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## New Real-Estate Fund Hauls in Billions to Buy Distressed Properties

Brookfield Asset Management raised \$5.9 billion in the first quarter, lifting the fund's total to \$16 billion



San Francisco apartments backed a portfolio of troubled loans bought by the fund last year.

PHOTO: BRICK + TIMBER

Lowell Baron, chief investment officer of Brookfield's real-estate group.

The firm's \$5.9 billion fundraising in the first quarter brings the total amount raised for its latest global opportunistic vehicle to \$16 billion, the largest real-estate fund that Brookfield ever raised. Brookfield is hoping to raise another \$2 billion before its final close, according to people familiar with the matter.

Brookfield Asset Management, which relocated to New York City from Toronto in 2024, is scooping up foreclosed properties and those that are relatively healthy but their sellers want to cash out.

Brookfield Asset Management raised nearly \$6 billion for its new real-estate fund in the first quarter, one of the largest-ever quarterly fundraising hauls and a sign of growing investor appetite for distressed commercial property.

The firm's success at tapping pension funds, endowments and other institutional investors shows that the beleaguered commercial real-estate market might be hitting a bottom. More owners are willing to unload distressed property, and more lenders are stepping up pressure on property owners.

That means big fund managers such as Brookfield are no longer just stockpiling cash. They are taking advantage of the sharp drop in property prices in recent years.

"We're buying at much lower prices than we would have a few years ago," said

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Brookfield's new fund purchased Tritax EuroBox, a European logistics property company.

## BROOKFIELD PROPERTIES

The fund already has invested about one-quarter of its money, mostly on apartment buildings and warehouses. Baron said prices are well below what it would cost to replace the assets and about 20% to 40% below what the properties would have traded for at their peak.

The fund last year bought a portfolio of troubled loans backed by more than 2,000 San Francisco apartments and subsequently foreclosed. The fund also purchased Tritax EuroBox, a European logistics property owner, in a deal that valued the company at over \$1.4 billion.

Until recent months, fundraising has been a slog for real-estate private-equity funds. But that shows signs of turning around.

Private-equity real-estate funds raised \$57.1 billion in the first quarter of 2025, up from \$32.5 billion during the same period in 2024, according to PERE, a real-estate publication and data firm. Real-estate giant Blackstone was by far the largest fundraiser, with the two largest closes during the quarter.

Brookfield's investment decisions will take into account the economic upheaval resulting from the Trump administration's tariff efforts and growing concerns about a possible recession, Baron said.

But he noted that existing commercial property might benefit from higher tariffs that drive up construction costs. That would limit new supply.

"People in general are nervous and uncertain," Baron said. "That keeps competition away."

## Corrections & Amplifications

Brookfield Asset Management's new opportunistic real-estate fund has been buying properties at discounts of 20% to 40% below what they would have traded for at their peak. An earlier version of this article incorrectly said that the discounts were 20% to 40% of what they would have traded for at their peak. (Corrected on May 6)