PHOENIX AMERICAN

TRENDS OUTLOOK REPORT
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2022 Trend Report for Commercial Real Estate

Uneven Recovery and Pandemic's Lasting Effects

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Executive Summary

- **The U.S. economy and real estate markets are reopening** following the biggest economic shock in U.S. history. Although Covid-19 cases are subsiding from recent Omicron variant-fueled highs, the outlook is far from certain.

- **Rental apartments are one of the hottest sectors** coming out of the pandemic, marked by surging demand and a low risk of oversupply. During the pandemic, secondary cities in the South and West have significantly outperformed the coastal gateway metros in occupancy and rent growth. Doom-and-gloom predictions of an eviction tsunami appear to have been vastly overstated.

- **The office market has been hit hard** by the pandemic with a dramatic slowdown in new leasing activity and a torrent of new sublease space coming to market. Many major employers planned to reopen offices in the late summer and early fall; however, rising case numbers prompted delays. The work-from-home effect will continue to unfold as 70% of large office occupiers plan to reduce their office footprints by 10% to 30% in the next three years.

- **The pandemic and the sudden shutdown** of large swaths of the economy in 2020 caused an explosion in warehouse demand across the country as spending moved online. While the e-commerce revolution pre-dates the pandemic, this sudden shift accelerated the trend by 3 to 5 years, virtually overnight.

- **Performance in the retail property sector varies** widely by region, submarket, and retail property subtype. Secondary cities like Phoenix and Austin have outperformed gateway cities like New York and San Francisco. Suburban retail properties have tended to outperform main street retail in major cities. The e-commerce revolution, along with changing shopping habits and shifting consumer preferences, are blurring the line between brick-and-mortar retail and logistics real estate.

- **The U.S. hotel sector is fresh off a surprisingly strong peak** summer travel season, marked by significant increases in occupancy and record-high average daily rates. Despite the strong peak season, the hotel market is not out of the woods yet. With the peak leisure travel season now over and business travel still weak, industry observers expect performance to continue to soften.

- **Real estate investment activity is bouncing back** with $177 billion in transactions during the latest quarter, an increase of 151% year-over-year. Total return for core, institutional-quality real estate jumped 5.2%, the largest quarterly total return since 2005. Environmental, social, and governance (ESG) factors are coming into sharper focus at all stages of the investment process. Investors have started to move back out on the risk spectrum as low interest rates and heavy competition in highly liquid markets squeeze cap rates.

Introduction

As the fund administrator for non-traded REITs, private placements, securitizations and a wide variety of real estate debt and equity funds, Phoenix American has a unique perspective on the ongoing impact of the Covid-19 pandemic on commercial real estate (CRE). Operating at the crossroads of fund managers, investors, financial advisors and data aggregators, our vantage point allows us to observe trends and offer insights into the dynamics of various CRE sectors.

In this report, we look at the state of CRE as the country emerges from the effects of the Covid-19 pandemic. Nearly two years after the Covid-19 shutdowns and one year after the beginning of the vaccine rollout, fund managers are looking for signs of a post-pandemic environment. But for commercial real estate, the signals are decidedly mixed.

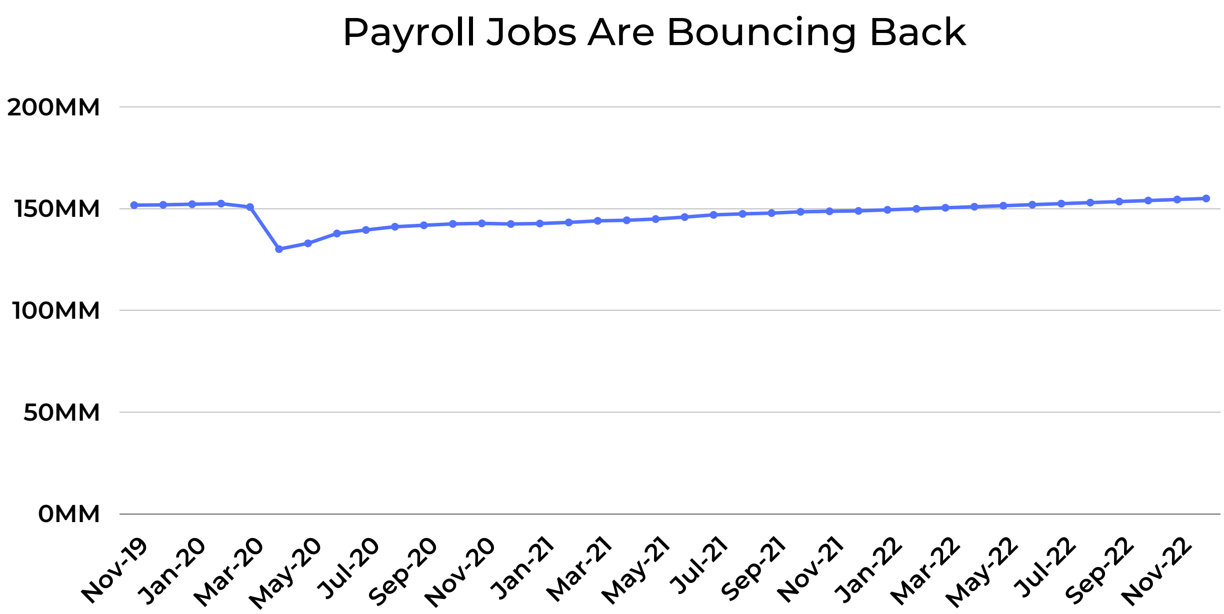
With 64% of Americans fully vaccinated, the rate of increase continues to slow even while the country emerges from the unprecedented spike in Covid-19 cases from the Omicron variant.

Commercial real estate markets have, in many cases, been irretrievably altered by the pandemic. Rapidly changing conditions led tenants, operators and investors to adapt in ways and at speeds unimaginable in normal times. New sectors were born, stagnating sectors plummeted, pre-pandemic trends accelerated. Sectoral shifts that once appeared temporary are now integrated into a new equilibrium. This paper looks at the major commercial property sectors and highlights the significant shifts within each, including which could fade as the economy reopens, and which ones are here to stay. Vaccine hesitancy, mandates and questions around how long vaccine immunity lasts cloud the picture further. The atmosphere is having vastly disparate effects on different CRE sectors. Here, we examine some of the major trends.

As the outline of an exit from the pandemic crisis starts to take shape, fund managers are looking at the risks ahead, the opportunities that have emerged and the overall prospects of the various CRE sectors through the Covid-19 era and beyond.

Vaccine hesitancy, mandates and questions around how long vaccine immunity lasts are having vastly disparate effects on different CRE sectors.

