

FUNDTRACKER TRENDWATCH

It's good to be mega

Mega-funds account for more than 75% of infrastructure capital raised

2018 is shaping up to be a very good year for private equity infrastructure fundraising. And much of that good news can be traced to this being a very good year for mega-funds — those funds holding a final closing after raising \$2 billion or more in commitments. As of Aug. 1, 2018, 10 mega-funds have achieved a final closing. This equals the highest number of funds closed over an entire year going back at least five years. We already know one more has closed this month, which portends an unusually high number closed by the end of the year. And we know from experience that the more mega-funds that close, the more capital raised overall.

- Mega-funds accounted for 76 percent of capital raised YTD 2018
- Mega-funds accounted for 38 percent of funds closed YTD 2018
- Mega-fund average size \$3.71 billion YTD 2018

As of Aug. 1, 2018, infrastructure funds had closed on \$48.6 billion, according to IREI's FundTracker database. \$37.1 billion of that was raised by mega-funds.

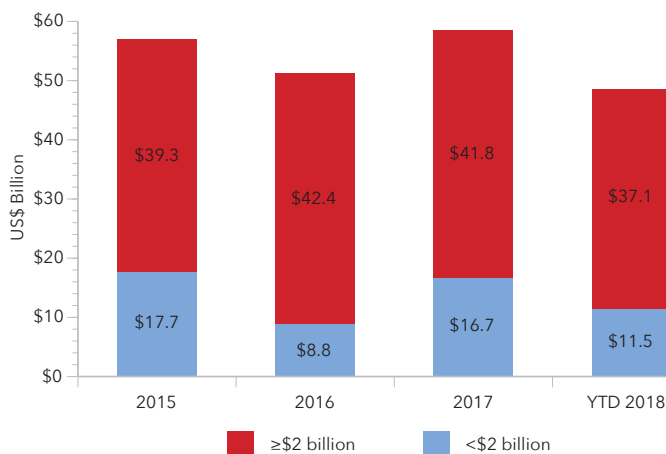
Investors obviously love these huge funds, as evidenced by mega-fund's overwhelming dominance of the fundraising world. By the end of 2014, mega-funds had accounted for 57

percent of the capital raised. Last year, mega-funds saw their share of capital raised come in at 71 percent (primarily due to the \$15.8 billion Global Infrastructure Partners III). Year-to-date 2018 finds mega-funds' hold on the market continuing unabated, with 76 percent of the private equity fund capital in their hands.

When looking at the size of the infrastructure funds achieving a final close since 2015, we find that the average size has held steady at about \$2.0 billion. But when we separate the market out by size, the average is much more volatile. During the past four years, the average size of mega-funds has ranged from \$3.7 billion to \$4.6 billion. The average size of non-mega-funds has ranged from \$590 million to \$840 million.

One of the more interesting observations is that the range of mega-funds has steadily increased. Back in 2014, the smallest mega-fund came in at \$2.0 billion while the largest was \$5.0 billion. That range has dramatically expanded, with the lower end standing at \$2.0 billion, but the higher end topping out at \$14.0 in 2016 and \$15.8 billion in 2017. As of Aug. 1, 2018, the smallest mega-fund in the database raised \$2.0 billion, while the largest closed at \$7.2 billion.

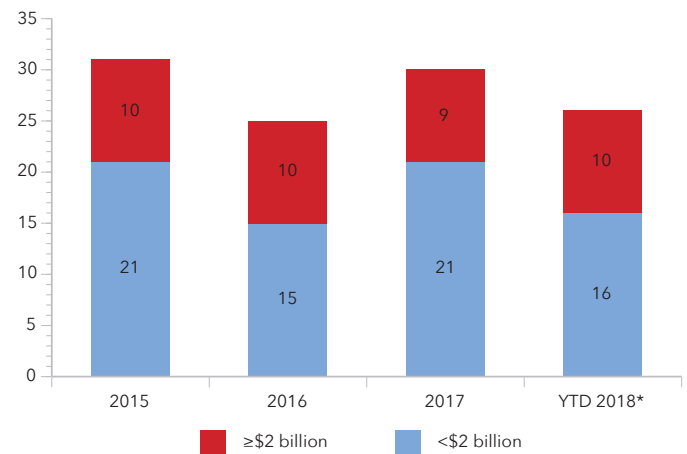
Capital raised by funds holding final close by size (\$B)



