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Back to basics: Real estate's next chapter will demand local insight

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The past decade has been marked by seismic shifts, from post-GFC low rates to post-covid dislocation impacting the retail, office, industrial and living sectors. Tom Gilbane and Aric Shalev, managing members and co-presidents of Rockpoint, say the real estate industry has fundamentally reset, requiring a more global and flexible, boots-on-the-ground approach to capitalize on local market fundamentals as the industry transition continues.

What are the most significant changes you have seen happen in the private real estate industry over the past decade?

The private real estate industry has changed in many ways over the past decade. The post-GFC era of low interest rates gave way to the multiple challenges during and after the covid-19 pandemic. These changes included shifting tenant preferences, remote work and population migration that drove changes in demand for the rental residential and industrial sectors.

Two related results of the pandemic were an increasing focus on more resilient, cashflowing asset types, as well as an expansion of property sectors that were accepted as investable by institutional investors – including senior housing, student housing, medical office and self-storage.

There has also been a significant expansion and diversification of capital sources, including the growth of private capital and the emergence of sovereign wealth funds, particularly from Asia and the Middle East, as large and strategic sources of capital for investing in US real estate.

In that context, how has your firm's approach to capital formation evolved over that period?

Over the past decade, our approach to capital formation has evolved in response to the changes previously mentioned and is now more global, diversified and flexible than ever before. By expanding our range of vehicles and investor relationships, we are better positioned to seize emerging opportunities in the US real estate market.

We have strategically diversified our fundraising efforts to focus on both domestic and international sources of capital from around the world.

We deeply value our investor relationships around the world and now have members of our capital raising team based in the US, the Middle East and Asia to better support our global, diversified investor base around the world.

We have also expanded our product offerings to be more flexible and better suited to investor preferences, expanding our set of closed-end vehicles to focus across the risk and return spectrum, and to include not only commingled funds, but also separately managed accounts, single-asset funds and co-investment vehicles.

Similarly, how has your firm's approach to dealmaking evolved?

Our approach to dealmaking really has not changed through our more than 30 years of investing together as a team. Real estate is

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fundamentally a relationship business and a local business, which are the principles we have prioritized from the start. Rockpoint has always prided itself on the strength of our relationships, our local market knowledge and the expertise gained over decades of investing – a combination we believe will continue to underpin our success in a highly competitive environment.

Unlike a purely thematic method, we have consistently employed our granular, research-driven approach to analyzing markets and individual opportunities. We believe this methodology has become an increasingly important competitive advantage in this environment, as real estate is still a business where boots on the ground matter and discoverable inefficiencies continue to exist.

This approach is supported by Rockhill, the property services affiliate that we founded 10 years ago. A vertically integrated approach allows us to directly implement business plans and maximize operational efficiency.

And how has the composition of your team changed?

The core of the Rockpoint team has not changed significantly over the last decade, although we have continued to grow and now employ nearly 200 professionals across both Rockpoint and Rockhill. In fact, the most meaningful change to the composition of our team involved the launch of Rockhill – coincidentally, almost exactly a decade ago.

As the Rockhill team recognizes 10 years in business in 2025, it has evolved from its roots in office property management to now offer development and construction, project management and other property services across 89 assets, including industrial, multifamily, office and other property types. To meet those needs, Rockhill has both hired experts in these areas and also created development opportunities for the team to expand their knowledge across property types.

On the Rockpoint side, we have kept the core senior investment team in place while continuing to add to the investment and operations teams, with one noteworthy example being Ben Harris, formerly of Blackstone and Gramercy, who joined in 2021 as the head of Rockpoint Industrial, Rockpoint's exclusive industrial operating partner.

What are the biggest risks for the industry today, and which risks should be monitored closely for the future?

Many of today's risks are driven by elevated geopolitical uncertainty as well as policy risk within the US. Additionally, in the real estate industry specifically, many deals are being priced based on the prospect that cheaper cost of capital is on the horizon, so therefore, rates remaining higher is a risk.

There is also the risk that investors chase moment-in-time bubbles without taking a research-first approach to validate long-term fundamentals, including supply, demand and pricing power.

While these challenges create headwinds, they also generate opportunities for address-level investors and operators who have the experience to understand demand and supply fundamentals at a granular level, and the expertise and infrastructure to transform the real estate to enhance cashflow at the property level. The days of sector bets driven by cheap financing and the rising tide that raises all ships are over; we are back to basics – true real estate investing. ■