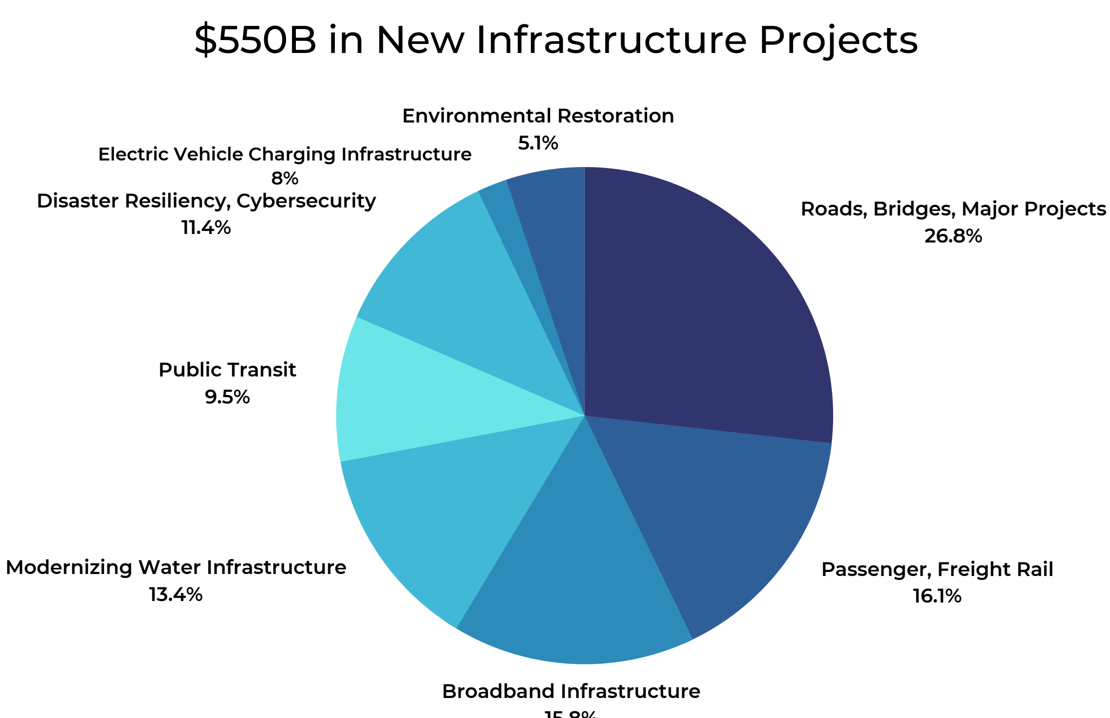
The U.S. economy and real estate markets are now reopening following the biggest economic shock in U.S. history. Employment is bouncing back, with new hiring ramping up over recent months and the unemployment rate falling. If the current pace of hiring keeps up, payroll jobs could return to their pre-pandemic peak by July 2022. The outlook, however, is far from certain. Covid-19 case numbers in the U.S. are declining from Omicron-driven highs at the time of this writing, but the possibility of new variants adds to ongoing uncertainty.



Source: U.S. Bureau of Labor Statistics
(Based on 6-month average of 508,000 per month)

In November, President Biden signed a bipartisan bill authorizing $550 billion in new spending for roads, bridges, rail, broadband internet, public transit, cybersecurity and environmental restoration.

Although the funds will take time to find their way to the projects that will stimulate the economy, the legislation represents a significant step toward the largest new public investment in infrastructure in decades.



Source: Reuters

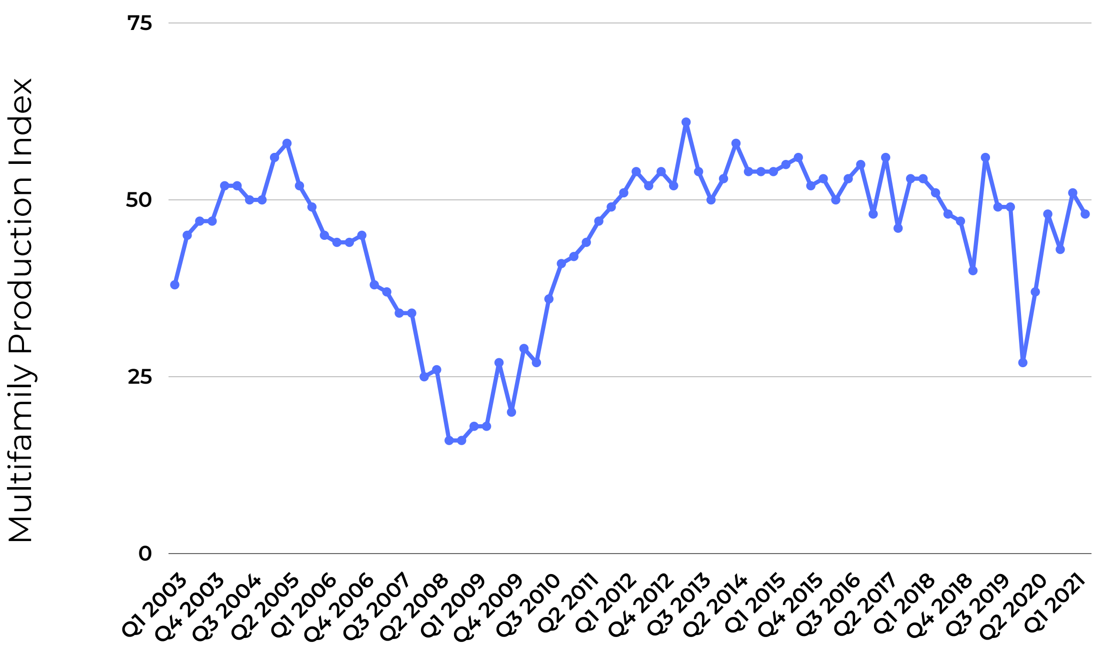
Multifamily

Rental apartments are one of the hottest sectors coming out of the pandemic, marked by surging demand and a low risk of oversupply.

Apartment market analysts report the strongest demand in 30-plus years. RealPage notes that net demand for market-rate apartments increased by 673,000 in 2021, which exceeds the previous peak from 2000 by 66%. This sent the occupancy rate to an all-time high of 97.5%. Not surprisingly, rent growth has also reached new heights – effective asking rents grew 14.4% in 2021, surpassing the previous record from 2000-2001, according to RealPage.

While new supply may be elevated in some regions, national multifamily housing production has not adjusted upwards in response to skyrocketing rents. Looking ahead, an increase in new supply appears unlikely. According to the National Association of Home Builders, high building material prices, production bottlenecks and labor shortages are constraining the supply response that might otherwise have happened in response to surging demand and accelerating rent growth. In the vast majority of regions and submarkets, multifamily housing is undersupplied.

