

# FUNDTRACKER TRENDWATCH

## Q1/16 first look

### Real estate fund market continues at steady pace

Early numbers are in for real estate investment funds closing in first quarter 2016 — and they look an awful lot like the numbers posted one year ago for first quarter 2015, with nearly identical amounts

of capital raised — \$16.41 billion in 2015 and \$16.46 billion in 2016 — by a similar number of funds — 28 closed in first quarter 2015 and 26 closed in first quarter 2016. Funds took a little longer to close last year than this year — 20.2 months on average in early 2015 and 17.2 months in early 2016. The trimmed average size of the funds (average of funds after dropping those falling within 5 percent of the top and bottom of the distribution) show the average size of funds continues

to increase. Those closing in early 2015 averaged \$586 million in size, while those closing in the past three months in 2016 averaged \$633 million.

Only two funds closing first quarter 2016 have a global strategy, but they accounted for \$6.2 billion (38 percent) of the total raised. Funds with a specific geographic focus were most likely to target the United States. Twelve of the

26 funds focused on the United States, raising an aggregate of \$4.3 billion (26 percent). Of the three global funds, two were the only multi-billion-dollar funds closing in the first quarter. The other mega-fund focused on Europe, primarily the United Kingdom.

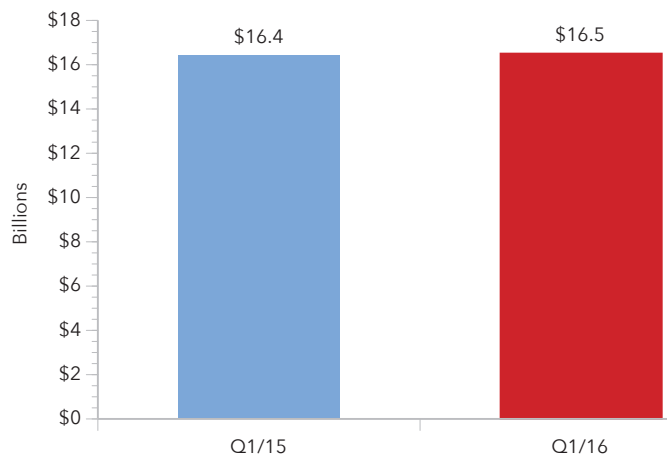
This group of closed-end funds are a further indication that investors have stopped talking about moving out the risk spectrum and are actually doing it. Of those with a listed risk strategy, only one has a lower-risk profile — a core-plus fund focused on Europe. Ten of the funds have a value-added strategy, four have a combined value-added/opportunistic strategy, and eight are opportunistic funds.

Four funds holding final closes in first quarter 2016 had a dedicated debt focus. One of these funds will be investing in Asia, while the other three are looking for opportunities in Europe. Two additional funds have a combined equity/debt strategy, with one looking at Asia and the other Europe.

The first quarter 2016 data used in this report will likely change as additional fund closings are announced, but one fact looks unchangeable — the fundraising industry is continuing to chug along at a steady pace, neither bubbling nor stumbling. It's not a bad place to be.

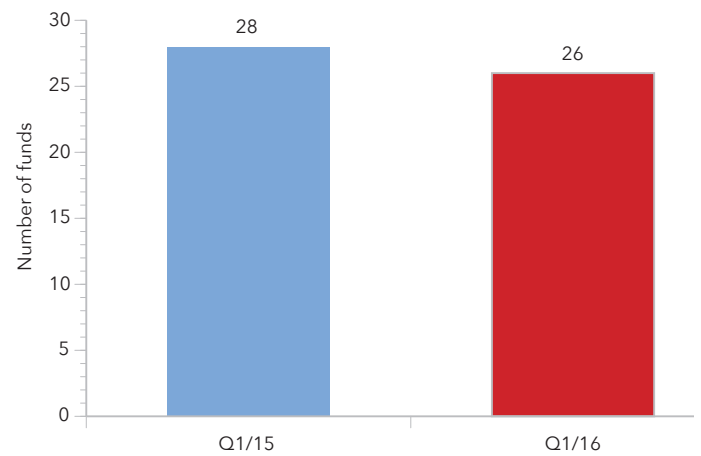
- Fewer funds are raising larger amounts of capital
- Two funds accounted for 38 percent of total raised
- Higher-return strategies dominate

