

Starwood Real Estate Income Trust Acquires Mixed Use Property in Durham, NC



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Starwood Real Estate Income Trust, Inc. →

Dec 12, 2019, 08:30 ET

MIAMI, Dec. 12, 2019 /PRNewswire/ -- Starwood Real Estate Income Trust, Inc. ("SREIT"), a non-traded REIT managed by Starwood Capital Group, announced today the acquisition of Exchange on Erwin, a Class A, high-quality mixed use property totaling 265 multifamily units and 96,949 RSF of commercial space in Durham, NC. The property was acquired through an off-market transaction for approximately \$111 million, excluding closing costs, from an affiliate of Ram Realty Advisors ("Ram"). The multifamily property was recently completed in 2018 and the commercial property, consisting primarily of medical office space, was completed in 2007.

The property benefits from its prime location directly across the street from Duke University, which is the largest employer in the Raleigh-Durham market, with nearly 40,000 employees. This provides its tenants with exceptional access to the University Health System buildings, including its world-renowned hospital. A substantial portion of the multifamily units are leased to Duke University graduate students and the medical office space is 100% leased to various Duke University medical tenants. The Exchange on Erwin multifamily units were 99% occupied and the commercial space was 95% leased as of the acquisition date, resulting in overall occupancy of 98%.

In addition to its location directly adjacent to Duke University, Exchange on Erwin is near world-class medical facilities, within a strong biotech and innovation hub, and just 15 minutes from Research Triangle Park, which has 22.5 million sq ft. of office space and is home to 55,000 employees.

"We like Exchange on Erwin because it is uniquely positioned to benefit from a significant demand driver in Duke University that has been in-place for more than 125 years and continues to expand and strengthen," said Mark Keatley, Managing Director of Acquisitions, Starwood Capital Group. "We believe this asset will allow SREIT to achieve strong, risk-adjusted cash yields from reliable and sustainable tenancy tied to the educational institution and healthcare industries."

"Exchange on Erwin is another example of SREIT acquiring high-quality real estate in its targeted high-growth markets, which are benefitting from strong population and job growth," said John McCarthy, CEO and President of SREIT. "SREIT focuses on markets with strong growth dynamics because they drive occupancies, rents, and values upward."

Exchange on Erwin was originally acquired by Ram in November 2015 on behalf of Ram Realty Partners III LP. Immediately following the acquisition, Ram designed, permitted and developed the 265 multifamily units as part of its strategy to create a vibrant mixed-use project. "We acquired Exchange on Erwin largely as a result of our conviction about the quality of the location and the opportunity to improve the asset," said Casey Cummings, CEO of Ram. "We are pleased that an institution like Starwood Capital Group believes as strongly in the property as we did when we launched our value-add strategy."

"The sale of a high-quality property is always bittersweet but we are confident that SREIT will continue to be a good steward of the asset."

Ram has been active in the Raleigh-Durham-Chapel Hill market since 1999 and has several active projects in development and renovation throughout the region.

CBRE | Raleigh's Howard Jenkins and Ben Kilgore as well as CBRE's Kevin Kempf and Mike Burkard represented Ram in the transaction.

As of November 30, 2019, the SREIT portfolio has an estimated total asset value of \$1.98 billion across 70 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 across the United States and Europe. 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 15 offices in six countries around the world, and currently have approximately 4,000 employees. Since its inception in 1991, Starwood Capital Group has raised over \$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 28 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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