

FUNDTRACKER TRENDWATCH

Q1/18 first look

Fundraising totals finally move upward

Early numbers are in for real estate investment funds closing in first quarter 2018, and they look ... interesting. At this time last year, we were looking at only \$12.4 billion raised by the 18 funds that closed in the first quarter of 2017. Today, we are seeing \$27.4 billion raised by 21 funds closed in first quarter of 2018.

We need to be a bit careful with our hopes and extrapolations because we are looking at very early numbers, but we might be seeing the start of an upswing in fundraising. That \$12.4 billion total in first quarter 2017, which was noted in the "Q1/2017 First Look" issue of *TrendWatch*, eventually grew to \$16.6 billion raised by 25 funds, as additional data was captured. It is reasonable to assume that the 2018 first quarter numbers will also increase as data gets added to the database, so we might very well be looking at the beginning of a very good year, despite continuing investor jitters.

During the past four years, about 24 percent of the total capital raised each year

was raised in the first quarter. If this ratio holds for 2018, we could be looking at a fundraising year outpacing even the record-breaking 2015.

Nearly the entire delta between the capital raised in first quarter 2017 and first quarter 2018 can be attributed to the increase in size of the largest five funds to close in the quarter.

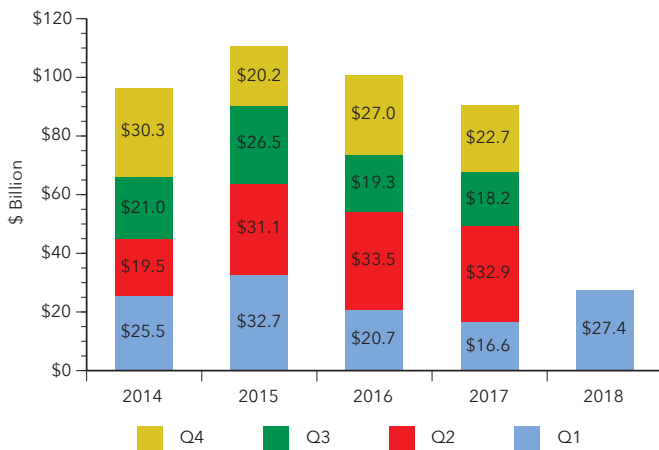
During the first quarter 2017, the largest five funds to close raised an aggregate of only \$7.0 billion. The top five closing during first quarter 2018 raised \$19.7 billion. That \$12.7 billion delta is pretty close to the \$10.8 billion difference between total capital raised in first quarters 2017 and 2018.

Four of the 21 funds closing in first quarter 2018 raised \$1 billion or more. In aggregate, these funds raised \$18.8 billion, accounting for 69 percent of the overall total. This compares to first quarter 2017, when seven of 25 funds raised more than \$1 billion and accounted for \$8.1 billion, or 59 percent of the total.

Uncertainty in both the economic and political worlds has resulted in investors being very cautious in their commitments during the past couple of years. The world might not be more certain today, but at some point investors have to invest. It's in their job description. 2018 might be that point.

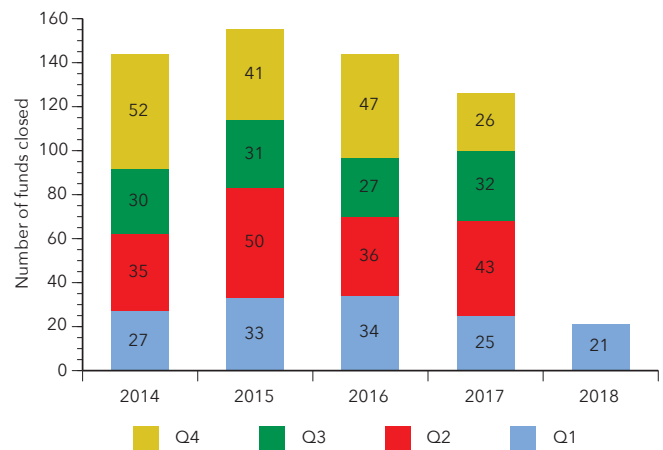
- Fundraising grows in Q1/18
- Best Q1 since 2015 in terms of capital raising
- Number of funds closed continues to fall

Capital raised by closed funds by quarter



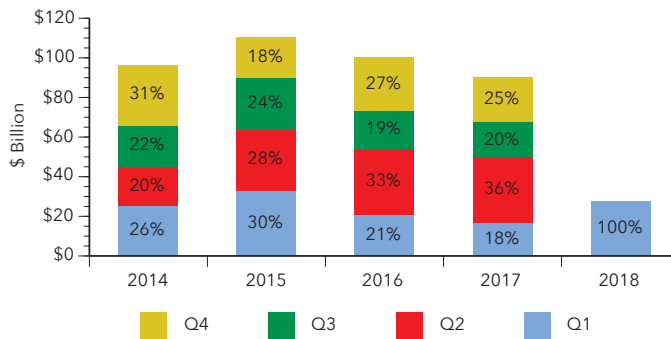
Source: FundTracker

Number of funds closed by quarter



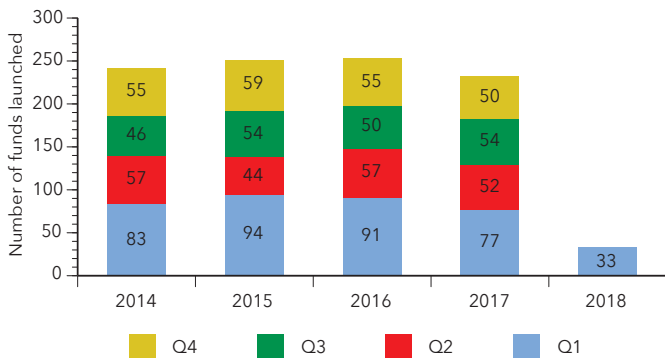
Source: FundTracker

Percent of capital raised by quarter



Source: IREI FundTracker

Number of funds launched per quarter



Source: FundTracker

Largest funds closed Q1/18

Fund Name	Total Raised	Region
Starwood Opportunity Fund XI Global	\$7.60 billion	Global
Carlyle Realty Partners VIII	\$5.04 billion	U.S.
Broad Street Real Estate Credit Partners III	\$4.20 billion	Global
KKR Real Estate Partners Americas II	\$2.00 billion	U.S.
LBA Realty Fund VI	\$0.90 billion	U.S.

Source: FundTracker

Funds closed Jan. 1–Mar. 31, 2018

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](#) has launched its newest real estate investment vehicle, CASA Partners VIII, which is a value-added real estate fund that will invest in multifamily properties throughout the United States.
- The \$11.7 billion [New Mexico Educational Retirement Board](#) has committed \$40 million to Ram Realty Partners V and \$30 million to Sares-Regis Multifamily Value-Add Fund III.
- [Kern County Employees' Retirement Association](#) has committed \$60 million to Landmark Real Estate Partners Fund VIII.
- The \$7.5 billion [Missouri Local Government Employees Retirement System](#) has committed \$75 million to Garrison Real Estate Fund IV.
- [PGIM Real Estate](#) has launched an open-end real estate debt fund, PGIM Real Estate U.S. Debt, that will invest in senior and subordinated loans secured by institutional real estate with strong fundamentals and predictable income streams, according to the board meeting document.
- [Thackeray Partners](#), a real estate investment management firm, has held a final close on its fifth fund, Thackeray Partners Realty Fund V, which achieved \$350 million of limited partner equity commitments versus target of \$250 million.

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