

FUNDTRACKER TRENDWATCH

Mega-funds tower over competition

But dominance is not quite so dominating

First half data indicates the fundraising market is slowing after a \$100 billion-plus 2015. Looking at the numbers a little closer, however, it appears it might be slowing more drastically for mega-funds — those

funds holding a final closing after raising \$1 billion or more in commitments — than for smaller funds.

As of Aug. 1, 2016, real estate investment funds had closed on \$53.1 billion. Mega-funds accounted for 55 percent of that total while only being 15 percent of the total number of funds closed.

On the surface, that looks pretty dominant. But looking back, this is the smallest percentage of total raised since

at least 2013. By the end of 2015, mega-funds had raised 66 percent of the \$106.2 billion raised that year. In 2014, it was 60 percent; 2013 saw mega-funds account for 59 percent of the total.

Besides accounting for a lower percentage of capital raised than in previous years, the percentage held by mega-funds of the number closed YTD 2016 is also lower. In 2015, mega-

funds were 20 percent of all closed funds. That was up from the 17 percent found in both 2013 and 2014. This compares to 15 percent of closed funds YTD 2016.

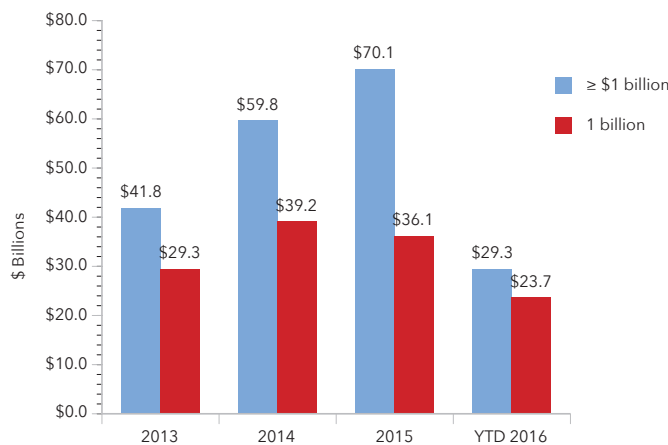
This could all change, of course, if several mega-funds close in the next five months. Based on the data in front of us, however, the growth of mega-funds seems to be slowing.

Mega-funds closing YTD 2016 have also seen the average time from launch to close tick up slightly — while the average time in the marketplace has continued to decrease for funds under \$1 billion. Mega-funds were taking an average of 16.1 months to close in 2013, 15.9 months in 2014 and 14.9 months in 2015. This number has risen slightly to 15.4 months YTD 2016. Non-mega-funds have seen their average closing times fall steadily from 21.8 months in 2013 to 19.5 months YTD 2016. It is still taking mega-funds about 20 percent less time to close than non-mega-funds — but is this uptick a further indication that fundraising is getting tougher out there?

Last year, mega-funds focused predominantly on North American and global strategies. So far this year, global strategies have remained popular, but Europe has risen to second place.

- Mega-funds accounted for 55 percent of capital raised YTD 2016
- Mega-funds accounted for 15 percent of funds closed YTD 2016
- Megs continue to close quicker than non-megs

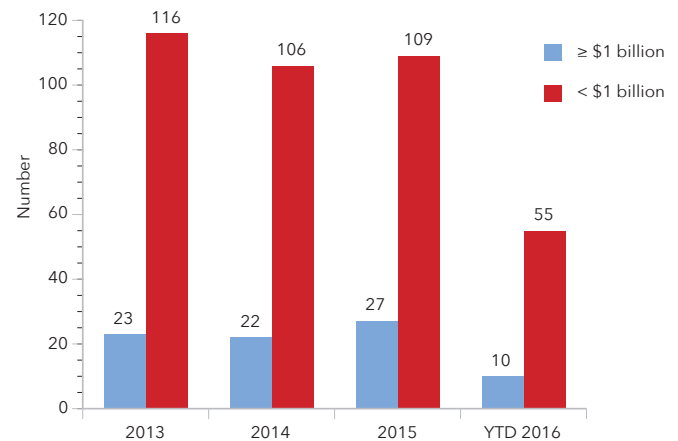
Capital raised by funds by size (\$B)



