

# SoftBank's latest big real estate bet is in a start-up that's taking on the physical storage industry

- SoftBank's Vision Fund leads a \$200 million investment in Clutter at a \$600 million valuation.
- The fund deployed a familiar strategy of putting in a much bigger sum of money than the start-up originally intended to raise.
- Clutter competes with traditional storage companies like Public Storage and Extra Space.

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SoftBank Group Corp. Chairman and CEO Masayoshi Son speaks during a press conference on May 9, 2018 in Tokyo, Japan.

SoftBank's Vision Fund has poured billions of dollars into real estate technology, from its massive stake in co-working space provider [WeWork](#) to the hundreds of millions of dollars in online platforms Opendoor and Compass.

The Vision Fund's latest big bet is in another corner of the real estate market: storage.

SoftBank said Wednesday it led a \$200 million funding round in Clutter, which provides storage services, including the picking up and dropping off of a customer's items. The cash infusion values Clutter, post-investment, at \$600 million.

Justin Wilson, a Vision Fund director, is joining Clutter's board. He told CNBC the company thinks of real estate as a service and called Clutter a "novel model" that's taking on the \$38 billion U.S. storage market, which is mostly "just boxes." Clutter lets users book space on the web, arrange for inventory to be picked up and have items returned when they're needed, while also providing pictures of the stored items.

Traditional players like [Public Storage](#) and [Extra Space](#) just provide consumers with simple storage units for a monthly fee. Those two companies are worth almost \$49 billion combined.

"There's a warehouse and lock and you show up and take it out," Wilson said. "You have to struggle to find a dolly, beg friends and family. The consumer experience is pretty poor."

Early news of the funding was reported by [TechCrunch](#).

Ari Mir, Clutter's co-founder and CEO, said the fresh capital will allow the company to grow in existing markets like Los Angeles, New York and San Francisco, expand to new cities like Philadelphia and deepen its investment in infrastructure and technology.

Mir said that to get the deal done, he recently flew to Tokyo for a face-to-face meeting with SoftBank founder Masayoshi Son, who launched the \$100 billion Vision Fund in 2016.

"I sat down and he goes, 'You have 20 minutes.' And my heart dropped," Mir said. "I told myself to stick to the script, and I was able to keep him engaged for over an hour."

At the end of the hour, Mir asked Son if he was going to invest. He got his answer immediately. The whole process was swift.

"We kicked it off at the beginning of January and we had signed and executed a term sheet with SoftBank weeks after," Mir said. Son was part of the SoftBank investment committee that approved the deal.

In a refrain that's commonly uttered by entrepreneurs who raise money from SoftBank, Mir said the plan was for a smaller financing round. The company set out to raise about \$100 million, he said, but after talking with SoftBank he realized the opportunity was bigger.

"It warranted a larger investment and so we increased the round to \$200 million," he said.



DoorDash  
DoorDash delivery person

The deal mirrors SoftBank's prior investments in other ways. Son likes to pick a winner in a crowded space's that's likely to consolidate, and inject so much money that the company can outlast rivals and experiment as needed. The Vision Fund deployed a similar strategy for investments in such enterprises as Uber, WeWork and [DoorDash](#).

"Ultimately if you're as long-term focused as we are, working with a partner like the Vision Fund was an ideal match for us," Mir said. "Whatever dilution that we may have or have not taken as part of this round is nominal as you look at our business over the next few decades."

Wilson said SoftBank brings "not just capital, but counsel, connections, strategic guidance along the journey for the company."

The funding round included capital from existing investors Sequoia, GV (formerly Google Ventures) and Fifth Wall.



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