

Average mega-fund size continues to grow While average time on offer remains stable

- Average time in market stands at 17.3 months
- Non-mega funds raised \$411 million each, on average
- Mega-funds typically close faster than others

Real estate investment has been relatively stable during the past couple of years. While there are pockets of bubble-like activity, in general, the asset class has been calm and predictable. That investment calmness can be seen in the length of time it is taking closed-end funds to reach a final close.

After several years of yo-yoing timeframes, the industry appears to have settled into expecting funds to close in about 17 months, give or take a couple of weeks.

The largest delta between funds that closed in 2019 and those that closed in 2018 can be found in the non-mega fund category (i.e., those funds that raised less than \$1 billion).

At the end of 2018, the average non-mega fund reaching final closing was on offer about 16.8

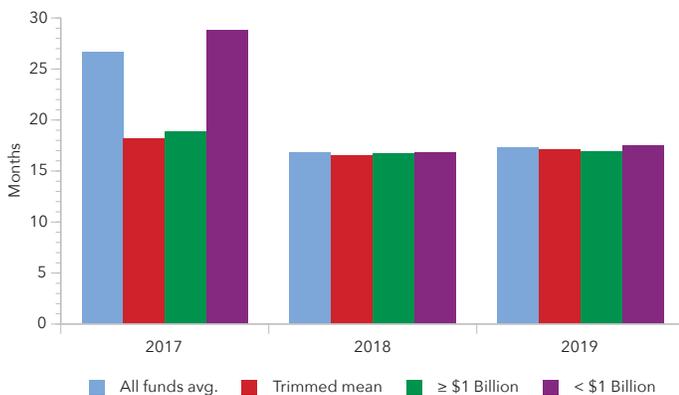
months. In 2019, this same fund took 17.5 months to close — so about three weeks longer.

The all-funds trimmed mean, which drops the top and bottom outliers, shows funds in 2018 took 16.5 months to reach their targets compared with the 17.1 months recorded in 2019. Again, just a couple of weeks difference.

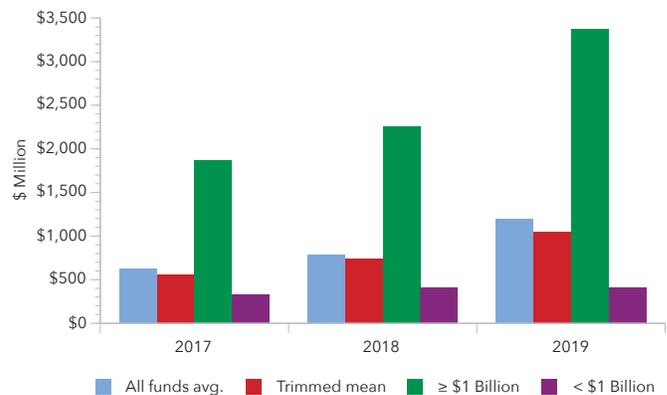
Turning to the average size of funds, it is obvious that not only do mega-funds continue to tower over non-mega funds, but they are increasing the delta between the two subcategories. The average mega-fund now closes with \$3.37 billion, while the non-mega fund raises an average of \$410.92 million. We often point out that the mega-fund average is skewed by one huge fund, but when there is one huge fund closing each year, it stops being an outlier and becomes a trend that should be expected. ❖

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Average time to reach final closing by fund size



Average mega-fund size vs. non-mega fund size



Source: IREI FundTracker

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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