



The changing face of private equity and alternative real estate

Insights - 22/01/2025

Investment funds specialist Sophie Reguengo and corporate law expert Amy Garrod discuss the latest market trends in private equity and alternative real estate.

Both partners, who attended the PEI Women in Private Markets Summit 2024, are part of Ogier's multidisciplinary Private Equity team and are based in Jersey. Sophie specialises in real estate and private equity structures and Amy is a specialist in real estate holding structures and downstream private equity transactions.

In this Q&A, they look at fundraising and performance in the private equity and real estate sectors, the outlook for 2025 and the impact of DEI and ESG in the private markets.

| Fundraising and performance

How has the fundraising landscape evolved in 2024?

SR: In 2024, the fundraising landscape for private equity showed improvement on the previous year - but not everyone can raise capital and it can take a long time. Large managers with solid performance track records continue to thrive, while emerging managers need to differentiate themselves significantly. Despite concerns about fee sensitivity, there are positive signs, although distributions are still lagging.

What advice would you give to emerging managers in this competitive environment?

SR: Avoid appearing like a new manager. It's crucial to build a strong narrative around your unique value proposition and leverage any successful track record you have. Establishing robust relationships with investors is also key to overcoming the challenges in raising capital.

What is the outlook for 2025?

AG: To use that all too common expression, there is cautious optimism. On the fundraising side, as Sophie says, we are definitely seeing more activity. Following an extended period of investors holding fire on deploying assets, real estate is likely to rally and we're seeing a return to interest in assets like office space and shopping centres after a downturn in recent years, which is really exciting. The drive in technology is driving demand for high quality assets to support the trend such as data centres, which will also require investment in supporting infrastructure.

Despite interest rates being slower to drop than initially anticipated, there is more stability in the UK economy than there was at this time last year and a hope for lower inflation in the year to come. Jersey continues to ensure robust regulation with a view to meeting the highest international standards and remains a leading jurisdiction to do business with. We're feeling positive for 2025.

DEI in private markets

Why is DEI crucial in private markets and what progress have you seen?

AG: DEI is essential because it brings diverse perspectives and fosters innovation. We need to celebrate success and entrepreneurship among female and minority founders because highlighting and funding these underrepresented groups is critical for a more inclusive market. Male allyship and balancing guidance with advocacy are gaining traction, contributing to a more inclusive environment, so we are seeing progress.

How can private markets further enhance DEI initiatives?

SR: Diversity is a challenge for private markets. Firms have been slow in improving their representation of women and of ethnic and racial minorities. We need to see more diverse voices being heard and included in decision-making processes. Additionally, firms should be proactive in seeking out and supporting diverse talent at all levels within their organisations.

Unfortunately, we are seeing high-profile instances of companies dialling backwards on their DEI commitments but I hope what we'll see is that these are outliers. As a firm, Ogier is committed to meeting our DEI goals - diversity, equity and inclusion is ingrained within our decision-making, management and overall approach because we believe it delivers a better working environment, relationships and outcomes.

Alternative real estate

What trends are you observing in the alternative real estate sector?

AG: Alternative real estate sectors like data centres and healthcare may now outperform traditional asset types such as office and retail. There's a growing emphasis on living and logistics

and with demographic trends, the need for healthcare and senior living will grow.

How do these trends impact investment strategies?

SR: Investors are increasingly looking at alternative real estate as a way to diversify their portfolios and tap into sectors driven by fundamental consumer needs. The focus is on long-term value creation and stability, which these asset classes provide. This shift also aligns with broader market trends towards sustainability and demographic changes.

| ESG in private markets

What role does ESG play in private equity?

SR: There's a renewed focus on natural capital and having an ESG mindset - connecting management with ESG objectives and linking carried interest with impact. PE firms are recognising their pivotal role in driving change and the transition to a greener economy and reflecting that in their investment strategies.

What role does ESG play in real estate?

AG: As environmental regulations are getting tougher, and with investors seeking to future-proof their investments, ESG can be a real value driver for real estate. Grade A office space, for example, has 'grade A' prices, so there is demand for those - but what about everything else? So many assets are old and need updating, and the pricing of middle market assets still needs to come down in order to make upgrading those properties make sense. Investors will most certainly be looking at sustainability across the board.

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