

Nontraded REIT Industry Review: First Quarter 2023

Top Line Assessment of the Nontraded REIT Industry – First Quarter 2023

Capital raised by nontraded REITs during Q1 2023 totaled an estimated \$7.09 billion, including DRIP proceeds and including \$5.78 billion in sales by Blackstone REIT. This was 34.0% more than the Q4 2022 nontraded REIT total capital raise of \$5.29 billion. Annual capital raised by the industry in the last two years was approximately six times higher than the average capital raised by the industry since 1990. In 2021, the industry had raised \$35.65 billion, the highest capital raise in any year in the industry's history. In 2022, capital raise by the industry accounted for \$35.0 billion, just 1.9% lower than in 2021. There were 17 nontraded REITs that raised capital during Q1 2023, the same number as in Q4 2022.

Blackstone REIT led the sector with \$5.78 billion in capital raise in Q1 2023 for a 81.6% market share, having raised an estimated total of \$75.00 billion since inception. JLL Income Property Trust was next at \$284.5 million for a 4.0% share. FS Credit Real Estate Income Trust, Inc. was third with \$269.1 million raised in their offering and a 3.8% market share. Starwood REIT was fourth with \$200.0 million. Hines Global Income Trust was fifth at \$126.1 million and Ares Industrial REIT was sixth, raising \$103.8 million. Combined, all 11 other NTRs raising capital totaled just \$321.5 million, 4.54% of the industry total.

Altogether, the active nontraded REITs in Q1 2023 had raised a total of \$130.6 billion in their public offerings, including DRIP proceeds, since inception.

There were no full-cycle events by nontraded REITs in Q1 2023. Two NTR full-cycle events occurred after March 31, 2023. The common shares of Peakstone Realty Trust (formerly Griffin Realty Trust) were listed on the New York Stock Exchange and began trading on April 14, 2023. On April 28, 2023, KBS Realty Trust II made a final liquidating distribution of \$0.734 per share of common stock. For details on these events see "Terminating Events in Q1 2023" in this report.

Nontraded REIT Property Acquisitions

The number of property acquisitions by nontraded REITs that were active in the first quarter of 2023 totaling 55 properties was up from the Q4 2022 total of 39. The dollar value decreased from \$1.03 billion in Q4 2022 to \$0.655 billion in Q1 2023. The top six nontraded REITs in Q1 2023 acquisitions accounted for 94.2% of the dollar value of all acquisitions in the sector, with Blackstone REIT's acquisitions accounting for 69.7% and Strategic Storage Trust VI acquisitions accounting for 8.3% of the industry total. All nontraded REITs had \$4.66 billion in cash on their

balance sheets as of March 31, 2023, to help fund future acquisitions and redemptions, compared to \$3.92 billion as of December 31, 2022, and among open REITs this total was \$3.38 billion as of March 31, 2023, up from \$2.80 billion in cash among the open REITs as of December 31, 2022. Blue Vault does not include acquisitions and dispositions of debt or equity securities investments in these totals.

The Six Most Active Nontraded REITs in Value of Real Property Acquisitions During Q1 2023 Were:

	Number	\$ Millions
Blackstone Real Estate Income Trust, Inc.	3	\$457.3
Strategic Storage Trust VI, Inc.	4	\$54.3
Ares Industrial Real Estate Income Trust Inc.	1	\$49.6
Healthcare Trust, Inc.	5	\$25.4
Ares Real Estate Income Trust Inc.	1	\$17.4
MacKenzie Realty Capital, Inc.	2	\$13.9

Nontraded REIT Property Dispositions

Property dispositions for all nontraded REITs totaled \$1.63 billion for Q1 2023, an increase from the \$1.08 billion in Q4 2022. A total of seven nontraded REITs recorded 213 real property dispositions in Q1 2023 compared to the five nontraded REITs that reported 40 dispositions in Q4 2022. The most active REIT, in terms of dispositions, CIM Real Estate Finance Trust accounted for 47.8% of the industry's dollar value total in Q1 2023. CIM Real Estate Finance Trust made 152 dispositions for a total of \$781.2 million. Blackstone REIT made 52 dispositions for a total of \$774.9 million, 47.4% of the industry total. Ares Real Estate Income Trust had 1 disposition totaling \$53.7 million, 3.3% of the total.

The Most Active Nontraded REITs in Value of Real Property Dispositions During Q1 2023 Were:

	Number	\$ Millions
CIM Real Estate Finance Trust, Inc.	152	\$ 781.2
Blackstone Real Estate Income Trust, Inc.	52	\$ 774.9
Ares Real Estate Income Trust Inc.	1	\$ 53.7
Sila Realty Trust, Inc.	1	\$ 12.5
American Healthcare REIT, Inc.	1	\$ 7.7
Starwood Real Estate Income Trust, Inc.	5	\$ 1.8