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AEW Secures Nearly \$1.8 Billion for Latest Real Estate Opportunity Fund

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AEW Capital Management has successfully raised close to \$1.8 billion for its newest North American opportunistic real estate fund, marking the largest fund in the firm's flagship series so far. While it fell just short of the original \$2 billion target, investor interest remained strong, led by major U.S. pension plans and public institutions.

The fund, officially named AEW Partners Real Estate Fund X (PX), is the tenth in AEW's opportunistic fund series, which began in 1988. PX focuses on identifying and acquiring undervalued or overlooked real estate assets across sectors expected to rebound, such as

multifamily housing, senior living, industrial sites, and retail. AEW believes these areas offer attractive value as the real estate market continues to adjust to ongoing economic uncertainty and changing investor sentiment.

The firm credits its success in fundraising to its long history and experience navigating real estate cycles. AEW says many investors were drawn to the strategy precisely because of the current turbulence in the market, which has created opportunities for firms with the capacity and expertise to reposition assets, improve leasing, and unlock value.

Pension Support

PX received strong backing from public pension funds looking for long-term return potential. According to data from Private Equity Real Estate (PERE), the Teachers Retirement System of New York City invested \$150 million into the fund. The New Mexico State Retirement System and the State Board of Administration of Florida both committed \$100 million, while the Ohio Police & Fire Pension Fund contributed \$75 million.

AEW is targeting a net internal rate of return (IRR) of 15%, using up to 67% leverage in line with other value-add and opportunistic strategies. The firm plans to deploy capital over a multi-year window, seeking out opportunities in markets where pricing has reset and tenant demand is shifting.

Current market conditions, including interest rate hikes, capital market strain, and evolving property-use preferences, have led many investors to tread carefully. However, AEW sees this as a moment of entry, not retreat. Its strategy involves identifying gaps in pricing, acquiring mispriced assets, and repositioning them to perform more effectively in today's market.

Rather than chasing core, fully stabilized properties, AEW is leaning into market dislocation. Sectors currently under pressure, like senior housing and select retail, will benefit from broader demographic trends and a return to physical spaces in the coming years.

Despite not hitting the \$2 billion mark, PX's fundraising outcome reflects a notable confidence level from institutional investors. The fund's strong close sends a message that major players in the pension world are still willing to take calculated risks in real estate when the upside is clear and the manager has a proven track record.

AEW's team sees this as a pivotal time for the industry. With fresh capital in hand, PX is positioned to move quickly as opportunities emerge across the country.