

# FUNDTRACKER TRENDWATCH

## Mega-funds continue to dominate

But number and size fall versus 2015

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 2014, 422 funds have closed with a total of \$318.9 billion raised. Of that total,

81 mega-funds, or 19 percent of the total number of closed funds, have raised \$195.4 billion, or 61 percent of the capital.

When looking at the average size of funds, it is no surprise that so few funds are responsible for raising so much capital. The size of the average mega-fund during the past three years was more than \$2.4 billion, while the size of non-mega-funds came in at about \$362.3 million. The trimmed mean for those funds is only slightly lower, \$2.2 billion and

\$358.3 million respectively.

All three metrics — absolute number of funds, amount of capital raised and average size of funds — have continued to increase. During the previous rolling three-year period ending 2016, 398 funds were closed with a total of \$272.8 billion raised. Of that total, 73 mega-funds, or 18 percent of the total number of

closed funds, raised \$163 billion, or 61 percent of the capital. The size of the average mega-fund during those years was a little less than \$2.3 billion, while the size of non-mega-funds came in at about \$325.0 million.

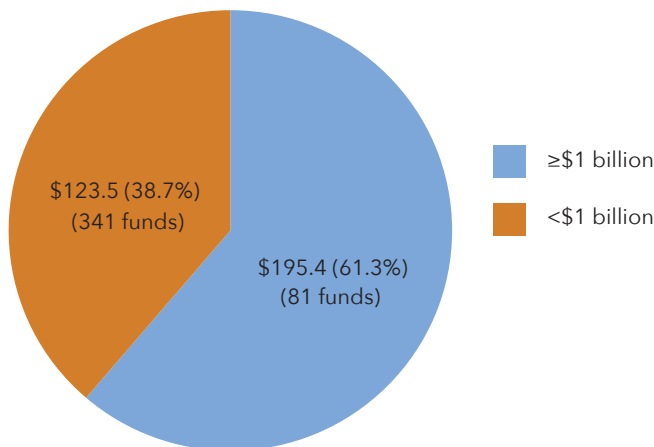
When we look back at capital raised by year, it is possible that 2015 will turn out to be the peak for both overall fundraising and mega-fund capital raising. In 2013, mega-funds accounted for about 58 percent of the capital raised. In 2014, that percentage rose to 61 percent, with these large funds bringing in 65 percent of the total capital in 2015. Last year, however, the amount of capital raised by mega-funds fell by about \$12.5 billion, and their percentage of the total fell to 59 percent of the capital raised.

Since 2014, the majority of these funds have been focused on the Americas, primarily the United States, followed closely by global/multiregional funds.

Debt and diversified funds are attracting the most investor interest, with other sectors appearing much less attractive. In addition, mega-funds tend to be higher return. In 2015, higher-return mega-funds accounted for a full 75 percent of all mega-funds closed that year. Higher-return mega-funds fell to 33 percent of the total in 2016, with an additional 28 percent focusing on a mid-

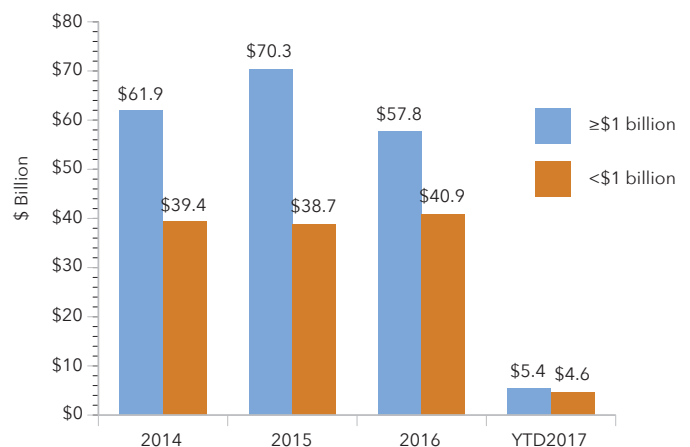
- Mega-funds accounted for 59 percent of capital raised in 2016
- Mega-funds lean toward debt and diversified sectors
- Mega-funds focus on higher-return strategies

