



Real Estate
Funds Benchmarking
Survey 2026 – Fees & Expenses

May 2026

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01

Executive Summary

Expense governance is emerging as a strategic lever for real estate GPs to win LP trust and protect margins amid tough fundraising and heightened LP scrutiny

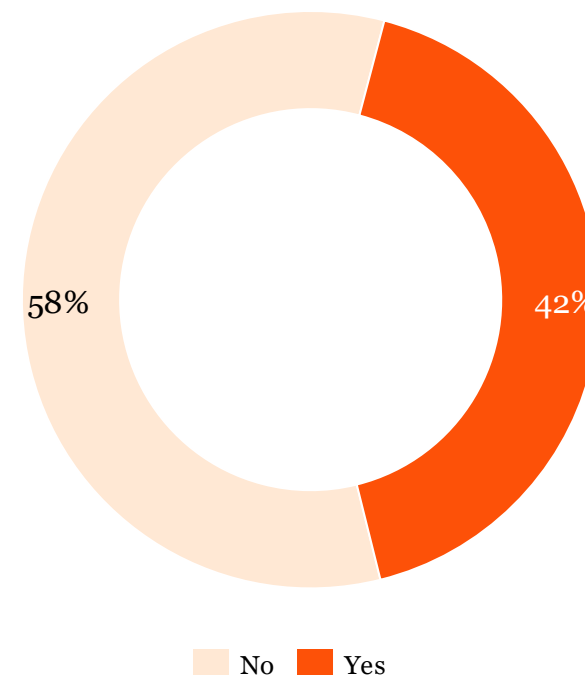
GPs indicated fee structure shifts and added clearer expense definitions, enhanced disclosures, and recovery mechanics

• Expense governance:

- **Clearer expense scope:** Introduced clearer expense categories that can be charged to the fund, including costs related to industry publications, market information systems, research publications, ESG expenses, etc.
- **Clearer allocation and disclosure:** Defined fund-borne vs. advisor-borne items and enhanced pass-through expenses disclosure.
- **Caps and expense coverage:** Implemented fund-level expense caps and included explicit language on allowable expenses.
- **Third-party benchmarking:** Used benchmarking by third-party consultants to add credibility and defensibility to expense structures.
- **Cost recovery clauses:** Recovery mechanisms for certain costs were built into governance documents to protect GPs' margins.

Several GPs have updated their fund governing documents around fees and expenses in recent years

Share of respondents reporting updates/changes to fund governing documents in <5 years



Real estate faces structurally different fee and expense pressures than broader alternatives, driven more by model design than market conditions

Parameters		Broader AWM industry		Real estate fund management	
		Closed-end funds	Open-end funds	Closed-end funds	Open-end funds
Management fees	Effective (blended) fee rate*	>=1.5% (60% of GPs)	>=1.5% (52% of GPs)	<=1.20% (70% of GPs)	<=1.0% (85% of GPs)
	Tiering	No (65% of GPs)	No (52% of GPs)	Yes (54% of GPs)	Yes (100% of GPs)
Incentive fees/ carry	Carry Percentage	20% (74% of GPs)	>=20% (57% of GPs)	20% (55% of GPs)	10% to 15% (67% of GPs)
	Crystallization frequency	Not applicable	Annually (65% of GPs)	Not applicable	Three to five years (60% of GPs)
Expense allocation to funds	Methodology	Combination of methods based on expense type (29% of GPs)		Proportional to the fund size (70% of GPs)	

*Management fee rate after factoring in side letters, fee waivers, and other fee arrangements.

Source: PwC Asset & Wealth Management Benchmarking – Expenses Survey 2026, PwC Real Estate Benchmarking Survey 2026;

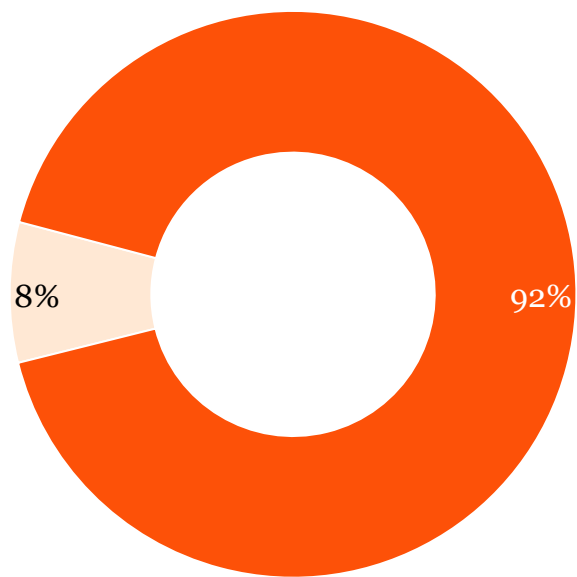
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Expense Allocation

Expense pass-through is common, and high use of activity/time-based methods signals a focus on defensible, usage-based cost allocation to meet investor scrutiny

Most GPs pass through expenses to their funds

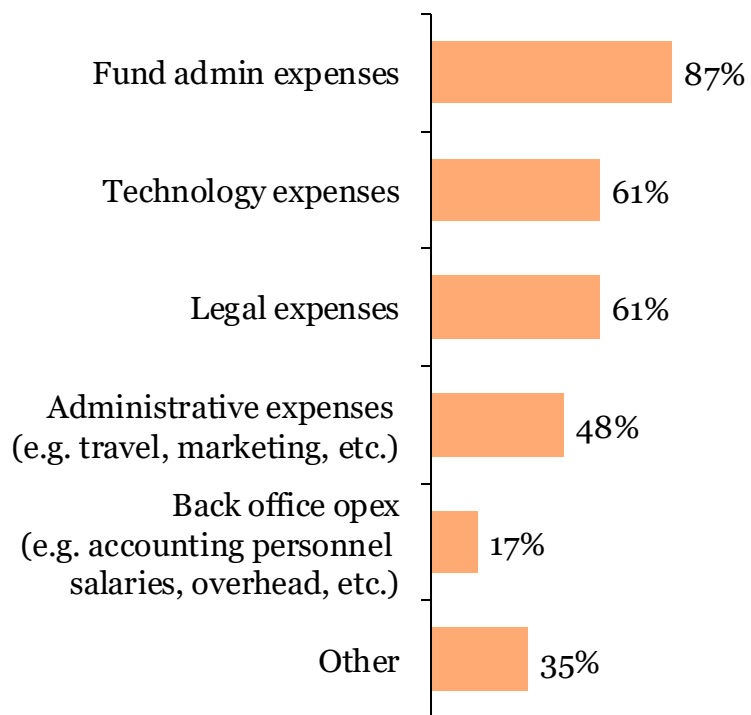
Share of respondents allocating expenses to funds



