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# Private Debt Intelligence – 6/26/2017

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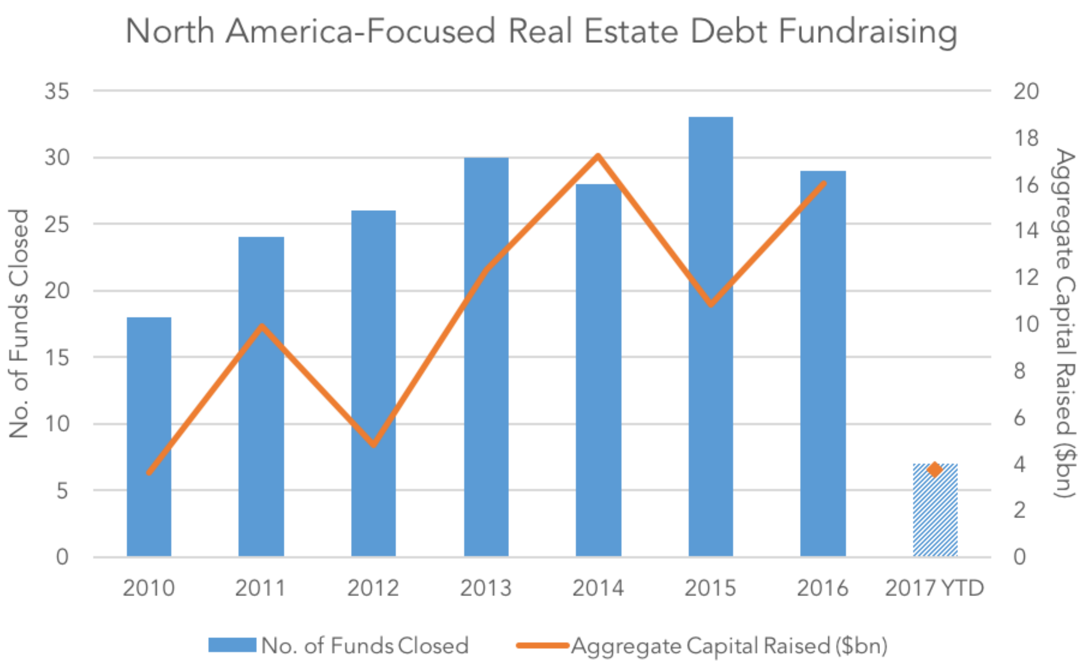
**North America Real Estate Debt**

## Chart

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Closed-end private debt fund servicing the real estate market have grown in prominence in recent years, as investors seek to participate in a sector which offers an attractive risk/return profile, and strong overall performance. The bulk of this activity has been focused on North America, but 2017 does not look set to equal the strong levels of fundraising seen in recent years. Fundraising has faltered in the first half of the year, and debt funds make up a smaller proportion of total fundraising than at any time in the past five years.

Overall, 195 North America-focused real estate debt funds have closed since 2010, raising a combined $78bn from investors. The largest part of this capital was raised in 2014, which saw a record $17bn raised by 28 funds that reached a final close. 2015 saw 33 funds close, a record, and 2016 also saw robust activity, with 29 funds raising $16bn. However, activity in 2017 YTD has not matched this pace: just seven funds have closed so far focusing on the region, and they represent an aggregate $4bn in investor commitments. If activity does not accelerate in the second half of the year, the sector will be on course for its lowest fundraising year since 2012.

This is mirrored by real estate debt's prominence in the market as a whole. Debt funds close so far in 2017 account for just 10% of total capital raised for real estate in North America. This is down from 17% in 2015, and 15% in 2016, and is lower than in any full year since 2010. This may be due to the large influx of capital to the sector over the past few years: dry powder levels currently stand at $30bn, up sharply from $18bn at the end of 2015, and investors may be looking to fund managers to begin deploying capital into investment opportunities before making further commitments.

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