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Company Participants

Jon Gray - President and COO

Conference Call Participants

Alexander Blostein - Goldman Sachs

Alexander Blostein

Okay. Well, good afternoon, everybody. Thank you for joining us. It is my pleasure to introduce Jon Gray, President and COO of Blackstone. With over $1 trillion in assets under management, Blackstone is the largest and the most diversified alternative asset manager in the world with deep expertise around real estate, private credit, private equity, infrastructure and so on. So you guys have a pulse on many different things across markets. Blackstone have been supportive of our conference for many years. So John, thank you so much for being here. I always look forward to this conversation. So let's get started.

Jon Gray

It's great to be back. Thank you, Alex.

Alexander Blostein

So based on your footprint, you guys have a lot of breadth and investment capabilities really around the world. Why don't we start with your economic outlook for 2025? You get to see lots of interesting things. What's your pulse on the economy over the next 12 months?

Jon Gray

Well, I would say right now, it feels like the economy and markets are in a bit of a sweet spot. If you look at our portfolio companies, and it's one of the nice things about our business, is to be able to see broadly across 250 companies and more than 10,000 pieces of real estate. But when we look at our private equity companies in Q3, revenue growth was 6%. When we look in our noninvestment grade corporate borrowers, we have more than 2,000, default rates are less than 0.5%. When we survey our CEOs, 15% CEO recession in the next 12 months. So a very low percentage. And so on the ground it generally feels good. There's some weakness in the consumer sector. Europe is slower. But overall, it feels good. And if you look at the data broadly about small business optimism post election, that feels good. So I'd say economically, particularly here in the United States, we feel some very good momentum. I would say on the inflation front, we obviously got a CPI print today. It was a little bit mixed. But again, I'd like to look at our data. And if you look at where rental housing costs are growing for us, both single and multifamily, it's well below the roughly 5% the government CPI data showing today, which lags, that should put downward pressure on the CPI.

Wage growth in the third quarter for us was below 4% for the first time really in the post COVID period. We're seeing disinflation. It's just happening at a slower pace but it should give the Fed room to cut. Now I think they'll do it in a gradual way because there's still a lot of economic strength. There's no reason for them to raise. They can be data dependent. But I think you're going to see the path of short rates down as inflation continues to gradually move down. What's also beneficial is what's happened in markets, of course, right? Debt spreads have tightened, base rates have come down, strength of equity capital markets, that's very helpful for companies. There are some powerful things happening with technology. We can talk about those. Obviously, around AI and innovation, which is creating a huge investment boom. So I think there are a lot of things to like as you move forward into 2025. It doesn't mean that there couldn't be certain stocks that have traded too high or everything is a buy but the overall picture to us looks pretty good. And this has been sort of our mindset really for a while now. One of the reasons we've been so active deploying capital the last 12 plus months is we wanted to invest before that all clear sign, because eventually after three years of this cost of capital storm, we knew it would pull back at some point. And that has happened and that's obviously beneficial, I think, for both the economy and markets.

Question-and-Answer Session

Q - Alexander Blostein

Yes. Well, super encouraging for sure. Let's stay on current events for a little bit. Obviously, the incoming Trump administration is likely to come with pretty material changes, whether it's regulation, capital markets, et cetera. Curious how Blackstone is navigating the new regime, Trump 2.0? What does that mean for both your existing portfolio companies and how you're thinking about future investments?

Jon Gray

So I'd start with we've operated in blue, red, purple environments, and the true north for us, obviously, is delivering great returns. So I have high confidence sort of regardless and I felt this way before the election that we would do well. Clearly, this administration is going to impact certain areas. And so in terms of particular focus, taxes, I think it's very unlikely we're going to see an increase in corporate taxes. We may see a decrease, that's obviously a positive for earnings. As it relates to the regulatory environment, I think we're going to move back to a more traditional approach on antitrust. That should be helpful for M&A in the public markets, it should definitely be helpful for M&A in the private market, your ability to sell businesses to strategics. I think on the energy side, we're going to see more support for hydrocarbons, both production as well as transport. We will, I believe, see less in the way of subsidies for things like EV. EVs, which should have an impact there, we do not have a lot of exposure to that. And I'd say the area that has more uncertainty is around trade. I think clearly, there's going to be higher tariffs put in place. But then there's the question of which countries, which industries and how high. And I think that's very hard to forecast because it's dynamic based on what different actors do. But overall, manufacturing companies who are exporting at scale to the United States do face a risk here. Again, that's not a big focus of what we do but that's the area where there's probably greater levels of uncertainty. But if you look at it overall, net-net this is a positive for our business.

