Goodwin Insights: REIT Alert

Update: Further Trends in REIT M+A (2019–2021)

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In 2018, we released our advisory alert "Trends in Public REIT M&A: 2012–2017" chronicling select metrics across the 50+ REIT M&A transactions announced during the 2012–2017 period.[1] We updated the sample set and findings in our 2019 update alert to account for an additional 15 transactions announced during 2018. From January 2019 through March 15, 2021, a further 32 REIT M&A transactions have been announced with an aggregate transaction value of approximately $60 billion. We are pleased to share in this article our findings with respect to the terms of the most recent set of transactions, in addition to our thoughts on the outlook for REIT and Real Estate sector M&A in 2021 and beyond.

1 The alert was included with other essential Goodwin thought leadership in our May 2018 digital flipbook "REIT Insights From Goodwin," accessible here

Selected Data of the 32 New Reit M&A Transactions Announced Since January 1, 2019

28 (87%)	were public-to-public transactions
4 (13%)	were go-private transactions
18 (56%)	involved the acquisition of non-exchange traded public REITs
16 (52%)	were related-party transactions, involving the acquisition of a REIT by its sponsor or other affiliated entity[2]
28.5%	was the average premium (and 23.2% the median premium) to unaffected share price for the 14 transactions involving publicly-traded targets, with a high of 63% and a low of 14.2%
7 (22%)	provided for all-cash consideration
21 (66%)	provided for all-stock consideration
4 (12%)	provided for mixed cash and stock consideration
26 (81%)	generally permitted continued payment by target of regular periodic dividends to stockholders through closing
6 (19%)	restricted payment of any further dividends by target (5 of which were all-cash deals)
10 (31%)	included an affirmative "go-shop" provision (typically between 30-45 days)
5 (23%)	of the 22 deals that did not include a go-shop included a two-tier termination fee structure whereby a substantially lower fee was payable during an initial "window-shop" period
1.7%	of target equity value was the average, and 1.5% was the median, first-tier termination fee to be applicable during any go-shop or window-shop period, with a high of 3.5% and a low of 1.0%
3.0%	of target equity value was the average and median of final or single company termination fees, with a high of 5.6% and low of 1.0%
10 (31%)	limited target's remedies to a "reverse breakup fee" if buyer failed to close
6 (23%)	of the 26 deals announced prior to December 2020 have either been terminated or renegotiated prior to closing

A full listing of the reviewed transactions is included at the end of this article.[3]

Key Takeaways

- **Impact of COVID-19**. As in most other market sectors, REIT M&A activity came to a screeching halt in March 2020 as the COVID-19 pandemic took hold in the United States. A large number of REITs across certain sectors effectively went into survival mode during the second and third quarters of 2020 and new deal activity paused entirely from March 1, 2020 through August 1, 2020.[4] While M&A activity has rebounded significantly in past months across the broader market,[5] activity in the public REIT space has remained muted to date. Since August 1, 2020, a total of 14 new REIT transactions

2 This does not include the joint acquisition of Extended Stay America, Inc. by affiliates of Blackstone Real Estate Group and Starwood Capital, announced on March 15, 2021, though we note that Starwood already owns a nearly 10% interest in Extended Stay and that Blackstone has previously owned all or parts of Extended Stay in unrelated transactions.

3 Goodwin Procter LLP played a role in a number of the surveyed transactions. No nonpublic information about any of these transactions has been used in writing this alert.

4 This excludes various asset-level and financing transactions effected by numerous REITs during this period to preserve liquidity and value where possible.

5 Particularly active sectors in this regard included technology, life sciences, media and entertainment, financial services and power and utilities. See https://www.ey.com/en_gl/news/2020/12/conditions-ripe-for-already-resilient-m-and-a-activity-to-accelerate-in-2021-and-beyond.

have been announced, with ten of these involving multi-company rollup transactions of non-traded REITs by a common manager or sponsor (see below), and another involving a company that had announced a sale transaction prior to the onset of the pandemic only to find another acquiror after its pre-pandemic transaction was terminated. In fact, the last transactions to be completed in the ordinary course between unrelated parties involving a public equity REIT target were those first announced in Fall 2019. Simon's acquisition of Taubman, announced in February 2020, was litigated in a high-profile dispute and ultimately renegotiated (see below), and Front Yard Residential's sale to Amherst Residential, also announced in February 2020, was terminated and restructured. COVID-19's impact on REIT M&A activity has taken several different forms, including:

