

CASE STUDY: AWH PARTNERS

Riding the wave of market opportunity with CrowdStreet

THE CHALLENGE: PIVOTING TO EXCEL IN A SHIFTING COMPETITIVE LANDSCAPE

When AWH Partners opened its doors in 2010, the company leveraged its opportunity to shine with major developments in the hospitality CRE space. They invested between \$50M - \$200M per deal, many of which were all-cash and quick to close due to the economic realities of the time. The company's founders, hailing from The Blackstone Group and The Related Companies, were primed for success in working with institutional lenders.

As Co-Founder and Managing Partner Chad Cooley explains, "Moving quickly in a big way requires institutional capital. The market influenced the nature of capital we acquired and our comfort level in that world made it attainable."

As the years passed, however, they noticed a distinct change in market opportunity.

"Today, there's a lot of institutional capital that's chasing large deals via big, marketed processes," said Cooley. "Groups have built a business model around investing huge amounts of capital on an ongoing basis. That's not us. We're opportunistic; we're looking for the value buy."

Thus, in 2018, AWH expanded its search to deals in the \$30 - \$50M range that were "below the institutional radar," Cooley continues. "Now, our competitors are smaller groups with less access to capital."

It was time to identify new revenue streams. As the company turned toward its friends-and-family network, they also turned their eye toward syndication. CrowdStreet was a natural fit.

THE RESULTS: WELCOMING NEW INVESTORS TO THE TABLE

AWH's first deal on the CrowdStreet marketplace, the High Peaks Resort in Lake Placid, NY, closed in July 2018 with \$2.3M raised. The process brought nearly 70 brand new investors to the table for the company, whose entire investor portfolio hovered just under 40 before the CrowdStreet offering. At press time, AWH had a second offering in progress on the marketplace with almost 50 investors involved to-date.

 **AWH Partners**


"There's no one doing it like CrowdStreet. They are unquestionably the best operator in the space. That will accrue very much to our advantage in the future."

Chad Cooley
Co-Founder and Managing
Partner

“We’re able to attract a different class of investors at a far lower cost on CrowdStreet, absolutely no question,” he says. “With institutional investors, approval is a binary ‘yes’ or ‘no.’ In the online fundraising scenario, you need to get enough people to make \$25,000 or \$50,000 decisions. When we’re able to tie up a deal based on our own underwriting, and our thought processes, we like those odds.”

The company also enjoys the autonomy of fundraising on the platform. “We have more control over our business plan, the execution, financing, and sales. There’s far less latitude with institutional partners. They write the biggest checks, and they take the vast majority of control over major decisions.”

THE BONUS: LEADING THE INDUSTRY, HAND-IN-HAND WITH CROWDSTREET

The growth in investor base is a trajectory Cooley expects will continue. “If we’re closing in on 200 investors today, we want to be at 2,000 in the near future. Customer acquisition is expensive, and the channels for doing that are not so obvious, even for guys like us sitting here in New York with institutional backgrounds. Online fundraising is a terrific development in the world of CRE fundraising. We are going to make the most of it.”

The company will also leverage CrowdStreet Connect, an investment management tool platform that will allow AWH to scale in style. “Our community of investors is doubling or tripling out of the gate. It’s time to move from the dark ages to 21st-century technology.”

As for the future, Cooley says, “It’s the market opportunity that led us down this path, but we like where it’s taken us. Now that we’re in the space, we recognize it as an easier way to do business.”

“Plus, we love working with CrowdStreet. Their execution and project quality are a cut above the rest. The team has an amazing feel on investments, picking the right deals. That reputation has reverberated throughout the real estate investment community.”

“We believe online fundraising will democratize the ability to invest in real estate, both for investors and sponsors. We want to be a leader in the space and we feel CrowdStreet is unquestionably positioned to be the frontrunner. They aren’t just doing this for just the next deal or the next buck. They are committed to the long-term success of the platform.”

ABOUT AWH PARTNERS, LLC



AWH Partners is a privately held real estate investment firm formed by alumni of The Blackstone Group and The Related Companies. Since 2010, AWH and its principals, Russ Flicker, Jon Rosenfeld and Chad Cooley, have amassed a portfolio in excess of \$1 billion. AWH owns Spire Hospitality, a top-tier national hospitality platform formed in 1980, and AWH Development, a full-service real estate development company, which collectively provide AWH with complete vertical integration in the hospitality investment space.

INFO@CROWDSTREET.COM

621 SW MORRISON ST, SUITE 400
PORTLAND, OR 97205
888.432.7693

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