Alexander Blostein

Let's bring this a little bit closer to you, Blackstone and the activity rates. You mentioned deployment. You really talked about over the course of the year that the pace of deployment activity has really accelerated even before any of this, right? So $92 billion deployed year-to-date, that's 2 times the pace of the prior year. Can we expect this rapid pace of deployment, I guess, to continue? And what are some of the investment areas that are presenting most compelling opportunities for you guys?

Jon Gray

I think the short answer is yes. We -- in the third quarter, we deployed or committed to over $50 billion, highest in two plus years. Part of that, of course, was our desire to get ahead of things to deploy capital before we thought markets would move a lot in response to the reduction in cost of capital. But part of it is as markets normalize, prices go up, debt capital becomes more available, sort of the flywheel of transaction activity starts to pick back up. And more people say, hey, I want to sell this noncore division or I'm a family that's owned a company for a long time, I want to do something. We're returning to a more normalized environment. And of course, given the scale of our business that's going to lead to more deployment across a broad range of areas. We're seeing it in a lot of different places even the secondary area for us, which is -- we're the lead player in that space. We've seen as prices, buyers and sellers get to a place that's closer together, we're seeing more transaction activity. And as a buyer, you're more enthused because you could see sort of the light at the end of the tunnel of realizations because sponsors are going to be able to return capital and get some of that DPI going.

I'd say in terms of where we're going to be most active, we tend to be thematic. We love to say we focus on good neighborhoods. Digital infrastructure is a huge focus for us. We committed in the third quarter to the biggest data center company in Asia, AirTrunk, a ton going on there. Energy and power, which is directly related to that, that's an area of massive focus for us. The cyclical recovery in commercial real estate, which I'm sure we'll talk about. Obviously, we've been super active there. We've done four privatizations in this calendar year alone in '24. I would say private credit, just given some of the big structural shifts in area of focus. And then there are some things that are narrower. We love franchise businesses. We've had great success in the past with Hilton and SERVPRO in the last year or so; more recently, Jersey Mike's, which is a business we like a lot; Tropical Smoothie, a coffee chain in our growth area called 7 Brew. We like capital light, fast growing businesses. So I would say, yes, we're leaning forward. In some places, it's getting harder because the prices are moving up. But it still feels like a pretty good vintage to deploy capital overall, much different than if you went back to 2000, 2007, 2021, when things were really overheated.

Alexander Blostein

Got it. Okay, let's flip to the other side of this, which is monetization activity, which has been slower, not just for you guys, for the industry as a whole. I guess looking out into 2025, what's your outlook for realizations? Again, importantly, what are the areas of the business you hope to be most active in realizing investments?

Jon Gray

So realizations, of course, go down dramatically when there's no IPO market for much of three years, and when M&A activity falls 50%, 60%. And the nice thing in our structures is we can afford to hold and be patient sort of until the sun comes back out. And that's what we're seeing now from sort of a transaction capital markets environment. The sun is coming back out and that's very helpful. And so we will, I think, begin to take more advantage of this because buyers can borrow at much lower cost. I would say today, noninvestment grade borrowing costs are probably between base rates and spreads down 400 basis points from where they were, say, 18 months ago. The idea that we can now go from having theoretical discussions about can we take a company public to a practical discussion about what's the right size, do we go in February, do we go in April? This stuff doesn't happen overnight. You hire an investment bank to sell your business or your real estate, you look at an IPO, it takes time. But it definitely feels better even better than at the time of our last earnings call. And a good forward indicator for us is our net accrued performance revenue that sort of carry receivable is up to nearly $6 a share, the highest level in multiple years. So it's getting to be a better environment for this. And as we said on the earnings call, we would expect that 2025 would be a far more robust year for realizations.

Alexander Blostein

As you think about the mix of realization, is it leaning more towards M&A, is it leaning more towards public market exits? Any sectors or asset classes that will impact the most?

Jon Gray

Well, I think it will be both. I think it will be private buyers because cost of debt is coming down. I think we've definitely seen an IPO market that is starting to be receptive to IPOs. I think it will be very good for the banks like Goldman Sachs. I think it will probably be a little more private equity and secondaries in private equity where you'll see more of it initially from us. But sort of the rising tide will lift all these boats. And it does feel like there's just a lot more enthusiasm around an openness to people buying things. And part of this is confidence, too. I mean, it's not just capital markets but there's a general increase in confidence certainly in the US. We see it in India, we see it in Japan, a little --

obviously, less so in Europe or China. But in a couple of big markets for us, there is openness and receptivity and that should allow us to move towards exits.