Rental Apartments Continuously Undersupplied



Source: National Association of Home Builders

During the pandemic, high-cost gateway cities with dense urban cores saw an increased outflow of households. This includes San Francisco, New York, Los Angeles and Washington, D.C. Conversely, migration flows accelerated toward lower-cost secondary cities in the South and West, including Austin, Charlotte, Dallas, Houston and Atlanta. Not surprisingly, secondary cities of the South and West have significantly outperformed the coastal gateway metros in occupancy and rent growth since the beginning of the pandemic.

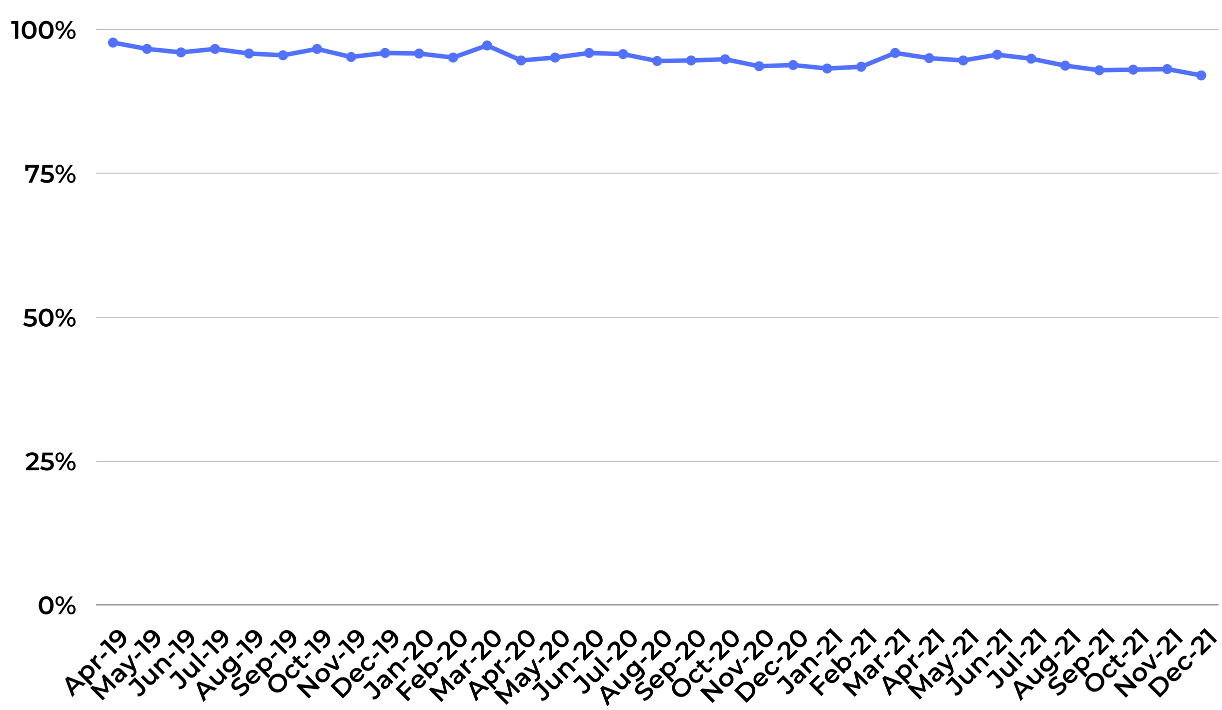
One significant unknown in the apartment market is the effect of the end of the Federal Eviction Moratorium, which was struck down by the Supreme Court in August 2021. The Center on Budget Policy reported 11 million Americans were behind on rent payments and risked eviction once the moratorium ended, while the Urban Institute reported 4 million facing possible eviction.

Doom-and-gloom predictions of an eviction tsunami appear to have been vastly overstated.

The reality seems likely far less dire. As Jay Parsons of RealPage points out, doom-and-gloom predictions of an eviction tsunami appear to have been vastly overstated, with most analyses based on an experimental dataset from the US Census Bureau's Household Pulse Survey, which has a very small sample size and severe problems with data collection methods.

More accurate data on actual rent collections from the National Multi-Housing Council show that 93.1% of professionally-managed apartment units paid rent on time in November 2021, comparable with November

Rental Collections Running in Mid-90% Range



Source: National Multi Housing Council

Broadly speaking, rent collection rates in the apartment market continue to be robust.

2019's rent collection rate of 95.2%. While there may be pockets of the apartment market where rent collections have declined significantly, broadly speaking, rent collection rates in the apartment market continue to be robust.

Student Housing Heats Up

While the Covid-19 pandemic hit the student housing sector particularly hard, students are returning to campus after a year of mostly remote learning, sending student housing demand surging upward. Student housing pre-lease activity for Fall 2022 is off to a strong start, as 31.5% of all beds across 175 universities are already accounted for, as of December 2021, according to RealPage. This is nearly equal to the Fall 2020 pre-leasing level two years ago of 31.7%.

Rent growth is picking up accordingly. According to RealPage, annual effective rent change reached 3.1%, easily exceeding the 0.2% growth in December 2020 and double the December 2019 and December 2018 rates of about 1.5% annual effective rent growth.

Senior Housing Recovering At A Measured Pace

The pandemic caused both a wave of move-outs and a slowdown in move-ins, leading to a sharp reduction in overall occupancies among all three subsectors of the senior housing market – independent living, assisted living and nursing care.

However, as the latest available data show, occupancies are starting to recover. Overall senior housing occupancy increased 1.4% in Q3 2021 to 80.1% and 1% in Q4 2021 to 81%. The independent living occupancy rate increased to 83.6%, the assisted living occupancy rate increased to more than 78% and the nursing care occupancy rate increased to 77.2%.

In terms of investor interest in the sector, CBRE's Senior Housing & Care Investor Survey indicates that the assisted living subsector garnered the most investor interest (33%), followed by independent living (22%) and active adult (15%).

The assisted living subsector garnered the most investor interest.

Office

The office market has been hit hard by the pandemic from a dramatic slowdown in new leasing activity and a torrent of new sublease space coming to market. New demand was effectively frozen throughout the country through much of 2020.

As of Q4 2021, the office market is beginning to thaw. Leasing velocity improved by 9.4% with the full-year leasing volume 14.6%, placing it above 2020 levels. However, landlord concessions rose to record levels in many markets, according to CBRE. The quarter was the first since the start of the pandemic to experience positive net absorption. The overall vacancy rate stood at 16.7%, with a 22% availability rate across major cities.

