



2026 LP Secondary Market Report

Introducing the LPShares Secondary Discount Index (LSDI-RE)

Liquidity, Pricing, and Lifecycle Trends in Fractional Commercial Real Estate LP Interests

Published by LPShares.com 2.27.26

Executive Summary

Private markets continue to expand globally, with private capital assets exceeding \$13 trillion according to Preqin. While institutional secondary markets are well tracked, asset-level LP interests under \$5 million remain under-measured.

In 2025, a 10-year Dallas–Fort Worth retail LP interest transferred at a 39% discount to book capital after returning approximately 88% of original invested capital to the seller. The liquidity event was driven by estate planning objectives following a refinancing that extended the asset hold horizon by another decade. The incoming investor acquired the position at approximately 15% trailing cash-on-cash yield.

This report introduces the LPShares Secondary Discount Index (LSDI-RE), a proprietary metric designed to measure liquidity discounts in fractional commercial real estate LP interests.

LPShares Secondary Discount Index (LSDI-RE)

LSDI-RE measures the percentage difference between stated book capital and observed secondary transaction price for commercial real estate LP interests between \$250,000 and \$5,000,000.

Formula: $(\text{Book Capital} - \text{Secondary Price}) \div \text{Book Capital}$

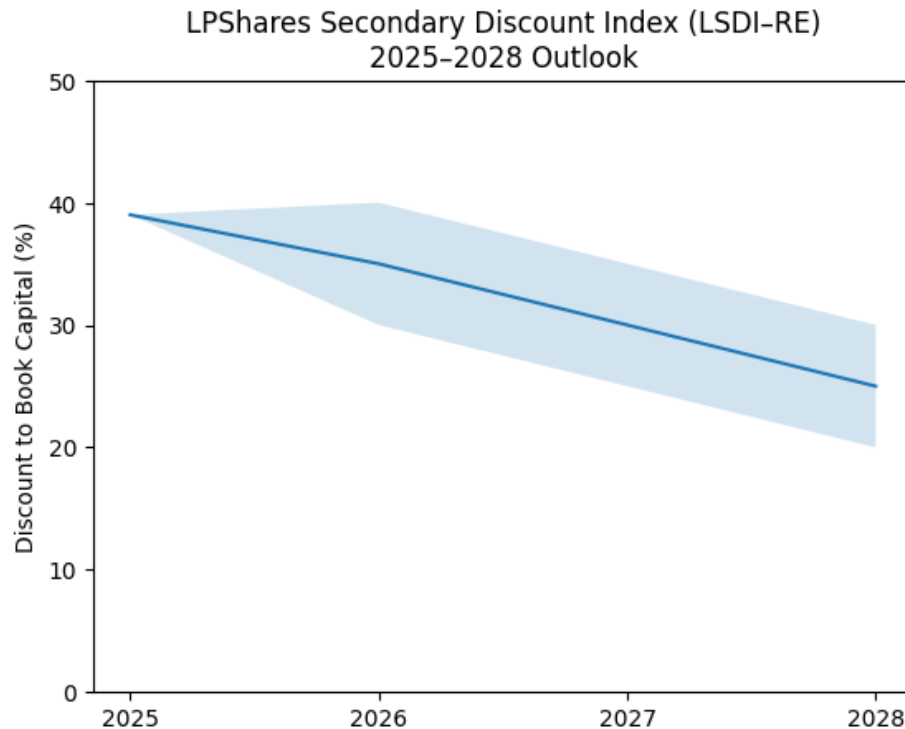
2025 Observed LSDI-RE (Featured Transaction): 39%

Projected Normalization Bands:

