

Starwood Real Estate Income Trust Acquires 4,618 Unit Multifamily Affordable Housing Portfolio in Mid- Atlantic and Sun Belt Markets



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Starwood Real Estate Income Trust, Inc. →

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MIAMI, Nov. 2, 2020 /PRNewswire/ -- Starwood Real Estate Income Trust, Inc. ("SREIT"), a non-traded REIT managed by Starwood REIT Advisors, L.L.C., a subsidiary of Starwood Capital Group ("Starwood Capital"), announced today the acquisition of two affordable housing portfolios with a combined 4,618 units located in 32 communities. With this acquisition, controlled affiliates of Starwood Capital, which include SREIT and other Starwood Capital-sponsored investment vehicles, own or are under contract to purchase more than 34,000 affordable housing units across the country, making the Starwood entities collectively a top three owner of such units in the United States. Terms of the transactions were not disclosed.

The acquired portfolios are 99% occupied and offer affordable options for renters in attractive Mid Atlantic and Sun Belt markets. The portfolio's high-quality garden-style residential units feature top-tier amenities, including swimming pools, clubhouses, playgrounds, fitness centers and laundry facilities.

Washington, D.C. and Jacksonville, which together make up 57% of the acquired portfolios, have each experienced population growth that is double that of the United States over the past ten years. Washington, D.C. has a stable government and military employment base, while also benefiting from the recent influx of high paying tech (e.g., Amazon HQ2) and finance jobs. Jacksonville has experienced robust employment growth over the past five years, with a 16% increase in employment vs. a national average of 9% over that same time period. Looking forward, both markets are projected to significantly outpace the U.S. average in population growth. Other key markets within the portfolios include Raleigh, Charlotte, and Nashville, which all rank in the top 10 for projected five-year population growth, with estimates doubling that of the U.S. Additionally, over the next five years, these markets are projected to average annual income growth of 2.9%, which is 1.2% higher than the US projected income growth over the same time period.

"These transactions are an extension of SREIT's successful investments in the affordable multifamily housing sector, providing us with a unique opportunity to acquire high-quality, well-located assets in scale," said Mark Keatley, Managing Director at Starwood Capital. "These investments have good downside protection provided by highly occupied properties with in-place rents that are 26% below comparable market-rate apartment rents, thus generating strong and dependable cash flow. Furthermore, these portfolios are well positioned to deliver attractive risk-adjusted returns given the persistent supply/demand imbalance for high-quality affordable housing, and we see long-term benefit for residents across the country in maintaining the sustainability of affordable housing. We are pleased to add these residential communities to the SREIT portfolio and intend to continue to invest in the affordable housing sector."

"Our experience with both affordable and market rate multifamily properties in these markets allowed us to underwrite and execute these transactions quickly and efficiently," added Andrew Coren, Senior Vice President at Starwood Capital. "These portfolios provide substantial and defensive in-place cash yields, illustrated by stable performance and collections through COVID-19. The affordable housing sector has significant barriers to entry and these acquisitions also possess high growth potential based on demographic trends in these markets."

As of September 30, 2020, the SREIT portfolio has a total asset value of \$4.3 billion across 106 properties.

About Starwood Real Estate Income Trust

Starwood Real Estate Income Trust, Inc. is a perpetual-life, monthly NAV REIT that directly invests in high quality, stabilized, income-producing real estate. SREIT is managed by Starwood REIT Advisors L.L.C., a subsidiary of Starwood Capital Group.

For more information, please visit our website at www.starwoodnav.reit.

About Starwood Capital Group

Starwood Capital Group is a private investment firm with a core focus on global real estate, energy infrastructure and oil & gas. The Firm and its affiliates maintain 16 offices in seven countries around the world, and currently have approximately 4,000 employees. Since its inception in 1991, Starwood Capital Group has raised \$45 billion of equity capital, and currently has in excess of \$60 billion of assets under management. The Firm has invested in virtually every category of real estate on a global basis, opportunistically shifting asset classes, geographies and positions in the capital stack as it perceives risk/reward dynamics to be evolving. Over the past 29 years, Starwood Capital Group and its affiliates have successfully executed an investment strategy that involves building enterprises in both the private and public markets. Additional information can be found at starwoodcapital.com.

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