

# FUNDTRACKER TRENDWATCH

## Fundraising times keep inching downward

The real estate fundraising climate is disciplined but doable

Word in the hallways is that investors are becoming nervous about this cycle. Even before the uncertainty caused by unexpected political shenanigans around the world, investors were beginning to look toward more defensive strategies, as they just have a gut feeling that it is time for the cycle to turn. But this defensive stance does not mean they are out of the market. It simply means they are being disciplined, and they would rather be underallocated than commit to a fund they are not totally happy with. The increase in core and core-plus funds, as well as debt funds, shows that managers are listening and providing products that meet the industry's needs. Because

of this response, the time funds are on offer has continued to creep down. In fact, debt funds proved to be the fastest-closing funds in 2016, averaging just 14.7 months in the market from start to finish.

The mean time for funds to be in the market has fallen steadily since 2013, when the average fund was marketing for 21.3 months.

Funds holding a final close in 2014 had been marketing 19.3 months, on average. Those closing in 2015 had been open for 18.9 months. And those holding a final close in 2016 took 18.2 months to reach that point. While these averages give us a good look at the trend line, comparisons between years is better served using a trimmed average, which drops the upper 2.5 percent and lower 2.5 percent of funds — in other words, the outliers.

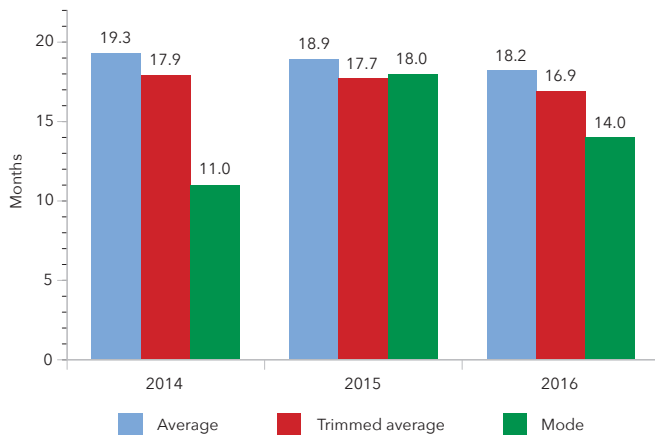
Using a trimmed average, we get the same trend, but the decline is not as steep. Trimmed average closing times come in at 17.9 months, 17.7 months and 16.9 months for 2014, 2015 and 2016, respectively.

In 2016, global funds boasted the shortest closing time, coming in at 11.7 months followed by North America at 16.5 months. Average closing times for Europe were hurt by two funds that took more than 100 months to close. Lower-return strategies (core/core-plus) took more than 23.0 months to close, while higher-return and mid-return strategies took 18.9 months and 19.0 months, on average, respectively.

Funds closing in 2016 and raising \$1 billion or more reached a final close in 13 months, while those raising less than \$1 billion averaged 19.6 months to close.

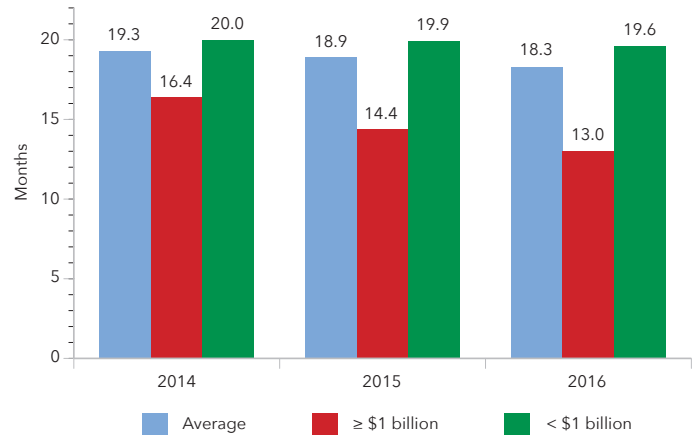
- Average fundraising closing times have fallen to 18.2 months
- Global funds closed faster than all others
- Mega-funds still rule, closing in 13.0 months, on average

