

FUNDTRACKER TRENDWATCH

Reaching new heights

The number of funds in the market continues to grow

As the world came out of the great financial crisis, the industry began to wonder whether closed-end and open-end funds were still the way to invest. Large investors wanted more control, and were banding into club deals or going direct in joint ventures. Smaller investors were staying out of the market altogether. Mid-sized investors were stuck in the middle. But with real estate back to pre-recession levels in the major gateway cities and moving in the right direction in secondary cities, it is safe to say that real estate is back, and with it, funds are seeing a strong resurgence. There are at least 939 actively marketed funds currently seeking more than \$372.1 billion. (Not all funds list a maximum fund size.

Of the 939 total, 279 funds — primarily open-end — do not list a target size.) In January, the IREI FundTracker database was tracking 914 funds with a total target of \$353.5 billion. Although some of this jump in numbers is undoubtedly the result of capturing data on funds that were already in the market, the trend is obvious — the market is continuing to grow and expand.

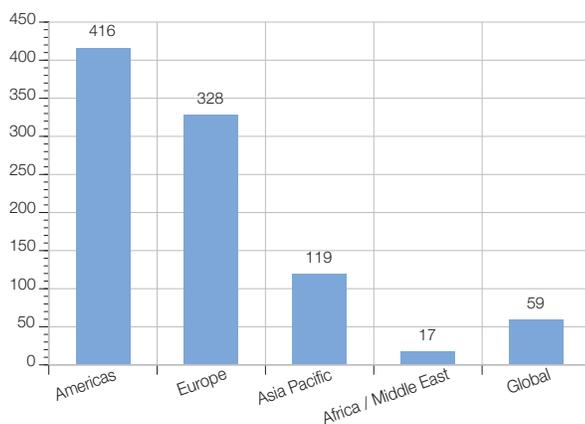
In a nod to the reality that raising a fund is hard and more than a little time consuming, managers are increasing the size of their funds so they do not have to fundraise so often. Funds now average around \$585 million, with the 95 percent confidence level ranging from \$505 million to \$622 million. Funds in the IREI FundTracker database range from \$40 million to \$10 billion, with the most popular fund size coming in at \$500 million.

The Americas lead the world in number of funds as well as fundraising targets, but Europe is not far behind. Besides the prime investment regions of North America (407 funds), Europe (328 funds) and Asia (85 funds), other regions are beginning to grab the attention of more adventuresome investors. Nine funds now invest in South America, 34 funds target the Australasia region and 17 funds target Africa and/or the Middle East.

According to the *PREA Consensus Survey*, managers and investors expect the industrial sector to outperform the rest of the market in 2015. Yet only 2.2 percent of the current funds focus on industrial. With more than half the funds diversified, however, investors might very well be accessing the industrial sector — and other sectors as well — via an unconstrained fund instead of a sector-focused fund.

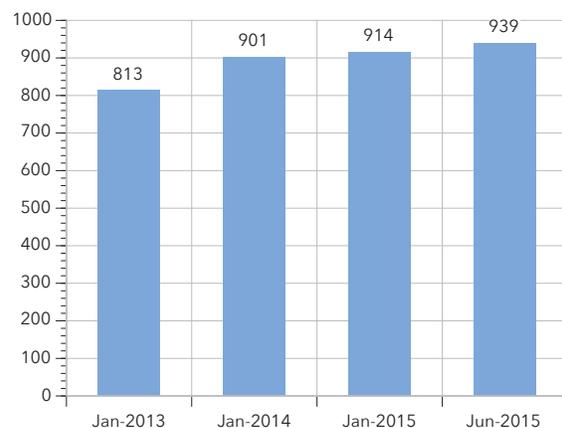
- The number of funds and amount being sought is on the rise
- Average fund size is now about \$585 million
- The Americas and Europe account for 79 percent of funds

Number of funds currently marketing by region



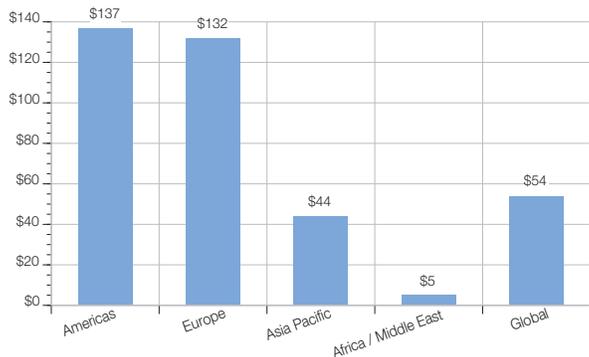
Source: IREI FundTracker

Growth in number of funds marketing



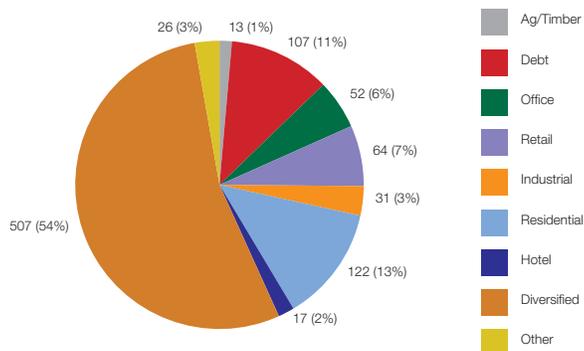
Source: IREI FundTracker

Funds currently marketing by region (\$b)



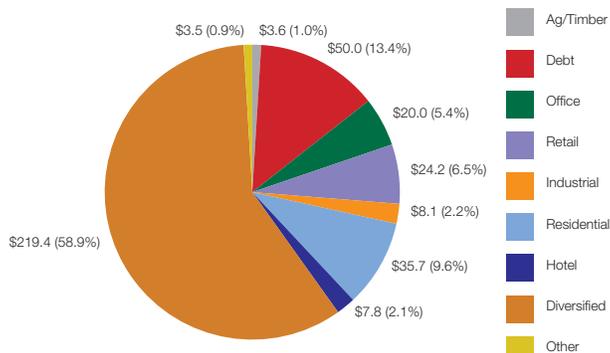
Source: IREI FundTracker

Funds currently marketing by property type (#)



Source: IREI FundTracker

Funds currently marketing by property type (\$b)



Source: IREI FundTracker

from the IREI NEWS CLOUD

- The \$48 billion Los Angeles County Employees Retirement Association has posted an RFP for a real estate consultant.
- Partners Group raises \$850 million for senior secured debt investments.
- Brookfield Financial Partners announced the final close of the Brookwood U.S. Real Estate Fund with \$233 million in direct and co-investment equity raised.
- Unite Group raises £306 million for student accommodation fund (ALLISS).
- London Central Portfolio held a final close for its apartment fund with £100 million (\$155.6 million) in equity commitments.
- AXA IM has launched the AXA WF Global Flexible Property fund, which will focus on long-term return opportunities of direct property.
- Landmark Partners has announced the \$1.6 billion final close of its Landmark Real Estate Fund VII, exceeding its \$1 billion target.
- New income-generating real estate fund to be launched in KSA.
- Prudential Real Estate Investors raises \$629 million for Senior Housing Partners, exceeding \$500 million target.
- To view 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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