

# FUNDTRACKER TRENDWATCH

## Investors like their funds focused

### Global/Multi-regional funds continue to lose market share

During the past few years, global funds have raised record-setting amounts of capital. Focus on these high-profile mega-funds, which typically embody an opportunistic strategy, certainly gives the

impression that global or multi-regional funds are an investor's dream investment vehicle. Looking at the market going back to 2014, however, this impression appears to be erroneous.

Back in 2014, global funds represented only 9 percent of the funds closed, but accounted for 24 percent of the capital raised. The number of global/multi-regional funds holding a final close in 2015 grew to 14 percent, a noticeable jump

over 2014. But the market share of capital raised grew even more significantly, as 40 percent of the capital raised was held in global or multi-regional funds. 2016, however, saw a drop in global funds' capital raising. Actually, 2016 saw a drop in all capital raising, but the drop in global funds' market share was noteworthy. Instead of controlling 40 percent of the capital raised, funds

with a multi-regional strategy raised 33.5 percent. Still a substantial amount, but a noticeable drop. In fact, global funds were squeezed out of top billing by North American funds, which raised 33.9 percent of the capital last year.

2017 is shaping up to be a less active fundraising year than 2016, and certainly less active than 2015. Thus, drawing trend conclusions on a decreased amount of capital raised is just asking to be proven wrong as more funds close and impact the percentages, but we're going to do it any way. Year-to-date 2017 looks to be continuing the downward trend of global-fund attraction. Only 12.0 percent of the funds closing this year have been global funds, and they have accounted for only 16.3 percent of the capital raised. We can assume this market share will increase as a couple of mega-funds close later this year, but it does appear that investors are looking to invest in more focused funds rather than geographically diverse vehicles.

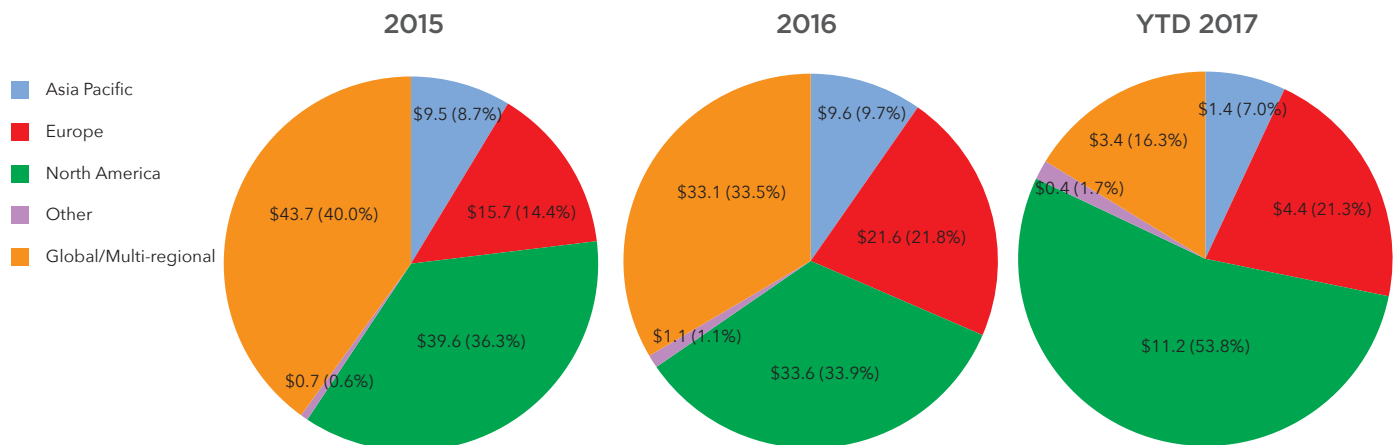
North America and Europe are benefiting the most from this preference for focused funds. North American funds jumped from 33.9 percent of the market in 2016 to 53.8 percent YTD 2017. Europe has seen its share of capital raising move from 14.4 percent in 2015 to a bit over 21 percent in 2016 and YTD 2017.

