Officer at CBRE, kicked off an exciting and informative discussion about how artificial intelligence (AI) will impact real estate portfolios. His explanation spurred a great discussion with a lot of speculation about how quickly real estate owners, operators, and developers will actually harness AI for good versus the damage AI usage could bring. The group came away with a better appreciation of the early stage of AI and how much our industry will ultimately benefit from integrating AI into all aspects of operations and development. We look forward to continuing our group discussions in the 2023 meetings with the goal of continuing active and informative dialogue among our members.



Defined Contribution Plans

Tripp Brailard, *Clarion Partners*

Diane Smola, *Principal Asset Management*

The Defined Contribution Plans Affinity Group focuses on the inclusion of private real estate in professionally managed investment strategies for defined contribution (DC) retirement plans. It facilitates discussion and information exchange about the rapidly growing \$10 trillion DC market and how private real estate can serve an important role in helping DC plan participants reach their retirement savings goals.

As of 2024, according to the Defined Contribution Survey conducted by DCREC, NAREIM, NCREIF, and PREA, the amount of DC capital invested in private real estate was \$36.4 billion in dedicated DC vehicles. DC plan sponsors continue to evaluate the inclusion of private real estate in their multi-asset-class solutions, and many of the largest corporate and public plans have already included private real estate in their investment strategies. Inflows from new mandates into DC vehicles are increasing, and the number of dedicated DC private real estate vehicles in the market grew from four in 2005 to 12 in 2024.

The Defined Contribution Plans Affinity Group provides a forum for real estate professionals and market leaders to gain important information to be at the forefront of the US retirement market evolution.

Presentations and Speakers

The affinity group hosts discussions with members and external speakers on current topics within the DC and daily-valued private real estate market. In 2025, the group will focus on key topics, including these:

- Current and future trends in the DC market, including the regulatory environment
- Use case studies from plan sponsors and national consultants
- Non-US DC market

Looking Ahead

The Defined Contribution Plans Affinity Group will continue to provide content that is relevant to all the following key constituents: DC plan sponsors considering the inclusion of private real estate within a professionally managed multi-asset-class investment strategy, DC plan sponsors already including private real estate in their DC plan investment offerings, and real estate managers offering or preparing to offer private real estate funds for DC plan investment.



Development

Wendy Pryce, *Nuveen Real Estate*

JP Rachmaninoff, *Tennessee Consolidated Retirement System*

The Development Affinity Group is focused on best practices in product design, development financing, and project delivery strategies. Members have deep experience in the development of commercial office, retail, industrial, and residential assets, with widely distributed investments throughout major US and global markets through private equity, private debt, and highly structured investments.

The Jamison Property Tour

At the Fall 2024 PREA Conference, the Development Affinity Group toured The Jamison at Dakota Crossing in Washington, DC, to learn about the development and preservation of government rent-subsidized and income-restricted affordable housing. The tour was led by Nuveen Real Estate's Impact Team and organized by Wendy Pryce, Coleader of the Development Affinity Group. Because The Jamison was originally built as a market-rate property but currently serves as mixed-income and affordable housing, the background and process around the conversion sparked interesting conversation and questions. Following the active discussion, the members enjoyed an educational walking tour of the asset, both inside and outside, including the impressive amenities. Most group members agreed that it wasn't what they expected of government-subsidized affordable housing and that they gained new insights about both the attractive economics and meaningful impact the sector provides to both investors and tenants.

Members' Roundtable

Roundtables enable members to share investment philosophies on major markets and current market trends and opportunities. They are strictly confidential and fact-laden. Members discuss deal parameters, design/repositioning challenges, and expected investment returns. Several members are selected in advance to jump-start discussions with views on product design, delivery costs as well as revenues, leasing strategies, and financing. The members' roundtable will continue during the 2025 Fall PREA Conference.

Confidential Professional Dialogue

Member roundtables are designed to identify development methodologies, such as ownership structures, approvals, land and construction costs, tenant fit-out expenses, and leasing approaches. Discussions include repositioning, targeted marketing, and creative project economics, such as tax increment financing, to transform image and create value. Roundtables respect internal confidentiality and promote an extraordinary professional dialogue to share performance metrics and development hurdles with specific development case studies.



Innovation

Tucker McCrabb, *Teacher Retirement System of Texas*

Bradley Petersen, *Jamestown LP*

The Innovation Affinity Group focuses on cutting-edge innovations, disruptive technologies, and ESG factors that affect real estate occupiers, investment managers, and investors. This highly engaged, dynamic group combines off-site tours of leading projects located in the host cities with guest speakers and roundtable discussions.