Source: IREI FundTracker

YTD 2016 = 8/1/16

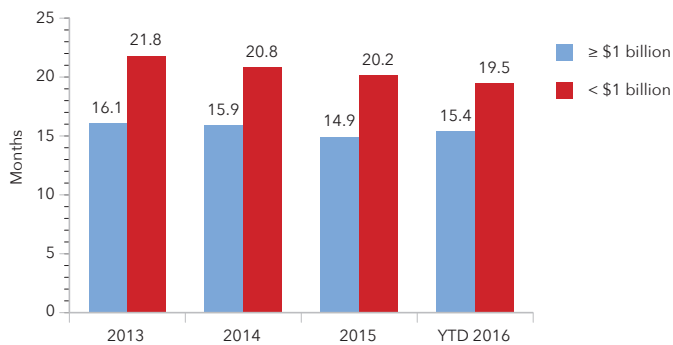
Number of funds raised by size



Source: IREI FundTracker

YTD 2016 = 8/1/16

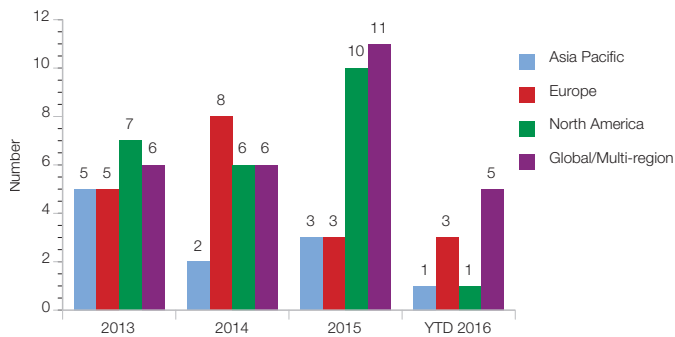
Average time to close based on fund size



Source: IREI FundTracker

YTD 2016 = 8/1/16

Number of mega-funds closed by region



Source: IREI FundTracker

YTD 2016 = 8/1/16

Largest real estate funds closed 1/1/16 – 8/1/16

Fund Name	Total Raised	Region
Brookfield Strategic Real Estate Partners II	\$9.0 billion	Global
Lone Star Real Estate Fund V	\$5.9 billion	Global
Rockpoint Real Estate Fund V	\$3.3 billion	Global
Westbrook Real Estate Fund X	\$2.85 billion	Global
PW Real Estate Fund III	\$1.7 billion	Europe

Source: IREI FundTracker

Funds closed Jan. 1 – Aug. 1, 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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- ▶ [Patrizia Immobilien AG](#) has launched its first pan-European logistics real estate fund, Logistik-Invest Europa I, with a €500 million (\$560 million) target.
- ▶ [Mercer Real Estate Partners II](#) has held a final close of £235 million (\$309 million) of capital commitments.
- ▶ [Bridge Investment Group Partners](#) has held a final close for its multifamily and commercial office strategy, raising \$1.1 billion in equity commitments.
- ▶ The [Comptroller of the City of New York](#), acting on behalf of the New York City Retirement Systems, has prepared a request for proposals to identify a firm or firms to provide strategic real estate investment consulting and support services, including services for real estate-related economically targeted investments.
- ▶ The [Texas Permanent School Fund](#) has committed \$75 million to Cerberus Institutional Real Estate Partners IV, managed by Cerberus Capital Management.
- ▶ The \$34.7 billion [Illinois Municipal Retirement Fund](#) has invested \$115 million into real estate, divided among three commitments.
- ▶ [Patrizia Immobilien AG](#) has received a €400 million (\$440 million) mandate from German pension fund Bayerische Versorgungskammer to set up a pan-European portfolio of flats for a BVK fund and be responsible for the real estate as investment manager.

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