

Lightstone Launches \$500 Million Distressed Real Estate Investment Fund

Firm Targets Multifamily, Industrial and Hospitality Properties, But Not Office



Lightstone Group, which has developed properties including 130 William St. in lower Manhattan, has unveiled a \$500 million fund to offer capital across the multifamily, industrial and hospitality sectors. (Andria Cheng/CoStar)

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Lightstone Group, which has a \$9 billion commercial real estate portfolio across industrial, life science and other property types, has unveiled a \$500 million fund to capitalize on the fact that trillions of dollars in property debt are maturing in the coming years.

The New York firm's move comes as high interest rates have seized up deals, spurring some developers and private equity investors to take advantage of what they have described as market dislocation.

For instance, developer RXR and investment giant Ares Management said in January they are [working together on a joint venture](#) with an initial \$500 million investment to purchase New York's distressed office properties. Private equity giant Blackstone, meanwhile, [has said](#) it's a good time to be a commercial real estate mortgage lender as banks have cut back on limiting their exposure to the sector.

Among its investment focuses, Lightstone's new fund seeks properties that have "impaired" equity or credit positions, the company said Monday in a statement. It plans to offer new capital for future projects or help structure stalled developments.

Lightstone said it favors large portfolio investments ranging between \$20 million to \$100 million. While avoiding the office sector altogether, the firm, [known for projects](#) such as the [130 William St.](#) luxury condominium development in lower Manhattan, said the fund will target properties across the multifamily, industrial and hospitality sectors nationwide. Its investments will be made in different forms, such as direct lending, preferred equity, or buying an equity stake.

"With market reports indicating that as much as \$2.2 trillion in commercial real estate debt could mature by 2027, we see tremendous opportunity in this new venture to fill voids in the capital stack," Lightstone President Mitchell Hochberg said in the statement. "Lightstone's expertise as both an owner and lender will allow us to leverage our unique capabilities to creatively structure investments to meet complex capital requirements. Beyond that, as a private company, our fully discretionary capital provides both speed and flexibility that will prove to be invaluable to our counterparties."

Lightstone, founded by David Lichtenstein, said it's "active" in 26 states across the country. Its portfolio of 209 existing properties spans 13 million square feet, with about 25,000 residential units and 5,100 hotel keys. It has under development \$3.5 billion in residential and hospitality sectors across New York, Los Angeles and Miami.

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