

FUNDTRACKER TRENDWATCH

Fundraising totals continue to pull back

Investors appear to be taking wait-and-see positions

As 2017 winds down, data from IREI's FundTracker database indicates that investment totals are down not only from their 2015 heights, but from their 2016 totals, as well. 2015 ended with about \$110 billion raised

by funds closing that year. 2016's total fell just a bit short of the \$100 billion mark. Year-to-date 2017 finds that funds holding final closings have raised about \$75 billion. This is \$10 billion less than had been raised by this time last year.

To get a better feel for the year, we have updated a few of the more interesting charts that appeared in earlier *TrendWatch* editions. These charts indicate investors are continuing to take

more defensive positions, but funds are still growing in size, and mega-funds are still dominating.

World events appear to be having an impact on investors. Uncertainty surrounding where new leaders will take their countries, what will happen to interest rates, how China's slowing economy will affect world markets, and the belief that real estate has reached

its peak are keeping some investors on the sidelines — or at least investing in lower-risk, more defensive vehicles.

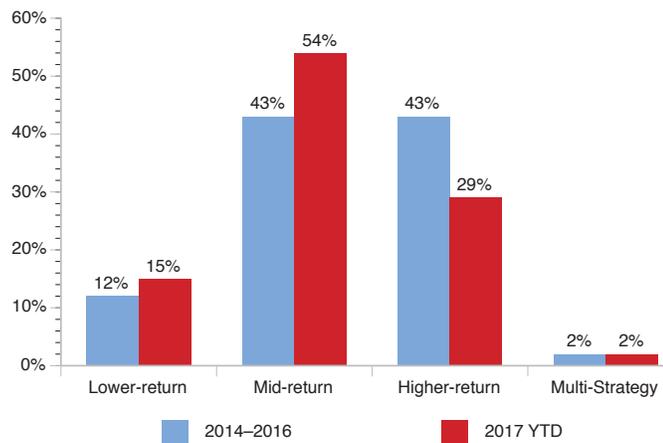
According to FundTracker, debt-only funds captured about 16 percent of the capital of funds closed from 2014 through 2016. So far in 2017, 17 percent of the capital raised has been for debt-only funds.

Higher-return strategies now account for only 29 percent of capital raised by funds reaching a final closing so far in 2017, compared to 43 percent 2014–2016. Mid-return strategies increased from 43 percent to 54 percent YTD 2017, and lower-return strategies took in 15 percent of capital, compared to 12 percent during the previous three years.

According to FundTracker, funds that raised \$1 billion or more accounted for 24 percent of the funds reaching a final close YTD 2017, but 62 percent of the capital raised. The mega-funds are obviously still dominating, and it is the decrease in capital raised by these funds that has had a significant impact on the overall capital raised for 2017. So far this year, mega-funds have raised about \$10 billion less than they did in 2016. That's a significant portion of the \$23 billion gap between 2016's total raise and that of 2017.

- 2017 saw fund size continue to grow
- 2017 saw investors step back from higher-return funds
- 2017 saw debt funds continue to solidify their position

