

FUNDTRACKER TRENDWATCH

Mega-funds lead active fundraising year

Mega-funds continue to grow ever larger

Data for the first seven months of 2018 provides a glimmer of hope that this will be a good year for real estate capital raising. During the past three years, the total capital raised has fallen each year. Along

with this decline, the average size of mega-funds — those funds holding a final closing after raising \$1 billion or more in commitments — has also decreased each year. At the moment, however, 2018 is showing a reversal of this trend, with mega-fund average size jumping, and total capital raised coming in ahead of last year.

As of Aug. 1, 2018, real estate investment funds had closed on \$64.2 billion. (It is likely this number will increase as additional data is captured and added to FundTracker.) At this time in 2017, \$57.9 billion had been raised by funds holding a final closing. Mega-funds accounted for 61 percent of that total in 2017, and 60 percent YTD 2018.

When looking at the charts below, it is obvious that being a mega-fund is a very efficient way to raise capital. That 60 percent

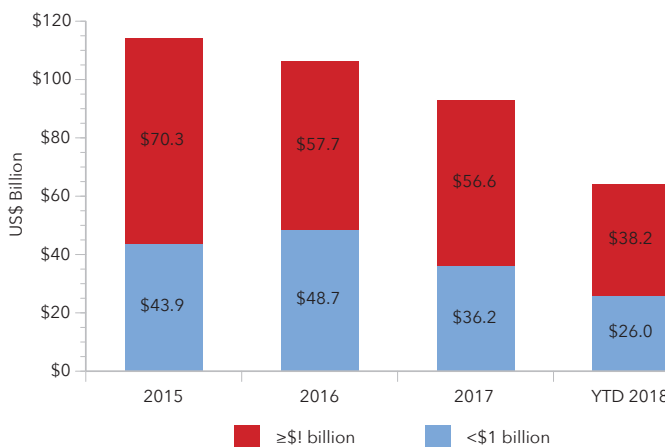
market share YTD 2018 was raised by only 13 funds, or just 18 percent of all funds closed. Last year, mega-funds accounted for 22 percent of the total number closed.

The most striking chart below illustrates how stable non-mega-fund are when it comes to average size. In contrast, mega-funds are much more varied. This makes sense given how few there are. It only takes one ultra-mega-fund or a couple at the higher end of the scale to skew the average.

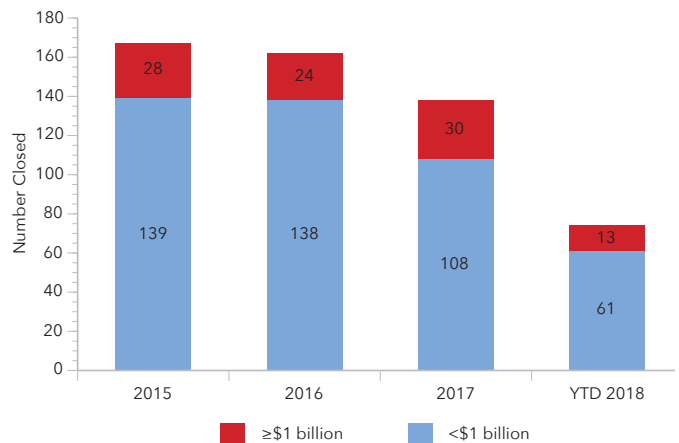
Mega-funds closing YTD 2018 have seen their average time from launch to close tick up, while the average time in the marketplace has decreased for funds under \$1 billion. Mega-funds took an average of 14.3 months in 2016 and 17.3 months in 2017 to close. This number has risen slightly to 17.6 months YTD 2018. Non-mega-funds are currently taking 16.8 months to close, on average. During the past three years, mega-funds have taken significantly less time to close than non-mega funds. This makes sense given that first time funds and specialized strategies, which take longer to raise, almost always fall in the non-mega category. Given this fact, it is probable that the average non-mega fund closing time will increase as 2018 progresses and additional funds are added to FundTracker.