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



Source: IREI FundTracker

Number of funds closed in fourth quarter

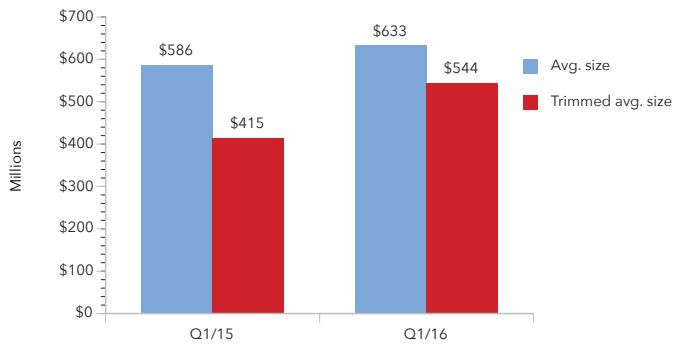


Source: IREI FundTracker

Funds closed Q1/15 or Q1/16

Funds closed Q1/15 or Q1/16

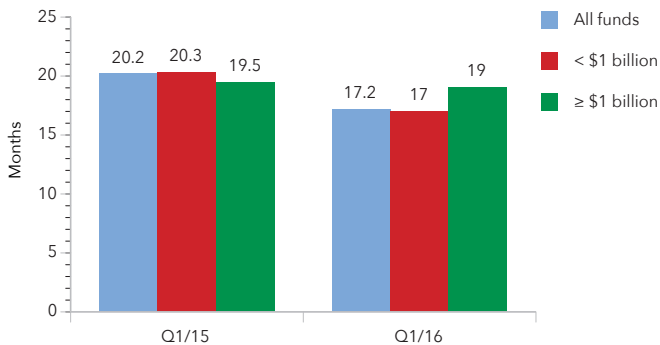
## Average size of funds closed Q1/16 (\$M)



Source: IREI FundTracker

Funds closed Q1/15 or Q1/16

## Average closing times by size of fund closed Q1/16



Source: IREI FundTracker

Funds closed Q1/15 or Q1/16

## Largest funds closed Q1/16

| Fund Name                                     | Total Raised   | Region |
|---|----------------|--------|
| Rockpoint Real Estate Fund V                  | \$3.30 billion | Global |
| Westbrook Partners                            | \$2.85 billion | Global |
| Brockton Capital III                          | \$1.23 billion | Europe |
| Niam Nordic VI                                | \$871 million  | Europe |
| CBRE Global Investors European Value-Add Fund | \$840 million  | Europe |

Source: IREI FundTracker

Funds closed Jan. 1–Mar. 31, 2016

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

- [PW Real Assets](#), formerly Perella Weinberg, has held a final close of €1.5 billion (\$1.7 billion) for its PW Real Estate Fund III, meeting its fundraising target.
- [Rockpoint Group](#) has announced the final close for its Rockpoint Real Estate Fund V, raising \$3.3 billion in total capital commitments, which exceeded its \$2.5 billion equity fundraising target.
- [Bouwfonds Investment Management](#) is launching a second European residential property fund, with a £1 billion (\$1.4 billion) target.
- [Torchlight Investors](#) has raised \$1.32 billion for Torchlight Debt Opportunity Fund V.
- The [Upper Providence Township \(Pa.\)](#) is searching for a general investment consultant for its \$7.32 million police pension plan and its \$5.24 million non-uniformed pension plan.
- The \$32 million [St. Louis Firefighters' Retirement Plan](#) is searching for an open-end core real estate manager.
- The [Texas Prepaid Higher Education Tuition Board](#) is searching for an investment consultant, according to an RFP.
- The \$24 billion [Texas Municipal Retirement System](#) has committed \$375 million to two real estate funds.

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