Total capital raised 2014–2017 by fund size (\$B)



Source: IREI FundTracker

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

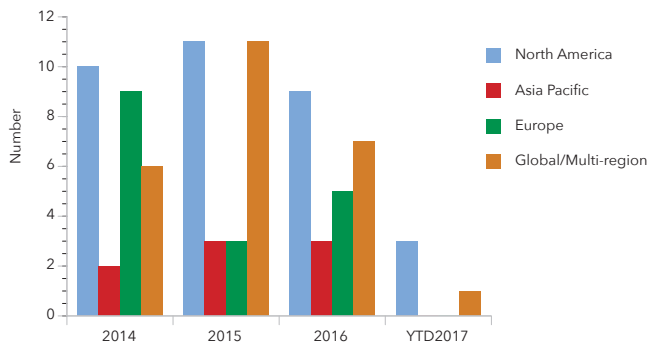


Funds closed Jan. 1, 2014 – Mar. 1, 2017

Source: IREI FundTracker

YTD 2017 = March 1, 2017

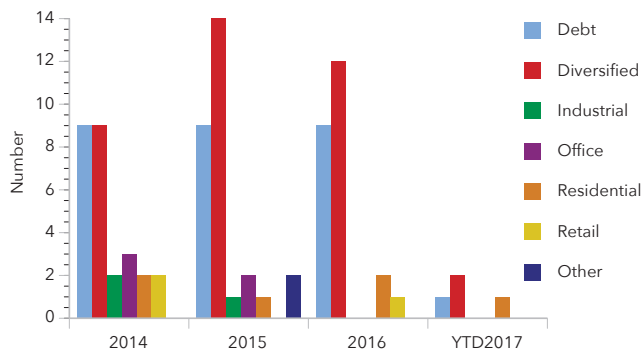
## Number of mega-funds closed per region



Source: IREI FundTracker

YTD2017 = March 1, 2017

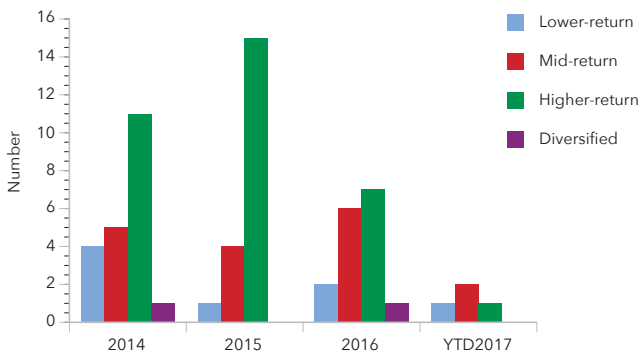
## Number of mega-funds closed per sector



Source: IREI FundTracker

YTD2017 = March 1, 2017

## Number of mega-funds closed per strategy



Source: IREI FundTracker

YTD2017 = March 1, 2017

## from the IREI NEWS CLOUD

- ▶ The \$188.6 billion [California State Teachers Retirement System](#) is investing €400 million (\$424.7 million) in CP Logistics Europe SARL, a joint venture with Principal Real Estate Investors, according to its investment committee semi-annual report.
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- ▶ [Inland Institutional Capital](#), formerly known as Inland Institutional Capital Partners Corp., has launched Inland Retail Property Fund, according to IREI's Fundtracker database.
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- ▶ [Retail Properties Investment Trust](#) has sold the Gravity portfolio of 68 retail properties in Germany to a holding company led by U.S.-based Castlelake.
- ▶ The \$14.3 billion [New Mexico Public Employees Retirement Association](#) committed \$75 million to Rockpoint Growth and Income Fund II.

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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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