- Mega-funds accounted for 60 percent of capital raised YTD 2018
- Mega-funds accounted for 18 percent of funds closed YTD 2018
- Mega-fund average size increases YTD 2018

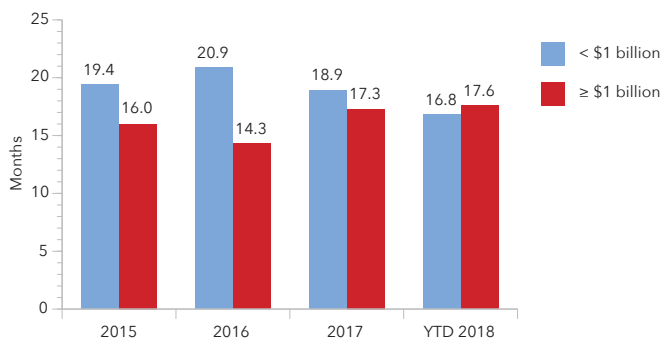
Capital raised by funds holding final close by size (\$B)



Number of funds holding final close by size



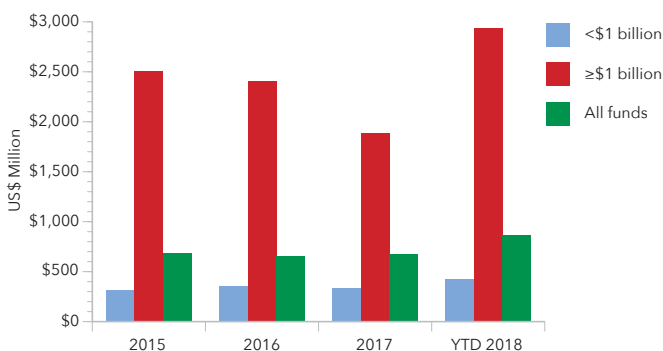
Average time to final close based on fund size



Source: IREI FundTracker

YTD 2018 = 8/1/18

Average fund size of funds holding final close (\$M)



Source: IREI FundTracker

YTD 2018 = 8/1/18

Largest real estate funds closed 1/1/18 - 8/1/18

Fund Name	Total Raised	Region
Starwood Opportunity Fund XI Global	\$7.60 billion	Global
Blackstone Real Estate Partners Asia II	\$7.10 billion	Asia Pacific
Carlyle Realty Partners VIII	\$5.07 billion	N. America
Broad Street Real Estate Credit Partners III	\$4.20 billion	Global
Landmark Real Estate Fund VIII	\$3.30 billion	Global

Source: IREI FundTracker

Funds closed Jan. 1 - Aug. 1, 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

- ▶ The \$16.5 billion [Hawaii Employees' Retirement System \(HIERS\)](#) has committed \$50 million to the AG Realty Value Fund X, a global value-added fund with a significant presence in the United States and Asia, managed by Angelo, Gordon & Co.
- ▶ Alternative asset manager [Cheyne Capital Management](#) has successfully reached its capacity limit of £600 million (\$800 million) for Cheyne Real Estate Credit Fund V – Opportunistic (CRECH V).
- ▶ The \$351 billion [California Public Employees' Retirement System](#) has opened a solicitation for a transition manager or managers to assist with its \$30.54 billion real estate portfolio, managing \$200 million to \$400 million in potential equity, with the possibility of growing the account over time.
- ▶ [Artemis Real Estate Partners](#) has held a final close for its Artemis Healthcare Fund 1, which raised \$475 million of total equity, exceeding its \$300 million goal and giving it \$1.2 billion of buying power.
- ▶ [Gaw Capital Partners \(GCP\)](#), an Asia Pacific private equity fund management company, is seeking \$2 billion for its newest real estate investment vehicle, Gateway Real Estate Fund VI, an opportunistic real estate fund that will invest in properties throughout Greater China with a focus in Japan, South Korea, Australia and Southeast Asia.

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