



2018 REAL ESTATE TRENDS (MID YEAR UPDATE)

INVESTMENT FORECAST FOR 2018 – WHAT YOU NEED TO KNOW

2018 Real Estate Trends Agenda

What we are going to cover today

2018 Outlook – World and U.S. Economy

The economy has a huge impact on Real Estate prices and cap rates



Impact of Interest rates on housing sales

The Super low interest rate era is OVER



What about Jobs, Inflation and the Unemployment rate?

These three factors also drive Real Estate prices



For which cities have prices rebounded to pre-recession peaks?

Let's figure out how much juice is left in the tank



Impact of Tax reform on the housing market

Tax Reform has a significant short and long term impact on Housing Market



Amazing Amazon – The HQ2 Prediction

Our pick on the cities that are likely to win



Time for the shootout

Best cities and states in the U.S. for Real Estate in 2018



Neal's picks for 2019

One California city and one out of state city that will overperform in 2018

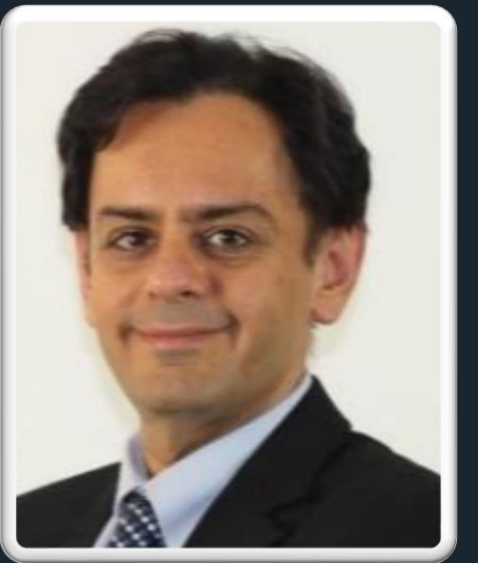
IMPORTANT DISCLAIMER

Please read

- We are not investment advisors, and this seminar is provided for educational purposes only.
- All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times.
- You are free to accept or reject all investment recommendations made by us. All services that we offer are subject to market risk and may result in loss to your investment.
- As you know, a recommendation is not a guarantee for the successful performance of an investment and we cannot guarantee against losses arising from market conditions.
- Do not invest your money on our recommendation alone. Consult a professional advisor.

ABOUT US

And what we do



Neal
Bawa

- We buy and manage MultiFamily & student housing complexes nationwide
- Currently own properties in CA, TX, OK, NC, NV, UT and IL.
- Over \$100 million in assets, over 200 investors in over 1000 units
- Deep competency in asset selection and management



OUR PORTFOLIO & TRACK RECORD

Our properties and their current returns



Love Cove Resort

Marina and RV park acquired in Charlotte, NC in March 2016, and turned into high-end glamping resort. Installed 16 of 36 cabins. Daily rate and occupancy climbing continuously. Ordered remaining 20 cabins for delivery May 2018. The model works and we are looking to buy more resorts.



Brandon Properties

Collection of 2005-built brick Triplexes in a gated community in Hegeswich, IL. Purchased in 2013, value of portfolio is now up 30%+. The portfolio has been consistently cash flowing at over 16% annualized cash on cash, so the investor group has no plans to sell the portfolio.



Art City

Art City Center is a beautiful new construction project in Springville, UT. The iconic mid-rise secure access residential facility has 41 three bedroom apartments, 4 offices, and 57 storage units. The project was completed in April 2018 and is in lease-up.



Woods of Ridgmar

Rehabbing 80 of the units to a higher spec. As of 2018, completed rehabs on most units and successfully raised rents and improved tenant base. Now issuing regular distributions.



Rails on Main

322 unit new construction purpose built student housing project next to the university in Buffalo, NY. First raise of \$6.2MM used to buy land, do demo and land remediation and rezoning. Project was well timed as Buffalo economy surged in 2017. Starting construction Dec 2018, for April 2020 completion.

A hand in a dark suit sleeve holds a blue marker, drawing a line graph on a dark, semi-transparent background. The background features a faint city skyline. The line graph is composed of several segments, with a green segment on the left, a blue segment at the top, a red segment at the bottom, and an orange segment on the right. The text '2018 OUTLOOK – WORLD AND U.S. ECONOMY' is centered in white, bold, sans-serif font, overlaid on the graph.

2018 OUTLOOK – WORLD AND U.S. ECONOMY

INVESTMENT FORECAST FOR 2018 – WHAT YOU NEED TO KNOW

2018 Economic outlook

What are the economists saying?

