

FUNDTRACKER TRENDWATCH

Infrastructure fundraising headed down?

Fewer funds launched and closed YTD 2016 vs. 2015

Infrastructure fundraising during the past few years has been difficult to characterize. The asset class closed on \$55.5 billion in capital during 2013, saw only \$48.7 billion raised in 2014, then bounced back to \$55.4 billion by the end of 2015. During that time, the number of funds closed per year fell steadily, with 35 funds closed in 2013, 34 in 2014 and 29 in 2015.

So what do we see for 2016? Based on comparisons of YTD (May 20) 2016 fundraising with the same periods in previous years, 2016 looks to be a down year, possibly a very down year.

Although it is still early, and activity could pick up as the year goes along, right now it appears the market is slowing. Significantly fewer funds have closed YTD 2016 than during the same time periods 2013–2015. Ten funds have closed so far this year, raising an aggregate of \$19.6 billion. In comparison, 15 funds closed during this time period in each of the previous three years, with 2013 seeing \$23.4 billion raised (42 percent of full year total), \$20.0 billion (41

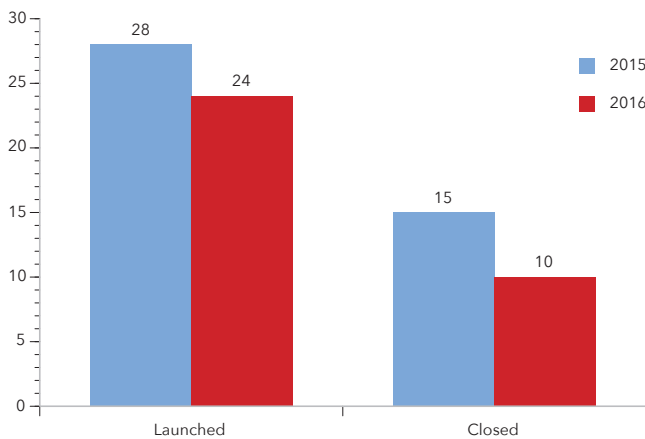
percent of full year total) raised by the end of May 2014, and the same period in 2015 bringing in \$32.6 billion (59 percent of total year). Using the ratio of the amount of capital raised by closed funds through May 20 in each of the previous three years with the total amount raised by year-end to extrapolate a total for 2016, we end up with a forecast for 2016 total capital raised coming in between \$33.2 billion and \$47.8 billion. That's quite a range, but even the largest amount is smaller than the smallest amount raised in previous years. That does not bode well for 2016 fundraisers.

In addition, fewer funds have been launched YTD 2016 compared to the number launched during the same period in 2015 — 24 versus 28, respectively.

When looking at favored regions, Europe is surprisingly strong. So far in 2016, four Europe-focused funds have closed, accounting for \$5.3 billion in capital raised. Only the two closed global funds have raised more — \$7.1 billion. This Europe focus looks to continue, as 10 Europe-focused funds were launched during this period in 2015, and 10 have been launched YTD 2016. The second-most popular region is North America, with eight funds launched in 2015 and six in 2016.

- 24 funds launched YTD 2016 compared to 28 in 2015
- 10 funds closed YTD vs. 15 for same period 2015
- Interest in Europe remains strong

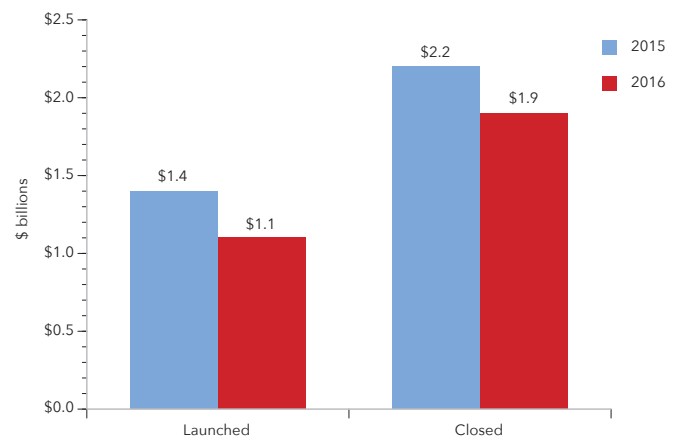
Number of infrastructure funds launched and closed



