

## Q3/19 first look

### Downward trend continues

Third quarter 2019 saw real estate investment funds continue the downward trend of recent fundraising, which has been on a decline over the past few quarters, according to preliminary numbers from the FundTracker database.

- 16 funds had final closings in third quarter 2019
- Q3 fundraising totaled \$14.38 billion
- 2019 fund size average has climbed to \$1.45 billion

Early numbers show the slight decline in fund closings is taking a more dramatic downturn with approximately 16 funds closing in third quarter 2019, compared to 23 funds in second quarter 2019 and 28 in first quarter 2019.

Looking back to the first two quarters of 2019, things seemed promising. First quarter 2019 saw a decrease in fund closings with 28 funds closing, but, they raised a whopping \$63.62 billion with the majority of that total going to two mega-funds from Blackstone and Brookfield Asset Management.

Second quarter saw a substantial decrease in fundraising volume with \$19.04 billion, compared to second quarter 2018's fundraising volume of \$27.13 billion. Total fundraising volume for third quarter, \$14.38 billion, is the lowest it has been since third quarter 2013 at \$8.1 billion. That fundraising volume is less than half of third quarter 2018's fundraising volume of \$36.96 billion.

The fund with the largest fundraising volume for Q3 2019 was Henderson Park Capital Partners' Henderson Park Real Estate Fund, which raised approximately \$2.2 billion.

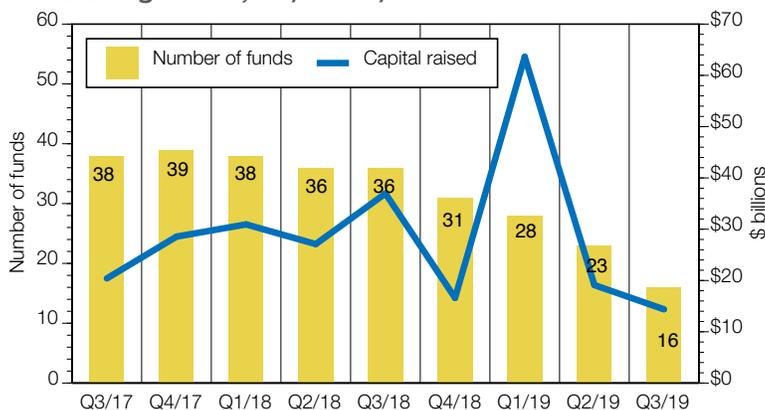
The second-largest fund to close in third quarter 2019 was Ares Management's Ares European Real Estate Fund V, which raised approximately \$1.97 billion. The third-largest fund to close in third quarter 2019 was Bain Capital's Bain Capital Real Estate Fund I, which raised approximately \$1.52 billion.

Despite fund closing numbers being low, fund size is trending upward. Looking at the size of funds closed in the first three quarters, we see the 2017 and 2018 average fund sizes coming in at \$634.6 million and \$793.8 million, respectively, while the 2019 average has climbed to \$1.45 billion, thanks to the mega-funds mentioned previously.

The third quarter 2019 totals will likely change as additional fund closings are announced and more data is collected in the coming weeks, but, as stated last year, few funds are closing compared to previous years and we may be looking at a looming downturn. It will be interesting to watch as the rest of the year unfolds.

— Denise DeChaine

Fundraising trends, Q3/17-Q3/19



Source: IREI FundTracker; \*preliminary data

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](mailto:k.palma@irei.com), +1 925-244-0500, ext. 136.

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