Alexander Blostein

Right. Okay, let's take this conversation into some of the specific asset class areas. Real estate being one, obviously, a very important product, very important area for Blackstone. We've seen a number of encouraging signs there over the last 12 months or so. You guys were early. I think you called for bottoming in real estate valuation early this year, which ended up being right and given your footprint, perhaps not that surprising. You lean into that. You've deployed a lot of capital in real estate. What is your outlook for real estate transactional activity into next year and particularly in the context, maybe higher interest rates, right? Because the pace of rates is trending lower but maybe not as quickly as we would have thought.

Jon Gray

So part of the reason -- I guess, I'd start with why did we feel this bullishness about that we were -- we had hit this inflection point? And it really came from the fact, if you look at where we focus our investing in real estate pretty much around the globe has been in logistics and rental housing, which represent more than 70% of our holdings. And in those markets, cash flows have continued to grow even through this difficult period of time. Now the rate of growth has slowed. But generally, there's been positive cash flow growth. That's obviously very different than the office market where there was a structural hit to demand, vacancies, availability went up to 25% versus 5%, 6% in rental housing and logistics. So what caused values to decline, what will cause values to decline was the cost of capital went way up, spreads gapped out, base rates went up. We saw borrowing costs go up very dramatically. And as a result, cap rates went up, unleveraged yields on real estate from, call it, 3.5% to 5%, 5.5%, that's basically what happened. But if you went back towards the end of last year it was clear inflation was heading down. The Fed was talking about starting to cut rates. We began to see a rally in markets. We started to see spreads tightening. And knowing that the fundamentals in the sectors we liked, we're actually okay and now cost of capital has hit a peak, it was starting to come down. We said, gosh, this is sort of the side to jump back in.

And the nice thing about commercial real estate is it's cyclical, right? I mean, as long as you start to cut off new supply, and of course, that's the other factor here. If you look at building most areas of commercial real estate, they're down 50% to 75% from the peak, you're setting a foundation for a recovery. So if you went back in time, you wanted to invest in '92 to '95, 2009 to 2012 or '13 and you want to invest now. It's the same sort of thing. And what makes investors hesitant, of course, is they've taken losses in the space, they still will read headlines about a deal that was made four years ago. It goes bus now. Everybody says, oh, my gosh, is there another shoe to drop? But if you just step back, the fundamentals are okay near term, new supply is coming down a lot and cost of capital is coming down. And you know people are still going to buy more goods online and e-commerce is going to drive demand and logistics. And you know there's a structural shortage of housing in virtually every developed market in the world. So if you can buy now at reasonable prices, generally below physical replacement cost, you lean in. That's what we've been doing. We've been deploying significant amounts of capital and I think that will pay big dividends for our investors.

Alexander Blostein

Great. The other side of real estate is, of course, fundraising that matters. Obviously, healthier transaction activity should accelerate some of the fundraising but that's been a bit challenged for the last kind of one to two years. Are we now at a point where institutional and wealth clients feeling better about allocating more capital to this space, particularly to core real estate, which has been sort of particularly dormant in the last 12 months?

Jon Gray

You know, gain, it takes some time. If you think about this cycle, we're sort of in this bottoming phase. The public market real estate moves up and down. But if you think in the private market, you get this sort of flattening out that happens, you begin to get real enthusiasm to sort of jump back in as prices start to move higher, clearly higher and then people are like, whoa, I'm missing out on this. But we're seeing some good early signs. If you think about BREIT, our nontraded REITs, net redemptions from the peak at the beginning of '23 are down 97%. So that's a pretty dramatic change from where we were. When you talk to our institutional customers, they're now talking about not if they should go back to real estate but when. And so the openness to deploying the sector, be it real estate debt or real estate equity that's gone up a bunch. So it feels I would say, materially better than 12 months ago, better than, of course, than 24 months ago. And we're just on our path in a cycle. I think what we try to do is deploy the capital as much as we can in this period. As we move into next year, values move higher. You make a good point, if rates stay higher, the recovery will be a little bit slower. But you know the endpoint because ultimately, values have to recover to physical replacement cost. Though, if rates stay higher, there'll be even less new construction and it will make for even a stronger recovery on the other side. So to me you know where you're heading, the steepness of the recovery is going to be impacted by what happens with rates. But overall, we're in the sort of upward movement. It's a question of how long that takes. And so, as part of that, to your question, Alex, yes, investors will invariably come back. It will take a bit of time because this is a sector they've suffered some pain but we're beginning to see some early promising signs.