Source: IREI FundTracker

YTD 2018 = 8/1/18

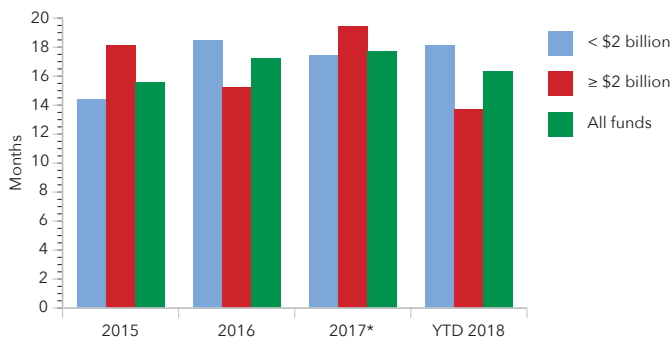
Number of funds holding final close by size



Source: IREI FundTracker

YTD 2018 = 8/1/18

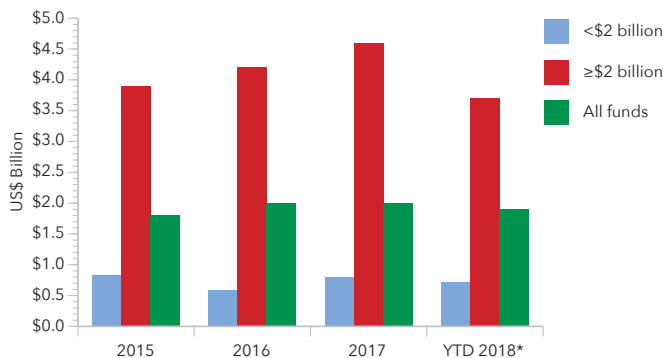
Average time to close based on fund size



Source: IREI FundTracker

YTD 2018 = 8/1/18

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



Source: IREI FundTracker

YTD 2018 = 8/1/18

Largest infrastructure funds closed 1/1/18 – 8/1/18

Fund Name	Total Raised	Region
Stonepeak Infrastructure Fund III	\$7.20 billion	Global
ISQ Global Infrastructure Fund II	\$6.50 billion	Global
Copenhagen Infrastructure III K/S	\$4.33 billion	Global
Partners Group Direct Infrastructure 2016	\$3.70 billion	Global
Macquarie Asia Infrastructure Fund 2	\$3.30 billion	Asia Pacific

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 Infrastructure News Page

- [Governor Phil Murphy](#) has signed bipartisan legislation to further foster economic growth in New Jersey through public-private partnership (P3) agreements between government entities and the private sector for building and highway infrastructure projects in the state.
- The [Port of Los Angeles](#) has plans to release an RFQ and RFP for an 87-acre commercial development opportunity at Cabrillo Way Marina on the L.A. Waterfront in San Pedro.
- [Quantum Energy Partners](#) has held its final closing on Quantum Energy Partners VII and its affiliates (collectively, QEP VII), exceeding its hard-cap with \$5.575 billion of equity capital commitments, including commitments from the general partner and its affiliates.
- The \$2.8 billion [San Antonio Fire & Police Pension System](#) has committed \$10 million to Kayne Anderson Energy Fund VIII, which will invest in energy assets throughout North America.
- [Commerz Real](#) has launched a new infrastructure fund, CR Institutional Infrastructure Multi-Asset Fund II, which seeks €500 million (\$583 million) to invest in at least six to eight infrastructure projects.
- Tulsa, Okla.-based [Williams](#) received authorization for the Rivervale South to Market project, an expansion of the existing Transco natural gas pipeline to meet the growing heating and power generation demand for northeastern consumers.

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