To thrive in the current market, real estate needs to be multifaceted and designed and executed with a combination of flexibility, technology integration, health and safety measures, sustainability, and tenant-centric approaches. Adapting to changing tenant needs, encouraging community, and maintaining financial resilience are crucial in navigating this new landscape and achieving long-term success.

From online retail to autonomous vehicles, the world is changing rapidly. Innovations and new technology increasingly impact preferences on how people work, live, and play; tenants demand more from technology to automate routine tasks, remove friction, and deliver experiences that allow them to connect socially.

Sustainability and green building are must-haves in today's competitive environment. Tenants demand it, and in many cities, regulation enforces it. Energy efficiency, renewable energy, and battery storage offer buildings options to improve efficiency, lower energy costs, and reduce reliance on the grid.

Typical discussion topics include the next generation of smart buildings; unique strategies for urban planning; big data applications that bridge the physical locations of assets; occupant engagement and contextual intelligence; and the increasing importance of sustainability, alternative energy options, and health and well-being in building development and operation.

In the meeting at the PREA Fall Conference, the group visited The Wharf, which helped revitalize the historic waterfront area that was once overlooked in terms of development and investment, and shifted Washington DC's highest value real estate to the southern part of the city. The group learned how developers took a thoughtful and innovative approach to urban planning and placemaking that is apparent in each component of the execution, from the building design to the street system to the integration of technology.

As the PREA conferences rotate across cities, building tours at each affinity group session have included some exemplary properties, with guidance typically provided by the developer, owner, or chief engineer, including:

80M Street, Washington, DC—Columbia Property Trust—DC's first mass timber development

Boston Seaport (Boat Tour)—ARUP—A climate risk view of Boston Seaport

Westfield Century City Mall, Los Angeles—Retail in the era of technology

Old Parkland, Dallas—Crow Holdings—Repositioning of heritage assets into today's market

888 Boylston Street, Boston—Boston Properties—Energy efficiency and decarbonization strategies

Bullitt Center, Seattle, WA—High-performance green building

888 Placemakr Premier SoBro, Nashville, TN—A luxury multifamily building blending apartment and hotel



International Real Estate Investment

Thomas Bolton Brown, *LGT Capital Partners*

Roberta Waxman-Lenz, *State Teachers Retirement System of Ohio*

The **International Real Estate Investment Affinity Group** provides a forum for discussion of global investing, focused on differences in strategies, markets, and property-type structures in all regions of the world. The group relies on specialists in various property types, regions, and financial structures to initiate discussions, opening up conversation to members for questions and to share perspectives on challenges faced and advantages gained through broadened geographic access. Participation by members provides for lively and informative discussions.

Recent Topics

2024 Spring—Europe: Opportunities on an Upswing? Is the Timing Right Yet?

Our three panelists focused on a recovering Europe and the aftermath of falling values. Over the past few years, the European real estate sector has endured a period of turbulence with a confluence of rising interest rates, falling valuations, spiking energy and construction costs, and a war on the EU's doorstep. Disagreements were highlighted as to whether Europe had turned a corner: While fundamentals were viewed as solid and assets were repricing, investors remained hesitant to transact. Would the opportunity to buy from forced sellers actually materialize? Members' differing views on these topics led to a robust conversation.

2024 Fall—Europe Versus the US: Which Is Leading the Charge?

Experts on European and US real estate markets launched a discussion of market conditions and opportunities. Distress in Europe has primarily been driven by capital markets rather than underlying fundamentals. Adding to the strain placed on capital markets by interest rate increases are banks' more conservative underwriting and leverage limits. Office markets in Europe and the US face similar challenges. While certain European office markets benefit from strong occupancy trends, the increased cost of tenant improvements makes this asset class less attractive even in tight markets. European transactions do differ from their US counterparts, though, regarding the importance of sustainability. Furthermore, in Europe, particularly in the Nordics, work from home even prior to the pandemic meant office markets were not as severely impacted as in the US.