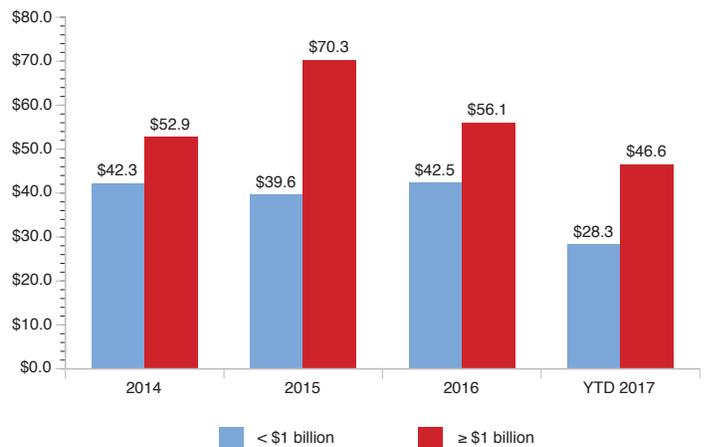
Percentage of closed funds by strategy



Source: IREI FundTracker

YTD 2017 is Dec. 2, 2017

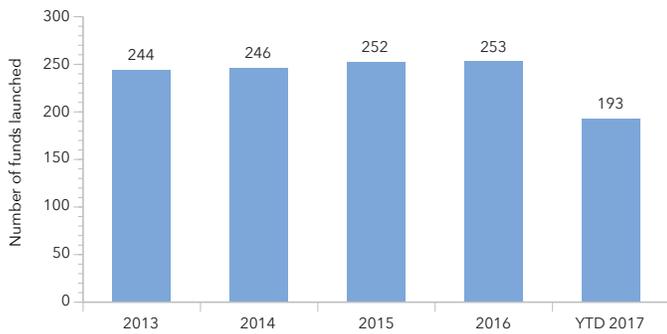
Capital raised by closed funds by size (\$B)



Source: IREI FundTracker

YTD 2017 is Dec. 2, 2017

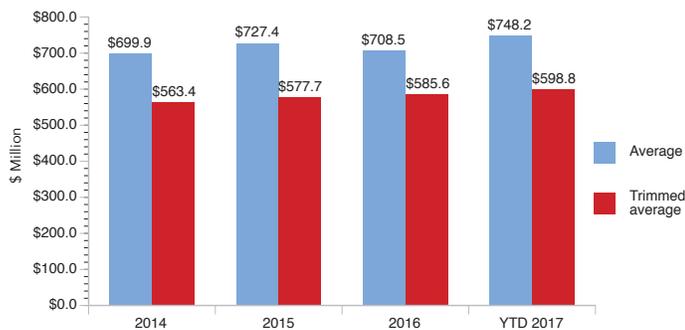
Number of funds launched per year



Source: IREI FundTracker

YTD 2017 is Dec. 2, 2017

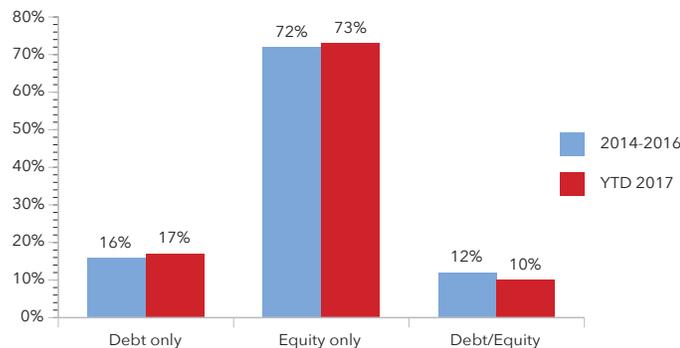
Average size of closed funds by year (\$M)



Source: IREI FundTracker

YTD 2017 is Dec. 2, 2017

Capital raised — percent debt funds vs. equity funds



Source: IREI FundTracker

YTD 2017 is Dec. 2, 2017

from the IREI NEWS CLOUD

- [Principal Financial Group](#) and INTERNOS Global Investors announced that Principal Global Investors (PGI), the asset management arm of Principal, will assume ownership of the European real estate investment firm, subject to regulatory approval.
- [Worcestershire County Council Pension Fund](#) has committed £20 million (\$27 million) to AEW's U.K. Real Return strategy, bringing the total fund size to £86 million (\$116 million).
- [VICI Properties](#) has plans to acquire and lease back the land and real property improvements associated with the iconic Harrah's Las Vegas Hotel and Casino, located in Las Vegas, for \$1.14 billion.
- The \$23.1 billion [New Mexico State Investment Council](#) has committed \$75 million to KKR Real Estate Partners Americas II.
- Vietnam and India rank as the most popular developing markets, according to the [Emerging Trends in Real Estate® Asia Pacific 2018](#) report, published by the Urban Land Institute (ULI) and PwC.
- [CBRE Global Investors](#) has held a final closing for its CBRE Strategic Partners U.S. Value 8 fund, with equity commitments of \$1.34 billion from 25 institutional investors in the United States, Europe, the Middle East and Asia.

To view the latest real estate, infrastructure and real assets headlines, go to the [IREI NewsCloud](#).

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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