

Starwood REIT Closes on \$1.4 Billion in Transactions

Starwood Real Estate Income Trust Inc, a publicly registered non-traded real estate investment trust sponsored by Starwood Capital Group, reported that last month, it “closed on two investments totaling \$1.4 billion of purchase price and \$691 million of invested equity,” according to a filing with the Securities and Exchange Commission.

The REIT purchased a 46 percent stake in the Extended Stay Portfolio, a REIT that owns and manages nearly 25,000 extended stay units across the southeastern and southwestern United States. The company said that the “properties operate similar to shorter-lease multifamily assets due to average length of stays around 100 days.” The investment was financed 55 percent loan to purchase price.

Starwood REIT also purchased, in an off-market transaction, the Blue Multifamily Portfolio, a four-asset, 1,164-unit portfolio located in Orlando, Tampa and San Antonio with an average vintage of 2015. The portfolio was financed with a 55 percent loan to purchase price, 10-year fixed-rate agency loan.

“Starwood Capital’s ability to source and underwrite off-market opportunities globally and invest throughout the capital stack remains a competitive advantage. Examples over the last 30 days alone include us investing almost \$1 billion total of equity in the 51 percent loan-to-value [Crown Resorts Loan](#) and the Extended Stay Portfolio,” the company said in the filing.

Residential and industrial assets represent approximately 83 percent of Starwood REIT’s real estate portfolio, which it deems “the two best performing asset classes in the U.S.

today.”

The company owns approximately 68,000 multifamily units across the Southeast and Southwest that are approximately 96 percent occupied. In July, the blended (new and renewal) rent growth across the portfolio continued to increase to 14.4 percent from 13.6 percent in June – the highest levels of rent growth the company has seen in 40+ years, the company said in the filing.

The company’s industrial portfolio totals approximately 22.6 million square feet and is 98 percent occupied. Year-to-date 2022, the portfolio has achieved 25 percent actual rent increases over expiring leases. These conditions are being driven primarily by growth in e-commerce and higher inventory levels, the REIT said.

Starwood REIT also expects that 100 percent of 2022 distributions will be categorized as return of capital, similar to 2020 and 2021.

In other company news, the SEC [recently declared](#) Starwood REIT’s \$18 billion follow-on offering effective.

Starwood Real Estate Income Trust invests in stabilized real estate across the United States and Europe and launched its initial \$5 billion offering in December 2017 and raised approximately \$3.9 billion from investors before closing in June 2021. The first follow-on offering, comprised of \$10 billion in shares, launched immediately afterward and raised approximately \$8 billion as of mid-July 2022. As of July 31, 2022, Starwood REIT’s portfolio was comprised of \$25.9 billion in real estate assets and \$1.9 billion real estate debt.

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