Looking Ahead

Spring 2025—Opportunity Set in Asia / Sustainability in a Global Context

The Spring 2025 session will deep dive into Asia, as well as examine more broadly the hot-button topic of sustainability. For Asia-Pacific countries, we will touch on megatrends of demographics, technology, and post-pandemic consumer behavior shifts. How does the China Plus One strategy impact various property types? We will take a comparative view of opportunities across the varied Asian markets. Next up will be the "bottom line" of sustainability. The time is ripe to gain a deeper understanding of the regulatory factors and tenant preferences that now drive the European market. What economics of sustainability are impacting investors' decisions? Are these the same across Europe, Asia, and the US? This session will also feature a closing discussion on "Bring Your Business," asking members their priorities on issues impacting their real estate investments globally.



Reporting & Valuation

Jamie Kingsley, NCREIF PREA Reporting Standards

Michael Morrell, New York State Teachers' Retirement System

The Reporting & Valuation Affinity Group has a dual focus: updates and discussions regarding industry reporting requirements and discussion on trends and current issues impacting valuation practices. The broad range of disciplines represented by its membership provides diverse perspectives that add to the quality, depth, and benefit of these discussions. Most sessions touch on both topics by offering prepared remarks by industry experts actively involved in these areas, followed by the opportunity for open discussion and questions. Active participation in these discussions and the sharing of diverse viewpoints and experiences are the key benefits of membership in the affinity group.

A turbulent market with low transaction activity in 2023 left many in 2024 questioning “have we hit bottom yet?” Market conditions continued to drive the need for consistency and transparency in financial reporting, such as valuation metrics, debt details, fund load, and asset-level information and performance. Meanwhile, the Securities and Exchange Commission remained active in issuing regulations and alerts specific to the Marketing Rule and Private Funds Advisors Rule. The Private Funds Advisors Rule was vacated in June 2024. However, the impact of the ruling had ripple effects as market participants considered the performance reporting included in the ruling specific to closed-end funds, particularly the impact of subscription facilities on the internal rate of return.

■ **Spring 2024:** The Reporting Standards update included the expansion of asset-level reporting within the standards responding to industry need expressed in 2023, the launch of a debt fund manual project to support the standards for debt funds published in 2023, and the standardized due-diligence questionnaire tool coming in 2025. On the valuation front, a portfolio manager and an investment strategist gave a presentation and led an interactive discussion on market conditions, including transaction volume and pricing, appraisal values and benchmarks, and expectations in 2024.

■ **Fall 2024:** The NCREIF PREA Reporting Standards Board joined affinity group members for an engaging discussion on market conditions and the impact on performance and valuations and what’s on the horizon for the Reporting Standards. Board members shared why they became involved with the Reporting Standards Board and why the initiative is important to them personally and for the industry as a whole.

Looking Ahead

The Spring 2025 session will focus on valuations, the impact of current market conditions on fund flows and capital raising, and what affinity group members think is ahead for 2025. A Reporting Standards update on the pending publication of the asset-level reporting expansion and the debt fund manual will also be provided.



Research

William Pattison, *MetLife Investment Management*

Elizabeth Ptacek, *StepStone Real Estate*

The Research Affinity Group provides a forum for the presentation, debate, and discussion of trends affecting commercial real estate. The group comprises individuals representing a broad spectrum of the institutional investment community, including investment managers and advisors, data and service providers, plan sponsors, consultants, and academics. Meetings typically include five to ten short presentations by members or guests, with group discussions during or after each. Some of the presentations from 2024 included the following:

Real Estate, Public Policy, and the November Election. Fall 2024

Presenter: **Ryan P. McCormick**, *Real Estate Roundtable*

McCormick outlined potential consequences of the November election for US real estate, from tax and housing to energy, foreign investment, and financial regulation. What are the industry's key priorities going into 2025? What issues could be most affected by the election results?

What Is Happening With the Loan Maturity Wave? Fall 2024

Presenter: **Kevin Fagan**, *Moody's*

The size of the maturity wave varies depending on the lender type and the source of data. There are different considerations and methodologies to estimate maturity volumes. Beyond the size of the wave, other important elements to consider include what types of loans are paying off successfully and which are not, where could delinquency rates be headed, what magnitude of value discounts and loss severities can be expected, the workout strategies that are being deployed, and how long extensions will need to be.

Practical Stochastic Modeling. Spring 2024

Presenters: **Howard Radley and Peter Michaels**, *Radley & Associates*

Partially as a continuation of Tim Savage's presentation on stochastic modeling at the Research Affinity Group meeting at the Fall PREA Conference, Howard and Peter outlined case studies to illustrate how stochastic modeling can minimize asset risk and create investor value through portfolio diversification. They focused on practical model development options and discussed the cultural and data challenges of moving to this new paradigm.