

# FUNDTRACKER TRENDWATCH

## 4Q/15 first look

Capital raised in 4Q/15 takes the year past \$100 billion mark

On the surface, fourth quarter 2015 looked a lot like fourth quarter 2014. A similar amount of capital was raised — \$26 billion in 2014 and \$28 billion in 2015. Funds took about the same amount of time to

- Fewer funds are raising larger amounts of capital
- One fund accounted for 56 percent of total raised
- Global strategies raised 70 percent of capital closed 4Q/15

close — 18.9 months in 2014 and 18.8 months in 2015. And the trimmed average size of the funds (average after dropping the largest and smallest funds) came in at about the same size — \$583 million and \$610 million in 2014 and 2015, respectively. But looking at the numbers a little closer indicates things might not be as stable as they first appear.

It's certainly no secret that Blackstone is the 300-pound gorilla in the fundraising world. The fund manager had the

largest closing fund in both fourth quarter 2014 and 2015. In fourth quarter 2014, it closed on a \$5.0 billion fund, with the second-largest fund coming in at \$1.95 billion. Blackstone's \$5.0 billion accounted for 19 percent of the capital raised that quarter. In comparison, fourth quarter 2015 again found Blackstone leading the pack, but this time its Real Estate Partners VIII fund brought in a

staggering \$15.8 billion, which accounted for 56 percent of the total capital raised. The second-largest fund raised \$2.0 billion.

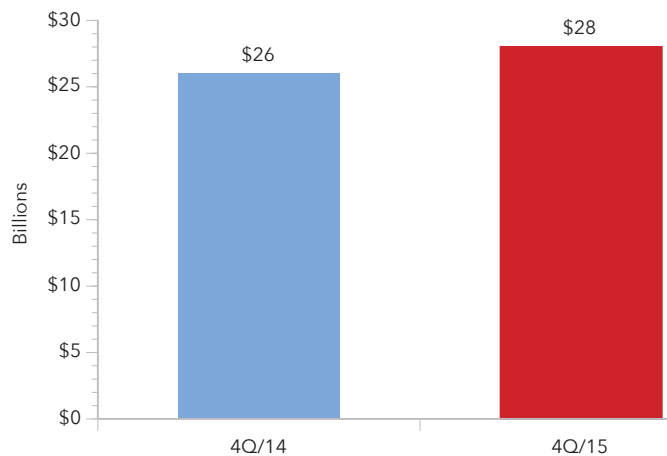
If the Blackstone funds were subtracted from the fourth quarter data, then fourth quarter 2014 would have seen 34 funds close with a total of \$21.2 billion raised, while fourth quarter 2015 would have only seen 21 funds close for a total of \$12.2 billion. That's quite a drop.

Only four funds closing fourth quarter 2015 have a global strategy, but they accounted for \$19.5 billion (70 percent) of the total raised. Funds with a specific geographic focus were most likely to target the United States. Eight of the 22 funds focused on the United States, raising an aggregate of \$3.7 billion (13 percent).

One fund — Fortress Japan Opportunity Fund III — has a dedicated debt strategy. Four others, including Blackstone's REP VIII, can invest in both equity and debt. The rest have pure equity mandates, including one fund of funds and one focused on REOCs.

The fourth quarter 2015 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. The only question left is by how much.

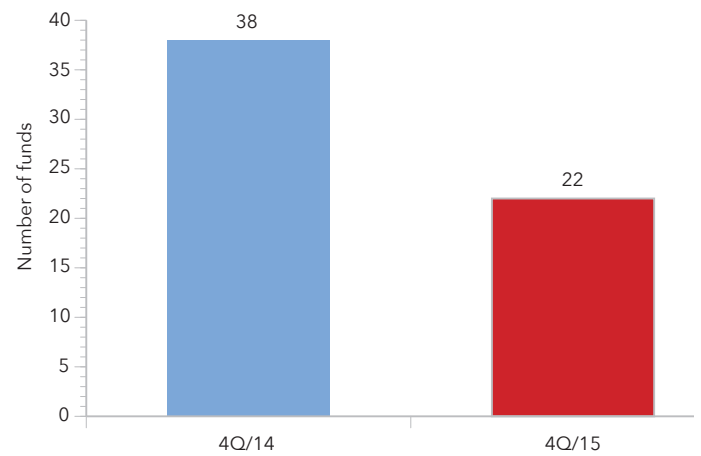
Capital raised by funds closing in fourth quarter (\$B)



