

FUNDTRACKER TRENDWATCH

Everything old is new again

New investment funds focus on old markets

Newsletters, conferences and blogs are full of chatter about market cycles and peaks. Prognosticators are in general agreement that the market is in equilibrium, but where we go from here is open for debate.

Should fund managers be planning for a downturn sooner rather than later? Is it safe to continue the party? Will the inevitable rise in interest rates bring the good times to a halt, or will they merely moderate excesses?

With all this uncertainty, you might think that fund raising and capital flows would be moderating. If you thought a little uncertainty could slow this market, however, you'd be wrong.

According to *FundTracker*, 110 real estate investment funds have been launched so far in 2015. This is about 20 percent more than were launched at this time in 2014. The total capital being sought by funds that list a maximum fund size is more than \$50 billion. Because several funds do not provide a maximum fund size, we know that figure is low.

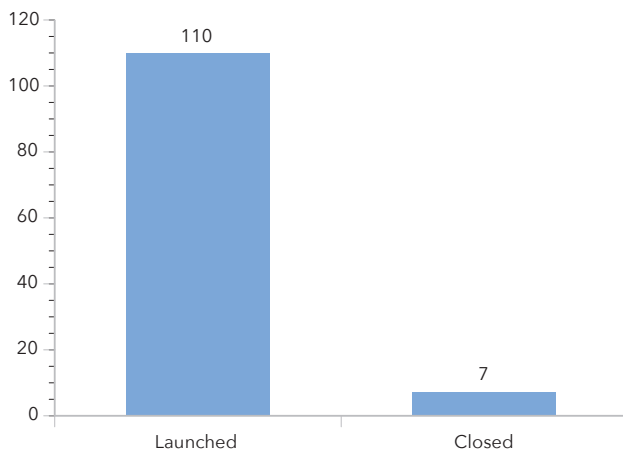
Most of the new funds are focused on North America (59 funds or 54 percent), as is most of the capital being sought (\$23 billion). Europe is the second most-popular region, accounting for 28 new funds seeking an aggregate total of at least \$11.3 billion. Other regions are not nearly as interesting for fund managers, with only 11 funds focused on Asia Pacific, five working with a global mandate, and three raising capital for Latin American vehicles. There are four "other" funds, which include two funds investing in Africa, one fund looking at opportunities in the Middle East and one fund with the ability to invest in both Europe and the United States.

Despite only 10 percent of the funds being focused on Asia Pacific, and 5 percent looking for global opportunities, these funds are the largest of the group, averaging more than \$1 billion in size and accounting for more than 28 percent of the capital being sought. Latin American funds average about \$700 million, and the others all come in around \$500 million.

Seven funds launched in 2015 have already closed. Although the average fund size for all funds launched in 2015 is \$578 million, the average size for those closed is slightly higher at \$589 million. The average time for these seven funds to close was four months.

- 54 percent of funds launched in 2015 are North American-focused
- Largest funds are global- or Asia Pacific-focused
- Seven funds launched in 2015 have closed

Number of real estate funds launched and closed — YTD 2015



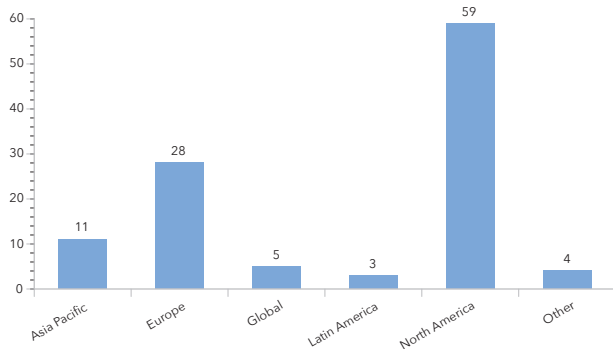
Source: IREI FundTracker

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



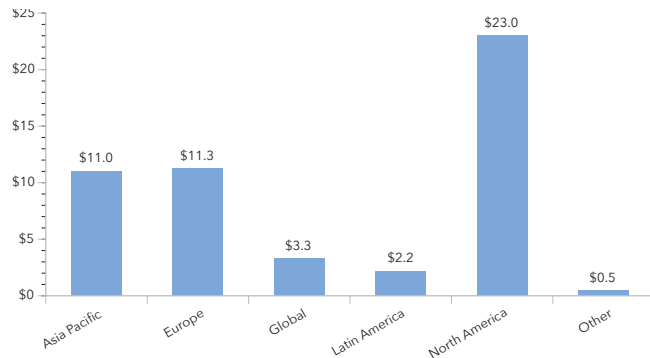
Source: IREI FundTracker

Number of funds launched by region — 2015



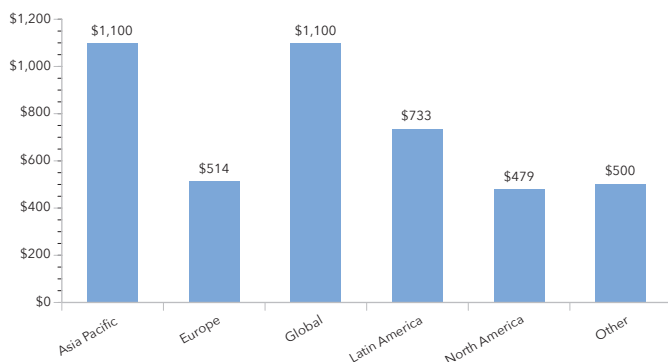
Source: IREI FundTracker

Target capital raising by region — 2015 (\$B)



Source: IREI FundTracker

Avg. target fund size by region — 2015 (\$M)



Source: IREI FundTracker

from the IREI NEWS CLOUD

- ▶ **KKR & Co.** is aiming to raise at least \$1.5 billion for its second U.S. real estate fund.
- ▶ **Invesco Real Estate** has raised \$305 million for its Invesco U.S. Value-Add Fund IV.
- ▶ The \$2.2 billion **Municipal Fire & Police Retirement System of Iowa** has committed \$25 million to Long Wharf Real Estate Partners V.
- ▶ **Tunbridge Partners** is formed to invest in real estate and real asset investment management businesses.
- ▶ **Supertech Limited**, a real estate development company, has raised \$15.11 million from Indiabulls Real Estate Fund, a real estate-focused fund.
- ▶ **Patrizia** has created a second fund to invest in core commercial real estate in Germany, aiming to raise \$670 million.
- ▶ The **Carlyle Group** has held a final close of \$4.2 billion in equity commitments for Carlyle Realty Partners VII.
- ▶ **Qatar** plans to invest \$35 billion during the next five years in the United States.
- ▶ The \$20.6 billion **New Mexico State Investment Council** has committed \$75 million to Berkshire Multifamily Income Realty Funds.

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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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