

FUNDRAISING

BentallGreenOak doubles dry powder to \$12bn, plans Japanese push

CEO Sonny Kalsi told REFI US that the company is planning to invest up to \$10bn in Japan over the next few years

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BentallGreenOak has doubled its dry powder to \$12bn and is mapping out an investment plan that includes a major push into the Japanese real estate market.

The \$49bn global investment management firm has raised capital from Asian, European and North American investors. “We’re not done, the year’s not done yet. I’m hoping we’re going to have a strong finish to the year, so I think that’s a testament to our team and the strategies we’ve picked,” CEO **Sonny Kalsi** told *REFI US*.

As part of its plans, BentallGreen Oak is planning to invest up to \$10bn in the Japanese real estate market over the next few years. The company has a positive long-term view of Japan and the broader Asian market due to its handling of the Covid-19 pandemic and initial positive signs from some of the region’s economics, Kalsi said.

The company has been getting positive feedback from investors about its plans to expand its portfolio in Japan and other parts of Asia as well as select parts of the European and North American markets. The story in Japan is particularly compelling, Kalsi said.

BentallGreenOak has invested in Asia for almost a quarter-century and believes that Japan’s office market presents interesting opportunities. Culturally, there’s not a work-from-home culture in Japan, which means that the prospects for the office sector are clearer than in parts of North America and Europe, Kalsi said.

“I believe Asia has done a much better job handling the pandemic than certainly the US has done. I think there’s much better compliance on behalf of people,” Kalsi said. “Also, we’re more bullish and optimistic on Asia from an overall economic perspective.”



Sonny Kalsi.

Kalsi, who was working in Asia during the 2003 SARS outbreak, noted that countries in the region are more adept at handling situations like the Covid-19 pandemic due to cultural differences that include mask wearing. This has also meant that Asian investors – who are under allocated to real estate – also have a more nuanced perspective of the current situation.

“One of the things I’ve learned in my career is that when you’re sitting in the middle of the mess, it’s hard to take a step back and see the forest through the trees,” Kalsi said. This has meant that BentallGreenOak has seen more success with Asian institutions than their North American counterparts. “The US is the hardest market to underwrite right now because it’s the hardest to have conviction on,” he added.

The company has been working on communicating with its investors and managing its own portfolio. “We’ve been doing a lot of defense. That’s where our business is right now,” Kalsi said. “We’re not going to be done with the defense part until we’re through the pandemic, or through the resultant recession, and figure out where we are on the other side.”

The manager invests on behalf of more than 750 institutional investors, half of which are based in North America. The other half is based in Europe and Asia.

“One of the things we’ve been doing is try to actively reach out and be very communicative, very transparent,” said Kalsi. “Sometimes you’re delivering tough messages, but I think you need to do that to maintain trust. And I do believe that’s part of the reasons we’ve had such a strong year from a capital raising standpoint.”

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