

FUNDTRACKER TRENDWATCH

Emerging funds a study in contrasts

Target sizes range from \$40 million to \$2 billion

Conventional wisdom holds that emerging fund managers have a much harder time raising capital than established managers do. The numbers pulled from FundTracker, however, indicate that emerging funds launched

since 2013 have had about the same success as non-emerging funds launched during that time.

Most of the managers defined as emerging for this report have a limited track record (three or fewer funds closed), though a few are on the list because they are a small firm or minority owned.

Using this definition, FundTracker found that 44, or 8 percent, of the total 559 funds launched 2013–YTD 2015

were sponsored by emerging managers. Those 44 funds targeted \$14.9 billion and have so far raised \$9.5 billion, or 64 percent of their goal.

Fourteen of the 44 funds (32 percent) launched since 2013 have closed, with the average closing time coming in at 12 months.

These numbers compare favorably with the general market. All funds launched 2013–YTD

2015 have a total target of \$307.0 billion, and have raised \$198.2 billion, or 65 percent of that target. Of the 515 funds from established managers, 154 (30 percent) have closed. And they took an average of 12 months to reach that point — exactly the same amount of time as the emerging funds that have closed.

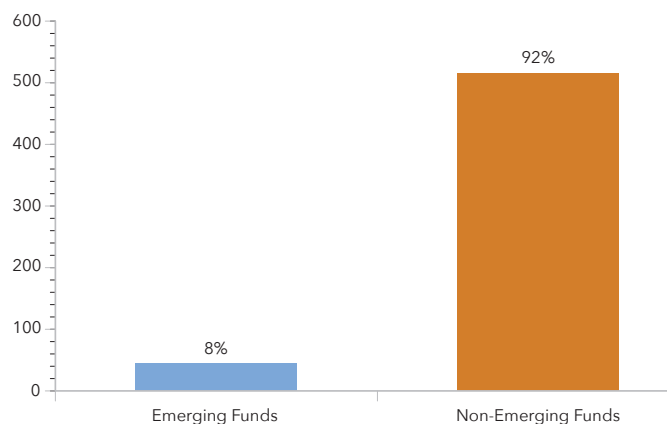
The primary difference between emerging and established funds (at least those launched since 2013) is not the amount of time it takes to close, nor is it the percentage that manage to close. It is the size.

The average target size for emerging managers was \$351 million, with the average amount raised coming in at \$308 million. The average size of the 14 closed funds was \$467.1 million. Only two emerging managers targeted and raised more than \$1 billion — Tristan Capital Partners and Kildare Partners — and Tristan probably should no longer be considered emerging.

The average target size for established managers was \$645 million, with the average amount raised so far per fund being \$493 million. The average size of the 154 closed funds was \$843.4 million. A total of 40 closed funds have raised more than \$1 billion, with Blackstone Real Estate Partners VIII raising \$15 billion.

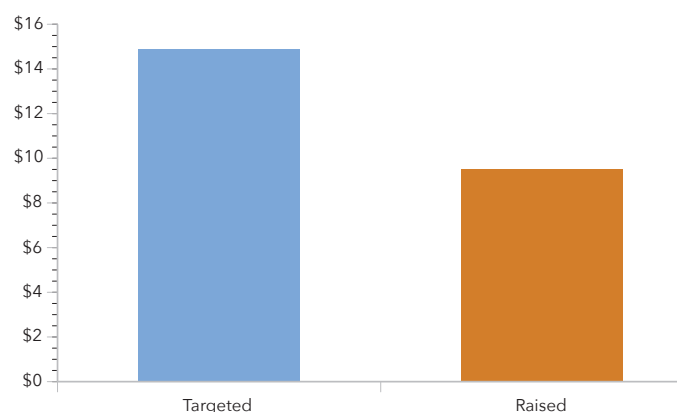
- 8 percent of funds launched since 2013 can be classified as emerging
- Average non-emerging target is nearly 87 percent larger than emerging fund target