No Yes

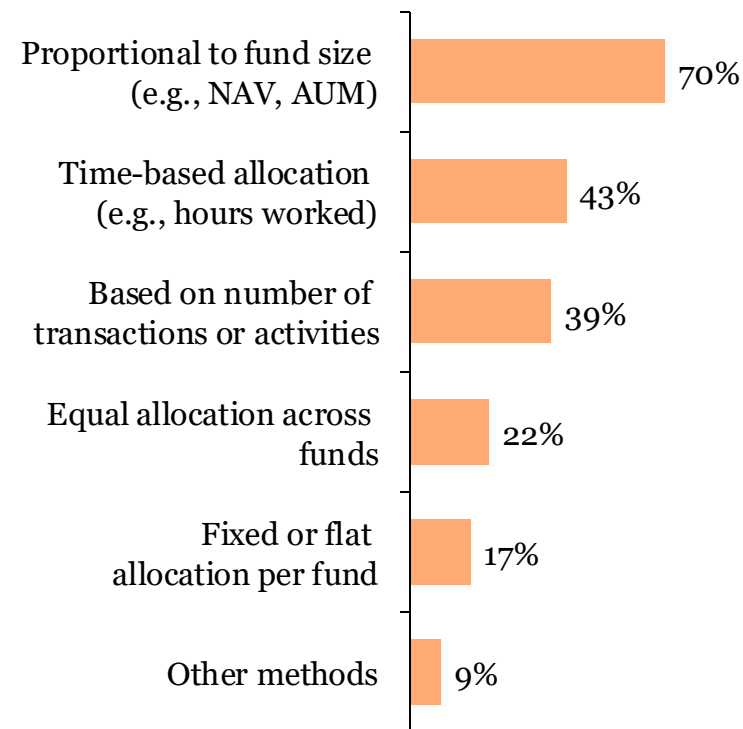
Their largest charge-to-fund cost pools are fund admin, legal, and technology

Share of respondents charging expenses to the funds under varied categories



Their dominant default is fund size-proportional allocation, followed by activity/time-based methods

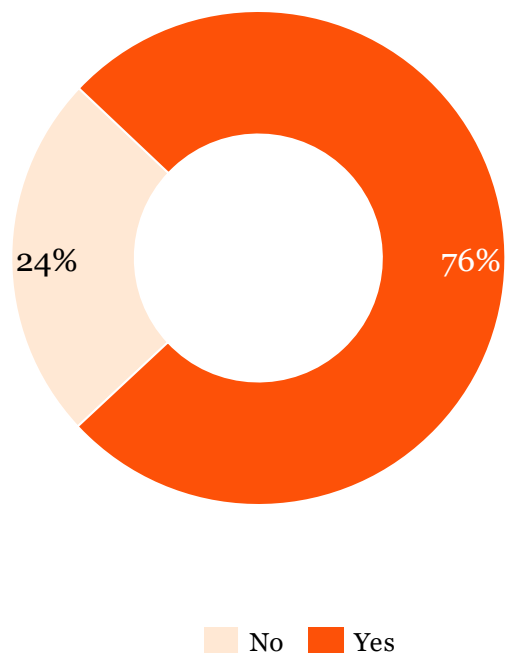
Share of respondents, by expense allocation method



Expense caps are a baseline LP expectation, with industry benchmarks as the dominant approach, while many also use historical spending patterns and negotiations to set caps

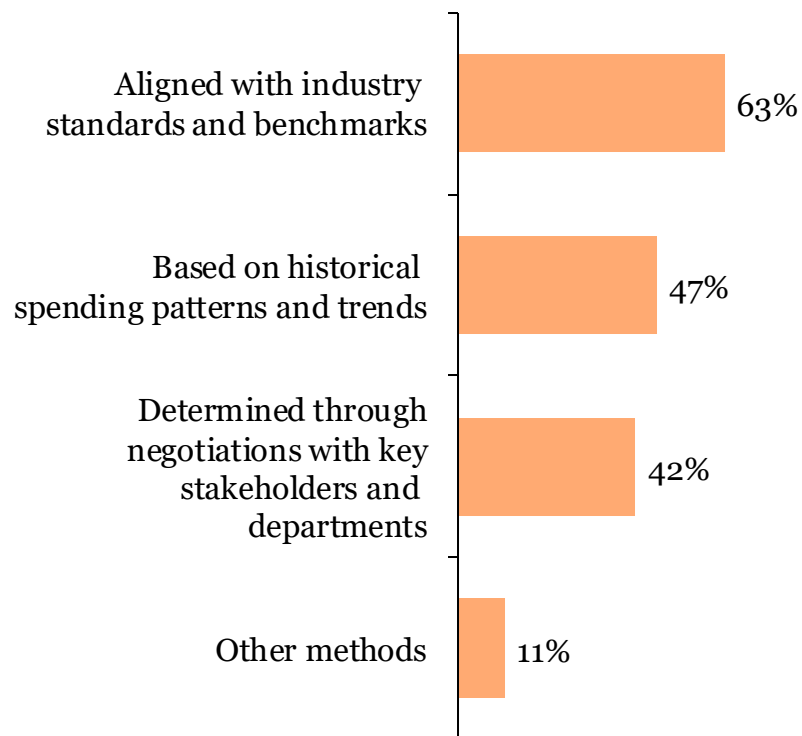
Most GPs apply expenses caps

Share of respondents confirming use of expense caps



Industry benchmarks and historical spending patterns drive expense cap setting

Share of respondents, by basis used to set expense caps



Cap levels vary widely, driven by expense type, fund size, and structure

- **Expense caps are not standardized** and vary by fund size and vehicle structure (e.g., feeder vs commingled).
 - **Dollar caps on specific costs**, like formation, organizational, offering, legal, admin costs, etc., range from \$0.2M to \$4M.
 - **Percentage of specific costs, percentage of commitments, or percentage of NAV** based caps are also applied by select GPs.