“
A global growth rate of 4% in 2018 would be the strongest since 2011, and an increase from the 3.7% Goldman Sachs estimated for 2017.

– Bloomberg

”

2018 Economic outlook

What are the economists saying?

“ U.S. economy to grow by 2.7 percent in 2018, boosted by Trump tax overhaul. The massive reduction in the corporation tax rate from 35 percent to 21 percent should stimulate business investment and growth.

”

- International Monetary Fund

2018 Economic outlook

What are the economists saying?

“

Consumer prices in January jump much more than forecast, sparking inflation fears. The Fed is watching inflation closely, so the report could add fuel to interest rate hikes.

- CNBC, Feb 14, 2018

”

2018 Economic outlook

What are the economists saying?

“ We don’t expect rates to play much of a role in total home sales, especially with anticipated stronger disposable household income growth. The ongoing inventory shortages should continue to constrain sales despite otherwise ripe home buying conditions. ”

- Doug Duncan, Fannie Mae’s chief economist

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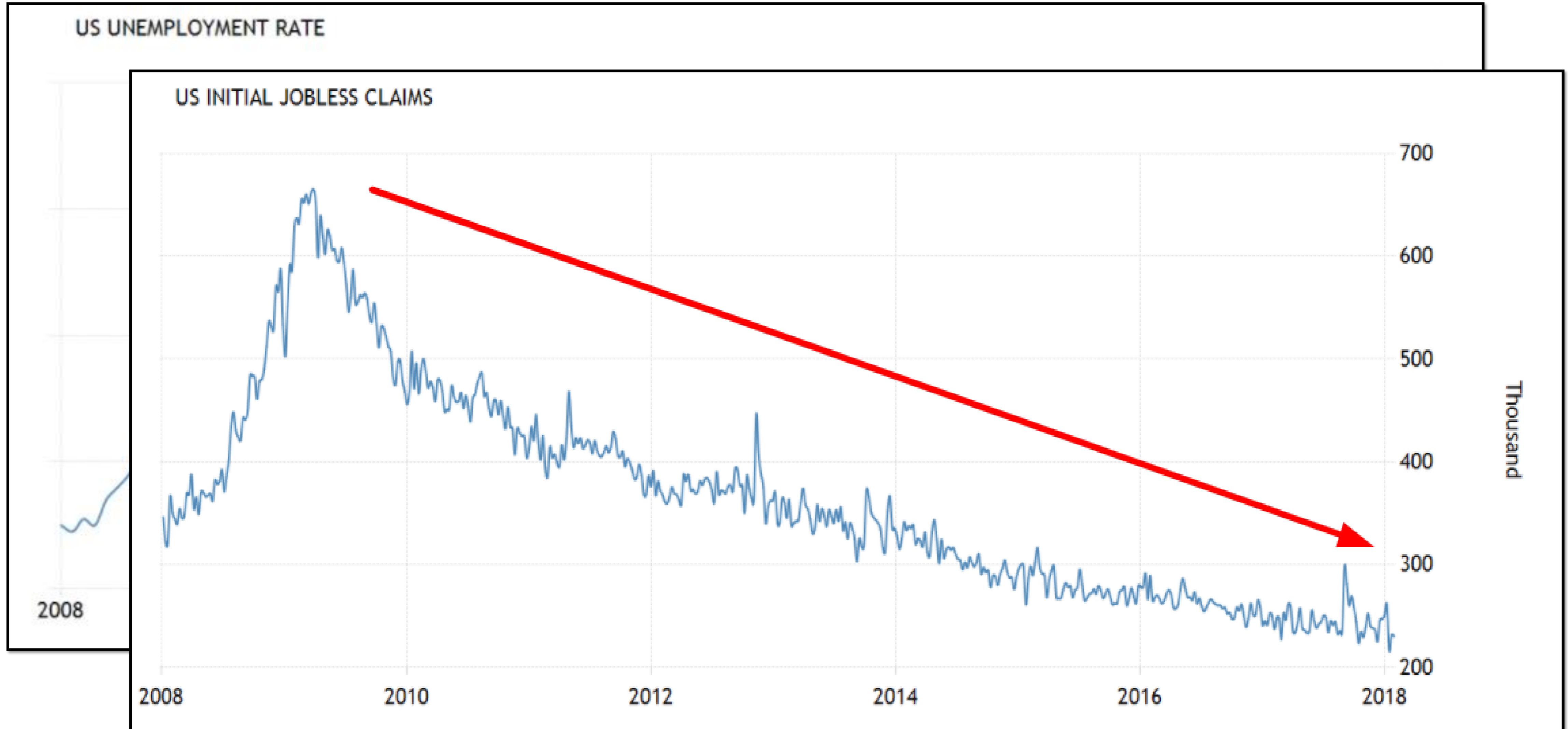
WHAT ABOUT JOBS, INFLATION AND THE UNEMPLOYMENT RATE?



