

FUNDTRACKER TRENDWATCH

Funds getting larger

Mega-funds capturing increasing amounts of capital

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, 320 funds have closed with a total of \$210.4 billion raised. Of that total,

53 funds, or 17 percent of the total number of closed funds, have raised \$126 billion, or 60 percent of the capital.

Looking at the capital raised by year, it is obvious that the amount of capital controlled by mega-funds has been rising steadily. In 2013, mega-funds accounted for 17 percent of all funds closed, but 59 percent of the capital raised. YTD 2015, they account for 14 percent of the number closed, but 65 percent of the capital raised.

The allure of these large funds shows no sign of abating. YTD 2015, mega-funds have already closed on 78 percent of the total mega-funds raised in all of 2014. In addition, so far in 2015, eight new mega-funds have been launched with a total target of more than \$22 billion. Given that two-thirds of the mega-funds closed in 2015 were oversubscribed, it

is a good bet that 2015 will see mega-funds surpassing their previous totals.

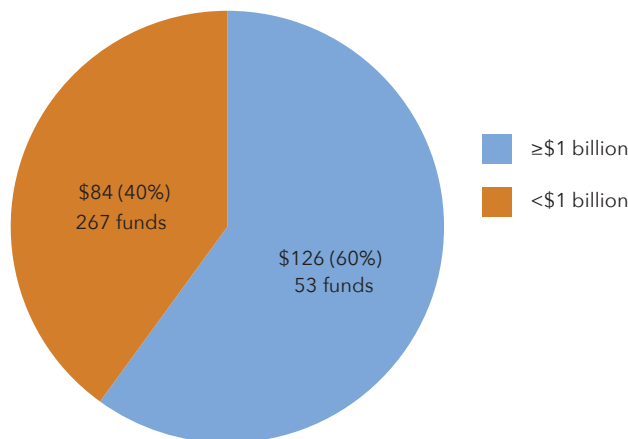
Since 2013, the majority of these funds have been focused on the Americas, primarily the United States, followed closely by global funds. YTD 2015, global funds have edged slightly ahead of the Americas, with no funds at all focused on Europe.

Debt and diversified funds are attracting the most interest, with other sectors much less attractive. In addition, mega-funds tend to be opportunistic. The absolute number of opportunity funds has fallen each year since 2013, but the capital raised for this risk strategy has increased as the average size of the funds has grown.

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. Seeing huge funds opening and closing within a few months is more than a little reminiscent of 2007. Is it really different this time?

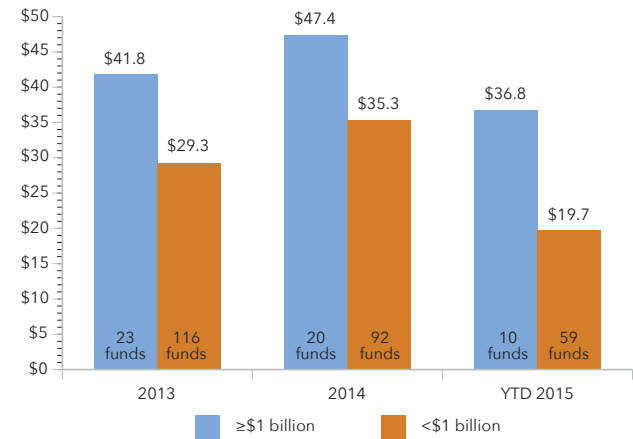
- Mega funds account for about 60 percent of capital raised
- Investors favor Americas overall
- Small number of managers control most of the mega funds

Total capital raised 2013–2015 by fund size (\$M)



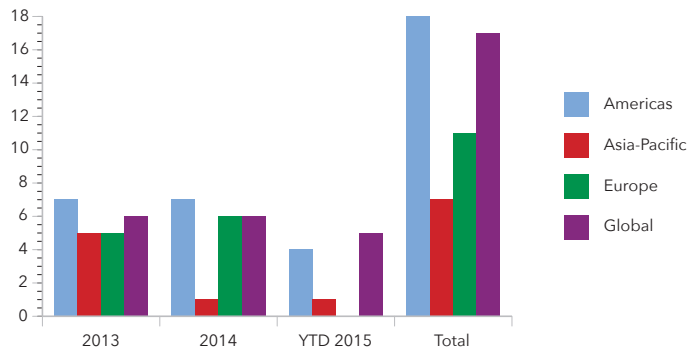
Source: IREI FundTracker

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



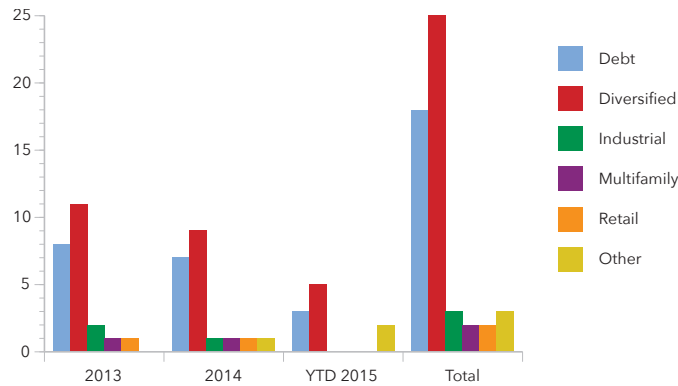
Source: IREI FundTracker

Number of mega-funds closed by region



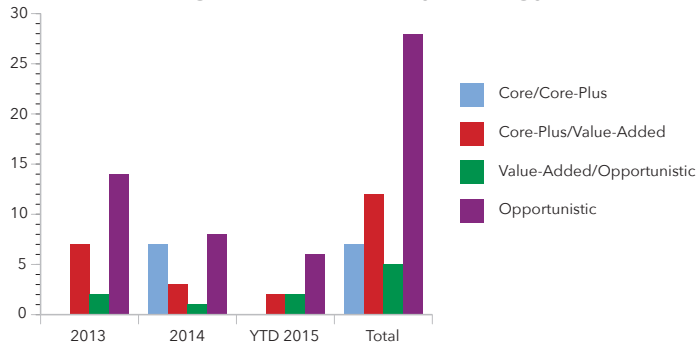
Source: IREI FundTracker

Number of mega-funds closed by sector



Source: IREI FundTracker

Number of mega-funds closed by strategy



Source: IREI FundTracker

from the IREI NEWS CLOUD

- Swiss Life Asset Managers and Corpus Sireo are planning to raise a €1 billion (\$1.12 billion) real estate fund to invest in German real estate.
- Wolff Real Estate Partners III aims to raise \$750 million by October 2015.
- Realty private equity firm Pamfleet has held a final close for its \$400 million second fund, beating \$350 million target.
- True North Management Group raises \$548 million for its third fund.
- Terra Capital Partners is seeking \$1 billion for a commercial property debt investment fund.
- Stockbridge Capital Group has announced the final close of its second fund, Stockbridge Value Fund II, raising \$320 million in capital commitments.
- Shore Capital Group has held a final close of €150 million (\$165.97 million) for Brandenburg Realty Limited, which focuses on German residential real estate.
- Deutsche Asset & Wealth Management expands its CRE senior debt fund to €750 million (\$838.5 million).

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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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A report by Institutional Real Estate, Inc.

www.irei.com

Author: Sheila Hopkins

For IREI FundTracker database subscription information, please contact Cynthia Kudren, c.kudren@irei.com, +1 917-620-4666

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