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THE MICK MONTHLY

Why Independent Due Diligence Matters When Capital Shifts

By David Sengstock, President, Mick Law PC

Capital continues to shift within the alternative investment market. Through July, total nontraded alternative investment fundraising reached approximately $104.3 billion, down about 12% from the same period a year earlier, according to Robert A. Stanger & Co. Most of that change reflects a rotation within alternatives rather than a retreat from them. Credit strategies raised roughly $35.8 billion, down 43%, while hard assets moved the other way, with real estate and infrastructure together raising about $34 billion, up 36%. Infrastructure climbed 66% and real estate rose 14%.

Movement like this is a familiar feature of the market, and it is a good reminder of a principle that holds regardless of where capital happens to be flowing. Independent, third-party due diligence matters most when the landscape is changing, because that is when the offerings reaching an advisor's desk are most likely to look different from the ones reviewed a year earlier.

Rapid growth in a category is a healthy sign of investor interest, and it also brings new programs and new sponsors into the market. Those programs can differ meaningfully in their structure, leverage, valuation methodology, fees, and sponsor experience. None of that is a cause for concern on its own. It is simply the kind of detail that independent review exists to surface, so that an advisor or broker-dealer understands what a given program actually is before recommending it.

The categories drawing less capital deserve the same even-handed attention. A strategy does not become more or less sound because flows have shifted, and the questions worth asking about any offering, including how it is underwritten, how it is priced, and how it is built to perform over time, hold steady in a rising market and a cooling one. Independent diligence is what keeps those questions consistent regardless of which way the money is moving.

For the broker-dealers and registered investment advisory firms responsible for recommending these programs, that consistency is the real value of a third-party opinion. It grounds a decision in the merits of the offering itself rather than in the direction of the broader market, and it gives a firm a clear, independent basis for the choices it makes. Markets will keep rotating, and that basis holds up in any of them.

"A strategy does not become more or less sound because flows have shifted."

DST Market Snapshot

Securitized 1031 fundraising is on pace for a record year

Delaware statutory trust fundraising has accelerated through the first seven months of 2026, positioning the securitized 1031 market for what could be its strongest year on record. According to Mountain Dell Consulting, which has tracked the securitized 1031 exchange market since 2003, DST equity fundraising reached approximately $5.5 billion through July 2026, a 31% increase over the roughly $4.2 billion raised through the same period in 2025.

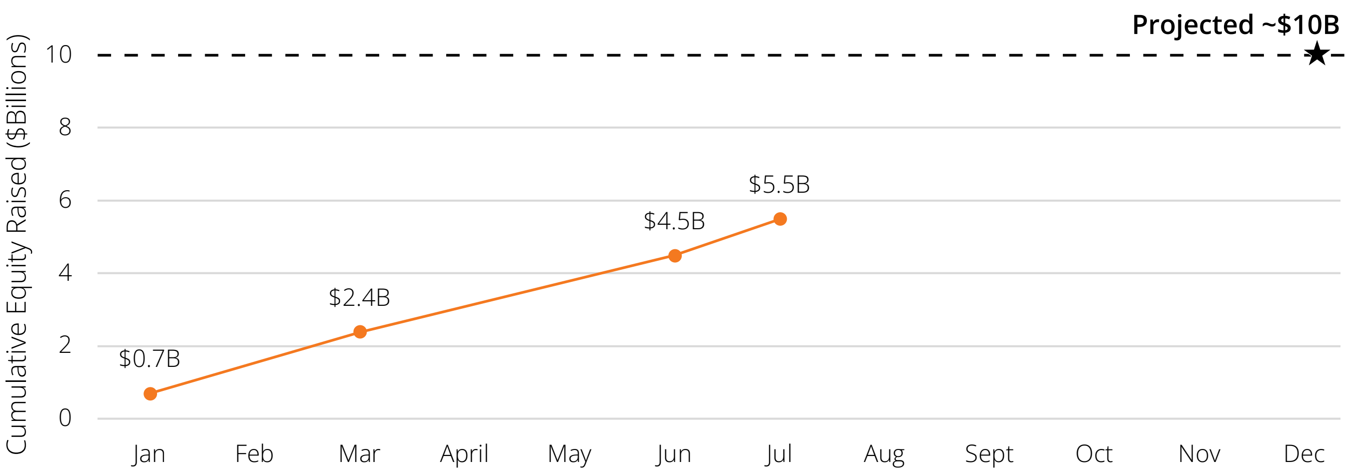
July set the pace. Sponsors raised approximately $985.1 million during the month, a year-to-date high and a 34.7% jump from June. Mountain Dell has projected that the industry is on track to raise roughly $10 billion for the full year, which would surpass the prior peak of $9.4 billion set in 2022. For context, DST sponsors closed 2025 at approximately $8.41 billion, itself a 49% increase over 2024.

