

FUNDTRACKER TRENDWATCH

Infrastructure fundraising times creep up

Average fund closing time still less than 2012 peak

The average time for infrastructure private equity funds to be on offer from start to finish began falling in 2012, reaching a low of 15.6 months in 2015. That year, the trimmed mean, which drops the top and bottom

5 percent, was even lower at 14.1 months, with the median coming in at a remarkable 12.0 months. 2016 saw this trend reverse, and we began wondering if we were seeing the beginning of a new trend, where closing times were increasing. 2017 data does nothing to dispel that concern, as marketing times do, indeed, seem to be creeping up.

Infrastructure funds reaching a final close in 2017 had been fundraising for an average of

17.5 months. (One European-focused fund that took 103 months to reach its goal was dropped from the analysis because it was such an outlier.) That absolute average falls to 17.3 months when using a trimmed mean, while the median falls a bit further to 16.0 months. Funds closing in 2017 took longer to close than any year since 2012, when it took an average of 18.8 months to close.

The extension of average fundraising time likely reflects the difficulty managers face in finding appropriate deals. Investors see no reason to commit additional capital when current allocations have not yet been called.

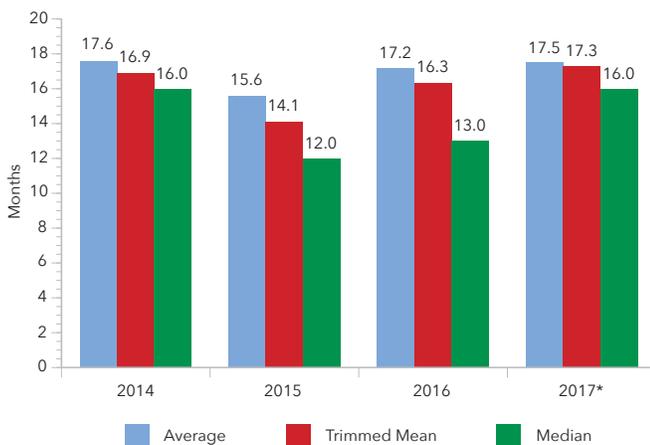
Some of the blame for longer closing averages can also be put at the feet of debt funds. Although they are gaining a lot of attention, they are taking significantly longer than equity funds to close. The average equity fund reached its final closing in about 17.0 months last year, while the average debt fund took 24.5 months.

As a group, the fastest-closing 2017 funds were North American focused, averaging 11.8 months from start to finish. The quickest-closing individual funds, however, were led by two European-based funds — the \$3.8 billion EQT Infrastructure Fund III and the iCON Infrastructure Partners IV, which both were on the market for just three months. Paradoxically, the two funds that took the longest to close were also European-based.

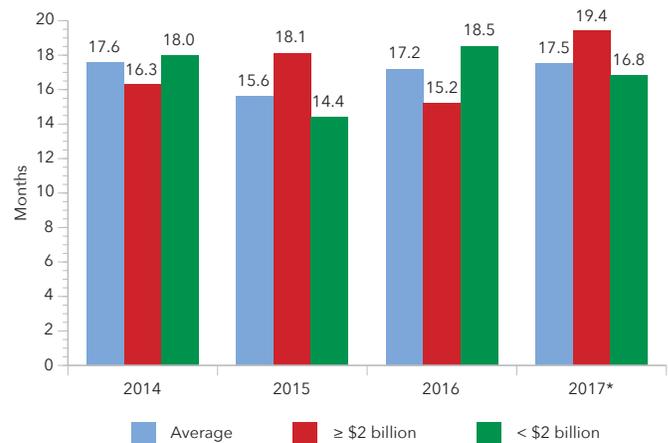
The average 29-month close time for 2017 Asia Pacific funds is misleading because only one fund in that category closed. Many investors access this region via global funds, and that group averaged just 15.7 months on offer.

