

## Private Capital Industry in Australia Reaches A\$81bn

**Australia-based private equity and real estate industries see robust growth, accounting for more than two-thirds (67%) of private capital assets under management held in the country**

Preqin research into the alternative assets industry in Australia finds that the private capital industry – made up of private equity and venture capital, real estate, private debt, infrastructure and natural resources – stands at a total of A\$81bn, the seventh largest in the world. The private real estate industry is the largest segment of Australia-based private capital, having seen a period of sharp growth since the Global Financial Crisis (GFC). Total AUM has grown from A\$2.6bn at the end of 2009 to A\$15bn in 2013, before doubling to A\$31bn as of December 2015. The majority (55%) of real estate assets are held in lower risk core and core-plus vehicles, more than the combined AUM held in higher risk value added (11%) and opportunistic (30%) funds.

The private equity market in Australia has also seen strong growth in the last decade, with combined industry assets under management almost quadrupling from A\$6.5bn at the end of 2005 to reach A\$24bn as of December 2015. The vast majority of this total is held in unrealised value (71%, A\$17bn), with just A\$6.8bn held in unspent capital. In terms of strategy, the buyout industry is far larger than any other, accounting for three-quarters (A\$18bn) of the total AUM, surpassing that of venture capital (A\$3.4bn), growth (A\$0.8bn) and funds of funds (A\$1.5bn).

### Other Key Private Capital Fundraising and Deals in Australia Facts:

- **Real Estate Deals:** Office (39%) and retail (36%) assets together account for three-quarters of Australian private equity real estate deals. However, retail assets complete for much smaller sizes while **office assets account for over two-thirds (69%) of the aggregate deal value.**
- **Venture Capital Deals:** There have been 530 venture capital financings in Australia since 2006 worth an aggregate A\$2.9bn, however the market has expanded recently; **2015 saw record deal flow surpassing 100 deals (104) for the first time**, while the combined transaction value reached an all-time high of A\$842mn.
- **Buyout Transactions:** Private equity-backed buyout deal flow has recovered since the crisis, and **reached a post-GFC record in 2015 with A\$17.6bn worth of deals announced or completed.** Since 2006, buyout deals in Australia have represented 15% of Asia-Pacific deal activity with 650 buyouts worth A\$82bn.
- **Real Estate Fundraising:** In terms of funds closed, **2015 marked a record year for private equity real estate fundraising as 16 vehicles secured an aggregate A\$1.8bn.** Fundraising momentum is set to continue with 10 funds currently in market seeking a record A\$2.5bn of investor capital.
- **Private Equity Fundraising:** 2015 marked a post GFC fundraising record for Australia-based private equity and venture capital fundraising; **15 vehicles secured A\$4bn of investor capital, significantly up on 2014 when 12 funds raised A\$1.1bn.** In 2016 YTD six funds have secured A\$1.6bn of capital commitments.

**To access further information and analysis, please see the full report below:**

<https://www.preqin.com/docs/reports/Preqin-Insight-Alternative-Assets-in-Australia-October-2016.pdf>

### Comment:

“The sheer size and sophistication of the alternative assets industry within Australia places the country as one of the global leaders in the space: the hedge fund industry is fourth largest globally, and private capital seventh largest. A rapidly developing and evolving private capital sphere plays a key role in the industry and, as such, the growth of markets such as private equity and real estate point towards an increased awareness of the Australian industry.

Other asset classes are also important and sizeable elements of the Australian alternatives market; the unlisted infrastructure industry, for example, is the largest among its peers in the Asia-Pacific region and surpasses that of managers in Canada. Meanwhile, global investors are becoming increasingly aware of the natural resources market in Australia and firms hold considerable sums of dry powder compared to other Asia-Pacific countries.”

**Mark O'Hare – Chief Executive, Preqin**

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**Note to Editors:**

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

**About Preqin:**

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: [www.preqin.com](http://www.preqin.com)

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