

FUNDTRACKER TRENDWATCH

Q4/17 first look

2017 ends with a whimper

Third quarter 2017 raised hopes that this year's fundraising totals might just reach 2016 levels. Quarterly totals had trailed the 2016 levels through the first three quarters, but at the end of the third quarter, 2017's total

were only about \$7 billion off the 2016 pace. A good fourth quarter could easily bring the 2017 total into the 2016 range. Unfortunately, it looks like a good fourth quarter is not in the cards.

Only 19 funds have so far reported a final closing in fourth quarter 2017, raising an aggregate of \$13.6 billion. At this time last year, 24 funds were reporting an aggregate fundraise of \$19.3 billion. That amount has since increased to \$26.0 billion raised by 45 funds, as additional data was captured, and it is very likely that the reported total for 2017 will also increase in the next few weeks. But the trend — and the final result — is obvious. 2016 saw fewer funds close and less capital raised than 2015, and 2017 will see fewer funds close and less capital raised than 2016.

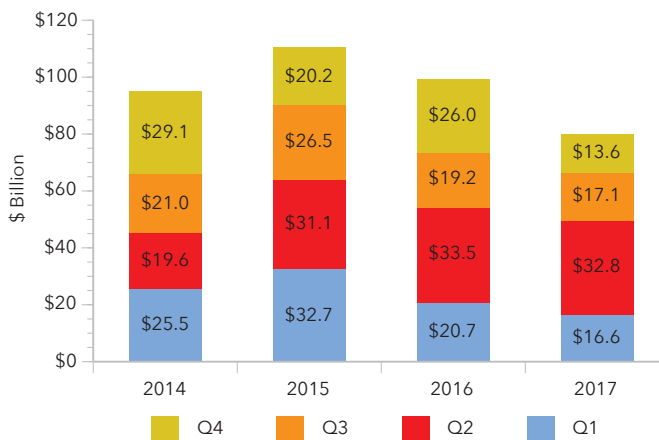
Only five mega-funds (those raising \$1 billion or more) closed in fourth quarter 2017 — so by default they ended up being the five largest funds to close during that time period. The largest was the \$3.0 billion Brookfield Real Estate Finance Fund V, Brookfield's fifth commercial real estate finance fund targeting mezzanine debt investments, predominately in major markets across the United States. Investors in the fund are a diverse group of 64 institutional investors, including public and private pension plans, sovereign wealth funds, financial institutions, endowments, foundations and family offices.

BREF V is not the only debt fund in the top five. The top four funds all have a debt component, with three of them having a debt-only strategy.

When looking at fund marketing periods, the average time in the market for all 2017 funds decreased slightly from the 2016 average. When looking at the trimmed mean — the average of funds after dropping the top and bottom 2.5 percent — we see that marketing times over the years have been falling slightly, but took a significant drop in 2017. It will be interesting to see if this decrease holds up as more 2017 funds are added to the database.

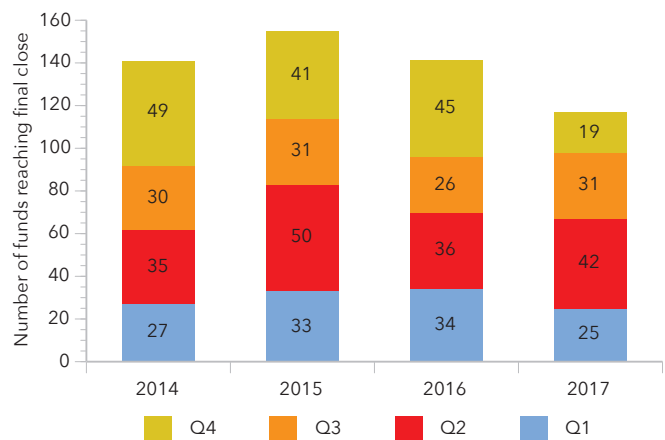
- Q4/17 closes on \$13.6 billion
- Fund size continues to grow
- Funds are reaching final close faster than in previous two years

Capital raised by funds closing by quarter (\$B)



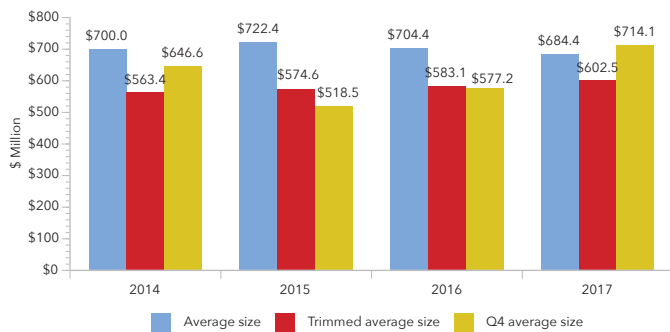
Source: IREI FundTracker

Number of funds holding final close by quarter



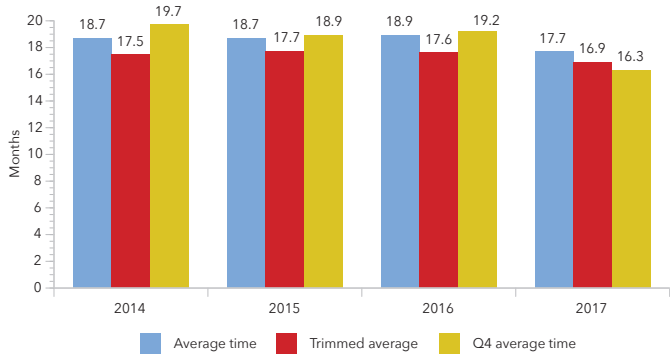
Source: IREI FundTracker

Average size of funds closed (\$M)



Source: IREI FundTracker

Average time on offer



Source: IREI FundTracker

Largest funds closed Q4/17

Fund Name	Total Raised	Region
Brookfield Real Estate Finance Fund V	\$3.0 billion	U.S.
CBRE Strategic Partners U.S. Value 8	\$1.3 billion	U.S.
KKR Real Estate Credit Opportunity Partners, LP (RECOP)	\$1.1 billion	Global
LaSalle Real Estate Debt Strategies III (LREDS III)	\$1.1 billion	Europe
CBRE Asia Value Partners IV	\$1.0 billion	Asia

Source: IREI FundTracker

Funds holding final close Oct. 1–Dec. 31, 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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from the IREI NEWSLINE

- ▶ [TH Real Estate](#), an affiliate of New York-based Nuveen, has filed a registration statement for a proposed initial public offering of Nuveen Global Cities REIT, looking to raise up to \$5 billion to invest primarily in stabilized, income-oriented commercial real estate located in and around major cities in the United States, Canada, Europe and the Asia Pacific region.
- ▶ [Atria Senior Living](#) has plans to spend \$1 billion in development and redevelopment in high-barrier-to-entry markets.
- ▶ The \$182 million [Watertown \(Mass.\) Contributory Retirement System](#) is seeking proposals from qualified investment managers specializing in value-added real estate open- or closed-end investment funds.
- ▶ The \$28.6 billion [Texas County & District Retirement System](#) has committed an additional \$50 million to Starwood Global Opportunity Fund XI, a fund managed by Starwood Capital Group.
- ▶ The \$16 billion [Oklahoma Teachers Retirement System](#) has committed \$60 million to GreenOak U.S. III, a value-added fund investing in office, retail, multifamily and logistics properties.
- ▶ The \$20.3 billion [State Universities Retirement System of Illinois](#) has requested proposals from qualified firms to provide open-end core-plus real estate fund investment management services.

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