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How Real Estate Fund Managers Can Navigate Current Liquidity, Valuation, and Transparency Challenges

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The global financial markets — particularly real estate — have been roiled by rampant inflation, rising interest rates, and other hallmarks of an impending recession. Real estate fund managers who worked through the 2008 global financial crisis may be well-versed in market crisis management, but that was 15 years ago. Many industry professionals have experienced only minor market blips in comparison. Given the current market conditions and illiquid nature of real estate fund portfolios, fund managers should prepare for a challenging period.

In a guest article, Troutman Pepper Partners Genna Garver and Paul A. Steffens prescribe measures real estate fund managers should take to withstand the increasing market challenges and regulatory attention. Specifically, real estate fund managers should review their policies and procedures, as well as their fund governing documents to ensure they have sufficient tools to manage the challenges that lie ahead. Managers subject to SEC regulation should also consider how their fiduciary duty impacts the options available to manage those challenges, particularly in the context of valuations, liquidity, and transparency.

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