

Southeast Multi-Family Portfolio Set to Trade

Starwood Capital is poised to buy the bulk of a \$1.1 billion apartment portfolio in the Southeast from a partnership between **PGIM Real Estate** and **Carroll Organization**.

The Miami Beach-based shop has agreed to purchase nine garden-style properties with 3,441 units in North Carolina and South Florida. An unidentified buyer is set acquire three additional properties with 680 units near Charleston, S.C. Both transactions are slated to close Nov. 17.

The deals value the properties at just under \$270,000/unit, which pegs Starwood's purchase at more than \$900 million. It's buying six properties with 2,291 units in the Raleigh-Durham area and three properties totaling 1,150 units in South Florida. **Newmark** brokered the Florida deal. It's unclear whether PGIM and Carroll used a broker for the properties in the Carolinas.

The deals highlight strong investor appetite for massive apartment trades, fueled by low interest rates and strong fundamentals in the sector.

Starwood has been among the most prolific buyers and sellers of apartment properties this year. Starwood Real Estate Income Trust, the shop's nontraded REIT, closed last week on a \$3.65 billion acquisition of 15,460 units from **Strata Equity** of San Diego. The deal, valued at \$236,000/unit, encompassed 62 properties in 27 markets across 10 states, concentrated in the Southeast. Based on \$145.6 million of net operating income, Starwood's initial annual yield is just under 4%.

PGIM and Carroll acquired the properties being sold via three transactions in 2018.

The South Florida properties were part of a four-property portfolio purchased in April 2018 for \$338.8 million, or \$210,000/unit. The seller was a partnership among **Goldman Sachs**,

Greystar Real Estate Partners and **Ivanhoe Cambridge**.

Carroll purchased the South Carolina properties that August from **JRK Property Holdings** for \$106 million, or \$156,000/unit. The Raleigh-Durham properties were part of a 2,883-unit portfolio PGIM and Carroll purchased that November for \$407.5 million, or \$141,000/unit, from **Lone Star Funds**.

M. Patrick Carroll, founder and chief executive of Carroll, said the properties were purchased as part of the firm's workforce housing value-added strategy, which aims to acquire properties in high-growth markets. The firm invested nearly \$22 million across the portfolio to renovate interiors. But investors were told a buyer could continue to boost cash-flow with more upgrades to some apartments and common areas. ❖

PGIM Real Estate/Carroll Organization Portfolio

| NORTH CAROLINA | | | |
|------------------------|---|-------|-------|
| Property | Address | Built | Units |
| Arium Lake Johnson | 3201 Walnut Creek Parkway, Raleigh | 1986 | 576 |
| Arium Lake Lynn | 650 Lake Front Drive, Raleigh | 1986 | 423 |
| Arium Weston | 1000 Henrico Lane, Morrisville | 2001 | 380 |
| Arium Kildaire | 2600 Harvest Creek Place, Cary | 2000 | 332 |
| Arium Trailwood | 3004 Dorner Circle, Raleigh | 1982 | 302 |
| Arium Southpoint | 5140 Copper Ridge Drive, Durham | 1997 | 278 |
| SOUTH CAROLINA | | | |
| Property | Address | Built | Units |
| Arium St. Ives | 7930 St. Ives Road, North Charleston | 1986 | 248 |
| Arium Mount Pleasant | 1054 Anna Knapp Boulevard, Mount Pleasant | 1983 | 240 |
| Arium North Charleston | 2225 Greenridge Road, North Charleston | 1986 | 192 |
| SOUTH FLORIDA | | | |
| Property | Address | Built | Units |
| Centro at Davie | 2750 SW 73rd Way, Davie | 1989 | 494 |
| Arium Boca Raton | 6925 Town Harbour Boulevard, Boca Raton | 1986 | 392 |
| Arium Boynton Beach | 10206 Stonehenge Circle, Boynton Beach | 2001 | 264 |

REAL ESTATE ALERT: November 16, 2021

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