PERE News
Longpoint Partners closes specialty grocer fund
By Peter Benson
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The Boston-based manager raised dedicated capital from institutions including Texas Permanent School Fund.

Longpoint Partners has closed its inaugural fund focused on a specific niche retail asset, Longpoint Specialty Grocer Fund I, raising $225 million in commitments.

The Boston-based firm launched the fund in 2022 with an initial target of $200 million. Longpoint did not need to spend long in the market, fundraising in nine months and sourcing 80 percent of the commitments from existing Longpoint investors. The firm did not broadly market the vehicle, Dwight Angelini, managing and founding partner, told PERE.

"[Our investors] know our strategy. They've seen it work. They like what it does," Angelini said. "It was a very efficient process."

Texas Permanent School Fund has committed $75 million to the fund, according to PERE data, having also invested the same amount in the latest iteration of Longpoint's signature value-added fund, Longpoint Realty Fund III. Other investors in Fund III include State Universities Retirement System of Illinois and Chicago Teachers' Pension Fund. The firm also had one non-US investor, a spokesperson confirmed.


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The Specialty Grocers Fund is a core-plus vehicle, which typically has a net return target range between 8 percent and 12 percent. Angelini declined to disclose specific return objectives.

The strategy

Longpoint, ranked 156 on the inaugural PERE 200 list, has a long history investing in specialty grocer-anchored assets. The firm has invested in at least one such property every year since its inception in 2015, Angelini said, primarily using its existing value-add fund series.

The properties are neighborhood centers anchored by typically a Hispanic- or Asian-branded grocery store like El Rancho or H Mart. Although the firm may invest in communities populated by minority groups, Angelini was emphatic that the fund was not a social impact vehicle.

He also does not view the assets as typical retail, considering them to be more sought-after property types.

"I always say the best fulfilment warehouse is the local grocery store," he said. "The grocery store will transition over the next 10 or 20 years from retail, brick and mortar, to a fulfilment logistics node. That provides a ton of opportunity."

Longpoint will source opportunities on an asset-by-asset basis, with the majority of deals sourced off market. The firm has executed to date eight deals in Florida, California and Texas totaling $166 million. It plans to acquire between 17 and 20 properties in this fund.

The reason for this asset-by-asset approach is that most specialty grocer-anchored assets are owned by families or individuals. The typical plan for these properties consists of updating the parking lot, signage and other common areas, as well as altering the tenant mix.

The latter can involve changing out singular focus shops like smoke stores or liquor stores for more family and community-oriented services such as beauty parlors, barber shops and day care centers.

“When we’re done, you have a place where the community wants to go, where they feel safe, where they know that the tenants, our customers, are there to serve the community,” Angelini said. “Ultimately, you’re left with more foot traffic, which leads to the ability to raise rents.”