- First and foremost, the global economic shutdown and prolonged stay-at-home orders in many markets have wreaked havoc on valuations of certain commercial real estate sectors. With precedent transaction data points no longer necessarily informative, traditional would-be buyers and sellers of assets have struggled to come to agreement on post-pandemic valuations.
- At the same time, even at the height of the pandemic when share prices were at their lowest, REIT boards and management teams did not simply discard their existing long-term business plans. This patience and perseverance is now being rewarded as share prices in most out-of-favor sectors slowly revert towards pre-pandemic levels.
- The COVID-19 pandemic accelerated pre-existing secular trends in the REIT sector. For example, the retail and CBD office sectors were experiencing changes in demand fundamentals pre-pandemic, which was only exacerbated by the global economic shutdown. Conversely, sectors tied to growing areas such as e-commerce and the technology-based economy, such as logistics/industrial, data center and tower REITs were strong performers pre-COVID-19 and this continued through the pandemic.
- While the pandemic has significantly impacted global economies and markets, COVID-19 largely has not precipitated a liquidity crisis such as the one that occurred during the global financial crisis. On the contrary, the continued availability of liquidity has allowed most public REITs to "ride out the storm," extend maturities and avoid rushed capital transactions or asset sales during the crisis.

- **The New Uncertainty of Closing**. An economic crisis always brings with it a number of failed or restructured deals and the havoc wreaked by the COVID-19 pandemic has not been different in this regard. While "certainty of close" is the inviolable mantra of every public REIT target, the past year has shown that even the most securely-drafted deals are vulnerable to challenge and unraveling in uncertain times. We learned first-hand during the past year how a global pandemic can trigger a wave of buyer's remorse, particularly where target businesses are severely impacted or entirely shut down. While REITs were by no means the only affected sector,[6] numerous REIT transactions were either abandoned, terminated and litigated, and/or renegotiated in the wake of the pandemic, including:

  - Simon Property's all-stock acquisition of Taubman Centers, announced in February 2020. In June 2020, Simon terminated the merger agreement, alleging that Taubman had suffered a "material adverse effect" and breached its obligation to operate its business in the ordinary course, and filed a complaint in Michigan state court seeking a declaratory judgment that its termination was valid.[7]

6 E.g., Tiffany & Co. and LVMH Moët Hennessy-Louis Vuitton; BorgWarner Inc. and Delphi Technologies PLC.
7 Simon Property Group, Inc. v. Taubman Centers, Inc., No. 2020-181675-CB (Mich. Cir.).

The parties ultimately agreed to renegotiate the deal at a meaningfully lower price per share, and the transaction closed in late December 2020.

- Front Yard Residential's all-cash acquisition by Amherst Residential, announced in February 2020. On May 4, 2020, Front Yard announced that the parties had agreed to terminate the merger agreement and had entered into a settlement agreement, pursuant to which Amherst would pay a $25 million termination fee to Front Yard, purchase $55 million in newly-issued shares of Front Yard common stock and also provide a $20 million committed two-year unsecured loan facility to Front Yard.[8] In October 2020, Front Yard announced a new go-private transaction with funds controlled by Pretium and Ares, which closed in January 2021.
- Condor Hospitality's all-cash acquisition by NexPoint Hospitality Trust. This transaction was first announced in July 2019 and approved by Condor shareholders in December 2019. After months of unexplained delays, Condor announced its termination of the merger agreement in September 2020, alleging failure to close and material breach of the agreement by NexPoint. The parties settled in October 2020 in exchange for termination fee payments by NexPoint totaling $7 million.

The lessons from these and other cases is, counterintuitively, that the words of the contract matter, except that sometimes — in extraordinary times — negotiating leverage and the overall economic context may matter more. In Taubman's case for example, in the original February 2020 merger agreement, counsel wisely included a specific carveout for the effect of "pandemics" in the definition of "material adverse effect." When shortly thereafter the COVID-19 pandemic severely affected the mall sector, including Taubman, Simon still insisted that an MAE had occurred and that Taubman was not protected by the explicit carveout in the MAE definition.[9] Similarly, both Front Yard's and Condor's merger agreements provided for payment by acquiror of a higher termination fee for buyer's failure to close, but ultimately the parties abandoned the transactions and settled for substantially lower amounts than the agreed upon termination fee.

