

H1/19 first look

First-half fundraising on record pace

Early numbers are in for real estate investment funds closing in second quarter 2019 — and they pale when compared with the year-ago period. Preliminary numbers show 18 funds reaching a final close in second quarter 2019, raising a total of \$17.4 billion compared to \$27.1 billion raised in second quarter 2018. However, due to record fundraising activity in first quarter 2019, the first half of 2019 could establish a record once additional data becomes available.

- Roughly \$17.4b raised in Q2 2019
- Mega-funds total 57 percent of Q2 dollar volume

FundTracker recorded 26 fund closings during first quarter 2019, raising a whopping total of \$63.4 billion, thanks to a number of large mega-funds. 2008 currently holds the record for first-half fundraising at \$82.2 billion, while the preliminary total for 2019 stands at \$80.8 billion.

Mega-funds — those funds raising \$1 billion or more — fueled the record fundraising volume in first quarter 2019. Of the 18 funds reaching final closes during the second quarter, only four were mega-funds, which accounted for approximately 57 percent of the quarterly fundraising total.

Indicative of the trend, mega-funds accounted for 53 percent, 60 percent and 72 percent of the yearly totals for 2016, 2017 and 2018, respectively.

And, as might be expected, the average fund size has been climbing over the past several years as mega-funds continue to grow larger and capture a larger share of the capital pie. In 2017, the average size of funds that reached a final close was \$642 million. The average climbed to \$809 million in 2018, and has spiked in the first half of 2019 to approximately \$1.8 billion.

The largest fund to close during the second quarter was Lone Star Funds' Lone Star Real Estate Fund VI, which tallied \$4.7 billion. Other mega-funds that closed during the quarter included Angelo, Gordon & Co.'s AG Realty Value Fund X (\$2.75 billion), Lennar International's Lennar Multifamily Venture II (\$1.3 billion) and Madison Realty Capital's Madison Realty Capital Debt Fund IV (\$1.14 billion).

The lion's share of capital raised — 42.9 percent — had a global/multi-region focus. Another 37.7 percent of the capital is focus on assets in the United States, while 13.9 percent is targeting European property markets and 5.5 percent will be deployed in Asia Pacific.

As additional fund closing information is obtained, the first-half 2019 total will surely be on record pace with a strong possibility the 12-month annual total could surpass the long-standing record of \$134.9 billion set in 2008.

While concerns over the long-running equity bull market persist, the fact is investors still consider real estate very attractive when compared to other asset classes on a risk-adjusted basis. ❖

Denise DeChaine is special reports editor at Institutional Real Estate, Inc.

Largest funds closed H1/2019

Fund Name	Total Raised	Region
Blackstone Real Estate Partners IX	\$17.3 billion	Global
Brookfield Strategic Real Estate Partners III	\$15.0 billion	Global
Lone Star Fund XI	\$8.2 billion	Global
Lone Star Real Estate Fund VI	\$4.7 billion	Global
TPG Real Estate Partners III	\$3.7 billion	Global

Source: FundTracker

Information in this report has been drawn from IREI's proprietary FundTracker database. Online subscriptions are available. Click [here](#) for more information.

For IREI FundTracker database subscription information, please contact Karen Palma, k.palma@irei.com, +1 925-244-0500, ext. 136

Institutional Real Estate FundTracker TrendWatch is published by Institutional Real Estate, Inc. 16 times a year. The publisher is not engaged in rendering tax, accounting or other professional advice through this publication. No statement in this issue is to be construed as a recommendation to buy or sell any security or other investment. Some information presented in this publication has been obtained from third-party sources considered to be reliable. Sources are not required to make representations as to the accuracy of the information, however, and consequently, the publisher cannot guarantee its accuracy.

© 2019 Institutional Real Estate, Inc. • All rights reserved.

Copyright Information: The contents of this publication are protected under federal copyright law, which makes it illegal to reproduce in whole or in part any publication without the publisher's written permission.