- 54% of the capital raised YTD 2017 is in North American funds

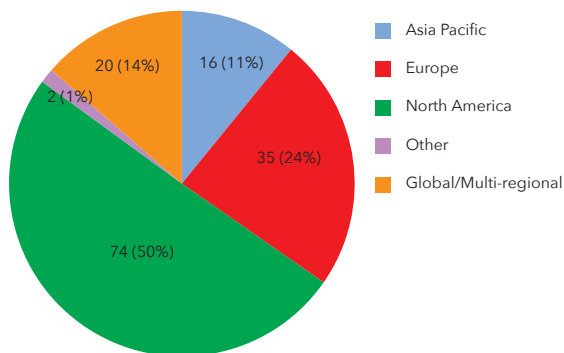
- Europe funds raise second-most capital YTD 2017

- Interest in global funds seems to be falling

Capital raised by funds closing each year by region (\$B)

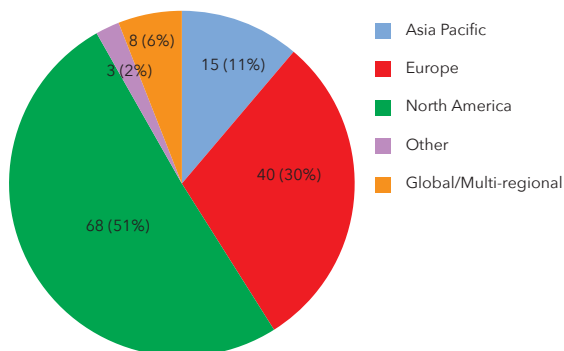


## Number of funds closed by region — 2015



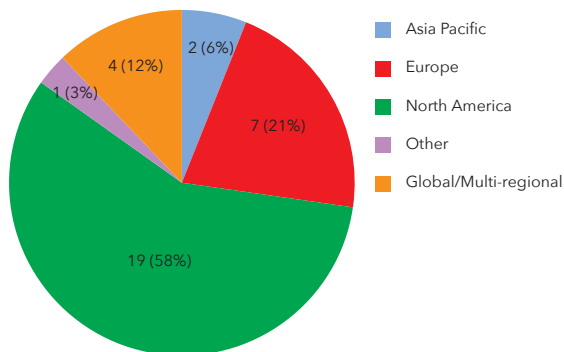
Source: IREI FundTracker

## Number of funds closed by region — 2016



Source: IREI FundTracker

## Number of funds closed by region — YTD 2017



Source: IREI FundTracker

YTD 2017 = May 1, 2017

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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[www.irei.com](http://www.irei.com)

Author: Sheila Hopkins

For IREI FundTracker database subscription information, please contact Cynthia Kudren, [c.kudren@irei.com](mailto:c.kudren@irei.com), +1 917-620-4666

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- The \$68.5 billion [Oregon Public Employees Retirement Fund](#) has committed \$250 million to Morgan Stanley Prime Property Fund.
- The \$19.7 billion [Los Angeles Fire and Police Pensions](#) system is searching for a real estate manager for a core separate account.
- [Gerding Edlen Investment Management](#) raised \$416 million for its third real estate fund, Gerding Edlen Green Cities III, exceeding its \$350 million target.
- The \$16.9 billion [State Universities Retirement System of Illinois](#) is searching for one or more non-core private commercial real estate debt commingled fund investment managers.
- The \$97 billion [State of Wisconsin Investment Board](#) has committed a total of \$340 million to three real estate investments – \$165 million to Wilson HCF Wisconsin Holdings 5, \$100 million to Buchanan Separate Account II and \$75 million to High Street Real Estate Fund V.
- The \$11.6 billion [Regents of the University of Michigan](#) has committed €50 million (\$53.8 million) to Orion European Real Estate Fund V.

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