All eyes are on the future of office work. Will the great majority of workers return to the office once the pandemic is behind us? Or has traditional office work

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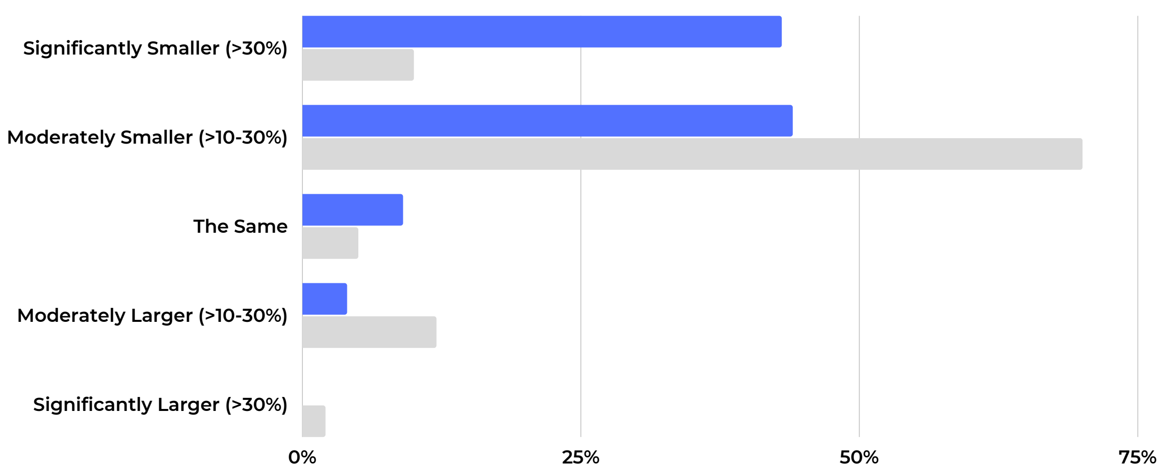
been permanently decoupled from actual office space? The answer has monumental implications for the office space in the country.

One thing does appear certain — office workers now expect an unprecedented level of flexibility over how, where and when they work. And employers are responding: A Gartner survey suggests 80% of company leads plan to allow remote work after the pandemic.

Large Employers Plan to Downsize Office Footprint



Source: CBRE

The magnitude of the work-from-home effect may not be fully understood by anyone yet. However, some statistics shed light on the topic. According to a survey by CBRE, 70% of large office occupiers plan to reduce their office footprints by 10% to 30% in the next three years, with another 10% of occupiers planning to reduce their square footage even more.

With new high-frequency office occupancy data, office re-openings can now be charted virtually in real time. According to Kastle Systems, actual office activity, measured by swipes of security access cards, plummeted in March and April of 2020. However, office activity has been increasing in fits and starts since then, particularly since early 2021 as vaccines became widely available.

Office market observers had expected these measures of activity to increase in the fall and winter as many employers followed through on their office reopening plans. However, Covid-19 cases have spiked recently; the seven-day average for new cases increased from 120,000 per day in early December to 605,000 per day in early January 2022.

Uncertainty surrounding variants and rising case numbers have also prompted major employers to rethink their office reopening plans. Many had planned to reopen in the late summer or early fall. Companies like Amazon, Apple, Facebook, Lyft, Dell, Wells Fargo, and CNN – to name just a few – have pushed back their office grand reopen dates further into the future out of caution.

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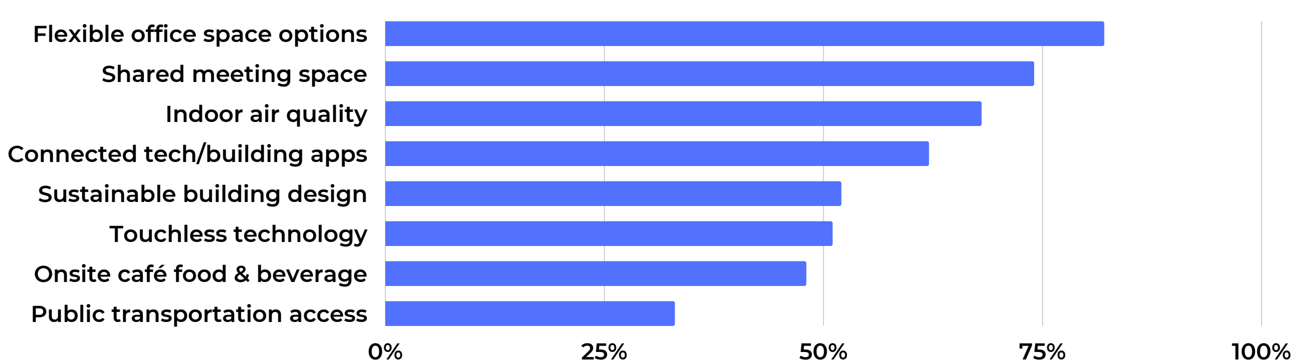
Measures of current office activity have been impacted accordingly. Among the 10 largest U.S. cities, the average office occupancy had reached a recent high of 39.8% during the week of December 8. However, as rising case counts coincided with the holiday season, office occupancy fell sharply in the final week of 2021 to 17.5%, according to Kastle Systems. By comparison, Kastle Systems recorded office occupancy in the 95-100% range in early March 2020, before the pandemic shutdowns and office closures.

As the office landscape remains in a state of flux, investors are adjusting to the new realities. According to CBRE, there has been a renewed bifurcation in investor appetite for office space. High-quality, fully amenitized assets with durable, long-term income streams, creditworthy tenants, and effective tenant retention strategies are even more attractive to investors in this environment. As a result, their values have seen relatively little dilution. By contrast, there's been a dropoff in interest for assets with shorter income streams and those that require more intensive asset management and capital improvements.

New Priorities for Office Occupiers



Source: The Future of Office Survey, CBRE

Industrial & E-commerce

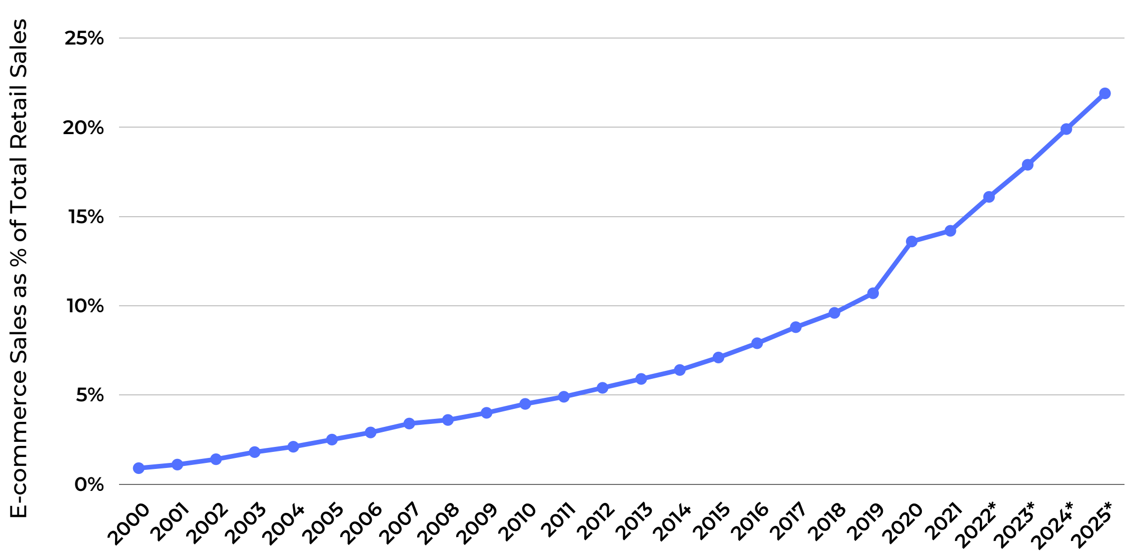
If the pandemic created winners and losers in commercial real estate, the winner is surely the industrial and logistics sector. As all in-person retail shopping came to a grinding halt in March 2020, spending moved online at levels never seen before.