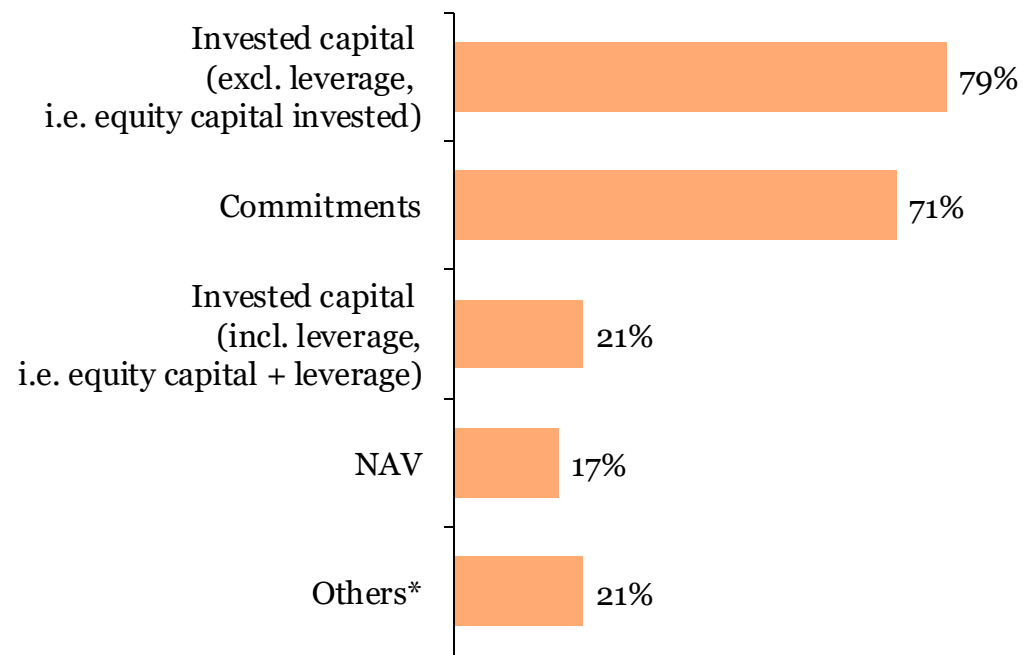
03

Fees: Closed-end Funds

A large majority of GPs charge management fees on invested and committed capital, and the fee basis typically shifts at key lifecycle milestones

Most GPs charge management fees on invested and committed capital...

Share of respondents, by basis used to charge management fees



* Others includes GAV, lower of cost or invested capital, contributed capital, dollars in the ground and reserves for unfunded commitments

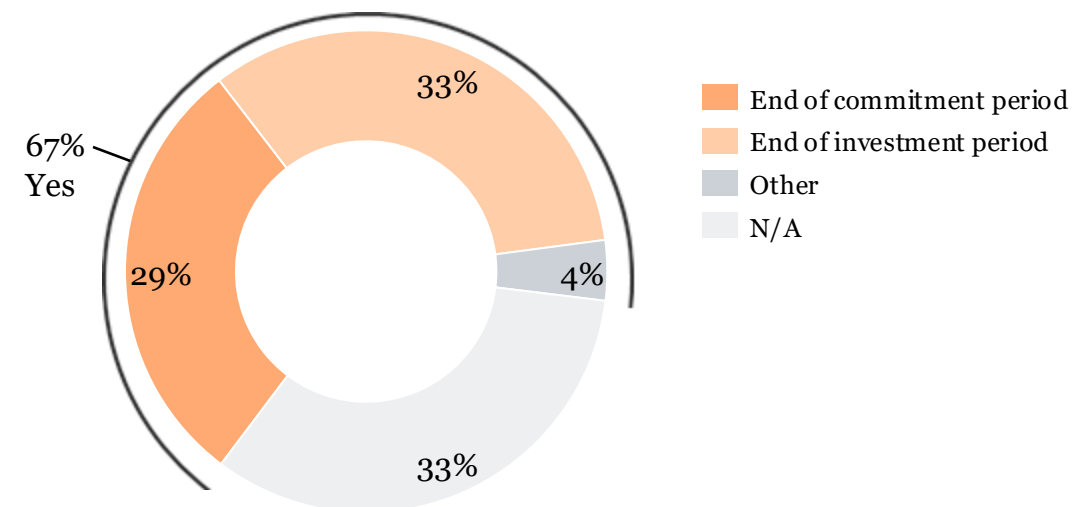
...and change the fee basis over the fund lifecycle, ...

Share of respondents reporting a change in fee charge basis



... typically, in response to achieving the fund's milestones

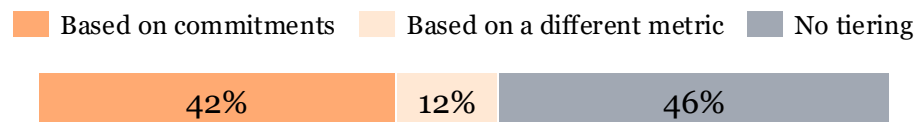
Share of respondents, by trigger for fee-basis change



Headline rates could overstate the management fees that GPs ultimately receive, as tiering structures, LP negotiations, and offsets typically reduce the effective fee rate below 1.5%

Most GPs apply tiers when charging management fees

Share of respondents, by metric used for tiering management fees



Tiering and other concessions compress management fee rates

- **Headline fee rates mostly range from 1% to 1.5%:** LPAs set annual management fees mostly in the 1.0%–1.5% range, with fees reaching up to 2% in exceptional cases.
 - **Higher commitments attract lower fee rates:** Since fee rates are inversely linked to commitment size, investors in the same fund could end up paying different fee rates.
- **Effective (blended) fee rates mostly range from 0.85%–1.20%:** Additionally, based on side letters, waivers, and other negotiated arrangements, blended fee rates commonly fall in the 0.85%–1.20% range. At times, they also range from ~0.25% to ~2.0%, depending on fund type (credit vs. equity), commitment, fund lifecycle stage, and fee basis.

