

REAL ESTATE

INVESTMENTS AND MARKETS

www.LasOlasRealtyandManagement.com

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The Search Continues...Core like real estate assets — those good-quality buildings in great locations, fully lease with predictable income have become a myth over the last several years as the low interest rate environment push pricing to never before seen levels. It isn't sufficient to just to identify the right markets and buy the right real estate assets. Today, more than ever strategic hands on asset management is necessary to drive returns.

Outlook 12—36 months

We do believe that interest rates are going to rise over the next 6-24 months and this uptick in rates will negatively impact cap rates. And the cost of capital will increase significantly. But if you are thinking about cash flow and relative value between markets, then there's more choice and more ability to be selective

Objectives Align

We have expanded our focus to acquiring quality real estate in high growth markets. We are seeking capital partners and would welcome the opportunity to speak with you to discuss our approach and whether this aligns with your objectives. We are experience with sourcing, underwriting and negotiating deals.

"The fact that prices are rising, of course, is not necessarily a bad thing. Rising inflation is a pretty normal development in a market where solid growth is using up spare capacity. It can be a good thing for equity holders receiving nominal cash flows, or creditors who find the real value of their obligations declining. And it's certainly preferable for most risky assets to a backdrop where prices fall. ..."

- Economics Team MS



SINGLE TENANT RETAIL

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WELL LOCATED MIXED USED ASSET—CORE INVESTMENT WITH UPSIDE

Fundamental Growth Trends

For many investors, real estate is probably their first and most long lived exposure to real assets.

Property markets are never boring, and the fundamental growth trends tend to fuel interest in real estate. Investors see the growing need for housing, office space and food as drivers.

Santa Monica Market Rents

Minimal deliveries and limited vacancy in Santa Monica heighten institutional buyer demand for Class A rentals throughout Silicon Beach. Here, minimum yields bottom out below 3 percent.

Fueled by a consistently expanding professional sector, the metro's employment base will swell by more than 50,000 positions in 2018. A tight labor market has prompted employers to recruit from outside the metro to fill higher-paying tech, law and financial-related job openings.

Relocations and income growth should support a heightened rate of household formations, which bodes well for the rental market during a period of out-of-reach home prices and elevated apartment construction.

Elsewhere, a lack of large-scale development will allow absorption to catch up with new supply, holding metro vacancy below 6 percent at year end

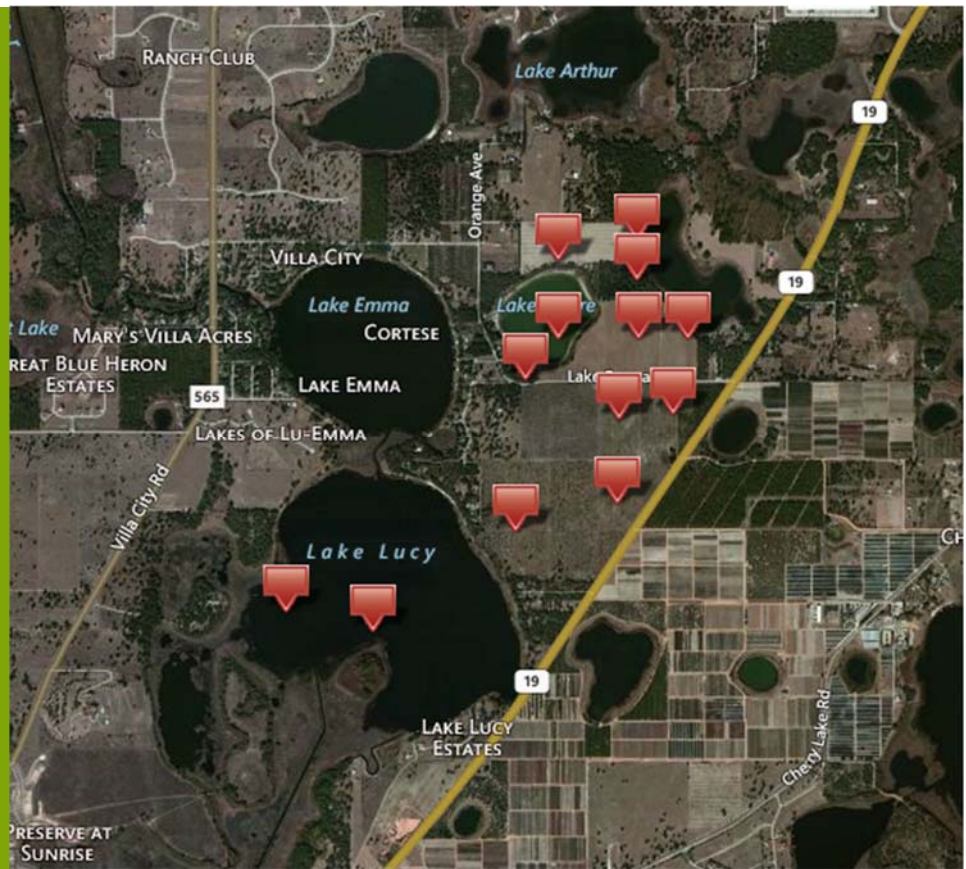
Sellers obtain premium pricing for post-2000-built properties near employment hubs in Santa Monica and Hollywood amid strong job creation and rent growth.



OFFICE REDEVELOPMENT

Planned Communities

The project, dubbed Villa City, is planned for about 2,500 acres quietly assembled a dozen years ago by Saudi Arabian investors, including members of the royal family. The land in south Lake is northwest of State Road 19, east of State Road 33 and directly south of Florida's Turnpike. It sprawls on both sides of U.S. Highway 27.



400 ACRE PARCEL OF RESIDENTIAL LAND—MINUTES FROM DISNEY CENTRAL FLORIDA

Residential Land

Two distinct parcels of residential land available in Central Florida. The Groveland parcel is minutes from Disney and provides 400+/- acres of land that is a masterplan designers dream. The Apollo Beach Parcel is 100+/- acres of land and provides a mix of multifamily and single family residential units.

100 acres of Land in Apollo Beach, Florida. The property is zoned RMC-16, allowing for a maximum of 1600 units. The master concept site plan provides a mix of single-family, townhouse and multi-family units with a total unit of 866.



Inflation is on the rise

Real estate is increasingly being viewed as a part of a wider grouping of “real assets” along with other physical investments that have similar income-generating and inflation protection | value-storing characteristics.

- Chair Powell noted the link— "Wages have continued to grow moderately, with a modest acceleration in some measures, although the extent of the pickup likely has been damped in part by the weak pace of productivity growth in recent years."
- As a result, there is an ongoing contrast between a sense of optimism towards so-called real estate “fundamentals” – the economy, occupancy metrics, supply growth and rental performance – and caution towards capital markets.
- At once, these themes imply challenges and opportunities for real estate investors. Low initial yields, high competition for assets and limitations on the use of leverage mean that underwriting returns on transactions in traditional sectors and markets remains challenging
- Tapping into the potential returns that real assets can provide, not to mention the diversity benefits, has been an attractive strategy for institutional investors for some time.

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