The result was an explosion in warehouse demand across the country from the e-commerce industry, near every significant population center. Nearly two years later, the industrial market is still as strong as ever, with the availability rate touching 3.2% in Q4 2021, a record low according to CBRE, and rents reaching new highs.

The e-commerce revolution pre-dates the pandemic; the sudden shift from in-person to online shopping, however, accelerated the trend by 3 to 5 years – virtually overnight. Covid-19 precipitated several other major shifts in the economy and global supply chains that have benefited the industrial market as well, including greater inventory requirements, supply chain diversification and a boom in consumer spending.

Each of these is expected to drive additional, broad-based demand for industrial and logistics real estate – both bulk distribution centers in primary distribution markets as well as smaller-scale urban distribution centers for last-mile delivery capabilities. CBRE estimates an additional 1.5 billion square feet of e-commerce logistics space will be needed globally to handle new demand over the next five years.

The E-commerce Revolution



*estimated

Retail

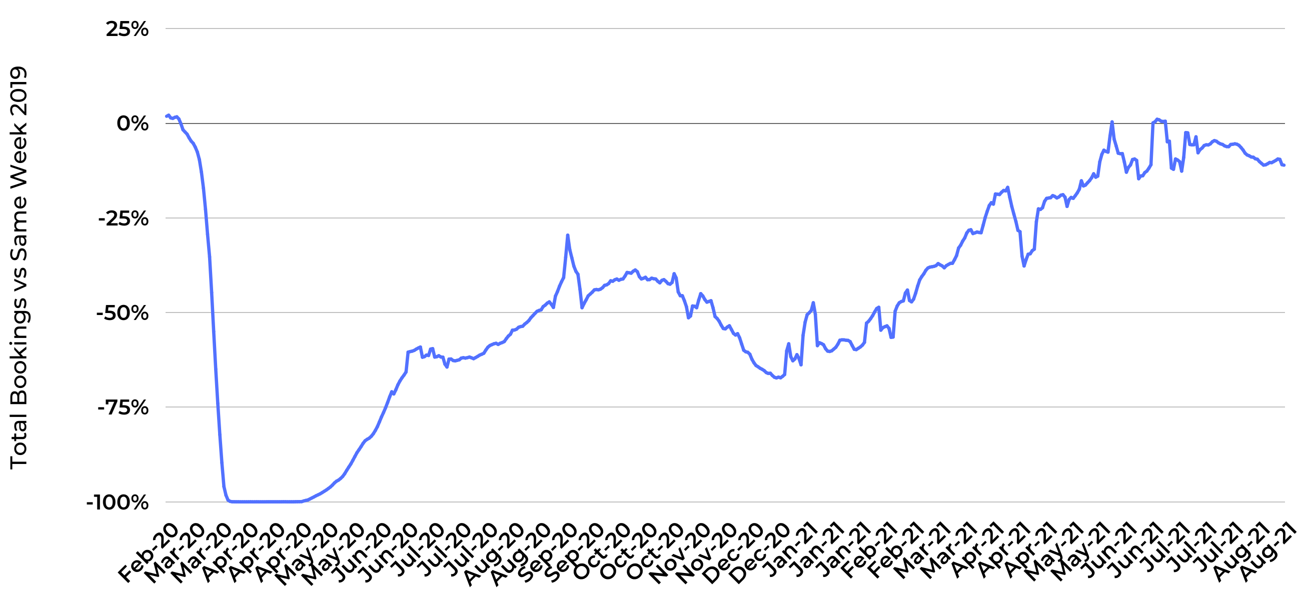
The U.S. consumer sector is booming. Employment is rebounding swiftly from pandemic lows, wages are growing, and retail sales increased 16.1% year-over-year through November 2021.

Furthermore, the latest spike in retail sales is fueled by spending in more discretionary sectors like clothing, electronics and furniture, rather than staple goods such as groceries, indicating consumers are loosening their spending habits even more than the headline figures might suggest. The retail property sector, however, varies widely by region, sub-market and retail property subtype.

Overall, the availability rate fell 0.3 percentage points to 6.2%, according to CBRE, as secondary cities like Phoenix and Austin outperformed gateway cities like New York and San Francisco. Furthermore, CBRE notes that suburban retail properties have tended to outperform high street retail in major cities.

Through year-end 2021, concerns about rising Covid-19 case counts threatened to delay the ongoing recovery of the retail sector. According to OpenTable, restaurant bookings across U.S. cities softened through year-end, coinciding with a pickup in confirmed cases.

Potential Stall Out for Restaurant Industry



Source: OpenTable State of The Industry

The e-commerce revolution, along with changing shopping habits and shifting consumer preferences, is blurring the line between brick-and-mortar retail and logistics real estate.

Curbside pickup, also known as click-and-collect, was born out of necessity during the pandemic to avoid shoppers entering stores. It has the added benefit of turning stores into last-mile fulfillment centers for online orders as well, easing constraints on shipping capacity and costs, according to CBRE. The hybrid retail-logistics model is even causing some investors to rethink retail property valuation metrics to capture the shifting function of the physical store, according to CBRE. And since lockdown restrictions have eased, the model seems to be sticking around.

Collectively, Gen Z is huge, and its influence is set to grow... This digitally native generation is expected to influence retail – both online and offline – over the next several decades.

Retail-to-logistics conversion has also been gaining momentum. This is great news for owners of outdated shopping centers and aging malls, who are increasingly turning obsolete retail stock into e-commerce fulfillment centers. This model may have a long runway ahead of it, as 83% of malls were built before 2000, according to Newmark, and outdated malls have increasingly lost customers and foot traffic to online shopping and open-air shopping districts. CBRE counted 59 individual retail-to-industry property conversions as of July 2020, encompassing 13.8 million square feet of space.

Also behind the changing face of retail is a younger, digitally native population now coming of age. People born between 1995 and 2010, known now as Gen Z, grew up in a digital, hyper-connected world with social media and online retail. Collectively, Gen Z is huge, and its influence is set to grow. It is now bigger than the Millennial generation and spends $143 billion per year while influencing an additional $461 billion in spending by others, according to CBRE and StreetSense.