Real estate funds launched 2013–2015



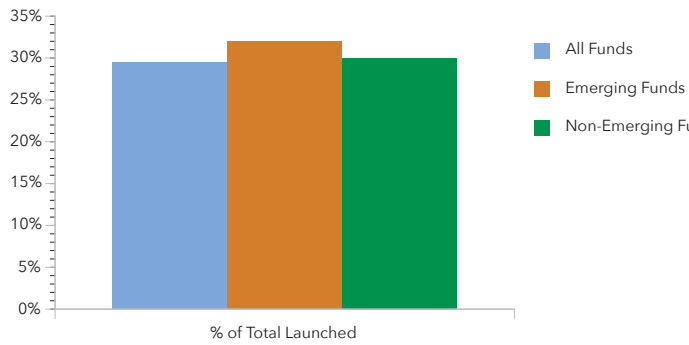
Source: IREI FundTracker

Emerging funds total capital 2013–2015 (\$B)



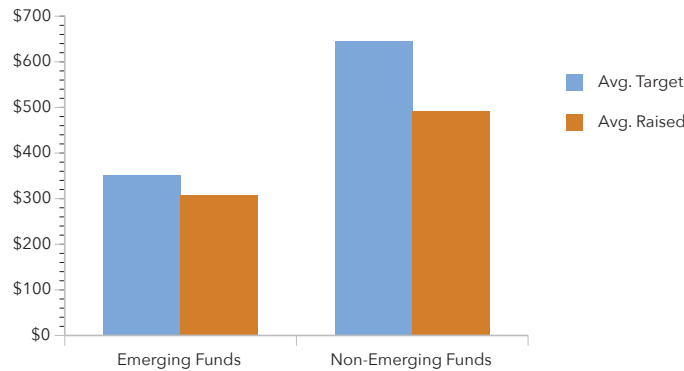
Source: IREI FundTracker

Percent of funds launched 2013-2015 that closed



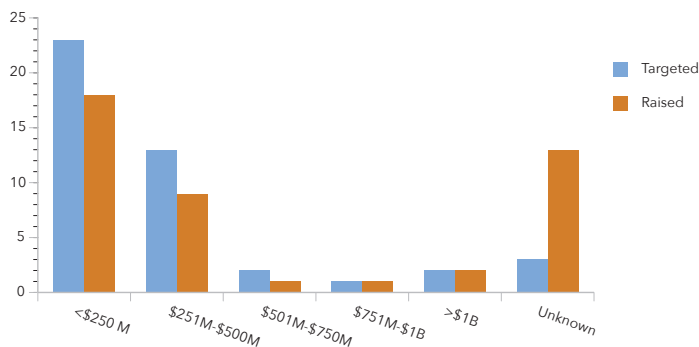
Source: IREI FundTracker

Average targeted vs. average raised 2013-2015 (\$B)



Source: IREI FundTracker

Range of emerging funds' capital expectations



Source: IREI FundTracker

from the IREI NEWS CLOUD

- Morgan Stanley Real Estate Investing has raised approximately \$1.7 billion for North Haven Real Estate Fund VIII Global and related co-investment vehicles.
- TIAA-CREF has closed its TIAA-CREF Global Agriculture II, raising \$3 billion in equity, which exceeded its initial fundraising target of \$2.5 billion.
- Momentum Africa Real Estate Fund held a second close of \$103 million on July 31
- Encore Capital Management has held a final close of \$450 million for Rescore Property Corp.
- The Haverhill (Mass.) Retirement System is searching for a value-add/opportunistic real estate manager to handle a mandate of up to \$6 million
- The Teachers' Retirement System of Louisiana has committed \$50 million to Rockpoint Real Estate Fund V.
- The Hawaii Employees' Retirement System has committed up to \$40 million to Cabot Industrial Core Fund.
- The Texas Municipal Retirement System has committed a total of \$783 million to several real estate funds.

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.

FUNDTRACKER TRENDWATCH

A report by Institutional Real Estate, Inc.

www.irei.com

Author: Sheila Hopkins

For IREI FundTracker database subscription information, please contact Cynthia Kudren, c.kudren@irei.com, +1 917-620-4666

Institutional Real Estate FundTracker TrendWatch is published by Institutional Real Estate, Inc. 48 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.

© 2015 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.