2026: 30%–40%

2027: 25%–35%

2028: 20%–30%



Featured 2025 Case Study – Dallas–Fort Worth Retail LP

Original Investment: \$4,350,000

Total Cash Distributed: \$3,823,010

Book Capital at Sale: \$4,650,433

Secondary Transaction Price: \$2,825,000

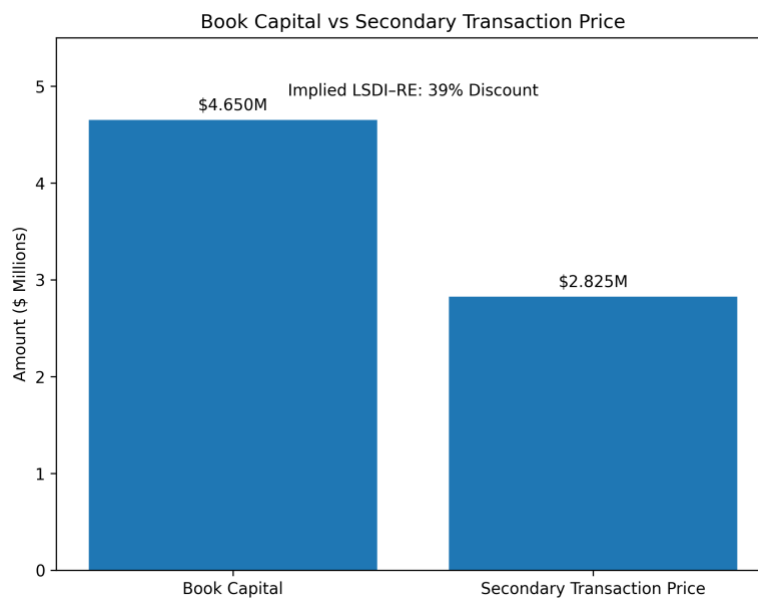
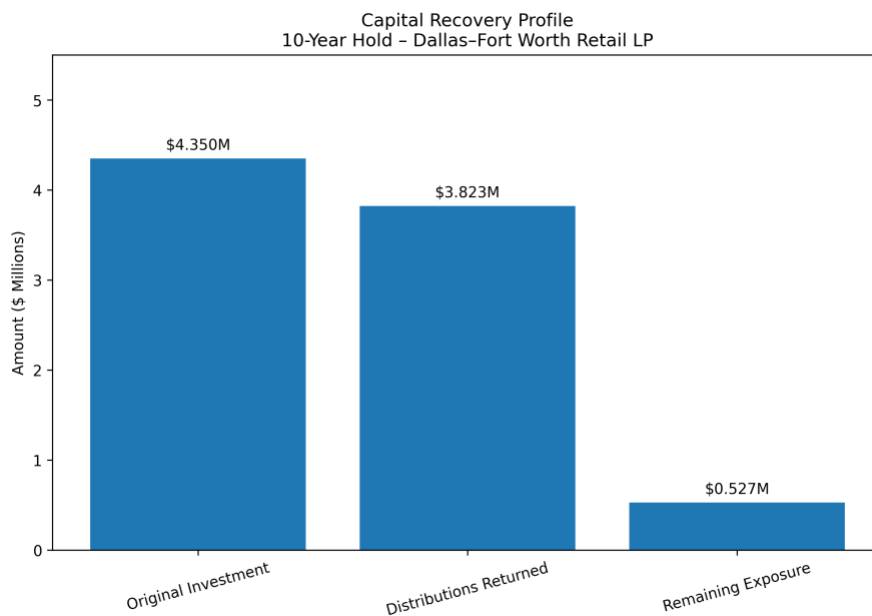
Capital Recovered: Approximately 88%

Implied Discount to Book Capital: 39%

Trailing Twelve-Month Distributions: \$503,875

Implied Buyer Cash-on-Cash Yield: ~15%

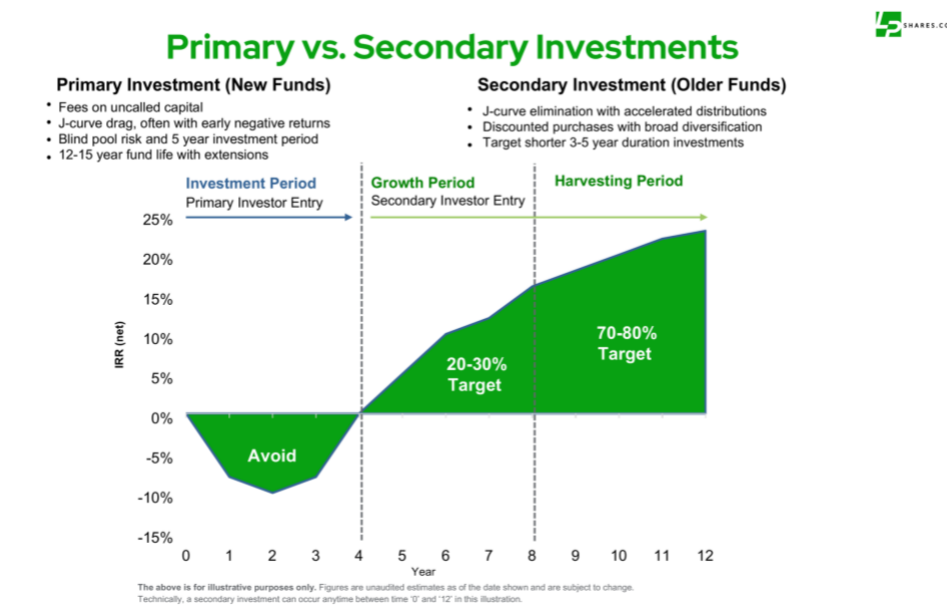
This transaction illustrates lifecycle-driven liquidity rather than distress. Following a refinance that extended the expected hold period by another decade, the selling LP elected to monetize the position for estate planning and capital simplification purposes.



Lifecycle and Estate Planning Implications

Private real estate syndications frequently extend beyond original underwriting timelines. When refinancing events reset hold periods, limited partners must reassess alignment with personal capital objectives.

Secondary marketplaces increasingly function as lifecycle infrastructure, enabling structured ownership transitions without requiring asset-level liquidation.



Market Context and Structural Evolution

Global private capital AUM exceeds \$13 trillion. However, most institutional research focuses on fund-level secondary transactions. Asset-level LP interests under \$5 million remain fragmented and opaque.

Refinancing cycles, demographic growth in major metros such as Dallas–Fort Worth, and generational estate transitions are emerging as primary drivers of fractional LP secondary liquidity.

The divergence between book capital and liquidity-clearing pricing represents a structural inefficiency in sub-institutional LP interests.

Outlook

As private allocations age and refinancing cycles continue, asset-level LP secondary activity is expected to increase.

Key forward indicators include:

- Growth in sponsor-managed recapitalizations
- Normalization of discount-based pricing discovery
- Expanded participation by family offices and RIAs
- Improved transparency in fractional LP valuation

About LPShares

LPShares.com is a secondary marketplace where accredited investors and sponsors connect to buy and sell limited partnership interests in private real estate and alternative assets, enabling structured, sponsor-approved liquidity.