This digitally native generation is expected to influence retail – both online and offline – over the next several decades.

Lodging

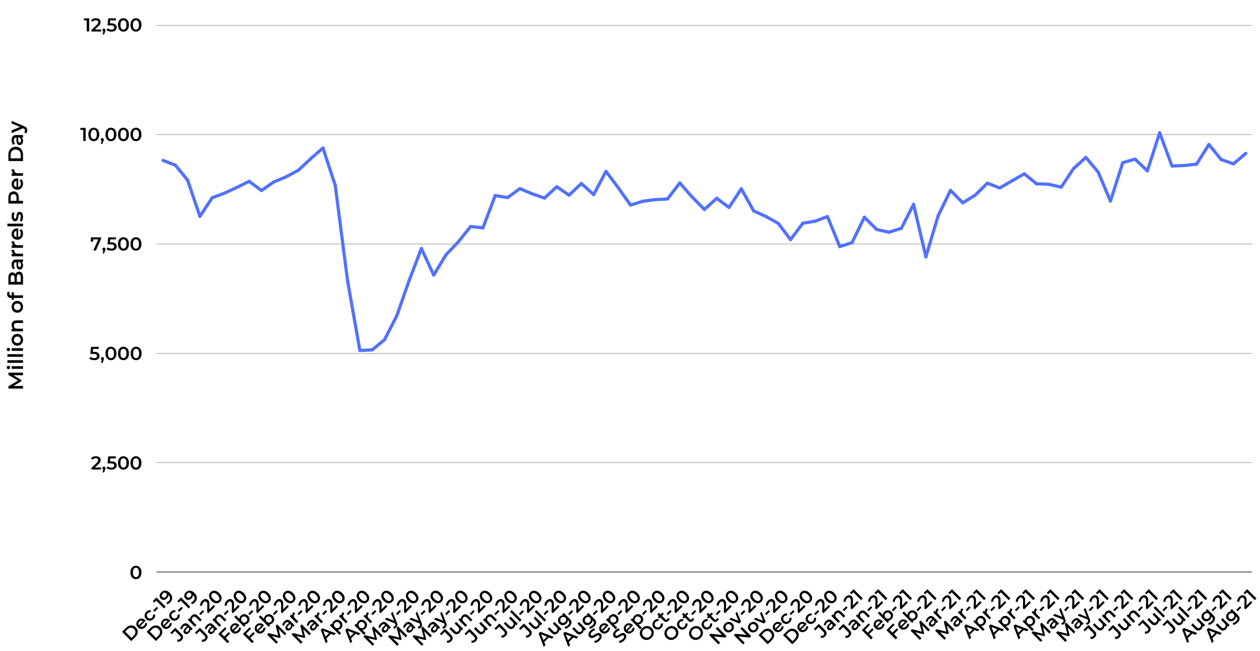
The U.S. hotel sector finished the year in a strong position, marked by solid occupancy levels and average daily rates, despite the impact of the Omicron variant, . Leisure travel has now returned, including both drive-to locations and longer-haul destinations.

Air travel has grown significantly from the lows seen in mid-2020, with the number of daily airline passengers at year-end 2021 within reach of the 2019 total. Further marking the return of leisure travel, gasoline demand has recovered to levels last seen at the end of 2019, before the pandemic.

The impact on the hotel market has been clear: According to STR, the occupancy rate during the last week of 2021 reached 53.7%, roughly even with the 2019 level of 54.2% and just shy of the 2017 peak of 55.0%. Average daily rates skyrocketed to $157.92, an all-time weekly high.

Despite the strong year-end performance, the hotel market is not out of the woods yet. Industry observers are cautious about predicting how the hotel sector will fare in 2022. While leisure travel has returned, business travel is highly sensitive to uncertainty.

Leisure Travel has Recovered per Gasoline Demand



Capital Markets

Commercial real estate investment volume has bounced back with a record $296 billion in Q4 2021, bringing the full-year total to a record $746 billion.

Among the property sectors, multifamily captured the largest share of investment activity of 46%, with $136 billion invested in Q4 2021, according to CBRE.