All REIT M&A agreements contain a covenant governing the interim operation of the business between signing and closing. Although there may be variations in formula, the intent is to ensure that target continues to operate its business in the "ordinary course," which is generally taken to mean in a fiscally prudent way in a manner that preserves the goodwill of the business with stockholders, lenders, tenants, regulators, and other relevant constituents. Practitioners may quibble over whether the obligation should be to the "best efforts" standard or "commercially reasonable efforts" standard and will generally negotiate exceptions to these covenants for certain customary corporate actions — but the basic premise of the standard is an assumption that the blueprint for the global economy will not be entirely rewritten in a matter of weeks. In the words of Delaware's Vice Chancellor Laster:

"The real question is whether an ordinary course covenant means ordinary course on a clear day or ordinary course based on the hand you're dealt. In other words, if you have flooding, is it the ordinary course of what you do consistent with past practice when you are in a flood, or is it ordinary course on a clear day when there hasn't been any rain? Here, we obviously have a colossal and viral-based rainstorm."[10]

In the first flush of the national economic shutdown, and remembering the liquidity crisis triggered by the global financial crisis of 2007–2008, many REITs

8 The press release quoted Amherst's CEO as saying that the "unprecedented global health crisis has made the integration of the organizations too operationally complex and uncertain at this time." https://www.globenewswire.com/news-release/2020/05/04/2026659/0/en/Front-Yard-Residential-Announces-Termination-of-Merger-Agreement-with-Amherst-and-Provides-Business-Update.html.

9 See also Sycamore Partners III, L.P. et al. v. L Brands, Inc., No. 2020-0306 (Delaware Court of Chancery), where the acquiror argued that target was not excused for severely curtailing its retail apparel business during the pandemic, even if the merger agreement contained an explicit carveout for actions required by applicable law, regulations or government orders.

10 AB Stable VIII LLC v. MAPS Hotels and Resorts One LLC, 2020-0310-JTL (Del. Ch.).

drew down significant chunks of available borrowing under their senior credit facilities. Drawing down hundreds of millions of dollars in cash just to sit on the balance sheet is hardly an "ordinary course" incurrence of indebtedness for a public REIT (e.g., as argued by Simon), but it still may have been the fiscally prudent things to do in the first half of 2020 (e.g., as argued by Taubman). Similarly, laying off employees, closing malls and office buildings, restricting access to properties — none of these are "ordinary course" activities, but they still may have been the appropriate commercial response to the pandemic and, in the case of closures of malls and office buildings, were often mandated by local government regulations. Some of the settlements and renegotiations we have seen are essentially admissions by both targets and would-be acquirors that the facts on the ground can sometimes change suddenly and drastically, beyond the ability of most target companies to foresee.

Practitioners have already begun adjusting to this new reality. The majority of M&A contracts entered into since the advent of the pandemic have explicit language and carveouts addressing COVID-19, its future variants, the effect it or they may have on target's business, and the ability of targets to manage their business in the face of changing governmental rules and regulations. There are typically permissive clauses that allow target, without buyer's consent, to take such steps as reasonably prudent to respond to crises occasioned by the current or a future pandemic. As always, the clearer an understanding at the outset of the agreed allocation of risk between buyer and seller, the less likely it is that unforeseen future events will derail the deal. Nevertheless, COVID-19 and its aftereffects have demonstrated that even the most tightly drafted provisions and agreements can falter under the weight of an entirely new economic reality.

- **Consolidation among NTRs**. Continuing the trend we noted in our 2019 update article, of the 40 REIT transactions announced since June 1, 2018, just over half (51%) involved the combination of companies externally managed by the same sponsor/advisor. There are likely both strategic and practical reasons for this trend. Strategically, combinations of similarly-focused companies in the non-traded REIT space under the same management team can signal a desire for rationalizing and streamlining operations and advisory fees ahead of significant financing transactions, further growth opportunities, and possible liquidity events. Practically, especially in light of current market conditions, the G&A cost of running multiple "sister" platforms in a largely retail investor market that has cooled off for many historical issuers of equity NTR REITs may no longer be tenable in many circumstances. A number of the acquired companies in these combination transactions have been third- or fourth-iteration sister REITs that were never able to raise capital in critical mass as the markets shifted under them.

From a process standpoint, we note that these multi-combination transactions among related parties obviously present conflicts of interest concerns, since all the relevant companies share overlapping management teams and often directors as well. The tried-and-true way of navigating these deals is for each company, both buy-side and sell-side, to establish its own special committee of independent directors, advised by its own independent counsel and financial adviser(s), to negotiate and approve all material transaction terms. While multiple special committees, law firms, and financial advisers may make for a more complex and highly choreographed process, the end result is a less-conflicted, more robust process leading to an outcome in which all stockholders can have greater confidence.