- Average fundraising closing times have risen to 17.5 months
- North American funds closed faster than others, on average
- Debt funds took significantly longer

Average time in the market for closed funds



Average time in the market for closed funds by size



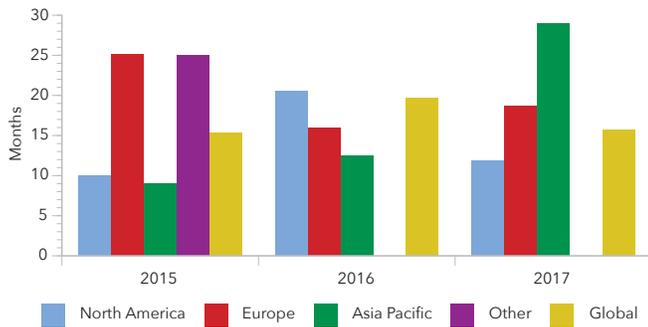
Source: IREI FundTracker

*A fund that took 103 months to close was not included

Source: IREI FundTracker

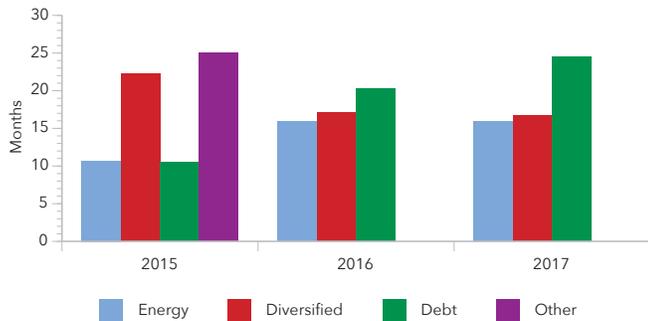
*A fund that took 103 months to close was not included

Average time in market by region



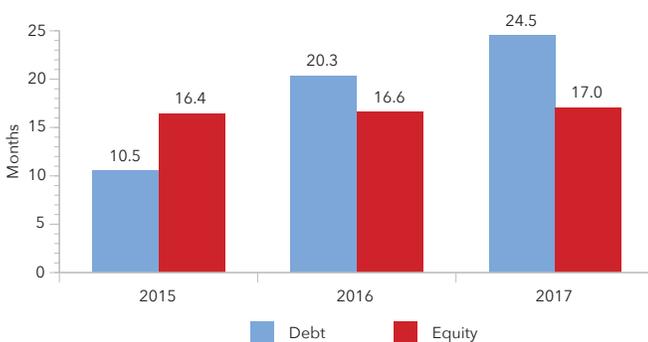
Source: IREI FundTracker

Average time in market by property focus



Source: IREI FundTracker

Average time in market: debt vs. equity



Source: IREI FundTracker

from the Infrastructure News Page

- ▶ The \$11.2 billion [Montana Board of Investments](#) has committed a total of \$95 million to three energy investment vehicles, Denham International Power Fund, managed by Denham Capital; White Deer Energy Fund III, managed by White Deer Energy; and Trilantic Energy Partners II, managed by Trilantic Capital Partners.
- ▶ Governor of [Massachusetts](#) Charlie Baker announced that 86 projects are eligible to receive \$610.5 million in 2 percent interest-rate loans to fund construction and planning projects designed to improve water quality, upgrade or replace aging drinking water and wastewater infrastructure and cut treatment plant energy use and costs.
- ▶ [Orion Energy Partners](#) has closed Orion Energy Credit Opportunities Fund II, which was oversubscribed with commitments totaling \$816 million, exceeding the target fund size of \$750 million.
- ▶ [CDPO Infra](#) and partners have officially launched a \$6.3 billion infrastructure project to build a light rail transit system, Réseau Express Métropolitain (REM), which will link downtown Montréal to the surrounding region and airport.
- ▶ The shareholders of Italian railways group Italo have accepted a €1.98 billion (\$2.4 billion) takeover offer by [Global Infrastructure Partners III](#), a fund managed by Global Infrastructure Partners (GIP).

To view the latest real estate, infrastructure and real assets headlines, go to the [Infrastructure News Page](#).

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. 24 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.

© 2018 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.