THESE KEY MEGA-FACTORS AFFECT REAL ESTATE A GREAT DEAL

2018 Economic outlook

What are the economists saying?



2018 Economic outlook

What are the economists saying?

“ Unemployment held at 4.1% in January. Look for 3.8% by the end of 2018 as it becomes harder for employers to find suitable candidates. The short-term unemployment rate (less than six months) has fallen to its lowest level in 65 years.

”

- Kiplinger

2018 Economic outlook

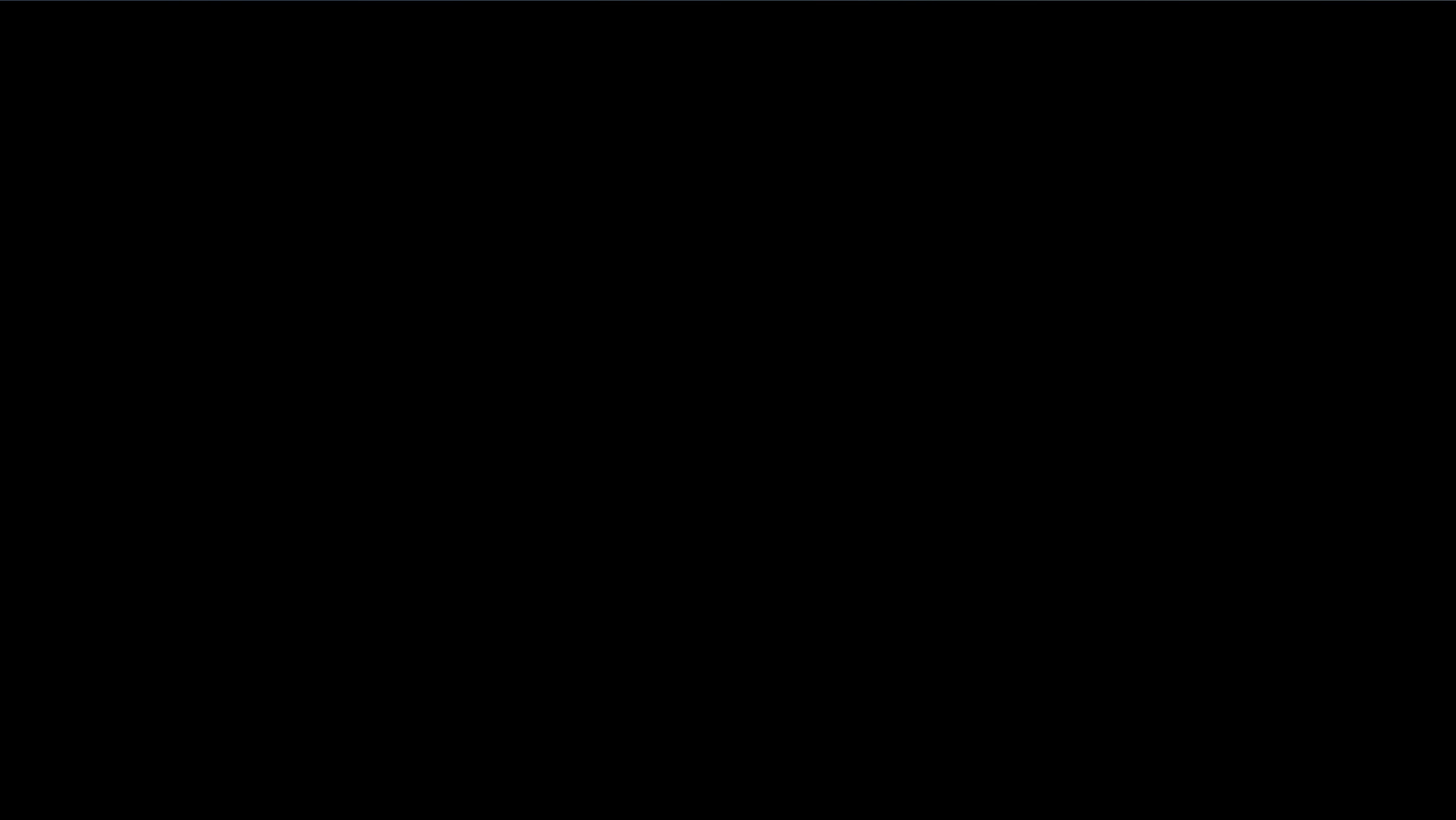
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THE HOUSING MARKET – TRENDS AND STATUS

WHAT IS THE MEDIA SAYING ABOUT TAX REFORM
IMPACT ON CALIFORNIA AND THE U.S.?