Source: IREI FundTracker

Funds closed or launched Jan. 1–May 20, 2015/2016

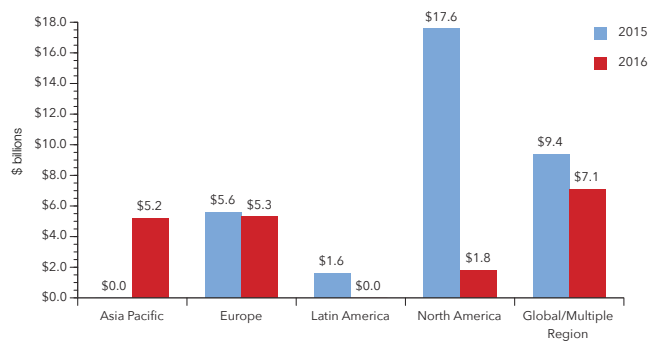
Average infrastructure fund size — maximum fund target and capital raised (\$b)



Source: IREI FundTracker

Funds closed or launched Jan. 1–May 20, 2015/2016

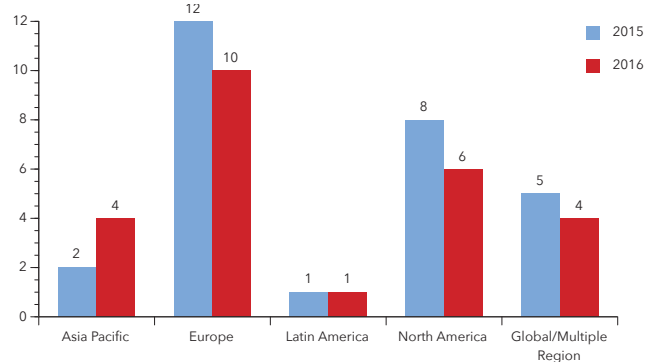
Infrastructure capital raised by region (\$b)



Source: IREI FundTracker

Funds closed Jan. 1–May 20, 2015/2016

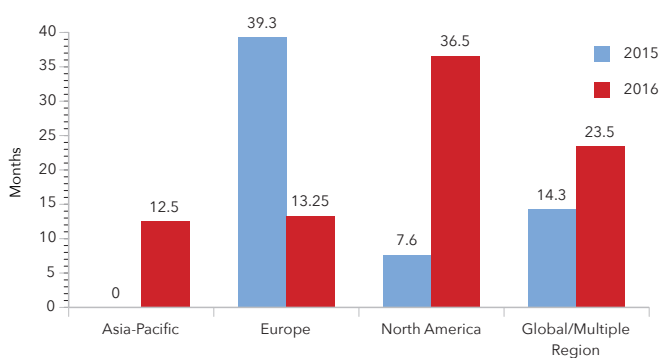
Number of infrastructure funds launched by region



Source: IREI FundTracker

Funds launched Jan. 1–May 20, 2015/2016

Average number of months to close by region



Source: IREI FundTracker

Funds closed Jan. 1–May 20, 2015/2016

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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- [Legg Mason](#) has launched the RARE Global Infrastructure Value Fund, a U.S.-listed infrastructure fund for investors looking to access global infrastructure projects across geographies and sectors.
- The [Kuwait Investment Authority](#), which describes itself as the world's oldest sovereign wealth fund, is targeting global infrastructure projects after taking part in a consortium that bought the London City Airport this year.
- Pearl Energy Investments and Natural Gas Partners have committed to invest a combined \$125 million in [Teal Natural Resources LLC](#).
- [Shell](#), Europe's largest oil company, has established a separate division, New Energies, to invest in renewable and low-carbon power.
- [Minsheng New Energy Investment Co.](#), a unit of China's biggest private investment group, plans to invest 100 billion yuan (\$15.4 billion) in the next five years to quadruple developments of its photovoltaic power stations.
- [Tennessee Gov. Bill Haslam](#) signed into law April 27 a bill that will allow agencies to pursue public-private partnerships for mass transit projects and associated projects such as transport or service vehicles and parking facilities.

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