

FUNDTRACKER TRENDWATCH

Q4/16 first look

Solid quarter brings annual fundraising total to \$90 billion

Fourth quarter 2016 was a better time for fundraisers than fourth quarter 2015, but no one would call it spectacular. Capital raised by funds closing in fourth quarter 2016 came in a bit ahead of the same time period in 2015 — \$19.3 billion raised in fourth quarter 2016 compared to \$18.9 billion during the same period 2015 — with 33 funds reaching final closing in the last quarter of 2015 compared to just 24 in 2016.

- Q4/16 closes on \$19.3 billion
- Fund size continues to grow
- Funds are reaching final close faster than in previous two years

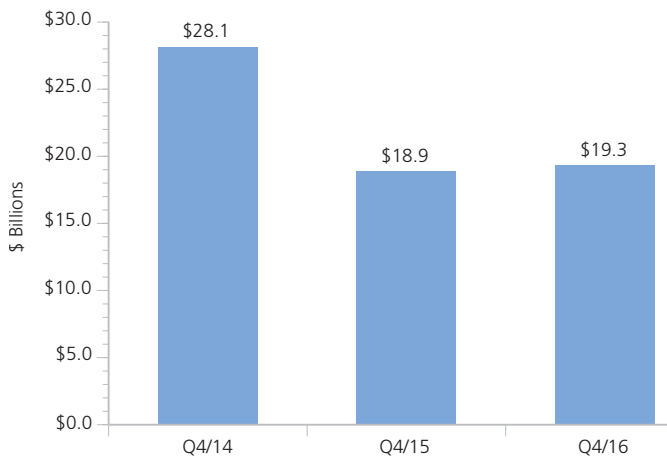
Only five mega-funds (those raising \$1 billion or more) closed in fourth quarter 2016 — so by default they ended up being the five largest funds to close during that time period. The largest was the \$5.6 billion Lone

Star Fund X, a global fund focused on debt. This was followed by the \$2.2 billion, U.S.-focused Lennar Multifamily Venture fund. Unlike previous years, where the mega-funds tended toward a global strategy, these top-five funds spanned the geographic spectrum, with global, U.S., Europe and Asia strategies covered, as well as debt and equity.

Fund marketing periods have fallen steadily since 2014. Average times have come in at 19.2 months for all funds closed in 2014; 18.8 months for 2015; and 17.9 months for 2016. In the past two years, funds closing in the fourth quarter closed faster than the yearly average. Fourth quarter 2015 saw funds closing in 18.1 months, while fourth quarter 2016 funds closed in 14.8 months, on average. In each of these years, mega-funds closed even faster. Mega-funds closing in fourth quarter 2015 closed in 16.8 months, while those closing in fourth quarter 2016 came to the finish line in 10.4 months, on average (one fund that took 124 months to close was dropped from the average).

For all of its good numbers, fourth quarter 2016 cannot make up for the fact that 2016 fundraising has lagged that of 2015 all year. With final numbers nearly all in, it is obvious that 2016's total capital raised will come in significantly below that of 2015. Total capital raised by funds closing in 2015 reached \$110 billion. As of today, the IREI FundTracker database shows 2016 closed capital at \$90 billion. The fourth quarter 2016 data used in this report will likely change as additional fund closings are announced, but one fact looks unchangeable — 2015 broke the \$100 billion fundraising barrier. 2016 will not.

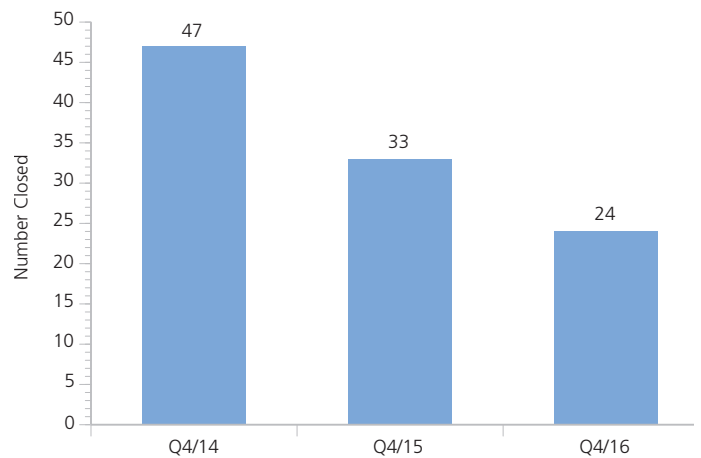
Capital raised by funds closing in fourth quarter (\$B)