REDFIN CEO & CNBC

If you are watching this webinar recorded (not live), you will not see the video. You can watch it at <https://goo.gl/NZ5gZg>



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WHICH CITIES HAVE PRICES REBOUNDED TO PRE-RECESSION PEAKS?

AND WHERE DOES CALIFORNIA STAND IN THE LIST?

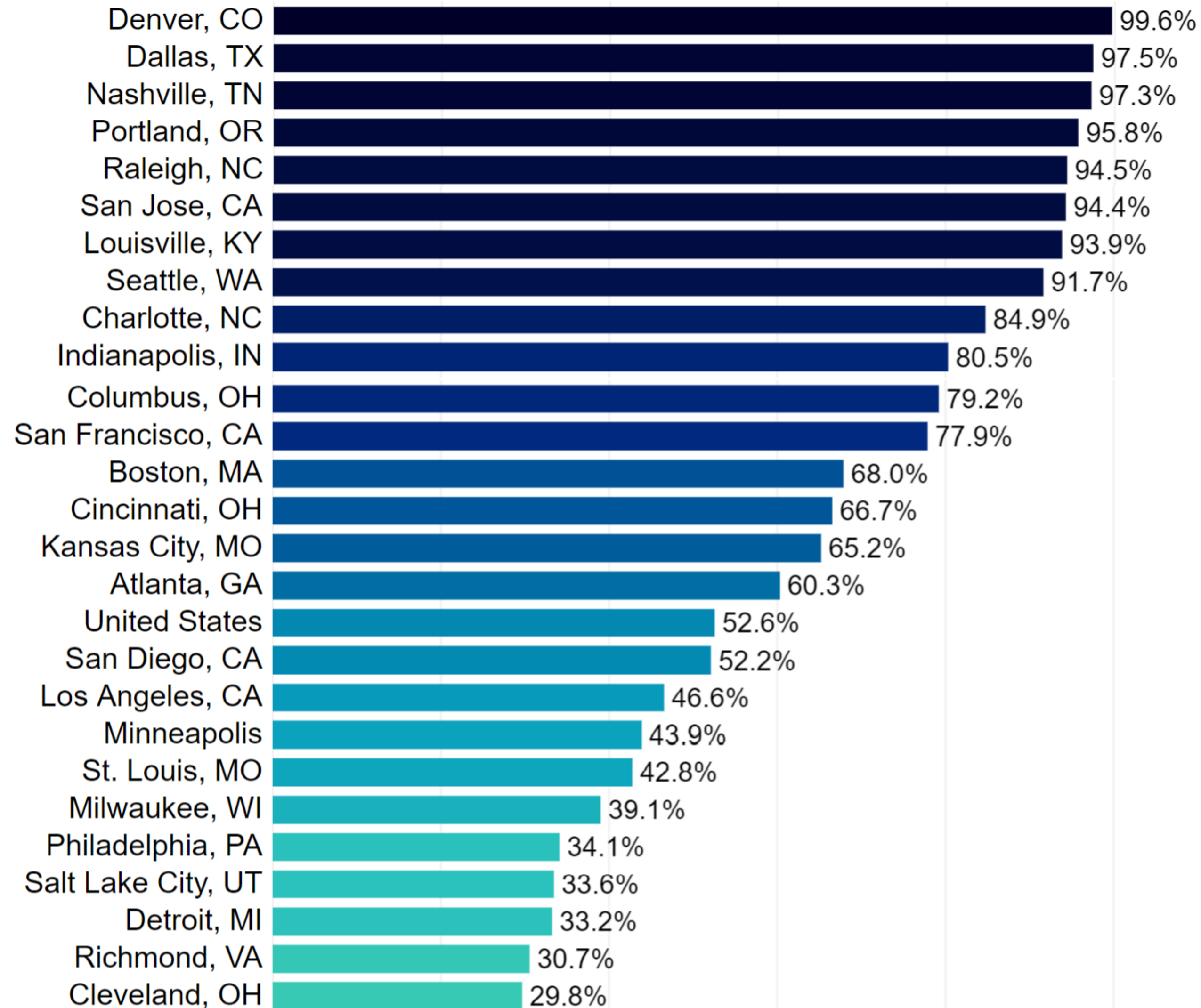
Share of Homes That Have Surpassed Their Pre-Bubble Peak

