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Kayne Anderson Closes Largest Fund

Kayne Anderson Real Estate Advisors, a private-equity firm that focuses on medical office buildings, student housing and senior housing, has closed its largest fund, with more than \$1 billion in commitments.

Kayne Anderson began fundraising for its fourth real-estate fund in September. The relatively quick closing underscores a trend in the private equity fundraising world: small and midsize players that focus on specific asset classes are having an easier time raising money than those with a more general approach.

Institutional investors are "consolidating" the number of funds that they are joining, said Al Rabil, chief executive of Kayne Anderson Real Estate.

"They don't want 100 different portfolio managers," he said.

Student housing, medical office buildings and senior housing have been among the top-performing property types in recent years. Mr. Rabil predicted that about 40% of the new fund would be invested each in medical office and senior housing and 15% to 20% in student housing.

"In student housing, the vast inflow of capital and maturing of the sector has reached the point that it's become more difficult to find low hanging fruit," he said.

The fund already has made a purchase: a portfolio of three medical office buildings in Skokie, Ill., whose anchor tenant is North Shore University Health System. Mr. Rabil predicted the new fund would invest one third of its money in 2015.

Mr. Rabil said about half of the investors in the fund are institutions and the other half are wealthy families and individuals.