

Insight

ACRE secures \$1bn of capital for second real estate credit strategy

An expanded investor base including insurance capital and overseas investors alongside returning institutions helped the New York-based manager reach the fund's hard-cap.

Randy Plavajka - 17th July, 2025



ACRE has closed its second real estate credit strategy at \$1 billion.

The New York-based manager reached the hard-cap for ACRE Credit Fund II on June 30 and signaled the official close of the strategy this week. The firm launched the fund with an investor base that included insurance companies, overseas investors and the private wealth channel in February 2023. ACRE's preceding real estate credit strategy drew \$509 million in capital commitments by comparison, company data shows.

Daniel Jacobs, a managing partner at ACRE, told *PERE Credit* much of the capital raise was driven by institutional investors alongside growing segments such as insurance capital, family offices and global pension funds. International investors based in Europe, Latin America and Asia as well as the private wealth channel also bolstered the credit strategy's allocation roster. The fund's investors include a large number of repeat clients.

"Our biggest point of differentiation as a lender is the fact that we are a vertically integrated owner-operator, which allows us to leverage our deep expertise in multifamily to originate, structure and asset manage best-in-class loans to institutional operators and developers," he added.

According to a source familiar with the firm, ACRE is also planning to launch the fifth iteration of its real estate equity strategy this summer to further build its real estate investment business.

A significant factor for prospective and existing borrowers, Jacobs noted, is ACRE's deployment of LP and co-GP capital alongside developers and operators on future acquisitions and developments out of the firm's private equity and private debt strategies.

“There significant cross-pollination between the equity and the debt businesses which attract top developers and operators of multifamily,” Jacobs said.

Doubling down

The deployment thesis for ACRE’s second credit strategy will mirror the firm’s first, ACRE Credit Fund I.

ACRE will use its latest real estate credit strategy to focus on first mortgages with flexibility to provide mezzanine debt, preferred equity and construction loans. Jacobs noted in the last five years, about 90-95 percent of ACRE’s real estate credit strategy deployments have been leveraged first mortgage deals as it represents the best risk-adjusted return in the private credit market.

The firm plans to originate \$25 million-\$125 million loans through the credit strategy with deployments through 2028. For ACRE’s high-level underwriting parameters, the firm aims to originate first mortgages around 60-65 percent loan-to-value in the current market and access warehouse credit lines, commercial real estate collateralized loan obligations and strategic securitizations with Freddie Mac to generate equity-like returns for direct lending risk.

“Right now, mezzanine and preferred equity specifically are pricing inside our levered returns on a first mortgage strategy,” Jacobs noted, “So, to be lending at 80-85 percent LTV feels like unnecessary risk to take when we can generate outsized returns leveraging our capital markets abilities.”

ACRE keeps a wide geographic lens for lending, targeting core-plus markets on a national basis where the firm can pick up debt exposure toward the residential sector including multifamily, build-to-rent, student housing and active adult senior housing categories. From its 2011 founding onward, the firm has closed more than \$7 billion of real estate transactions. Following the close of ACRE Credit Fund II, the firm maintains more than \$4 billion in lending capacity.

Picking spots and spaces

With a growing portion of banks transitioning their business model from traditional real estate lending to warehouse lending or note-on-note financing, managers such as ACRE have been able to more actively pick up market share.

“We are getting the best of both worlds, where [banks] are driving loan maturities that we are refinancing and then in turn, those same banks are financing the loans we are making,” Jacobs said, noting the firm has nearly a dozen such situations in ACRE Credit Fund II’s pipeline.

Though landing fresh development deals in the current market has been tough, Jacobs said ACRE is bullish on construction.

“Projects that we can actually finance are few and far between, but we are starting to take advantage of that opportunity as I do believe that supply will taper dramatically in the next 24 months,” he said. “If you can finance projects that are coming out of the ground in 2027 and 2028, that feels like a good place to be.

The firm has been spending more time refinancing Class A residential assets with investment sales momentum down, often replacing incumbent bank lenders looking to reduce their commercial real estate exposure.

When refinancing construction loans, as an example, Jacobs said ACRE is able to do so on a cash neutral or cash-in basis, which leaves his firm about \$75,000-\$100,000 per unit below replacement cost. “When you’re talking about lending on the other side coming out of what has been a major asset cycle the basis at which we’re lending on Class A, core, new-build multifamily is just fantastic,” he noted.



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