0.0%



100.0%

 **Top 5 in U.S.**

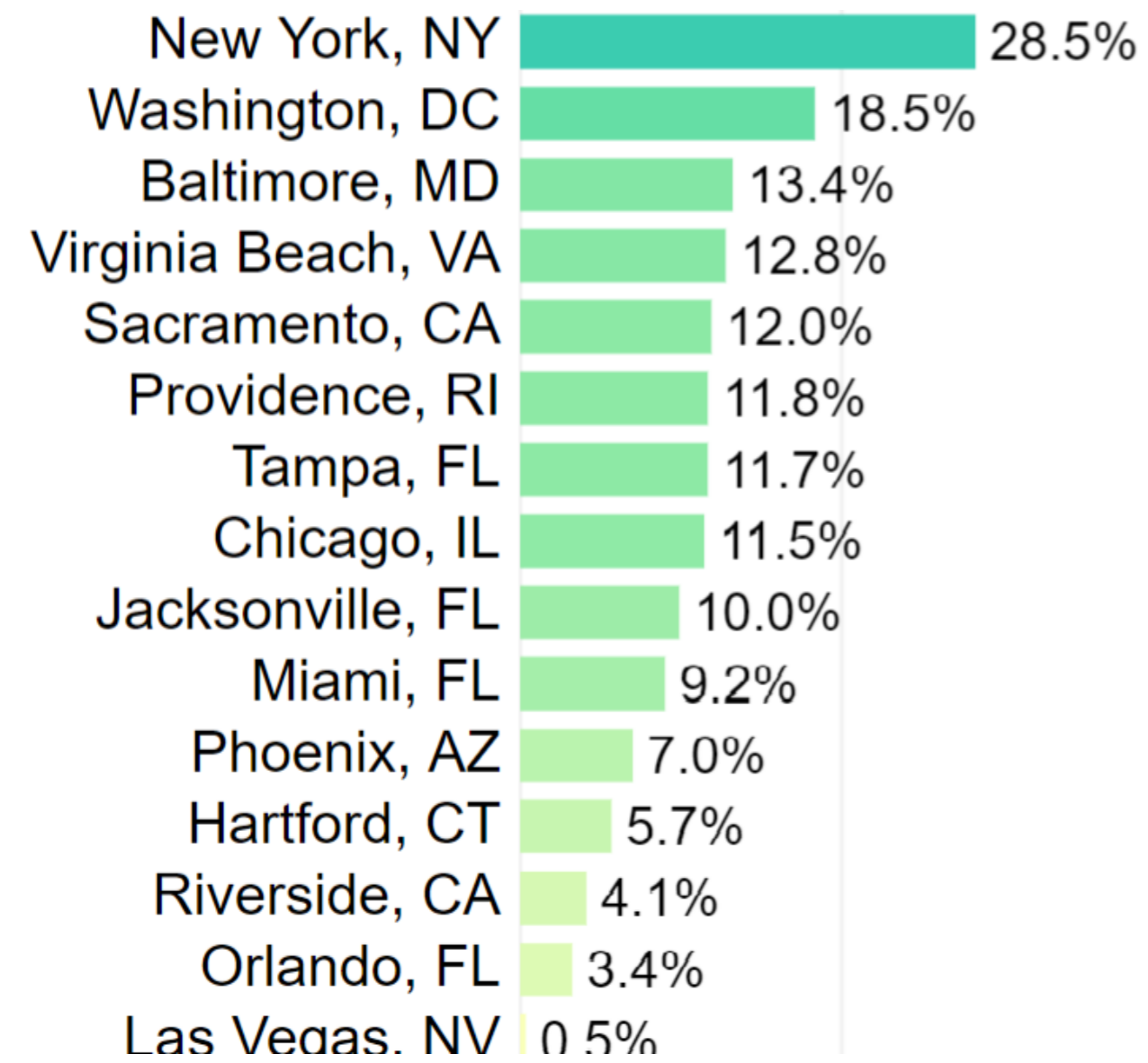


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0.0%

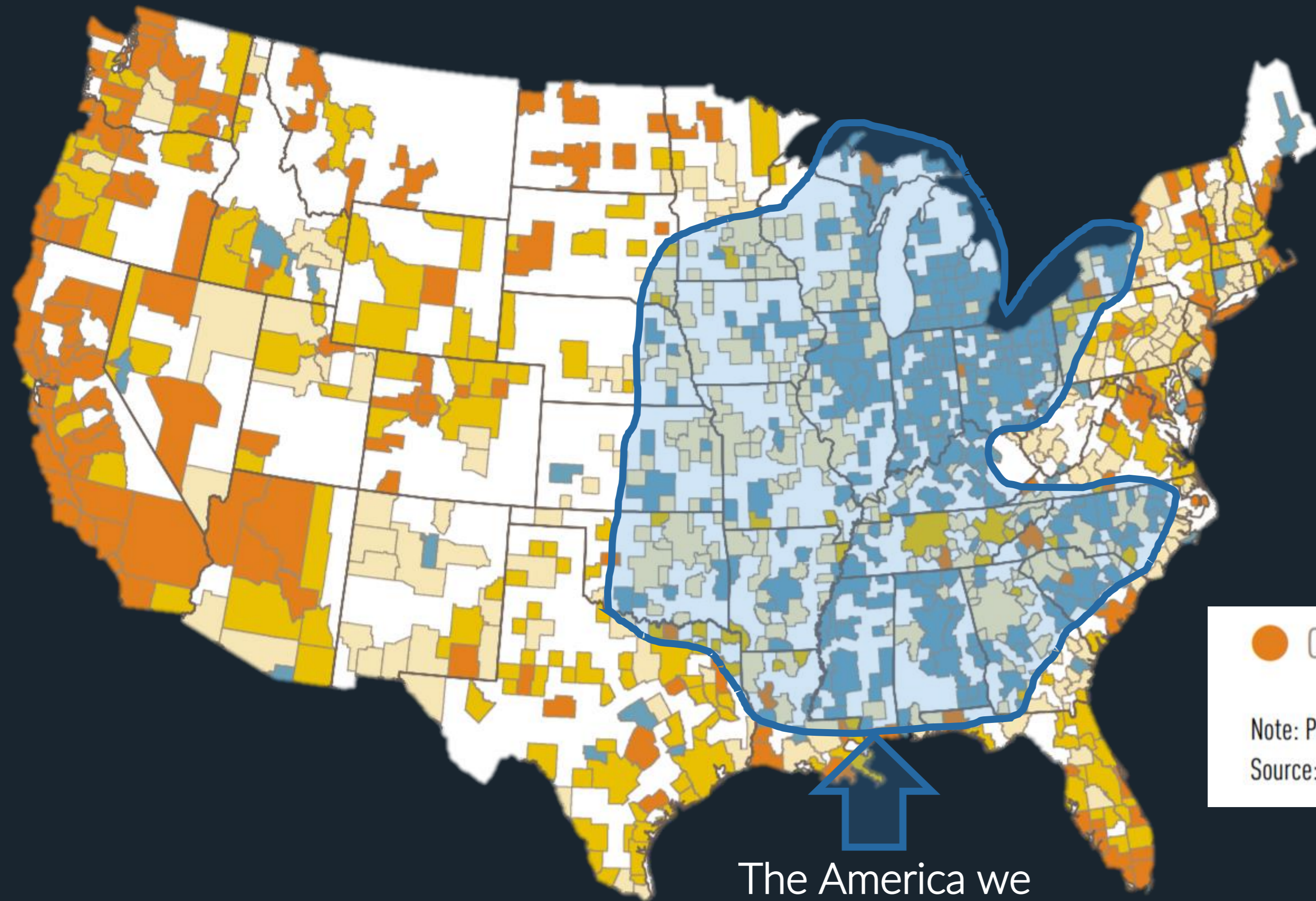


100.0%



There are two Americas, not one

Only half of America is seeing real (inflation adjusted) price gains in housing



%age Change in Real (inflation adjusted) Metro Area Home Prices 2000 to 2016

● Over 40 (Up to 177.0) ● 20.0–39.9 ● 0–19.9 ● Negative

Note: Prices are adjusted for inflation using the CPI-U for All Items less shelter.

Source: JCHS tabulations of CoreLogic Home Price Indices.

The America we
left behind

A hand holding a blue marker is shown on the right side of the image, drawing a line graph that spans across the center. The background is a dark, semi-transparent overlay of a city skyline. The title text is centered and surrounded by four horizontal bars: a blue bar above the first line, a green bar to the left of the second line, a red bar below the second line, and an orange bar to the right of the second line.