Go-shop provisions are also common in these transactions since the buyer party is typically managed by the same persons who manage target. Even though, as above, an independent financial adviser would typically render a fairness opinion to target's special committee in advance of signing, a post-signing external market check is still an objectively helpful way to further validate the inside bid. Moreover, while a multi-company rollup series of transactions by a sponsor is intended to create a single combined portfolio and balance sheet, the fiduciary duties of each company's special committee generally makes it unlikely that any one company will condition its merger transaction on the successful completion of any of the other contemplated target company transactions. As such, particularly given the prevalence of go-shop provisions in these transactions, it is possible that one or more of the intended targets will get picked off by an interloper prior to closing.

- **Premiums**. Among transactions involving publicly-traded targets in our sample set, the average premium to unaffected share price was 28.5%, with a median of 23.1%. This is markedly higher than the historical 16.4% median premium to unaffected share price we calculated using all publicly-traded transactions in our database going back to 2012.[11] The smaller sample size and several outlier premia likely affected these numbers, particularly when noting that of the total four deals since 2012 that were struck at a premium of 50% or more to unaffected share price, three of them occurred since January 1, 2019. Another factor likely at play here is the pronounced disparity in recent years between NAV and share prices across many sectors, which has been only exacerbated by the pandemic. Even while share prices are down, target boards and management teams have likely not entirely discarded pre-COVID-19 views of intrinsic value — meaning that the market-clearing price for capital transactions is increasingly at a higher premium to current share price.
- **Go-Shops and Window-Shops**. 10 of the 32 deals in our 2019-2021 sample included a go-shop provision and a further five transactions included a two-tiered termination fee without a go-shop (a so-called "window shop" provision). Altogether, approximately 47% of the sampled transactions featured two-tiered termination fee provisions, pursuant to which a substantially lower fee is payable by target if it terminated the agreement to pursue a competing offer received during the go-shop or window-shop period. As noted above, the median first-tier termination fee in our sample was 1.5%, rising to a median 3.0% for the second-tier/final termination fee.

This overall percentage of transactions in our sample that included a two-tier termination fee structure in one form or another (44%) is in line with the trend we noted in our 2019 update article, whereby parties to REIT M&A transactions are increasingly leaving the door open, sometimes fairly wide open, to possible competing bids that might maximize shareholder value. The current rate of inclusion of go-shop and window-shop provisions is markedly higher than the overall incidence of go-shops and window-shops when considering all public REIT transactions going back to 2012, which was only 26%. Part of this is attributable to the higher incidence of related party transactions in recent years, as noted above. Likewise, in transactions where the target board or special committee has not been able to conduct a sufficiently thorough pre-market check, it may choose to include a go-shop or window-shop provision in an effort to ensure it has sufficient information on potential bidders and pricing in the marketplace. Indeed, in our 2019-2021 sample set, 3 (21%) of the 14 deals with a go-shop or window-shop structure gave rise to one or more third-party topping bids in the post-signing period, which resulted in either a new deal with the third-party bidder or a sweetened offer from the first buyer.

Ironically, recent market studies have found that while the incidence of go-shop and similar provisions may be increasing in M&A agreements, their effectiveness at getting a better price for target shareholders is decreasing. For example, while an earlier study of transactions announced in the first decade of the 2000s found that the inclusion of a go-shop provision increased the probability of receiving a topping bid by over 70% and that this also translated into meaningful increases of initial offers,[12] a study of transactions between 2015–2019

11 See, also, Green Street Advisors, "Twenty Years of U.S. REIT M&A," February 24, 2020, reporting a median premium to unaffected share price of approximately 15% in their review of 70 publicly-traded REIT transactions going back to 2000.

12 Sridhar Gogineni & John Puthenpurackal, The Impact of Go-Shop Provisions in Merger Agreements, 46 FIN. MGMT. 289 (2016).

found that topping bids emerged in just 6.5% of all deals that included go-shops.[13] There are a variety of factors that may be contributing to this phenomenon — e.g., the ubiquity of unlimited matching rights in favor of the first buyer[14] and/or go-shop periods that may be too short to be effective in certain circumstances — but the trend should certainly caution transaction participants when considering the optimal structure for balancing deal protections for a first mover-buyer and preserving the ability of target to pivot to more favorable opportunities should they arise.