Alexander Blostein

So definitely encouraging. Okay, let's talk about another important theme for you guys, which is AI and data centers. You hit on that a little bit earlier today. Just to put some numbers around that. I mean, you guys have $70 billion in data center investments and you talked a lot about unique opportunities to expand that even further. Clearly, a large market, but at the same time, it feels like there's more competition also coming into this theme. How are you differentiating Blackstone, what does that business look like for you guys over the next five years? Are there unique products that you could create to really amplify that theme even more?

Jon Gray

I think these data centers are really the super highway of the 21st century that if you think about not just AI but digitalization broadly, data storage, cloud migration, all of our lives moving online. This is where that happens. This is where those GPUs sit. This is the compute power. And it feels to us like the demand will continue to grow. If you read the big four technology companies and see what they're talking about, their infrastructure investments, gives you a sense of where they think the future is heading. Our approach to this is put big dollars we shared between our infrastructure business and our real estate business. It's obviously helped a lot of our funds. And our idea is to have the biggest platforms who can deliver at scale for these hyperscalers. So a huge platform, the biggest in the US, biggest in Asia. We think we have the largest powered land bank in Europe. We've been doing a bunch of innovative financings. We led a $7.5 billion financing for a company called CoreWeave, who does the AI infrastructure. We've done a bunch of services. And then energy and power is directly tied to this, which we're doing in private equity and in infrastructure as well. So to me -- and then, of course, in private credit, this is one of the leading areas where we're deploying credit and where we have great insights because of what we know. And one of the great advantages of Blackstone is not only being a credit shop but also being a huge equity shop and the information synergies that come from that.

So I'd say, to your question, which is a really good question, like any great thing, railroads in the 19th century, yes, there's a lot of demand. Aren't we just going to overbuild it? Two good factors. One, because there are really four companies doing the vast majority of the leasing and often have customized needs, you don't go out and build a spec $1 billion data center. These are not like condos in Miami. So that limits the risk of overbuilding. Two, because the power is hard to come by and the knowhow and everything that goes with it, if you actually have an entitled site, you know how to build and you have access to power that is more rare than you think. And as a result, you can get a reasonable return on your capital. So we're thematic. This is the biggest theme for us. We continue to lean in. I think it's going to pay big dividends for our investors.

Alexander Blostein

Great. Not like condos in Miami, I got to use that, sounds pretty good. Okay, private wealth, let's spend some time on this. Another major theme for Blackstone, again, you guys were early there with your products in real estate and credit. People know those well. At the same time, that space is also becoming a bit more competitive, we've also seen consolidation in the space. Obviously, BlackRock [HP] has been the biggest one in the last like week and half here. Talk to us a little bit about further product evolution. How do you see the space for Blackstone in the next one to two years? Clearly, you've got a massive distribution advantage. But at some point of time, does a JV partnership make sense or you guys feel like you can go at it on your own?

Jon Gray

Well, I'd start with this being a huge strategic area of focus, to your point, Alex. We started, I think, 15 plus years ago doing drawdown funds for very affluent clients with our distribution partners. Eight years ago, we, I think, really revolutionized access to alternatives for individual investors by creating modern semi liquids, BREIT and BCRED, private equity strategies. We're now into infrastructure. We're going to have a multi-asset credit product. These products are -- you put in all your money at one time as opposed to the complexity of drawdowns, oftentimes they're more tax efficient, they have semi liquidity. The press couldn't fully understand this but they weren't designed to be daily liquidity vehicles, they were designed to be semi-liquid because they hold private assets. And this model also allows you to go down in price point quite a bit versus what you can do with drawdown funds. Drawdown funds still work for certain investors but this has opened the universe in a big way. We now have more than 300 people who focus on distribution. And the most important thing is that we've delivered great results, be it in BREIT or BCRED, the products we have here, because ultimately, just like our institutional clients, it's about performance and we are laser focused on delivering great performance.