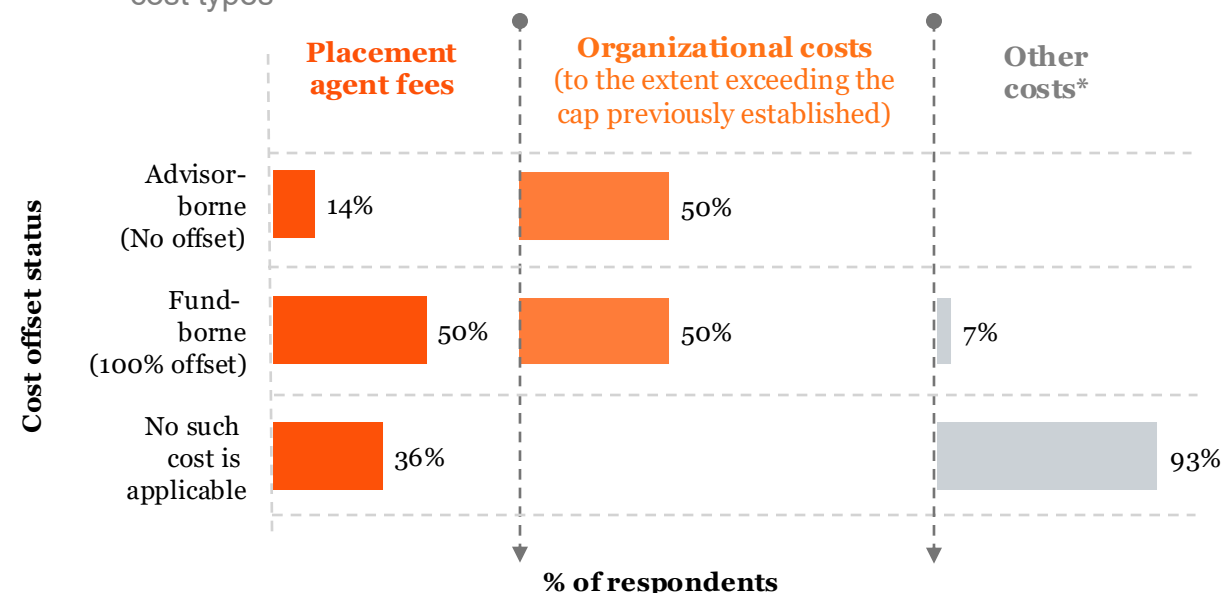
Most GPs use placement agents for fundraising

Share of respondents that use placement agents



Most GPs also fully offset placement agent and excess organizational costs, further reducing management fees

Share of respondents, by management fee offset prevalence across cost types

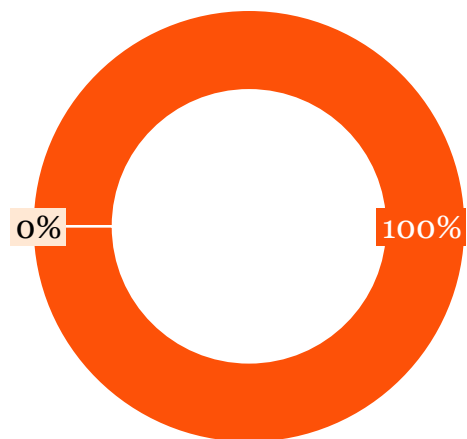


* 7% in other costs includes any affiliate exp. passed to the fund that would otherwise qualify as a GP responsibility

Hurdle rates are universal and risk-calibrated, but LP pressure is impacting the 20% carry norm — making expense optimization and governance essential to preserve GP margins

Hurdle rates are a non-negotiable standard in closed-end funds...

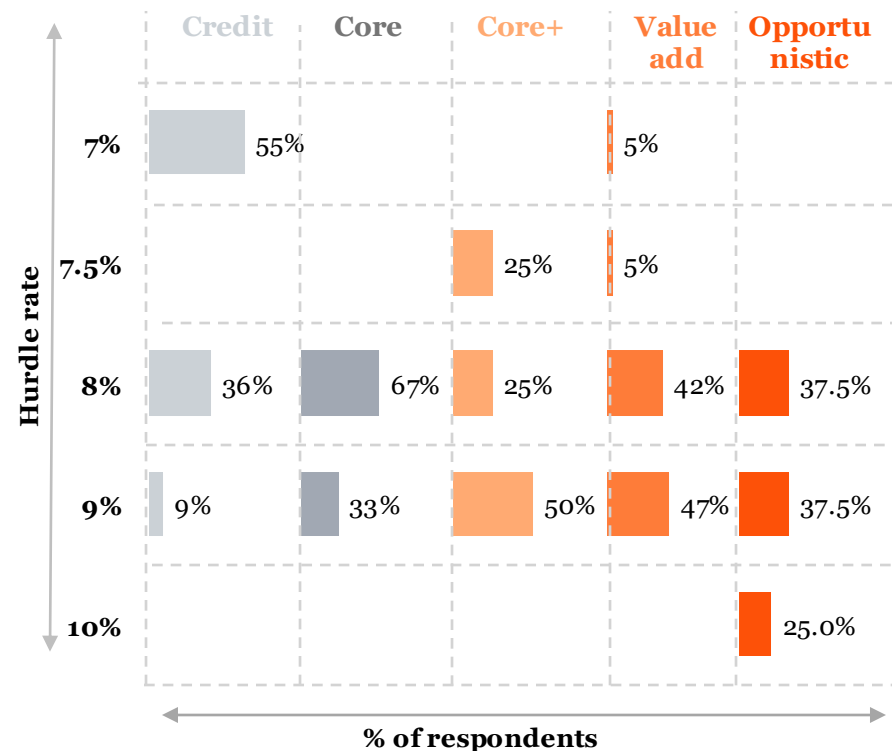
Share of respondents confirming use of hurdle rates in their funds



No Yes

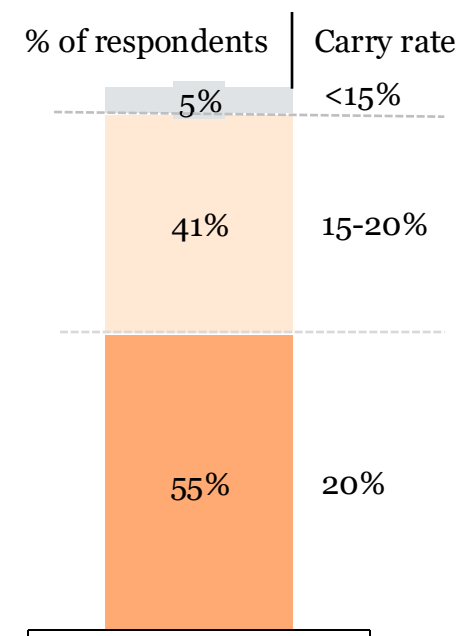
...with hurdle levels differentiated by investment strategies' risk-return profiles

Share of respondents, by IRR-based hurdle rates and by investment strategy



Carry is concentrated at 20%, yet a significant minority of GPs charge between 15% and 20%, signaling fee compression pressure

