

# FUNDTRACKER TRENDWATCH

## H1/18 first look

Looking up after a down year

Early numbers are in for real estate investment funds closing in second quarter 2018 — and they show a first half well ahead of 2017. While first half 2018 is still tracking behind that of 2015, we might be looking at an up year. Dare we even hope for another record year?

Funds reaching a final close in second quarter 2018 raised a total of \$25.4 billion compared to \$33.3 billion raised during second quarter 2017. However, when we add in amounts closed in the first quarter each year, we have a brighter picture. Total first half capital closed YTD 2018 comes to \$59.7 billion. This compares favorably to the \$51.1 billion and \$55.5 billion raised in first half 2017 and 2016, respectively. It falls short of the \$65.1 billion raised during that period in 2015, but additional second quarter 2018 closings are sure to be added as they are captured. The two years might end up closer than they appear at the moment.

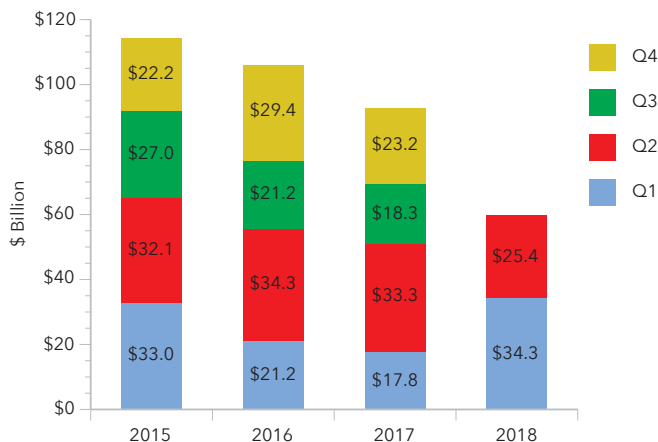
During 2015, 2016 and 2017, 57 percent, 52 percent and 55 percent of the year's total was raised in the first half, respectively. If we

use the higher and lower numbers for the top and bottom of a range to estimate how much capital will be raised by the end of 2018, we come up with a prediction of \$104.7 billion to \$114.1 billion. The higher number brings us just a smidgen past 2015's total. That's a forecast we can all get behind. But even if we end up at the lower end of the range, it will still be a very good year.

Mega-funds — those funds raising \$1 billion or more — accounted for just a bit more of the total in 2018 than they have in previous years. So far this year, mega-funds hold 62 percent of the capital raised. In the previous years, they accounted for 61 percent, 53 percent and 60 percent of the first half total for 2015, 2016 and 2017, respectively.

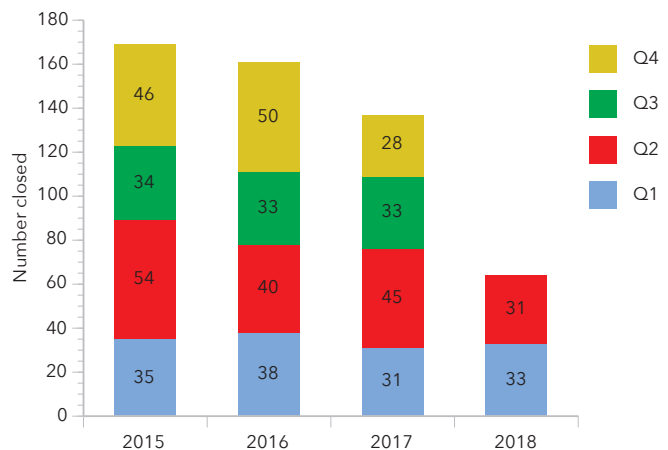
For years now, we have been hearing that 2019 will be a recession year. Now that 2019 is just around the corner, the drumbeat of warnings is getting louder. That might make some people wonder if this is a good time to commit capital to a fund. Actually, this is probably the best time to commit. Those funds that had lots of dry powder ready to invest during the last recession made out very well. Stockpiling that powder now, so you can buy when prices are low, seems to be a very prudent way to go.

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



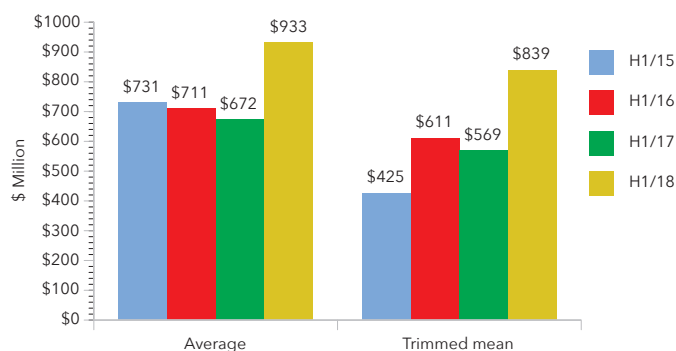
Source: IREI FundTracker

Number of funds achieving final close by quarter



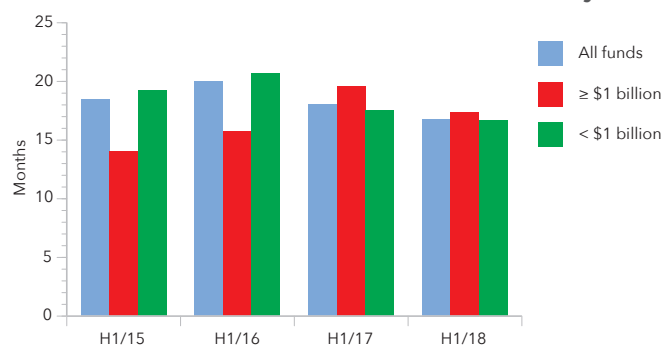
Source: IREI FundTracker

## Average size of funds closed in first half of year



Source: IREI FundTracker

## Time in market for funds closed in first half of year



Source: IREI FundTracker

## Largest funds closed H1/18

Fund Name	Total Raised	Region
Starwood Opportunity Fund XI Global	\$7.6 billion	Global
Blackstone Real Estate Partners Asia II	\$7.1 billion	Asia Pacific
Carlyle Realty Partners VIII	\$5.1 billion	N. America
Broad Street Real Estate Credit Partners III	\$4.2 billion	Global
Landmark Real Estate Fund VIII	\$3.3 billion	Global

Source: IREI FundTracker

## from the IREI NEWLINE

- [Niam AB](#), a private equity real estate firm based in Stockholm, has launched its next Nordic-focused real estate fund, Niam Nordic VII KB.
- The \$18.1 billion [Teachers' Retirement System of Kentucky](#) has committed up to \$560 million to TA Associates Realty's 12th real estate fund, the value-added Realty Associates Fund XII.
- [Brunswick Real Estate](#) has held a SEK\$6.6 billion (\$745 million) final close for its second senior debt fund in the Nordics, Brunswick Real Estate Capital II, the largest Nordic fund focused on real estate senior debt.
- The [Missouri Local Government Employees Retirement System \(LAGERS\)](#) has committed \$105 million to Blue Vista Real Estate Partners V and committed \$60 million to Portfolio Advisors Real Estate Fund VII.
- [FPA Multifamily](#) has held a \$703.25 million final close for its fourth core-plus real estate fund, which will invest in multifamily properties in top-tier demographic neighborhoods in and around major metropolitan areas in the United States.
- [Ohio Bureau of Workers Compensation Board](#) has committed \$50 million to PGIM Real Estate's PRISA II, and \$25 million each to Prologis Targeted U.S. Logistics Fund, Invesco U.S. Income Fund and Lion Industrial Trust fund.

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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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