And so for us, the fact that we've delivered great performance, we have huge scale. We have a brand which is very hard to put in the models. But our -- the desire of the distribution partners, the financial advisers and the underlying customers to invest in Blackstone is very high. And it's hard to capture that when you're looking at our company, but it's one of, if not, the greatest competitive advantage we have, which is the strength of that brand, particularly in this context where you've got to distribute out, you don't want to have to spend the first 20 minutes of the meeting explaining who the firm is. And so I think this has a long way to go. Our institutional customers are a third or more allocated to privates, wealthy individuals have similar long duration needs and yet they're probably 1% to 2% allocated. And so this year, obviously, the tone has improved. First nine months of the year it flows into -- our individual products were up double year-on-year. And if you talk to our people, Joan Solotar and our private wealth space, the tone of conversations all feels pretty good as we move into 2025. I do think this will be one of the major changes in the alternative space over time. We will continue to be a massive player in the institutional area but this area can grow a lot. And we're operating off of what I think is a tiny base when you have $80 trillion-plus in this area where people who have more than $1 million of investable capital, early days in my mind.

Alexander Blostein

Yes. Somewhat related to that, I want to touch on the 401(k) it came up in a lot of the conversations we've had with folks over the last two days. Clearly, there's at least a hope that under the Trump administration, it becomes easier to include private market strategies. You guys are known to go after large big TAMs. It would be surprising that 401(k) is not on your list. How big of a priority is that, how realistic do you think that is for you guys to move the needle there?

Jon Gray

I can't comment on what an administration might or might not do. But I think if you just step back and say, if I work at a company and I was hired before 2007, there's a team of 20 people devoted to generating high returns for me, they put 40% of the assets into alts in order to get the best returns for the companies to deal with this defined benefit obligation. But if I joined the company three months later and I'm in the defined contribution plan, I'm only allowed to have the absolute lowest cost products because of the litigation system in the United States. That seems like an odd thing to do to the hard working people of America to not give them access when these are 40 year pension funds, shouldn't they be able to make the same trade. Now there should be custodians who do this. There shouldn't be affiliate transactions. It should be given to managers, just like they do in Australia with superannuation funds, there should be a system to make sure individual investors are protected. But there is no reason alternatives shouldn't be here. My gut is that will happen, I can't predict when it does. But I do think, again, because of our brand, our scale, our performance, I would think Blackstone would be a major player in this.

Alexander Blostein

Got you, all right. All makes sense. Well, let's talk about credit for a couple of minutes. Credit and insurance is Blackstone's fastest growing business. I think revenues, they're up 20% plus or something like that this year. It's certainly bright spot but also getting a bit more competitive. So as you think about what inning we're in with respect to institutional allocations to private credit, how that's changing? And more importantly, from the returns perspective, we've been in this kind of golden age for direct lending, high base rate, wide credit spreads, that's come in a bit. Is the prospect of lower prospective returns, I guess, in direct lending worry people much or not so much?

Jon Gray

So I think you have to separate sort of the cyclical from the secular. Cyclically, yes, credit earned outsized returns because of base rates elevated spreads elevated and in many cases, in direct lending you were getting mid-teens returns for senior credit risk. That -- some of that excess return is going away as spreads tighten and base rates come down. But the real question is, will private credit provide an enduring premium to liquid fixed income. And there, my answer would be yes. And the reason is because of what I'd call the farm to table model, right? Because what we're basically doing is taking individual investors in the BDCs or pension funds often in our direct lending or in the case of insurance company and private investment grade and we're bringing them right up to the borrower. And you're eliminating a bunch of financing securitization distribution costs. And so that's one of the reasons why I think this will continue to grow.

Now in terms of relative rates of growth, if you look at noninvestment-grade credit, it's about a $5 trillion market. Direct lending is about a third. I think it will continue to gain share but it's made a lot of progress. The big opportunity is the $25 trillion of financing away from, let's say, corporate financing, unsecured, that makes the real economy go, railcars, aircraft, consumer loans, infrastructure, data centers, power. The whole universe of stuff out there, commercial, residential real estate, all that stuff. And the private lenders today are probably 5% or less of that. And I think that is in its early days. We just announced a large deal with EQT, a $3.5 billion financing. It's really a partnership. But I think transactions like that, corporate solutions are very interesting and there's only, I believe, a handful of us who can do this. We're doing it on a very different basis as an investment manager as opposed to a balance sheet lender. But I would say, short answer is some of the excess returns going away. But the longer term idea of private credit gaining more and more share, particularly in this asset based area, that has a lot of room to run.