DST MARKET AT A GLANCE

~$5.5 billion	+31%	~$985.1 million
YTD EQUITY RAISED (through July 2026)	CHANGE VS. 2025	JULY 2026 EQUITY RAISED
59	**110**	**~$10 billion**
ACTIVE SPONSORS	ACTIVE PROGRAMS	FULL-YEAR 2026 PROJECTION

Participation has broadened alongside fundraising. By the end of July, the market included 59 active sponsors and 110 programs, representing year-over-year growth of at least 33%. Programs are also moving through the market more quickly. Average time on market declined 45% over the past year, from 407 days in mid-July 2025 to 225 days in mid-July 2026.

DST FUNDRAISING IS TRACKING TOWARD A RECORD YEAR



Markets show Mountain Dell reported YTD figures (Jan, Q1, June, July); 2026 up - 31% vs. 2025. Source: Mountain Dell Consulting.

Fundraising remains concentrated among a relatively small group of sponsors. Ares Real Estate Exchange accounted for 22.2% of year-to-date equity through July, with approximately $1.2 billion raised. Hines Real Estate Exchange ranked second at approximately $537.6 million, followed by Blue Owl, ExchangeRight and Inland Private Capital. Industrial and multifamily continue to represent the largest share of syndicated offerings.

For advisers and diligence professionals, the increase in fundraising is only one part of the picture. More sponsors and programs are competing for capital, while offerings are spending considerably less time on the market than they were a year ago. Those trends make program-level factors such as sponsor experience, structure and underwriting important to evaluate independently of overall fundraising activity. Market-level trends can vary considerably at the individual sponsor and program level.

> "Average time on market declined 45% over the past year, from 407 days in mid-July 2025 to 225 days in mid-July 2026."

DID YOU KNOW?

Mick Law's offering-level due diligence covers eight areas:

- **01** Background and business plan
- **02** Offering terms
- **03** Use of proceeds, fees and compensation
- **04** Organizational and ancillary documents
- **05** Financial condition and prior performance
- **06** Pro forma / underwriting analysis
- **07** Risk factors and conflicts of interest
- **08** Background checks and litigation searches

Recent Opinions

Meridian Capital Solutions, LLC

Sponsor • 8/28/2026

Resource Royalty 28, LLC

Oil & Gas • 08/25/2026

Bonaventure Capital Aspire West End DST

DST • 08/21/2026

Cunat Exchange IX DST

DST • 08/21/2026

PG Cape Canaveral DST

DST • 8/6/2026

DealPoint Merrill, LLC 2026 Update

Sponsor • 07/28/2026

Upcoming Events

ADISA ANNUAL CONFERENCE & TRADE SHOW | October 5-7, 2026, Las Vegas, NV

Featuring **Bryan Mick** in

Ask the Attorneys

Tuesday at 11:25 am

Featuring **David Sengstock** in

Red Flags & Green Lights: Inside Due Diligence

Tuesday at 1:30 pm

Featuring **Brad Updike** in

Oil & Gas 201: Evaluating Risk and Return in Non-Traded Programs

Tuesday at 3:55 pm

Interested in setting up a meeting at the conference? Reach out to **Zia Sabir** at zsabir@micklawpc.com.

MICK LAW REAL ESTATE SYMPOSIUM

October 18-20, 2026, Tempe, AZ

Attendance at the real estate symposium is by invitation only. If you are interested in attending or participating, please email **David Sengstock** at dsengstock@micklawpc.com.

QUESTIONS?

For questions regarding sponsor opinions, or for all other inquiries, kindly contact **David Sengstock**, president, at dsengstock@micklawpc.com, or **Zia Sabir**, vice president, at zsabir@micklawpc.com.