Source: IREI FundTracker

Funds closed 4Q/14 or 4Q/15

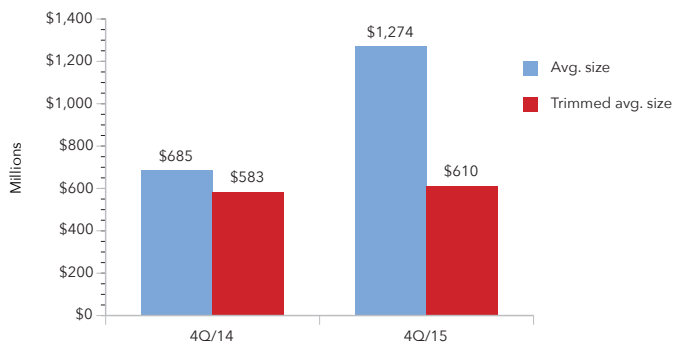
Number of funds closed in fourth quarter



Source: IREI FundTracker

Funds closed 4Q/14 or 4Q/15

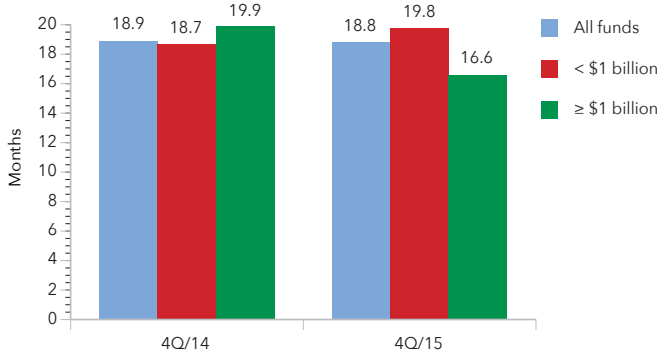
## Average size of funds closed in fourth quarter (\$M)



Source: IREI FundTracker

Funds closed 4Q/14 or 4Q/15

## Average closing times by size of fund



Source: IREI FundTracker

Funds closed 4Q/14 or 4Q/15

## Largest funds closed 4Q/15

Fund Name	Total Raised	Region
Blackstone Real Estate Partners VIII	\$15.80 billion	Global
TPG Real Estate Partners II	\$2.00 billion	Global
Beacon Capital Strategic Partners VIII	\$1.38 billion	Eur/US
AG Core Plus Realty Fund IV	\$1.30 billion	Global
Fortress Japan Opportunity Fund III	\$1.10 billion	Asia
Partners Group Real Estate 2014	\$1.10 billion	US

Source: IREI FundTracker

Funds closed Oct. 1–Dec. 31, 2015

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

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## from the IREI NEWS CLOUD

- ▶ [Lone Star Funds](#) has launched Lone Star Real Estate Fund V. The fund is seeking to raise \$5 billion.
- ▶ The \$23 billion [Texas County & District Retirement System](#) has committed \$50 million to Carmel Partners Investment Fund VI.
- ▶ The \$2.2 billion [City of Phoenix Employees Retirement System](#) has committed \$30 million to SC Core Fund.
- ▶ [Alcion Real Estate Partners Fund III](#) had a final closing, bringing total capital commitments to \$542 million, exceeding the original target raise of \$500 million.
- ▶ The \$35.6 billion [Illinois Municipal Retirement Fund](#) has committed \$25 million to LaSalle Income & Growth Fund VII.
- ▶ The \$12.2 billion [Orange County \(Calif.\) Employees Retirement System](#) is committing at least \$75 million to Westbrook Partners.
- ▶ The [value of all homes nationwide](#) grew \$1.1 trillion in 2015, and is expected to end the year at \$28.5 trillion total.
- ▶ The \$48 billion [Los Angeles County Employees Retirement Association](#) has rehired The Townsend Group as its real estate consultant.

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