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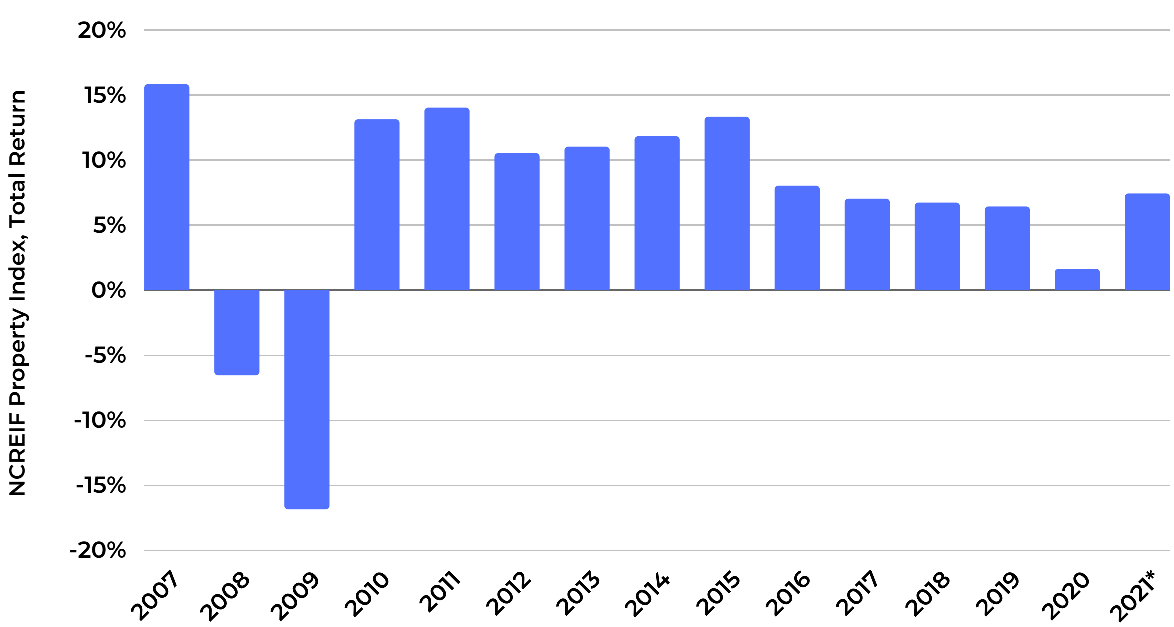
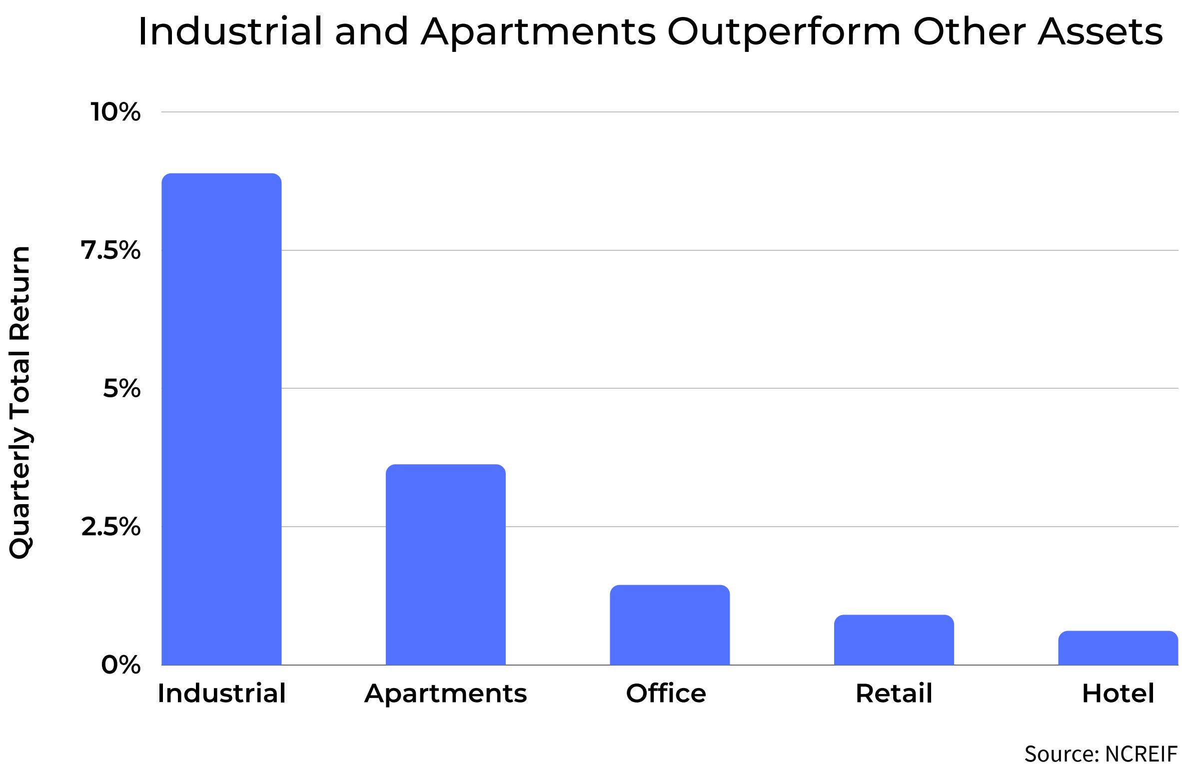
Industrial accounted for a 22% share of investment activity and $64 billion. Office followed closely behind with $50.1 billion in transactions, accounting for 17% of all transactions. Retail and hotel transactions totaled $30.7 billion and $11.8 billion, respectively.

In terms of total return for core, institutional-quality properties, the NCREIF Property Index reported an unlevered total return of 6.15% in Q4 2021, the highest quarterly return since Q4 2005. Total unlevered returns by property sector varied widely from 13.3% for industrial, 6.8% for apartments, and 4.64% for hotel to 2.2% for retail and 1.7% for office.

Core Institutional Real Estate Bounces Back



Source: NCREIF
*Year ending in Q3



Spurred by calls from investors, occupiers, and end users, environmental, social, and governance (ESG) factors are coming into sharper focus at all stages of the investment process, according to CBRE.

According to the CBRE Investor Intention Survey, 56% of respondents have already adopted ESG criteria for their investments, 7% are planning to adopt ESG criteria in the next three to five years, and another 13% are considering adopting ESG criteria.

For example, Blackstone, with its $329 billion real estate portfolio, is now requiring regular reporting on ESG matters from its portfolio companies. It also has committed to cutting carbon emissions by 15% within three years for all new investments.

Environmental, social, and governance (ESG) factors are coming into sharper focus at all stages of the investment process.

Looking ahead, investors have started to move back out on the risk spectrum as low interest rates and heavy competition in highly liquid markets squeeze cap rates. This includes higher-yielding plays on major property sectors, including core-plus, value-add, and opportunistic, as well as exploring alternative real estate investments such as real estate debt, single-family rentals, data centers, life sciences/medical office and many others.

Perspective Spotlight

While there are many contributing factors to the state of the investment world today, the largest by far has been the coordinated takeover of the global fixed-income markets.

Joseph Penner
Founder, Hill Street Realty, HSR Management, Inc.

The real estate investment world is a wide array of strategies and opportunities, but all are subject to the same underlying tides of global interest rates and capital flows. I left the securities business in 1990 and entered the real estate market at a time when the capital markets were reeling from the combination of the S&L crisis, the Japanese financial collapse, and the aftermath of the 1986 tax law change. Since then, interest rates have marched steadily toward zero and the adoption of technology has freed capital movement around the globe. During this time, yields on all investments have moved in synch and cap rates on all real estate asset classes are hovering around historic lows.

While there are many contributing factors to the state of the investment world today, the largest – by far – has been the coordinated takeover of the global fixed-income markets, estimated at approximately $120 trillion. Global stock markets are estimated at less than 40 trillion.

Over the last decade, the governments of Japan, Europe and the United States have systematically purchased a majority of the global fixed-income markets in an effort to keep interest rates at a minimum. This massive injection of liquidity has displaced trillions of dollars of existing private fixed-income investment, and disincentivized further investment by keeping rates artificially low. All of this capital moving from the fixed income markets has expressed itself in other investment opportunities, such as stocks, real estate, and a plethora of alternative investment categories. This tsunami of liquidity flowing out of the fixed-income markets looking for return has pushed asset values up around the world.

Over the past twenty years, HSR has grown from a non-property-type-specific deal shop to a sponsor of a series of discretionary funds in the value-add multifamily space. Today, multifamily is one of the top sectors in the real estate market for capital allocation from institutional, individuals and 1031 DST investors. With so much capital directed at real estate, and multifamily in particular, it's hard not to ask, “Is this the top?”, and more importantly, “How long can it last?”

With so much capital directed at real estate, and multifamily in particular, it's hard not to ask, “Is this the top?”

In my career spanning almost four decades, I have been fortunate enough to have met and had access to many smart people in the finance and real estate world and many different opinions abound. The one consistent theme I have heard is that we are in uncharted territory. The US federal debt is currently in excess of $23 trillion and growing fast, while global debt is approaching $300 trillion, and neither account for unfunded liabilities. It is hard to imagine interest rates increasing

As the governments of the world are coordinated in the effort to keep rates low, it is unlikely that cap rates will climb.

in this environment as the governments of the world, the biggest borrowers, would be adversely impacted.