Source: IREI FundTracker

Funds closed Q4/14, Q4/15 or Q4/16

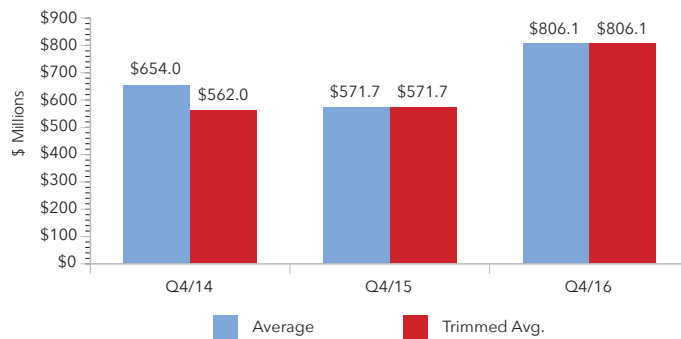
Number of funds closed in fourth quarter



Source: IREI FundTracker

Funds closed Q4/14, Q4/15 or Q4/16

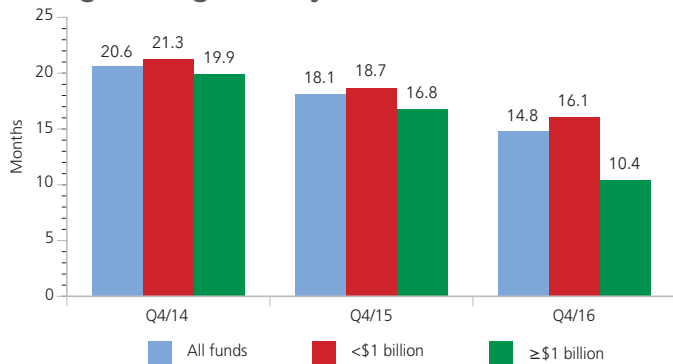
Average size of funds closed in fourth quarter (\$M)



Source: IREI FundTracker

Funds closed Q4/14, Q4/15 or Q4/16

Average closing times by size of fund



Source: IREI FundTracker

Funds closed Q4/14, Q4/15 or Q4/16

Largest funds closed Q4/16

Fund Name	Total Raised	Region
Lone Star Fund X	\$5.6 billion	Global
Lennar Multifamily Venture	\$2.2 billion	U.S.
NREP Nordic Strategies Fund II	\$1.8 billion	Europe
BlackRock US Core Property Fund	\$1.7 billion	U.S.
Raffles City China Investment Partners III	\$1.5 billion	Asia

Source: IREI FundTracker

Funds closed Oct. 1–Dec. 31, 2016

Information in this report has been drawn from IREI's proprietary FundTracker database. Online subscriptions are available. Click [here](#) for more information.

FUNDTRACKER TRENDWATCH

A report by Institutional Real Estate, Inc.

www.irei.com

Author: Sheila Hopkins

For IREI FundTracker database subscription information, please contact Cynthia Kudren, c.kudren@irei.com, +1 917-620-4666

Institutional Real Estate FundTracker TrendWatch is published by Institutional Real Estate, Inc. 24 times a year. The publisher is not engaged in rendering tax, accounting or other professional advice through this publication. No statement in this issue is to be construed as a recommendation to buy or sell any security or other investment. Some information presented in this publication has been obtained from third-party sources considered to be reliable. Sources are not required to make representations as to the accuracy of the information, however, and consequently, the publisher cannot guarantee its accuracy.

© 2017 Institutional Real Estate, Inc. • All rights reserved.

Copyright Information: The contents of this publication are protected under federal copyright law, which makes it illegal to reproduce in whole or in part any publication without the publisher's written permission.

from the IREI NEWS CLOUD

- ▶ David Netzer, Dani Zabar and Linda Ben Shoshan are working on the establishment of the [Forma](#) investment fund, which will invest in income-producing real estate in Western and Central Europe.
- ▶ After almost five years, [ICICI Venture](#), the largest domestic private equity (PE) firm in India, is looking to raise a new real estate fund.
- ▶ The \$87.5 billion [State of Wisconsin Investment Board](#) has increased its target allocation to real estate from 7 percent to 8 percent.
- ▶ Transaction volumes in the Nordic property market will exceed €43 billion (\$45 billion) in 2016, the highest level ever recorded for the Nordic market, according to new figures from [Pangea Property Partners](#).
- ▶ The U.S. lodging sector is set to reap the benefits of achieving its all-time high 65.4 percent occupancy record in 2016, but Airbnb and growing supply could cause problems in 2017, according to the latest outlook from [CBRE Hotels' Americas Research](#).
- ▶ Liberty Living, a student housing platform owned by [Canada Pension Plan Investment Board \(CPPIB\)](#), has acquired 13 student residences in 12 cities in the UK, Germany and Spain from Blackstone for paid £460 million (\$568 million).

To view the latest real estate, infrastructure and real assets headlines, go to the [IREI NewsCloud](#).