- **Reverse Termination Fees**. Approximately 31% of all new REIT M&A transactions entered into since January 1, 2019 have elected to specify so-called "reverse termination fees" that are payable to target upon buyer's breach or failure to close. The remaining 72% of transactions instead preserved target's ability to seek unlimited damages and/or specific performance.

As we noted in our 2018 article, deals in which target's remedies are limited solely to a reverse termination fee effectively set an "option price" for the buyer, i.e., the cost to buyer of walking away from the deal. While reverse termination fees are typically substantial, often multiples of the target's termination fee, there are circumstances — say, a global pandemic, or the "economic 9/11" of the global financial crisis — where a buyer may prefer to pay the fee rather than close. Moreover, several recent failed transactions may suggest that a stipulated liquidated damages clause opens the door to a recalcitrant buyer to try and further reduce that amount in settlement discussions, if not in court. Conversely, where the merger agreement is silent on liquidated damages for buyer breach, the ceiling is not set for buyer to exercise a walk-away option and the target is not limited in terms of potential damages it might seek (though it will still have to prove its damages at law).

Outlook for 2021 and Beyond

The resumption of an active REIT M&A market in the near- to mid-term will be impacted by a number of catalysts and cross-currents:

- **Pent-up Demand**. There is a lot of patient capital out there. As noted in a recent report by PricewaterhouseCoopers,[15] companies across market sectors have accumulated *trillions* of dollars in cash and liquid securities in anticipation of the economy's emergence from a state of pandemic. Combined with historically low interest rates and a robust and functioning credit market, the markets appear to be primed for what may be a flurry of REIT M&A activity.

- **Ability to Reach Consensus on Valuations**. The REIT M&A market has not been entirely in remission during these last 12 months of the global pandemic — it is only announced deals that have been scarce. The prospect of acquiring either whole portfolios or individual trophy assets at discounted pricing has certainly led to a variety of M&A *discussions and offers*, but deep disagreements between buyers and sellers on the essential value of commercial real estate in a post-COVID-19 world is thus far making it difficult for deals to be reached. As the economy stabilizes and valuation consensuses develop across sectors, we would expect to see renewed M&A activity for both strategic and non-strategic transactions.

- **First Mover Advantage**. Studies of M&A transactions in the immediate period following the global financial crisis found that that companies that were early movers in announcing material new acquisitions enjoyed a material advantage over their competitors in total shareholder return (TSR) over the following decade.[16] Similarly, companies that proactively divested non-core assets in the aftermath of the crisis achieved higher TSR returns over the same period.[16] As the commercial real

13 See, e.g., 133 Harv. L. Rev. 1215 (https://harvardlawreview.org/2020/02/go-shops-revisited/
14 Essentially all REIT transactions in our sample set provided buyer with effectively unlimited matching rights.
15 https://www.pwc.com/gx/en/services/deals/trends.html
16 See, e.g., https://www.ey.com/en_gl/news/2020/11/covid-19-impact-on-m-a-more-severe-than-global-financial-crisis-but-many-asia-pacific-countries-rebounding-faster, reporting a 26% increase in relative TSR.

estate sector emerges from the pandemic crisis, we are likely to likewise see bold first-movers seeking to capitalize on perceived dislocation in identified pockets of the market. A case in point may be the March 15, 2021 announcement by Blackstone Real Estate Group and Starwood Capital of their proposed joint acquisition of Extended Stay America, Inc. in a $6 billion all-cash transaction.

(continued on next page)