Share of respondents, by performance/incentive fee rate distribution



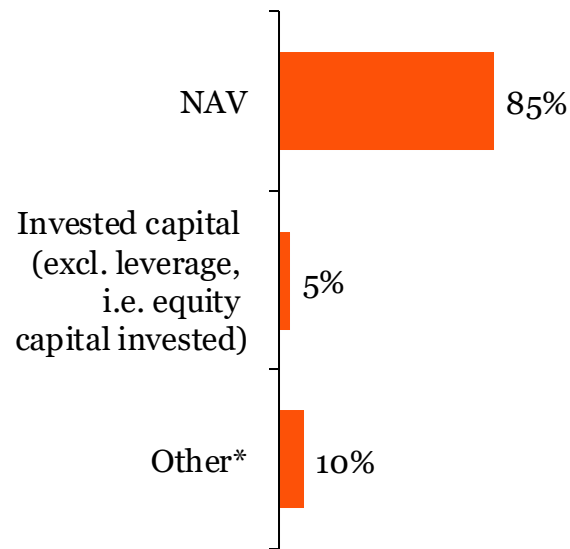
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Fees: Open-end Funds

Management fees are typically NAV-based, with tiering and negotiated terms reducing GPs' effective fee rates below headline management fee rates, typically under 1%

Management fees are mostly charged on NAV...

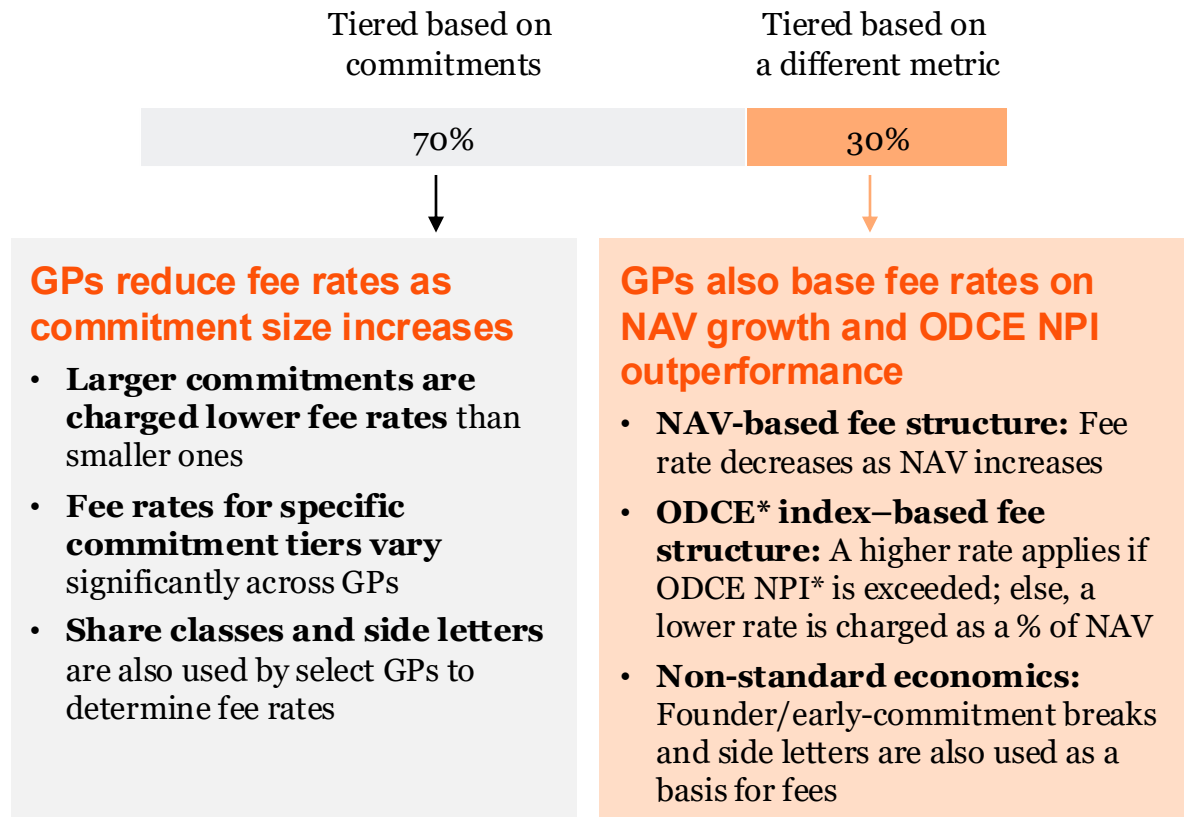
Share of respondents, by basis used to charge management fees



* Other includes contributed capital and trading NAV

...with fee-rate tiering often based on the size of LP capital commitments

Share of respondents that use a management fee tiering metric



Effective fee rates are lower than headline fee rates, typically <1%

Headline management fee rates

- Fees vary widely across GPs.
- They tend to be higher than GPs' effective (blended) fee rates.

Effective (blended) management fee rates

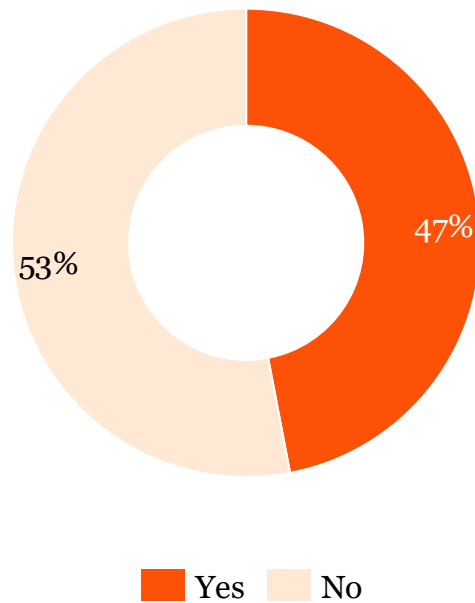
- Blended fee rates range from ~0.2–1.0%, depending on fund-specific fee arrangements and waivers.
- However, the majority of respondents' blended fees are below 1.0%, typically around ~0.6–0.9%.