Average time in the market for closed funds



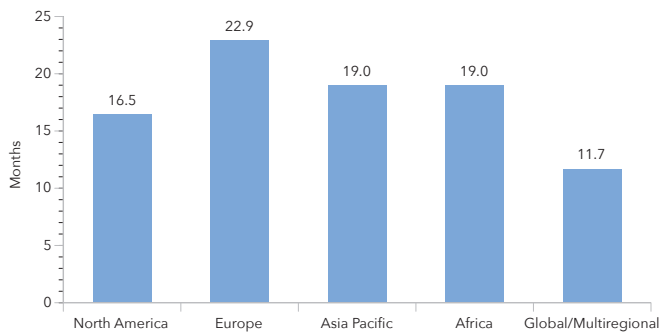
Source: IREI FundTracker

Average time in the market for closed funds by size



Source: IREI FundTracker

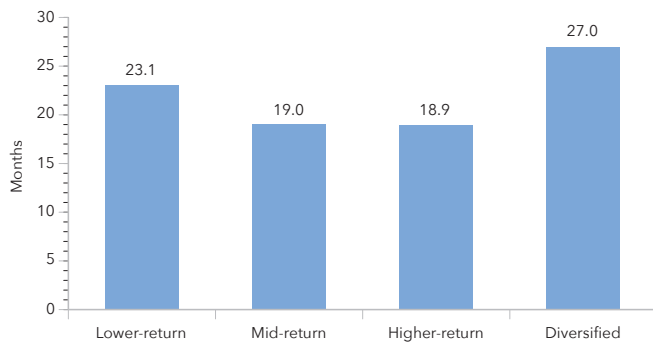
## Average time in market by region



Source: IREI FundTracker

Funds closed Jan. 1 – Dec. 31, 2017

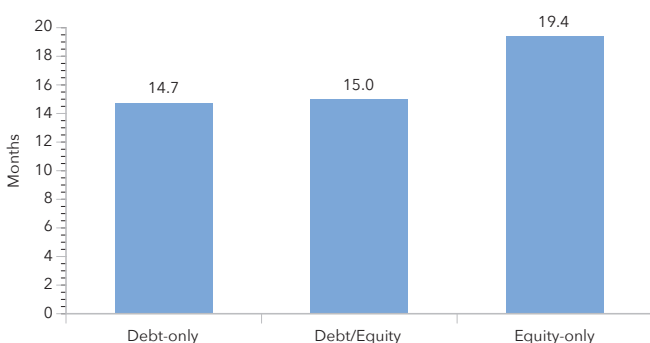
## Average time in market by strategy



Source: IREI FundTracker

Funds closed Jan. 1 – Dec. 31, 2017

## Average time in market: debt vs. equity



Source: IREI FundTracker

Funds closed Jan. 1 – Dec. 31, 2017

## from the IREI NEWS CLOUD

- ▶ The \$197.8 billion [New York State Common Retirement Fund](#) has committed \$300 million to Blackstone Real Estate Debt Strategies III.
- ▶ The \$25.5 billion [Ohio Bureau of Workers' Compensation](#) has committed \$50 million to Hammes Partners III.
- ▶ AEW has received an additional \$5 million commitment from an unnamed pension fund for [AEW Senior Housing Investors III](#), bringing total equity commitments to more than \$500 million.
- ▶ In its annual tally of global real estate secondaries activity, [Landmark Partners](#) tracked 99 closed or under contract real estate secondary transactions in 2016, the largest number of individual transactions recorded in a single year.
- ▶ Hong Kong-based [Knight Dragon](#) has unveiled its designs for Peninsula Place, a £1 billion (\$1.3 billion), 1.4 million-square-foot building near London's River Thames.
- ▶ The \$197.8 billion [New York State Common Retirement Fund](#) has committed \$300 million to Blackstone Real Estate Debt Strategies III.
- ▶ The \$186.2 billion [Florida State Board of Administration](#) committed \$50 million to AEW Senior Housing Investors III and \$75 million to Starwood Global Opportunity Fund XI.

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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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