Index of REIT M&A Transactions Since January 1, 2019

Announced	Target	Acquirer	Sector
Jan-19	MedEquities Realty Trust	Omega Healthcare Investors	Healthcare
Mar-19	TIER REIT	Cousins Properties Incorporated	Office
Apr-19	Carter Validus Mission Critical REIT	Carter Validus Mission Critical REIT II	Healthcare
May-19	Chesapeake Lodging Trust	Park Hotels & Resorts	Lodging
Jul-19	NorthStar Realty Europe Corp.	AXA Investment Managers	Office/Diversified
Jul-19	Industrial Property Trust Inc.	Prologis	Industrial
Jul-19	Condor Hospitality Trust	NexPoint Hospitality Trust	Lodging
Aug-19	Steadfast Apartment REIT Steadfast Apartment REIT III	Steadfast Income REIT	Residential
Sep-19	Phillips Edison Grocery Center REIT III	Phillips Edison & Company, Inc.	Retail
Sep-19	Rich Uncles Real Estate Investment Trust I	RW Holdings NNN REIT	Diversified
Oct-19	Carey Watermark Investors I	Carey Watermark Investors II	Lodging
Oct-19	Liberty Property Trust	Prologis	Industrial
Oct-19	Interexion	Digital Realty Trust	Data Centers
Jan-20	Pope Resources	Rayonier	Timber/Specialty
Feb-20	Taubman Centers	Simon Property Group	Retail
Feb-20	Front Yard Residential Corp	Amherst Residential, LLC	Residential
Feb-20	Pacific Oak Strategic Opportunity REIT II	Pacific Oak Strategic Opportunity REIT	Diversified
Aug-20	Jernigan Capital	NexPoint Advisors	Storage
Aug-20	Cole Credit Property Trust V Cole Office & Industrial REIT III Cole Office & Industrial REIT II	CIM Real Estate Finance Trust, Inc	Retail Office/Industrial
Sep-20	Resource Real Estate Opportunity REIT Resource Real Estate Opportunity REIT III	Resource Real Estate Opportunity REIT II	Residential
Oct-20	Front Yard Residential Corp	Pretium/Ares	Residential
Nov-20	Cole Office & Industrial REIT II	Griffin Capital Essential Asset REIT	Office/Industrial
Nov-20	Strategic Storage Trust IV, Inc	SmartStop Self Storage REIT	Storage
Dec-20	Anworth Mortgage Asset Corp	Ready Capital Corporation	Mortgage
Jan-21	Cottonwood Residential I Cottonwood Multifamily I Cottonwood Multifamily II	Cottonwood Communities Inc.	Residential
Mar-21	Extended Stay America, Inc.	Blackstone Group/Starwood Capital	Lodging

- **Ongoing Impact of Shareholder Activism**. As we noted in our 2019 update article, shareholder activism continues to be a recurring theme in the REIT sector. Pre-pandemic, we had noted a sharp increase in the number of activist campaigns in the sector, due in part to shares in some sub-sectors trading at persistent discounts to NAV. While active campaigns subsided somewhat during the heart of the 2020 economic shutdown, there continues to be substantial capital flows into activist-dedicated funds and the economic dislocation in the commercial real estate space has made underperformers more conspicuous — and more vulnerable — than ever to renewed activist campaigns. We expect activism in the sector to continue in 2021 and beyond, leading inevitably in some cases to sale or combination transactions as activists clamor for short-term value.

- **Impact of the SPAC Boom**. Over the last 18-24 months, many sectors across industries have seen a massive influx of new public capital through the merger of private companies into special purpose acquisition corporations (SPACs), which result in the public listing of the previously private company.[17] While these "de-SPAC" transactions have spurred M&A activity in the broader market, the trend does not yet appear to have reached portfolios of traditional real estate assets.[18]

  Perhaps a primary impediment to wider usage of SPACs in the commercial real estate space is the relatively depressed current values across real estate sectors. While typical SPAC investors are seeking exciting growth stories based on rosy long-term projections, the current uncertainty about future demand in certain sections of the commercial real estate market makes it less likely that SPAC investors will take a chance with the asset class.[19] Conversely, another impediment to deploying the SPAC structure in hard assets may be the typical 20% promote generally retained by sponsors in the surviving business as a result of the de-SPAC transaction. This level of dilution, while not uncommon in the IPOs of higher growth businesses, is harder to rationalize in the hard asset space where underwriting is traditionally based on rents in place or by reference to market comparables.

Still, while the SPAC trend may not yet have made significant inroads in the traditional real estate asset class, there has been, and we expect will continue to be, SPAC activity around emerging sectors of the real estate space, particularly growth sectors such as proptech. Likewise, a growing number of experienced companies and personalities in the traditional real estate sector have formed one or more SPACs, including Simon Property Group, Tishman Speyer, CBRE, Sam Zell, and others.

17 See, e.g., https://www.reuters.com/article/usa-markets-spac/graphic-global-spac-deal-volumes-this-year-surpass-total-for-2020-idUSL4N2L72WL, noting that global blank-check deal volumes, or mergers through SPACs, have surged to a record $170 billion this year, already outstripping last year's total of $157 billion.
18 We note that there has been some SPAC or SPAC-like transactions in the mortgage financing sector, including Trinity Merger Corp.'s 2019 merger with Broadmark Realty Capital Inc. and Gores Holdings IV, Inc.'s 2021 merger with United Wholesale Mortgage.
19 See, e.g., https://www.perenews.com/what-spacs-mean-for-private-real-estate.

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