

Blackstone Has Now Refunded 90% of Redemption Requests by Investors



In ongoing news in the Blackstone Real Estate Investment Trust (BREIT) saga, the investment giant recently told GlobeSt that it has now paid out a total of \$7.5 billion to its investors. Blackstone notes that this means: “An investor that has been submitting repurchase requests since November 30th when proration began has received approximately 90% of their money back.”

Redemption Requests

BREIT first started limiting withdrawals in November 2022 in response to a surge of redemption requests from investors. At the time, they stated that investors had pushed up against existing withdrawal limits that allowed 2% of assets to be redeemed by clients per month, and a maximum of 5% in a quarter.

The requests came from investors nervous about leaving funds in real estate as interest rates climbed toward the end of last year. The move to limit withdrawals led some experts to speculate that Blackstone could end up in a spiral of selling assets to meet redemptions if they couldn't regain the trust of investors.

Hitting the Limits

Despite the amount that's now been paid out, withdrawals are still hitting up against BREIT's built-in limits in 2023. A recent report from Barron's notes that the redemption requests incoming in Q2 means that the fund is already down to the last 1% of its 5% quarterly limit as of the start of June.

Barron's adds, however, that redemption requests in May were “down slightly from the \$4.5 billion in April” and lower than the peak of \$5.3 billion seen in January.

“Working as Intended”

Despite ongoing pressure from investors, BREIT notes that their “semi-liquid structure is working as intended,” adding that the structure is designed to “both prevent a liquidity mismatch and maximize long-term shareholder value.”

They added that their portfolio is in a strong position in terms of the commercial real estate (CRE) assets being held, which are primarily apartments and warehouses.

Quoted in GlobeSt, Blackstone's President, Jon Gray, noted that the REIT has outperformed competitors since its inception by “triple the public REIT index,” adding: “The portfolio positioning, that what's matters, and then as that performance shows up, as markets become a little less volatile, then I think you'll see a resumption of more positive flows.”