

# FUNDTRACKER TRENDWATCH

## Mega-funds continue to dominate

### Mega-funds grow in number and size

Real estate mega-funds — those funds raising \$1 billion or more — have been growing in size and market share for the past few years. Since 2013, 398 funds have closed with a total of \$272.8 billion raised. Of that total,

73 mega-funds, or 18 percent of the total number of closed funds, have raised \$163 billion, or 61 percent of the capital.

When looking at the average size of funds, it is no surprise that so few funds are responsible for raising so much capital. The size of the average mega-fund over the past three years was nearly \$2.3 billion, while the size of non-mega-funds comes in at about \$325 million.

Looking at the capital raised by year, it is obvious that the amount of capital controlled by mega-funds has risen steadily. In 2013, mega-funds accounted for 17 percent of all funds closed, but 58 percent of the capital raised. Mega-funds closed in 2015 accounted for 22 percent of the number closed and 69 percent of the capital raised.

Only two mega-funds have closed so far in 2016. However, of the 31 funds launched since

Jan. 1, 2016, seven have been mega-funds. It appears the allure of these large vehicles will continue well into the current year.

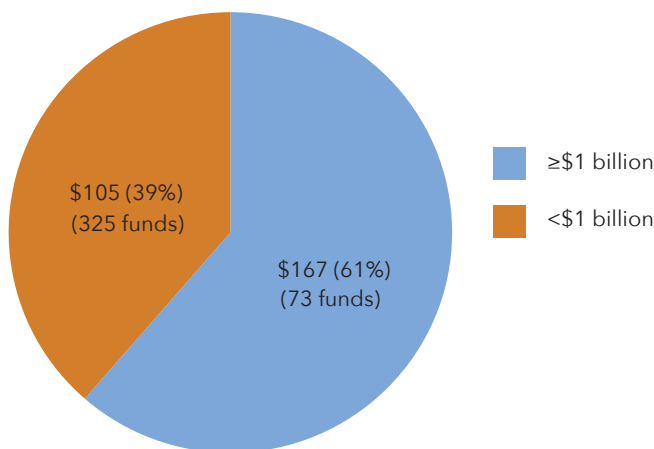
Since 2013, the majority of these funds have been focused on the Americas, primarily the United States, followed closely by global funds.

Debt and diversified funds are attracting the most investor interest, with other sectors appearing much less attractive. In addition, mega-funds tend to be higher return. In 2015, opportunistic mega-funds accounted for a full 50 percent of all mega-funds closed that year. Both funds that closed in 2015 have a higher-return strategy.

Mega-funds are obviously dominating the market, with a limited number of investment managers dominating the mega funds, further concentrating capital in the hands of a very small group. Managers such as Blackstone, Colony, Fortress, Lone Star, Rockpoint and Starwood have all closed more than one mega-fund since 2013. Blackstone, Lone Star and Starwood have had multiple funds raising more than \$5 billion each, making them managers of mega-mega-funds. Blackstone and Lone Star are already back in the market this year with targets north of \$5 billion. And so the trend continues.

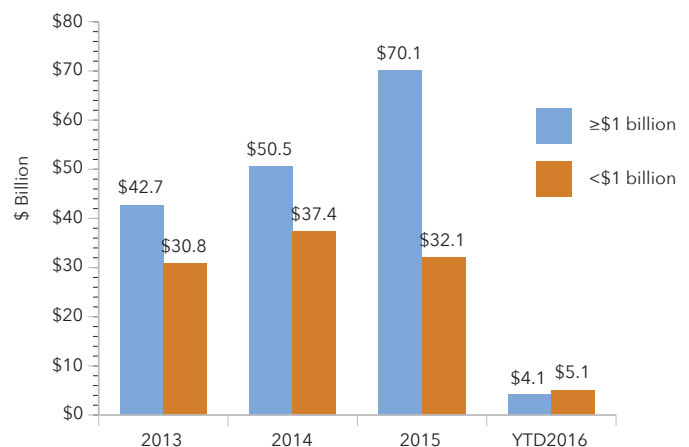
- Mega-funds accounted for 69 percent of capital raised in 2015
- Mega-funds lean toward debt and diversified sectors
- Mega-funds focus on opportunistic strategies