As the governments of the world are coordinated in the effort to keep rates low, it is unlikely that cap rates will climb. Of course, there could always be the “Black Swan Event” that disrupts global capital markets for a time and creates opportunity for investment, but these events are not predictable. What is clear is that while a bottom-up analysis of each acquisition and market is important, the top-down analysis of government policy, on the global, federal and local levels, has become increasingly relevant in the medium to long-term allocation of real estate investment capital.

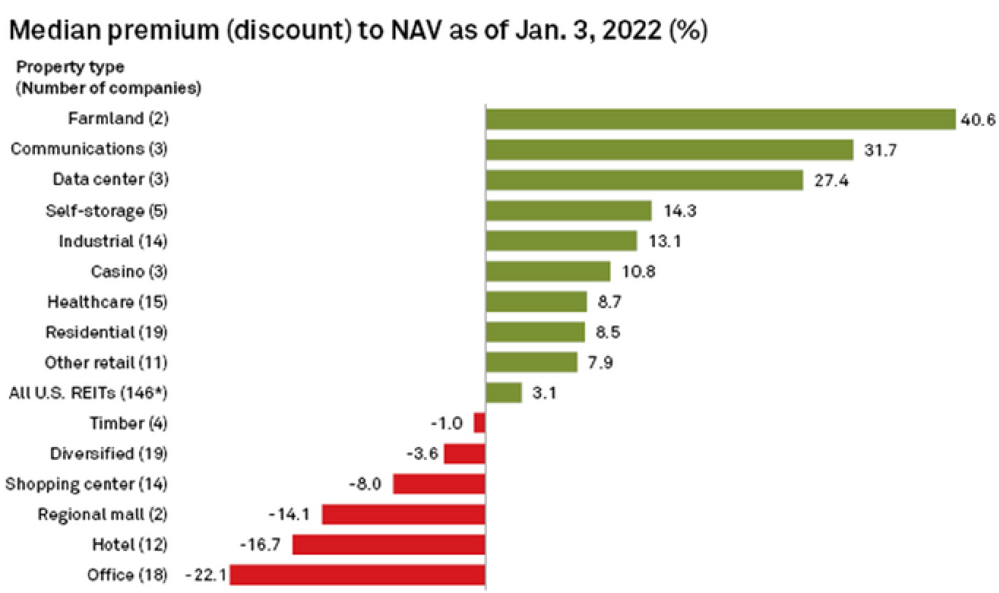
Industry Spotlight

James Sprow
Senior Vice President, Research,
Blue Vault Partners

A clear indicator of the public market's optimism for commercial real estate valuations is the median 3.1% premium to consensus S&P Global Market Intelligence net asset value (NAV) per share estimates as of January 3, 2022. Among the sectors that were priced at the highest premiums to NAV were Farmland (+40.6%), Communications (+31.7%), Data Center (+27.4%), Self-Storage (+14.3%) and Industrial (+13.1%).

On the other side of the spectrum, office REITs traded at the largest discount to NAV at a median discount of 22.1%. Following closely behind were hotel and regional mall segments, with median discounts of 16.7% and 14.1% respectively. The overall median for all sectors of listed REITs at 3.1% was up from a median discount to NAV of 3.9% as of January 2021. This 700 bps swing in median valuation relative to NAVs illustrates a strong return to confidence in the commercial real estate sector by investors in listed REITs.

Listed REITs Are Valued at a Median Premium to Net Asset Values



Source: S&P Global Market Intelligence

At the beginning of 2021, Data Center REITs were trading at just a 13.1% premium to estimated NAVs, followed by Self-Storage at 12.7%, Healthcare at 11.2% and Hotel REITs at 9.0%. The sharpest drop in confidence was in the Hotel REIT sector, where between December 31, 2020 and January 3, 2022, the relative pricing fell from a premium to NAVs of 9.0% to a discount of 16.7%, a downward swing of 25.7%.

The new waves of COVID variants has hurt the travel and hospitality sectors, torpedoing confidence in a rebound, at least temporarily.

Clearly, investors in the Hotel sector with its 12 listed REITs were disappointed in the returns to profitability in 2021. The new waves of Covid variants have hurt the travel and hospitality sectors, torpedoing confidence in a rebound, at least temporarily. Shopping Center REITs, Regional Malls and Office REITs were still selling at steep discounts to NAV, although there has been some recovery in pricing. Shopping Centers were at a 16.0% discount to NAV at the end of 2020 and have narrowed that discount to 8.0% as of January 3, 2022. Regional Malls were at a 28.3% discount, narrowing to 14.2%, and Office REITs were at a 30.2% discount, narrowing to 22.1%, still the steepest discount to NAV of all REIT sectors.

The return to offices that was anticipated in the fall of 2021 has been slowed to a halt by the Omicron variant of COVID-19.

Interest in data centers has been growing for years, but took a big leap forward as the pandemic pushed more daily life online.

The acceleration of remote work occasioned by the pandemic has thrown into question the future of office workforces. Blackstone recently announced that their employees must be vaccinated and boosted in order to return to the office, and tested three times each week. That type of response to the surge in variant infections is not the exception among office employers, and it is certain to cause the trend to working from home for many employees to remain significant.

A recent article in the WSJ states that real estate investors are pulling cash out of offices and putting it into data centers as a hedge against the impact of remote working. Interest in data centers has been growing for years, but took a big leap forward as the pandemic pushed more daily life online. Global internet traffic increased 48% in 2020 and 23% in 2021, as office workers were forced to do their jobs from home. The extra online activity has translated into strong demand for data storage. Despite this surge in demand, data center real estate delivered total returns to investors from February 2021 through January 2022, of just 30%, far below the S&P 500's 48% returns. Oversupply could become an issue in some cities.

Sources: S&P Global Market Intelligence, WSJ

Conclusion

For fund managers, the Covid-19 pandemic has been an unprecedented disruption, permanently changing several aspects of their business. It prompted an across-the-board rethink of fundraising, investment strategy, back-office operations and disaster preparedness. Over the last two years, solutions have emerged to address the new challenges to investment sales, asset acquisition and cash flow.

Strong trends toward downsizing, outsourcing and risk mitigation reflect a recognition of fee compression and the business requirements of a new economic normal.

Today, more fund sponsors are outsourcing back-office processes to control operational costs, partnering with managing broker-dealers to help navigate the retail investor space and adopting straight-through processing platforms to streamline the investment process. Strong trends toward downsizing, outsourcing and risk mitigation reflect a recognition of fee compression and the business requirements of a new economic normal.

Phoenix American's clients have implemented innovative solutions to meet the challenges and pursue the opportunities of the new economic environment with considerable success. We facilitate these solutions with advanced, robust and flexible back-office infrastructure solutions tailored to help fund sponsors succeed however events unfold.

PHOENIX AMERICAN

Raise capital.
Acquire assets.
We've got the rest.