*ODCE - Open End Diversified Core Equity index, NPI - NCREIF Property Index. Source: PwC Real Estate Benchmarking Survey 2026

Placement agent fees are mostly offset, reducing fee realization, while excess organizational costs are absorbed, increasing the GP cost burden which together impact margins

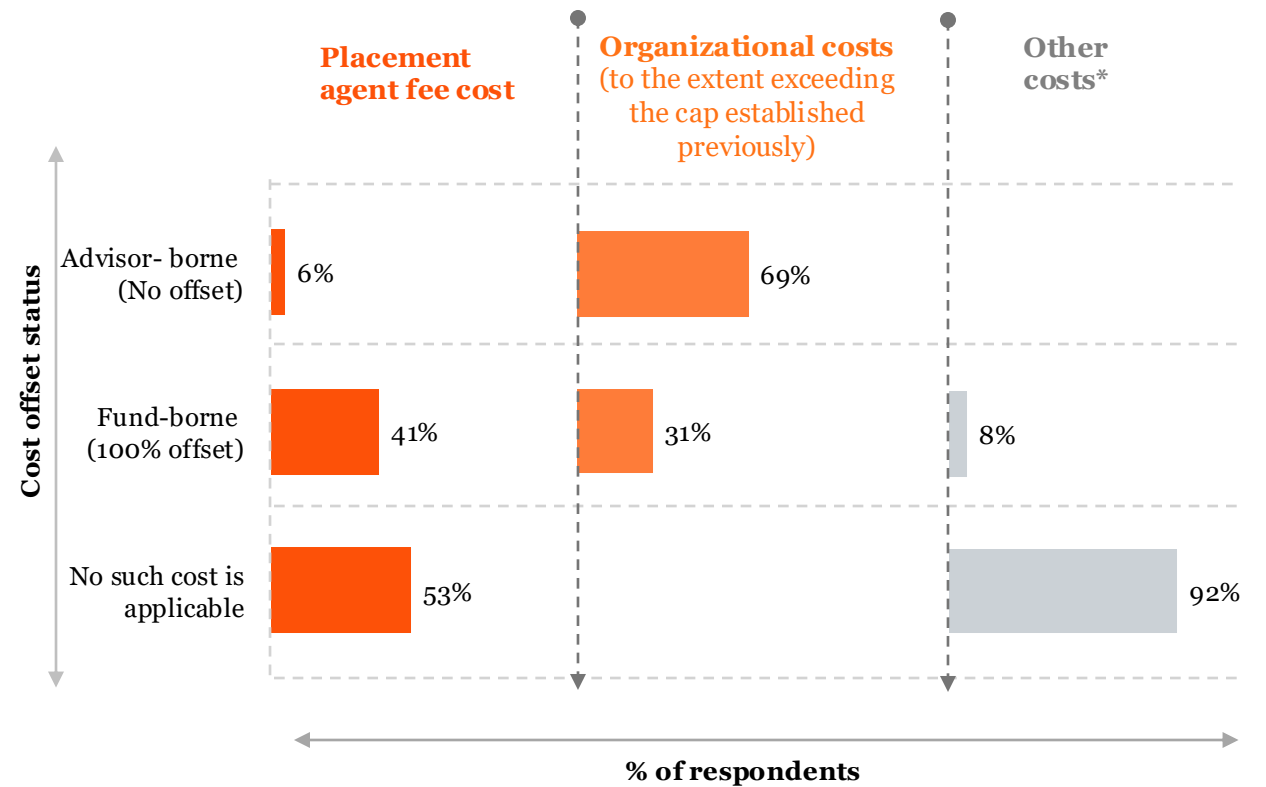
Respondents were split in the GPs use of placement agents for their open-end funds

Share of respondents that use placement agents



Most GPs that use placement agents fully offset agent fees. However, the majority tend to absorb excess organizational costs

Share of respondents, by management fee offset prevalence and level and by cost type

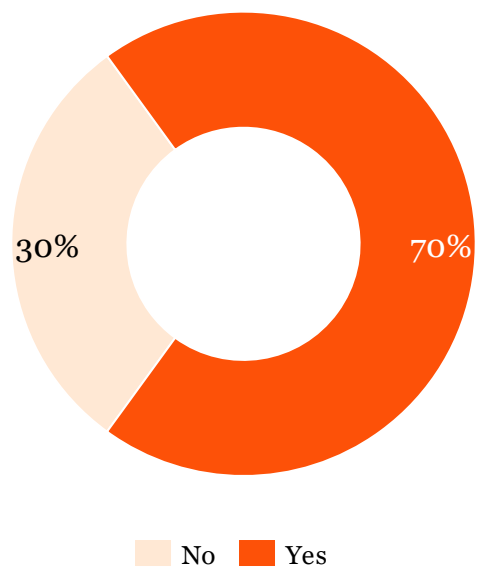


* 8% in other costs includes any affiliate exp. passed to the fund that would otherwise qualify as a GP responsibility

Hurdle rates are widely used by GPs in open-end funds, with higher-risk strategies typically carrying higher return thresholds

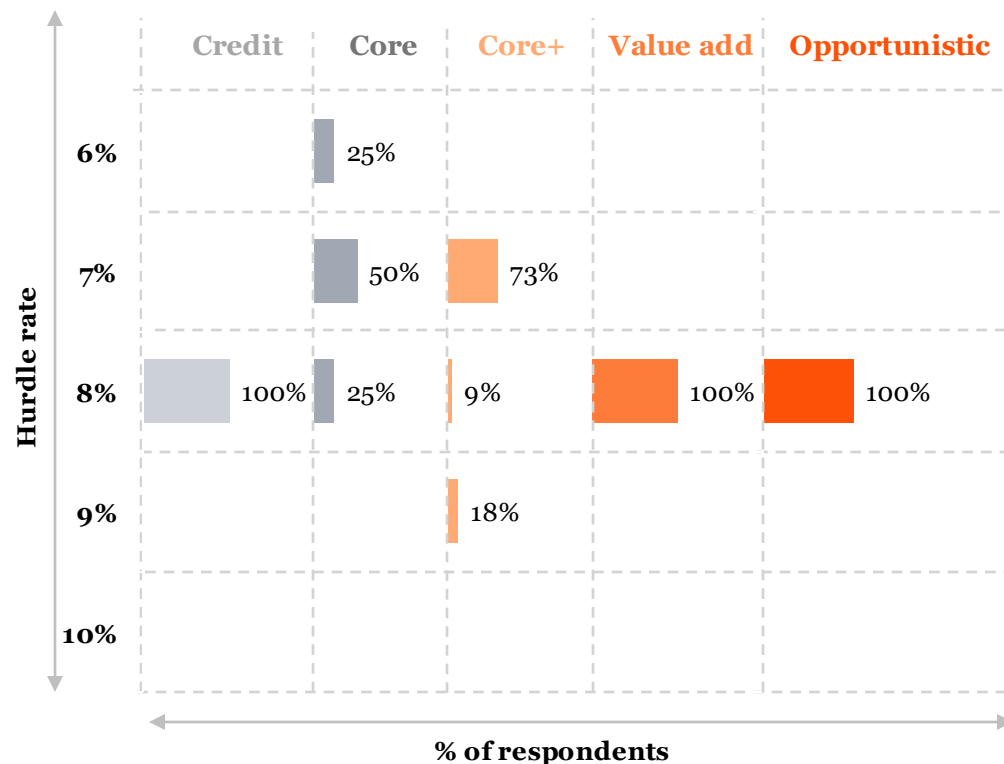
Most GPs apply hurdle rates for their open-end funds...