Total capital raised 2013–2016 by fund size (\$B)



Source: IREI FundTracker

Capital raised per year by fund size (\$B)

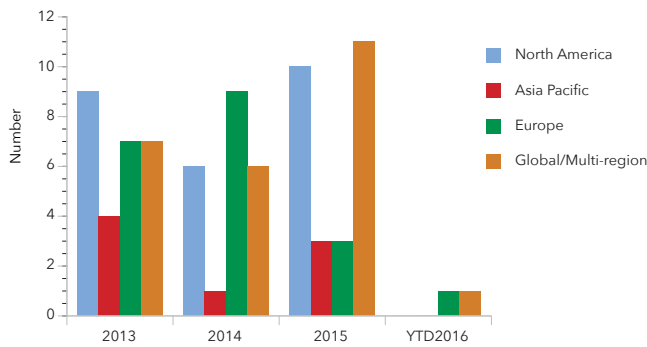


Funds closed Jan. 1, 2013 – Mar. 4, 2016

Source: IREI FundTracker

Funds closed Jan. 1, 2013 – Mar. 4, 2016

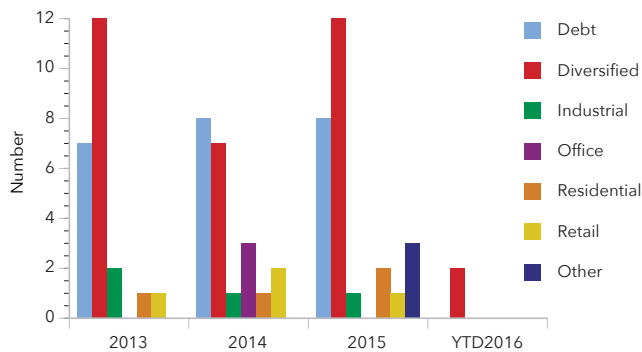
## Number of mega-funds closed per region



Source: IREI FundTracker

Funds closed Jan. 1, 2013 – Mar. 4, 2016

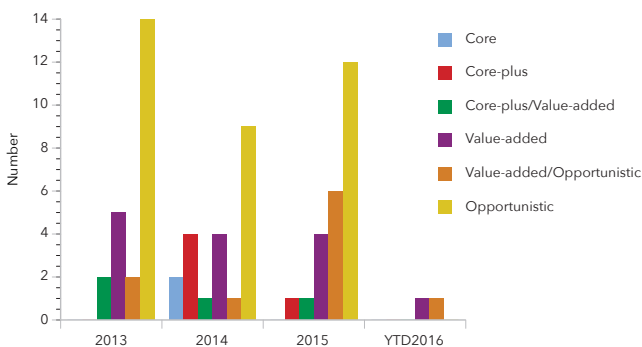
## Number of mega-funds closed per sector



Source: IREI FundTracker

Funds closed Jan. 1, 2013 – Mar. 4, 2016

## Number of mega-funds closed per strategy



Source: IREI FundTracker

Funds closed Jan. 1, 2013 – Mar. 4, 2016

## from the IREI NEWS CLOUD

- [Harbert Management Corp.](#) has raised \$106.3 million for its Harbert United States Real Estate Fund VI.
- Central and Eastern Europe real estate investment firm [Revetas Capital Advisors](#) has closed its second fund with €120 million (\$132 million) in equity commitments.
- [IMT Capital](#) has closed IMT Capital Fund IV, raising \$630 million in equity commitments.
- [CBRE Global Investment Partners](#) (GIP) has closed a fund targeting European co-investment and joint venture strategies, having raised a total of \$840 million of equity sourced from six investors.
- [Kennedy Wilson](#) has closed its Kennedy Wilson Real Estate Fund V, raising \$500 million of capital commitments.
- [Mesa West Capital](#) has raised \$513.6 million for Mesa West Real Estate Income Fund IV.
- [Westbrook Partners](#) has held a final close of \$2.85 billion for its Westbrook Real Estate Fund X.
- [AXA Investment Managers – Real Assets](#) has launched the AXA CoRE Europe Fund, a pan-European open-end real estate fund with a €3 billion to €5 billion (\$3.3 billion to \$5.5 billion) target. The fund has initially raised more than €500 million (\$551 million) from a range of European institutions.

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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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