Alexander Blostein

Yes, that all makes sense. Let's talk about insurance for a second. It's sort of related to that. Blackstone management, I think, about $220 billion of insurance capital. And you do run a little bit of a different model, there's a few ways to affiliate. You guys obviously choose to go at it in a capital light form and really focusing on adding more partnerships and more SMAs. Talk to us a little bit about the pipeline that you see for this third party SMAs in the insurance world. Also I was wondering if you could comment on the insurance transaction that was announced this morning.

Jon Gray

Yes. So I would say we have a strong feeling, those of you who listened to our calls, you hear it over and over again, we want to be an asset light brand heavy company. Our competitors are great firms run by very smart people, they are going to be successful doing what they're doing. But the idea of borrowing hundreds of billions of dollars in the form of debt or annuities, which you ultimately have to pay back and then you're earning a spread. And implicitly, you're making bets on where spreads are and rates are that's not a business we choose to be in. We want to be a third party investment manager. We just manage capital. And that also has the benefit of allowing us to be open architecture. We're not competing in the insurance space. We're just a supplier essentially to the industry of our capabilities. And it's harder. Yes, borrowing money, doing that would be easier than going out and raising capital. But we like this model. We think this is the way ultimately to build this a long enduring franchise for our firm, using our brands -- our brand, our capabilities. And we've grown 24% in the last year in this space. We've got four large strategic partnerships. We've got 20 SMAs. I think those things will both grow over time.

And a great example was the deal that was announced this morning with Nippon Life, the largest insurance company in Japan. They announced they were buying Resolution Life for $10 billion. They already own 20% of the company. Resolution owns closed book insurance, a very active area, lots of opportunity. And what we had done two years ago was come in, bring some of our investors, we own 6% of the company as part of this transaction. We helped reposition the company into higher returning private credit. The entrepreneur runs a company Clive Cowdrey, very capable. And Nippon said, this is a great platform, Clive and his team. Blackstone will continue to run the private capital. Nippon brings a lot of strength in insurance as well. And this thing is going to continue to grow. We will continue to be the private manager. Our investors we brought in, very happy with the result. We'll return the capital to ourselves and keep managing. And this idea of using small amounts of strategic capital to show alignment and continuing to run the business this way, this is how we're going to do the model. It's different but it definitely works for us.

Alexander Blostein

And financially, no change in your agreement with Resolution, but also does that open up an opportunity with Nippon broadly?

Jon Gray

I think the opportunities grow with Nippon, because they are a leading global insurance company and we would love to do more. And it's a really well run thoughtful company with a lot of ambition today.

Alexander Blostein

Great. Well, to wrap it up, we have about a minute left. I did want to talk about flex and evolution for a second here. It's been incredible to watch the company grow at the pace that it has and the stock and the assets and the size of the business. With that, obviously, there are challenges that come with that, right, like culture, integration, managing that many more people. I guess how are you focused on keeping the culture as integrated and consistent as it is today? And I guess, most importantly, where is the video, holiday video?

Jon Gray

This is the most important thing you're going to take from today. Our holiday -- yes, it's, I think, Thursday, the 19th, that's it. Stay tuned. I can promise you it will be even more over the top and cringeworthy than last year, that's my promise that we're in the room. We've set the bar high for ourselves. Look, I think the most important thing at our firm is maintaining the culture, attracting great people, having a meritocracy, having a shared sense of mission, people feeling like there's opportunity to grow professionally, financially having a place where there's a real integrated team spirit, so much of our strength comes from the fact that we have all these insights, we're able to share things, obviously, something's subject to Chinese walls. But the overall mega trends we're seeing out there, the benefit with our clients of scale, but we really just need highly motivated people who feel like they love working at this firm, and we do that. The holiday video, we have a weekly internal Zoom call we call Blackstone TV. I do these silly running videos on LinkedIn. We really want to stay connected. I travel like crazy. Steve is so inspirational and sort of pushing our people to think about the potential. But the idea that we can have a place that is really financially successful but that people genuinely like each other and feel a pride of working there, that is the goal. And as we grow, as we get more and more global, it puts more pressure on that. But it just means we have to stay committed because ultimately, to build a great enduring company, which is what our goal is, we've got to have an extraordinary culture. So we've got to get that right.

Alexander Blostein

Great. Well, let's end it there. Jon, thank you so much. Always great to see you.

Jon Gray

Thank you, Alex. Thank you all.