Share of respondents confirming use of hurdle rates in their funds



... with hurdle levels differentiated by investment strategies' risk-return profiles

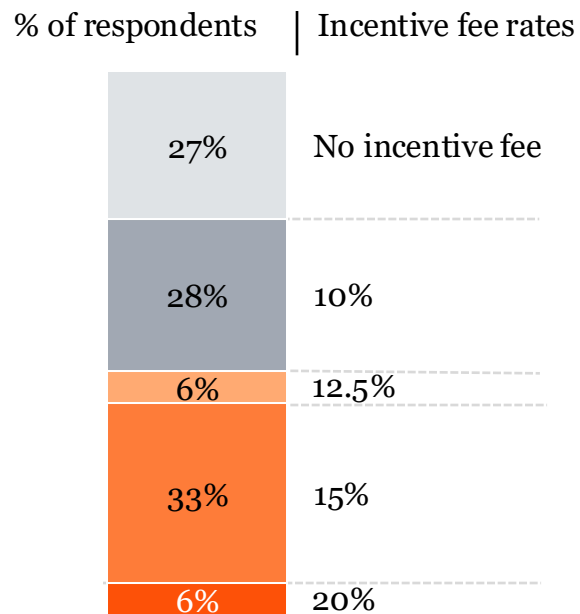
Share of respondents, by IRR-based/ ODCE index outperformance-based hurdle rates and by strategy



Majority charge 10% to 15% incentive fees and have crystallization periods of three years or longer, indicating lower revenues, delayed payouts, and less capacity to absorb cost overruns

Incentive fees vary by GP and tend to concentrate around 10% to 15% rates

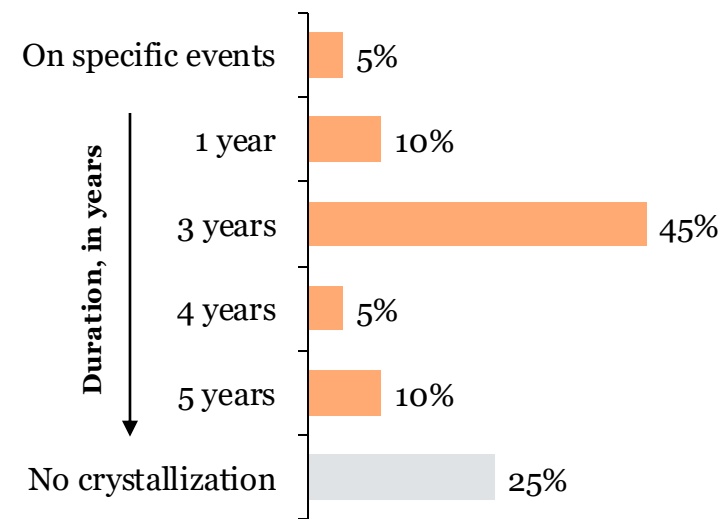
Share of respondents, by incentive fee rate charged



- **Incentive fees skew lower:** 67% of GPs charge 10%–15% incentive fees, while only 6% charge a 20% rate.
- **ODCE index–linked fees:** Few managers tie incentive fees to benchmark outperformance, earning fees only when returns outperform the ODCE Index.

Longer crystallization timing delays cash realization

Share of respondents, by crystallization frequency



- **3-year monetization lag:** A significant minority of GPs reported a crystallization period of three years, indicating delayed cash realization compared to the broader AWM industry.
- **Event-based crystallization:** 5% of GPs reported specific event-based crystallization, triggered by events like ODCE index outperformance, 90% occupancy for core properties, GP removal, or fund dissolution.

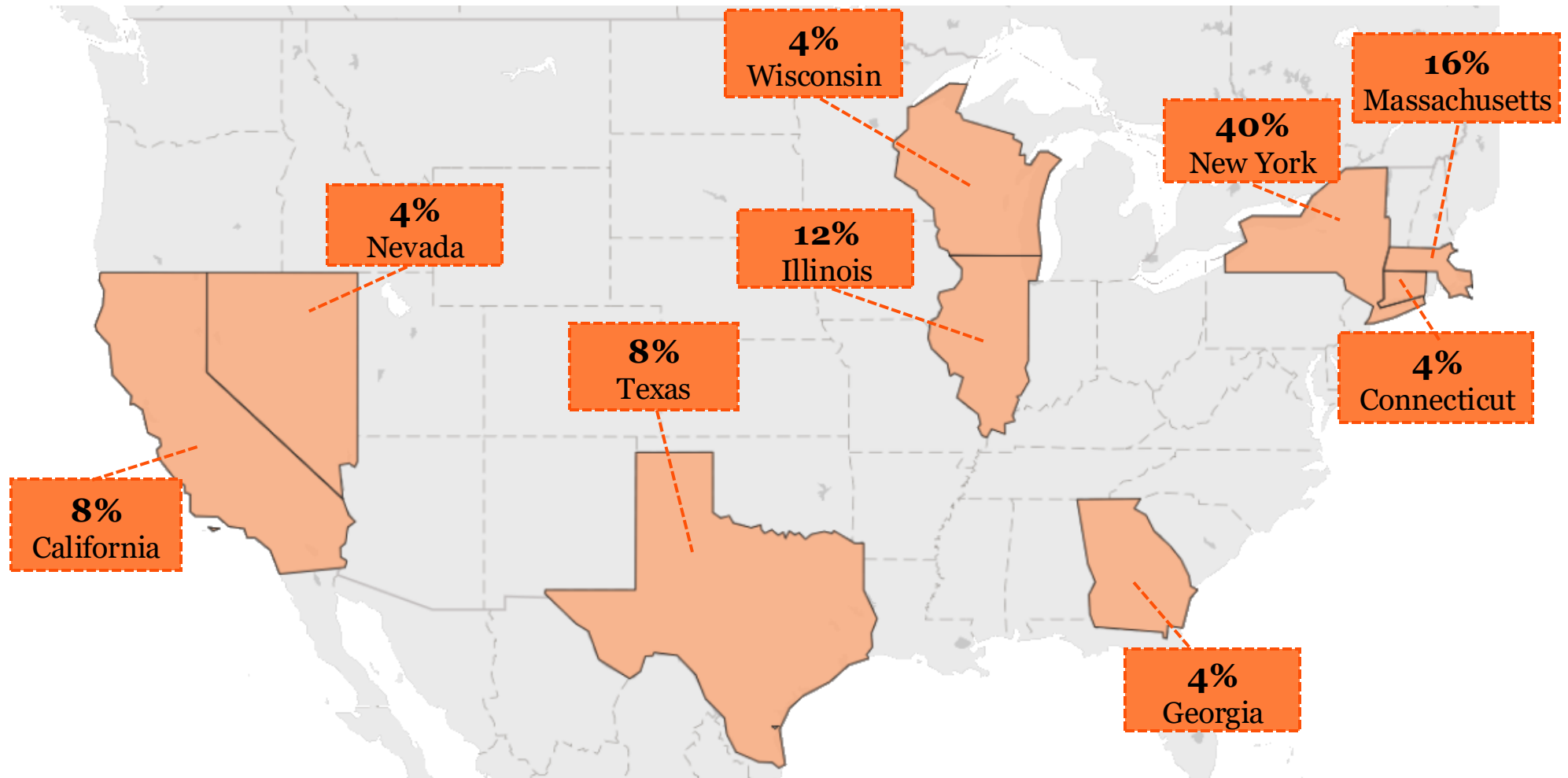
*ODCE - Open End Diversified Core Equity index.

