

Ares Management Corporation Awarded Innovative Public-Private Partnership with the Community of Madrid to Develop More Than 3,600 Affordable Rental Residential Units

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Partnership to Help Address Affordable Housing Shortage with Commitment to Cap Rents at a Material Discount to Current Market Rents

Ares to Partner with AEDAS Homes and Grupo SANJOSE on Project

Builds on Ares' Investment Thesis to Supply Affordable Housing Across Europe

LONDON--(BUSINESS WIRE)--

Ares Management Corporation (NYSE: ARES) announced today that funds managed by the Ares Real Estate Group (“Ares”) were awarded an innovative public-private partnership with the Community of Madrid to develop more than 3,600 affordable rental residential units in Madrid. As part of its Plan VIVE, the Community of Madrid has awarded Ares a 50-year concession to invest €400 million in developing housing across 13 municipalities in Madrid. Ares has committed to developing this portfolio within three years and to cap the rent per unit at a material discount to current market rent, providing important affordable housing for lower- and middle-income residents. Avalon Properties, an asset manager majority-owned by Ares, will oversee the assets as part of Ares’ Madrid rental residential strategy, which will now total more than 5,600 units across the Madrid region, over 80% of which will consist of new builds and the majority of which will have rents under €700 per month.

As part of the investment, Ares has partnered with Madrid-based companies AEDAS Homes, a leading residential developer in Spain, and Grupo SANJOSE, a global construction company, to act as the project manager and developer, and constructor, respectively. All project plans have been developed with what we believe is a strong focus on environmentally conscious design, construction and operations, including Grade A energy efficiency certification, materials specifically selected and sourced to minimize environmental impact and efficient design for waste management and water usage. The homes themselves will feature a modern fit-out and residents will benefit from a wide range of amenities such as a gym, swimming pool and indoor and outdoor communal spaces.

Plan VIVE establishes a novel partnership between the Community of Madrid, Ares, AEDAS Homes and Grupo SANJOSE intended to help address the affordable housing shortage for lower- and middle-income communities. Through its management of flexible private capital funds, Ares is seeking to fill an important financing gap for public bodies while ensuring affordable rent levels in assets built under high institutional standards. Notably, these projects provide exposure to some of the fastest growing municipalities of Madrid, with strong employment creation, favorable demographic trends and exposure to logistic and technology industry expansion.

“We are excited to have been selected by the Community of Madrid for this public-private partnership that we believe will bring much needed affordable housing to the region’s residents with a focus on environmentally sustainable living,” said Kevin Cahill, Partner in the Ares Real Estate

Group. “Plan VIVE highlights the growing opportunity for introducing private capital to address critical public issues, like Europe’s affordable housing shortage, and we believe that this creative partnership structure provides a template for other municipalities across Europe. We look forward to working closely with the Community of Madrid, AEDAS and SANJOSE in realizing the important benefits for all stakeholders.”

The Ares Real Estate Group has been investing in European rental residential since 2013 and this strategy seeks to lever the power of the Ares platform to source and manage investments in middle market housing development and ownership across a growing number of regions. The investments are tailored to the dynamics of each market in an effort to address immediate and long-term needs of its stakeholders, particularly in light of the impact of COVID-19 on low- and middle-income residents. The Ares Real Estate Group’s investments include homebuilders, social and workforce housing and rental residential platforms.

“We believe the Madrid residential projects exemplify Ares’ broader focus on meeting the significant demand for affordable housing across the European market, which benefits our local communities and our fund investors,” said John Ruane, Partner and Co-Head of European Real Estate Equity at Ares. “Over the last several years, we have built our thesis by making creative local investments related to the need for affordable housing in multiple regions across Europe, including Denmark, Germany, Ireland, Poland and Spain. Through our demonstrated experience and ability to provide flexible capital solutions, we are seeking to advance Ares’ commitment to corporate responsibility by investing in projects with a focus on positive social and environmental impact, and we believe there is significant market opportunity to further expand these efforts.”

About Ares Management Corporation

Ares Management Corporation (NYSE: ARES) is a leading global alternative investment manager offering clients complementary primary and secondary investment solutions across the credit, private equity, real estate and infrastructure asset classes. We seek to provide flexible capital to support businesses and create value for our stakeholders and within our communities. By collaborating across our investment groups, we aim to generate consistent and attractive investment returns throughout market cycles. As of September 30, 2021, Ares Management Corporation's global platform had approximately \$282 billion of assets under management, with approximately 2,000 employees operating across North America, Europe, Asia Pacific and the Middle East. For more information, please visit www.aresmgmt.com. Follow Ares on Twitter @Ares_Management.

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Spain Media:

Tinkle

Sarah Estébanez, +34636628041

[\[email protected\]](#)

U.S. Media

Mendel Communications

Bill Mendel, 212-397-1030

[\[email protected\]](#)

Ares Management Corporation

Carl Drake, 888-818-5298

[\[email protected\]](#)

or

Jacob Silber, 212-301-0376

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