

FUNDTRACKER TRENDWATCH

Q3/16 first look

2016 continues to trail 2015 activity

Early numbers are in for real estate investment funds closing in Q3 2016 — and they continue to point to a slowing fundraising climate. Fewer funds have closed, and less capital has been raised, in each of the three quarters completed so far in 2016 compared to the same three quarters in 2015. At this point in 2015, 107 funds had closed with an aggregate total of \$89.1 billion raised. Preliminary numbers for funds closed by Sept. 30, 2016, indicate only 81 funds have closed this year with an aggregate total of \$65.3 billion.

- Fewer funds closed in Q3 2016 than Q3 2015
- Less capital raised Q3 2015 than Q3 2016
- Two funds responsible for 40 percent of capital raised

The number of funds closed in Q3 2016 is about 25 percent fewer than the number closed in Q3 2015 — 19 and 26, respectively. The difference in the amount of capital raised is even greater, with \$14.7 billion raised in Q3 2016 versus \$25.5 billion raised in Q3 2015.

Funds took a little less time to close in Q3 2016 than in Q3 2015 — 16.25 months on average in Q3 2015 versus 14.9 months for those closing Q3 2016. (Two funds in Q3 2015 took 81 months and 106 months to close and were

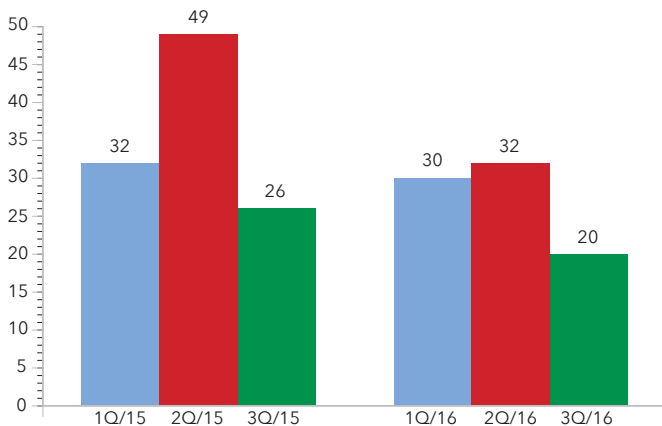
dropped from the calculations because they were such outliers.)

The trimmed mean size of the funds (mean of funds after dropping those falling within 5 percent of the top and bottom of the distribution) shows the size of funds fell in Q3 2016. Those closing in Q3 2015 averaged \$887.4 million in size (\$980.8 million untrimmed), while those closing in the past three months in 2016 had a trimmed average of \$565.0 (average \$735.0 million untrimmed).

Only two funds closing Q3 2016 have a global or multiregional strategy, but they accounted for nearly \$5.9 billion (40 percent) of the total raised. These were the two largest funds closed in Q3 2016. Funds with a specific geographic focus were most likely to target North America. Twelve of the 24 funds focused on the United States, raising an aggregate of \$5.9 billion (40 percent of the total raised).

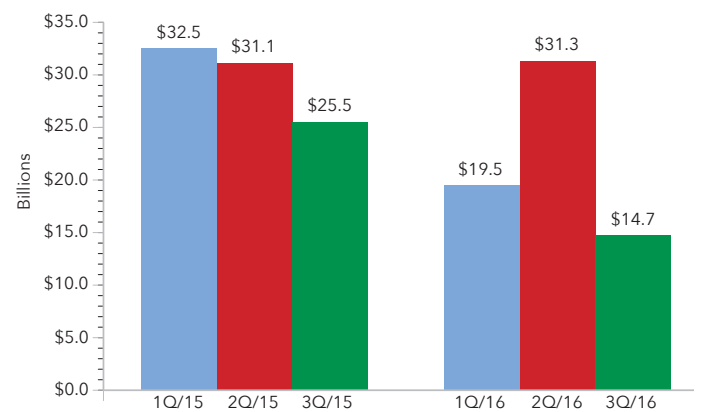
The Q3 2016 data used in this report will likely change as additional fund closings are announced, but it is safe to say that the fundraising climate has tightened since last year. Investors are being very careful with their money and with whom they are placing it. At this pace, it looks very unlikely that we will exceed last year's \$108 billion total — unless a couple of mega-funds rush in to save the day. Always a possibility.