05

Respondent Location and Demographics

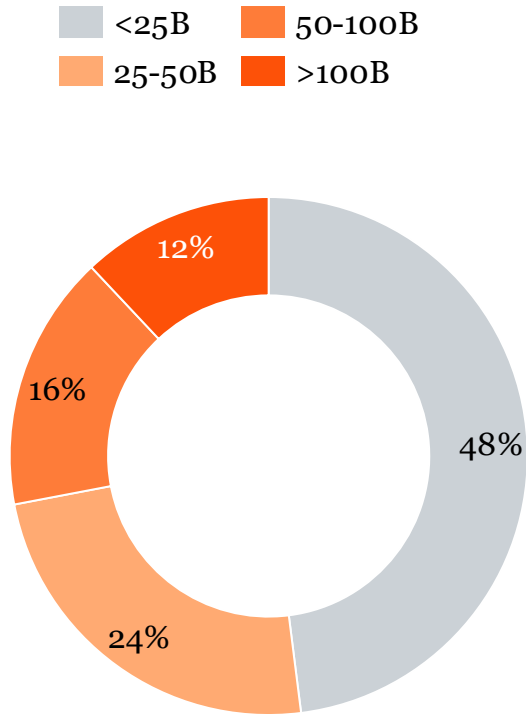
Respondent locations

Composition of respondents, by geography



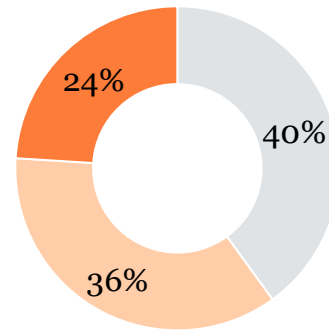
Respondent demographics

Number of respondents by AUM size (\$ billion)



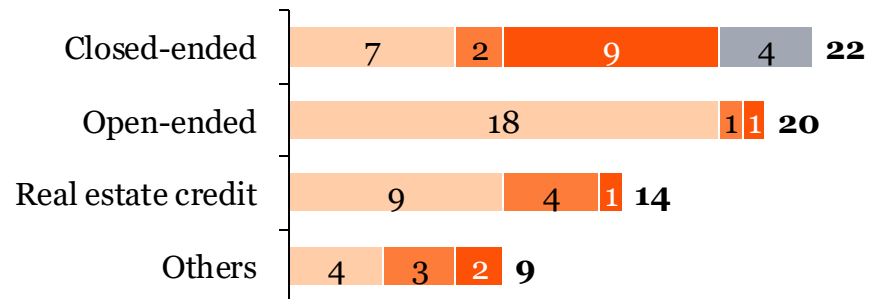
Share of respondents by total fund count

<10 funds 10-30 funds >30 funds

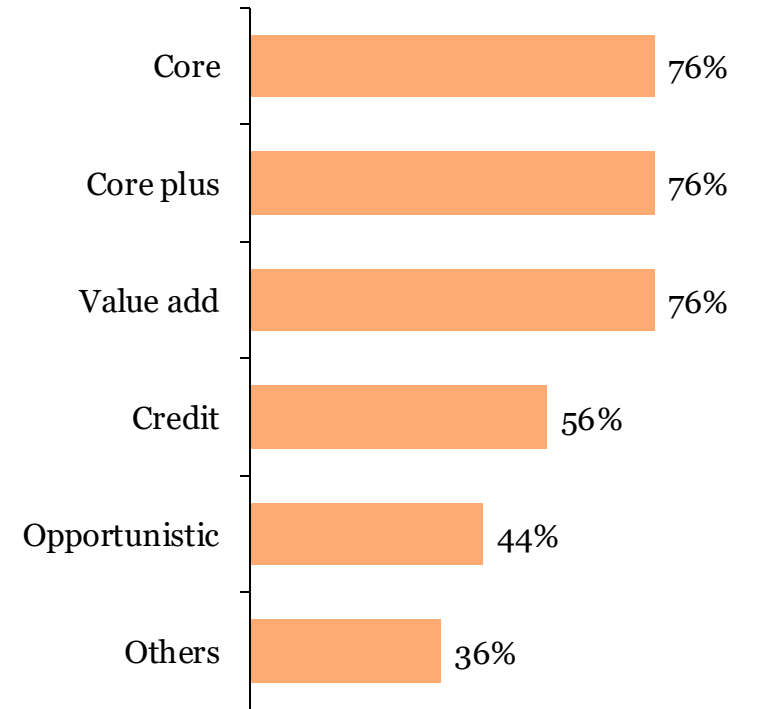


Number of respondents, by fund count in respective fund category

1-5 funds 6-10 11-25 26-50 funds



Share of respondents by investment strategy



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