AMAZING AMAZON THE HQ2 PREDICTION

This analysis looked at 7 different rankings from Moody's Analytics, Sperling's BestPlaces, Everest Group, The New York Times, CityLab, The Wall Street Journal, and CNBC to come up with the Top 3 picks

Amazon HQ 2

Our pick on the cities that are likely to win



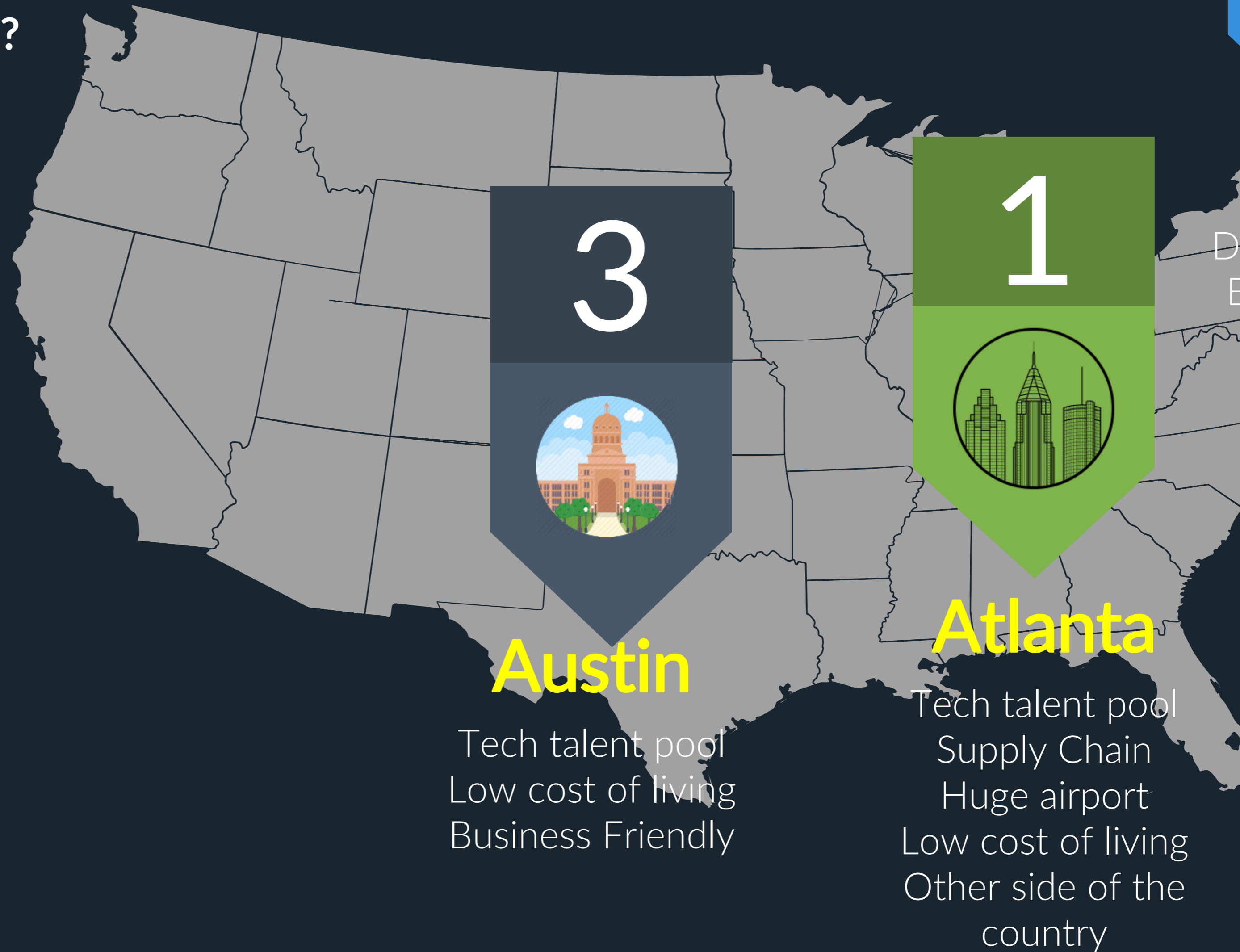
How much is being invested?

\$5 Billion total



How many jobs?

50,000 jobs



3



Austin

Tech talent pool
Low cost of living
Business Friendly

1



Atlanta

Tech talent pool
Supply Chain
Huge airport
Low cost of living
Other side of the country

2



Boston

Deep talent pool
Educated work force
Other side of the country



TIME FOR THE SHOOTOUT

BEST CITIES AND STATES IN THE COUNTRY FOR REAL ESTATE IN 2018

New Investment opportunity with overall 23+% average annual returns projected

Phase I (\$6.2 Million equity) sold out.
Taking reservations for Phase II

Accredited investors:
Join us in developing a stunning new 322-Unit Graduate Student Housing Project in Buffalo, NY, near the University at Buffalo.

