

## REAL ESTATE CADRE

# Real estate startup Cadre rakes in more than \$300 million from sales of three apartment complexes

By REY MASHAYEKHI

**L**ed by a prodigious millennial founder, financially backed by both Kushner brothers, and deploying a sophisticated tech platform, real estate tech startup Cadre has garnered ample attention in recent years.

The company has promised to “democratize” the clubby, cordoned-off world of commercial real estate investing through a crowdfunding platform enabling investors to participate in property acquisitions for as little as \$25,000 each. To date, more than 30,000 people have opened accounts on Cadre’s network, which has invested roughly \$3.5 billion in more than 40 properties across the U.S.

In recent years, Cadre has looked to return the fruits of those investments to its backers. Two years ago, it hit a milestone of \$100 million returned to its investors after selling a pair of multifamily apartment complexes in the Chicago and Atlanta suburbs, as *Fortune* first reported at the time.

Now, the startup is continuing to deliver windfalls with the sale of three other multifamily properties in the Orlando, Houston, and Washington, D.C., metropolitan areas for a combined price of roughly \$312 million, *Fortune* has learned.

The three assets in question are the Solis at Winter Park, a 596-unit complex near Orlando; the Trails portfolio, consisting of two properties with a combined 810 units in the Houston area; and the Crestleigh Apartments, a 389-unit property in the Washington, D.C. suburbs. Cadre acquired the properties separately within the last five years for around \$207 million combined. The company did not disclose the buyers of the assets.

With total gross proceeds of \$105 million from the three divestments, Cadre says the sales are expected to return more than \$95 million in capital

to its investors and produce a net internal rate of return (net IRR) exceeding 17%. Coupled with four other properties that Cadre has previously sold on its platform, the new sales will see Cadre’s overall returns to its investors exceed \$180 million to date, according to the startup.

Cadre co-founder and CEO Ryan Williams pointed to the Orlando property sale, in particular, as the “single largest real estate property ever bought, managed, and sold digitally,” he told *Fortune*. While Cadre generally looks to purchase, invest in, and hold the properties it acquires for a four-to-seven-year period, he said that an exceptionally frothy multifamily market drove the startup to unload the Orlando and Houston assets—both of which it acquired in 2018—earlier than it had anticipated.

“Both of those deals we sold prior to the hold period, given the demand we saw for multifamily broadly,” Williams said. He pointed to Cadre’s in-house data analytics capabilities—frequently cited by the startup as one of its key tech-driven advantages—as having identified how rental demand was being “driven off of the crazy spikes in [prices for] single-family homes,” with many residents choosing to renew their leases “instead of graduating from renting to buying.” Cadre received “some really aggressive offers to sell these properties” after deciding to sell them earlier this year, Williams added.

The 33-year-old Williams founded Cadre in 2014 after stints at Goldman Sachs and private equity firm Blackstone. But he initially entered the world of real estate investing while studying at Harvard University in the midst of the Great Recession, when he and a few classmates teamed up to purchase, renovate, and rent out single-family homes in the Atlanta area.

In its early days, Cadre received a huge boost in the form of backing from both Jared and Josh Kushner, both of whom are widely acknowledged

as co-founders of the startup. Josh Kushner invested in Cadre through his venture firm Thrive Capital, while Jared Kushner played a key advisory role in helping Williams launch and grow the business. Both Kushner brothers remain invested in the startup—though Cadre has insisted that Jared Kushner has had no operational role in the business since he joined former President Trump’s administration as a senior advisor.

But while the Kushners’ involvement has drawn attention to Cadre, Williams has focused on growing the platform and making it more accessible to individual investors. Cadre recently lowered its minimum investment barrier to \$25,000 (from \$50,000 previously), and recently launched a new \$400 million investment fund that received financial backing from Williams’ alma mater.

Williams said the new fund is “more than halfway” to reaching its \$400 million fundraising goal, and will continue to focus on Cadre’s “bread-and-butter” of investing in multifamily properties in “high-growth” metropolitan markets. Cadre is also increasingly eyeing opportunities to acquire and develop industrial logistics properties and life sciences facilities, both of which are seeing heightened demand, he added.

With commercial real estate property values continuing to escalate and yields difficult to come by, Williams acknowledges that Cadre has to be “incredibly selective” in its investments. He says the company pursues fewer than 2% of the property deals that it comes across, “recognizing that you can’t just buy anything and see 25% returns.”

But with the startup having survived a rocky period during the pandemic that forced it to lay-off staff and recalibrate its strategy “from offense to defense,” in Williams’ words, Cadre is now refocusing on growth. “The goal is to roll out more and more properties, and reach more and more people,” he said.