



RESIDENTIAL CONTINENTAL EUROPE GLOBAL

Winter in Miami: Corestate founder builds luxury resi empire from Sunshine State

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German-born Ralph Winter is planning to invest \$700m-\$1bn in US residential in the next 12 months



What Ralph Winter is investing in the US on behalf of European investors through a partnership between his family office and his new Swiss-headquartered firm

Why European investors are looking to diversify their portfolios amid low cap rates and interest rates

What next Winter is planning to invest \$700m-\$1bn in US residential in the next 12 months

Every summer, German-born Ralph Winter, the founder of Corestate Capital, spends time in Kitzbühel, in the Austrian Alps, where he enjoys the cool weather. But today, home is in Miami, after moving his family from Switzerland a few years ago to start building a residential property empire.

Winter, who describes himself as a serial entrepreneur, founded Corestate Capital in 2006 after leaving US private equity firm Cerberus – and was at the helm of the Frankfurt-listed firm for a decade. Since passing on the reins of the investment manager in 2016 and selling his last batch of shares in December 2019, he has been pursuing opportunities across both sides of the Atlantic.

His family office, W5 Group, which Winter founded in Switzerland in 2009, started to invest in US residential real estate three years ago. It has since allocated almost \$1bn of the family's money to the asset class. In 2018, Winter appointed Raphael Sidelsky, a seasoned US real estate investor, as chief investment officer to help him run the business.



The Retreat East project in Orlando is a 602-bed student housing development

W5 Group's portfolio includes assets in Washington DC, close to Union market, Orlando, Miami's Wynwood neighbourhood and Brooklyn, New York. Winter notes, however, that projects are more difficult to implement in New York because of the regulations.

"The first two years, we were only in Miami during winter and it was great. I looked more and more into the real estate sector and we decided to stay for good," Winter recalls. "I had my real estate experience and looked for the right people to start investing my own money and my family's money. Now our team is assembled, with offices in Miami, Washington DC and New York."

In the next 12 months, W5 Group plans to invest an additional \$700m-\$1bn of capital into US residential with the backing of European investors.

Earlier this month, the family office and Winter's new Switzerland-based firm 777 Capital Partners, announced a [partnership](#), which will allow Winter to invest capital from European pension funds but also wealthy families that have a big real estate business in Europe but not yet in the US.

Triple threat

Winter launched 777 Capital Partners, which is based in Baar-Zug, together with former Corestate CIO Thomas Landschreiber, in October 2020.

With 777 Capital Partners, Winter can now tap European investors looking to invest in residential in the US's Sun Belt region to take advantage of higher yields and stronger growth potential while benefiting from a lower risk profile.

Through the partnership, W5 Group will continue to focus on innovative forms of living that meet the modern demands of emerging generations and socio-demographic change. That includes sustainable building technology, common areas, innovative layouts, additional services and, in some cases, flexible rental agreements.



W5 Group invests in innovative living with a strong focus on common areas

“There is more and more demand from European investors for US real estate and their biggest issue is to know who they can

partner up with,” Winter tells *React News*. “We are doing business in the US and have a great network of institutional investors and high-net-worth individuals in Europe so that’s why we set up this partnership. European investors have to diversify today because of the low cap rates and the negative interest rates so they want to be able to access that US market that fits their long-term investment horizon.”

Connected living

W5 Group mainly focuses on residential projects in Texas and Florida.

“The luxury market in these areas has become huge,” says Winter. “If you look at the Miami area, prices for villas have nearly doubled. There is so much demand from private individuals.”



The luxury market is booming in Florida, with villa prices surging in Miami

The partnership’s first US project is a residential complex with 320 smart-living apartments being built in Orlando, Florida. The development features a wellness-style pool deck, a fitness and wellness centre, as well as co-working space including child

and pet care. The first units will be completed and leased this year.

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RALPH WINTER

“How people live today compared to five years ago – and how they will live in the next 10-50 years is a fascinating topic,” Winter adds. “You have many more amenities in the US compared to Europe. You have everything available in a building. Every multifamily asset that we own has a very active community programme. We connect tenants to each other.”

European pipeline

Even though 777 Capital Partners’ European pipeline is about three times smaller than the company’s US pipeline, the company recently bought living and commercial development projects in Berlin-Mitte and Greater Nuremberg [for about €100m](#) on its own balance sheet.

The 5,700 sq m (61,355 sq ft) micro-living residential development in Berlin-Mitte is valued at about €65m. The building permit for the project has been obtained and completion is scheduled for the end of 2022. A 20-year lease for a daycare centre has been agreed with the City of Berlin.

The 11,000 sq m retail centre in Sulzbach-Rosenberg, 50km east of Nuremberg, will be completed in Q1 2022. The preletting rate is almost 80%, with some contracts of up to 15 years. Anchor tenants include Edeka and Netto supermarkets, Müller drugstore chain as well as a textile discounter.



The micro-living residential development in Berlin-Mitte

The company, which is led by Landschreiber in Europe, has also identified further opportunities in the luxury residential sector, which Winter describes as a safe bet. Europe's luxury market isn't as developed as the US's but Winter and Landschreiber intend to be first movers, like they were with student housing when they held the reins of Corestate.

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“You have an upcoming luxury market in Germany now, which hasn't yet really been touched by institutional or professional investors because it is fragmented,” Winter explains. “That is what we are focusing on right now. Even in Austria, if you take places like Kitzbühel, you have very strong demand for luxury projects but not enough supply because the market was never commercialised professionally. You can easily build houses and sell them for €15-20m.”



Demand for luxury projects is very strong in Kitzbühel, Austria

Debt financing is another of Winter and Landschreiber's bets and 777 Capital Partners has already secured five clients. Frankfurt-based [777 Financial Advisors](#) will offer real estate financing and structuring advice across sectors and strategies, including financing of land acquisitions, bridge loans, mezzanine and whole-loan financing.

"In the US, it is pretty normal to have a debt advisor. In Germany it did not use to be the norm because investors were directly dealing with banks. But this has changed. You have to go to five or six lenders now and it requires more negotiations. Even so, you still need access to private debt but there aren't so many players. That's why we started our debt advisory business and I think it will be very successful."