Number of funds closed by quarter



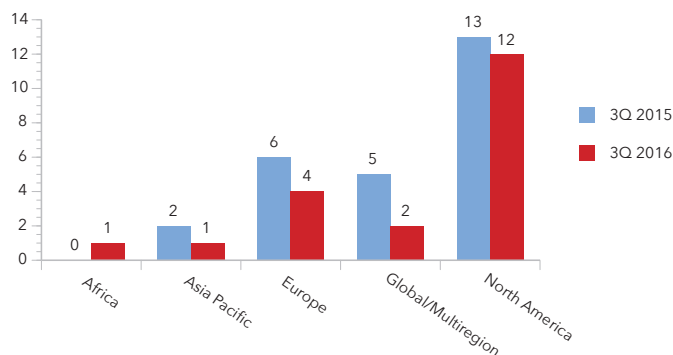
Source: IREI FundTracker

Capital raised at final closing by quarter (\$B)



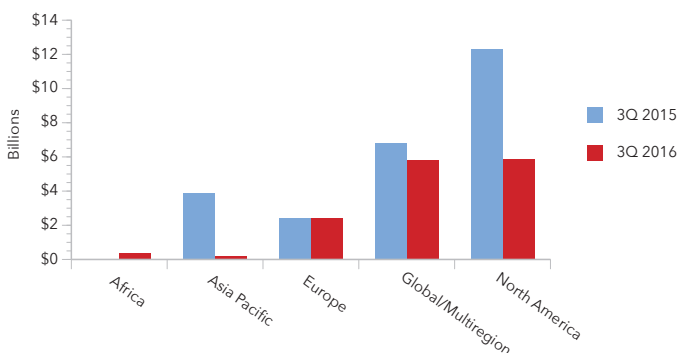
Source: IREI FundTracker

Funds closed by region — Q3/15 and Q3/16



Source: IREI FundTracker

Capital raised by region — Q3/15 and Q3/16



Source: IREI FundTracker

Largest funds closed Q3/16

Fund Name	Total Raised	Region
Blackstone RE Debt Strategies III	\$4.50 billion	Global
Madison International RE Liquidity Fund VI	\$1.39 billion	Global
Blackstone Strategic Partners RE Fund VI	\$1.30 billion	U.S.
TH Real Estate T-C U.S. Super Regional Mall Fund	\$1.25 billion	U.S.
Patron Capital V	\$1.05 billion	Europe

Source: IREI FundTracker

Funds closed July 1–Sept. 30, 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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- [Rialto Capital Management](#) has raised more than \$825 million in equity for its latest real estate debt investment vehicle, Rialto Real Estate Fund III, which is targeting in excess of \$1.3 billion of capital.
- [TH Real Estate](#) has raised more than €200 million (\$223 million) for its second European logistics product, the European Logistics Fund, which launched in late March 2016 with a €250 million (\$279 million) fundraising target by the end of the year.
- [Garbe Industrial Real Estate](#), based in Hamburg, Germany, has launched Garbe Logistik Immobilien Fonds+, a core-plus investment fund that will focus on the logistics sector in Germany.
- The \$28 billion [South Carolina Retirement System Investment Commission](#) has committed \$150 million to Greystar Equity Partners IX, managed by Greystar Real Estate Partners.
- The \$89 billion [North Carolina Retirement Systems](#) has committed \$300 million to two noncore real estate funds, according to a performance review document.
- The \$8.3 billion [Public Safety Personnel Retirement System of the State of Arizona](#) has committed up to \$50 million directly and \$30 million in co-investments to Miller Global Fund VIII, managed by Miller Global Properties.

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