Over 23% average annual returns are projected, due to large environmental clean up credits and 13 years of Tax incentives.



- ✓ No purpose built housing graduate housing competitor in market
- ✓ Financing the brownfields cleanup will boost returns further
- ✓ The University is projecting that grad student count will grow by over 50% in the next 5-7 years
- ✓ Zoning create barriers to entry
- ✓ \$6.2 million raised
- ✓ Returns front loaded due to abated property taxes
- ✓ Nearly two year of due diligence completed

New Investment opportunity with overall
23+% average annual returns projected

Here is what the finished project looks like

A tremendous time to invest in Student Housing

"As dorms morph into luxury apartments, our student housing clients are able to offer more in amenities such as pools, hot tubs, weekly social events, top-of-the-line workout facilities and high-speed internet. These services are free, but with the increase in amenities, rents are significantly greater than other types of apartments, sometimes even twice the amount,"
- RSM Partner Nick Antonopoulos

"There's just been a massive amount of money flowing into the space and the top investors are all doing what they can to make a splash,... There are more groups looking to invest than there are developers and operators with available real estate, so the next 12 months should be very interesting, as the hardest thing for these institutional investors to do is find the right product with the right operator."
- Marc Lifshin, Co-founder and Managing Partner of Core Spaces.



Interested in Apartment Investing?

Come enjoy an incredible learning experience



I help people become financially free with real estate by teaching them how to invest in apartment buildings



MULTIFAMILY U

www.multifamilyU.com

Interested in Apartment Investing?

An incredible learning experience



Multifamily Real Estate Investing Has Proven To Be
One Of The Best Asset Classes For Long-Term Wealth
Accumulation



MULTIFAMILY U

www.multifamilyU.com

Interested in Apartment Investing?

An incredible learning experience

I teach the last honest Apartment Boot Camp in America.

- ✓ It is a pitch-free, no fluff, 100% pure learning experience. A hands-on training program that can be immediately implemented.
- ✓ Learn the smart approach to investing in commercial size apartment complexes. Get empowered to **confidently buy and manage properties** that generate **passive income!**
- ✓ When You're Done, You'll Walk Away With a Step-By-Step Plan For Buying the **RIGHT** property at the **RIGHT** time for the **RIGHT** price



www.multifamilyU.com

A unique learning experience

Seize the Opportunity

Promise

The only Apartment boot camp in the U.S. that makes & keeps these promises to you:

Promise 1: The training is eye opening, specific and tangible, meant to be used right away.

Thank you again for an amazing learning experience in the MF Boot Camp. My husband and I really appreciated how many specific tools you shared that we haven't seen elsewhere. Tools we can begin putting into practice right way, such as what to look for in determining which markets have the greatest potential for growth and cash flow, how to then drill down to specific neighborhoods within those markets, and how to build a team that can help support and run our out-of-state holdings. This is invaluable information for new investors like ourselves, but I imagine even a seasoned veteran would have picked up some great tips.

- Anya Sagee



www.multifamilyU.com

A unique learning experience

Seize the Opportunity

Promise

Promise 2: Pitch free – no upsell, coaching, mentoring, tapes etc. Just 100% sales free, content rich training.

The Multifamily Boot Camp was 100% sales free training on how to buy apartments. Lots of content, resource and tips you can use right away. No sales pitch. All training. I've attended several weekend bootcamps before and although all offer great information, half the time you're there, they're trying to sell you something – their next event or coaching or whatever else. The Multifamily Boot Camp was 100% sales free training on how to buy apartments.

- Joy Viray



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A unique learning experience

Seize the Opportunity

Promise

Promise 3: It's filled with shortcuts, secrets and strategies that you have never seen before, with a clear roadmap to success

Neal's ingenious ideas on how to use VA's and mega-marketing strategies to attract tenants was truly an eye opening experience for me.

The boot-camp provided me with a clear and precise road map to identify specific locations to invest in. Neal's presentation coupled with labs (small group sessions) provided hands-on experience for all the attendees.

I can state unequivocally that this boot camp was by far one of the best that I've attended. I was able to immediately implement the strategies that I learnt.

- Esosa Egonmwan



www.multifamilyU.com

Are you ready to become a successful Apartment Investor?

Get ready for an incredible learning experience

SO TAKE ACTION:

Go to www.multifamilyu.com and use the coupon code 100off-419 to get \$100 off. Note that coupon will expire in 48 hours.

Week 1

Mon, Wed, Thur

5.30 PM to 7.30 PM PST

Week 2

Mon, Wed, Thur

5.30 PM to 7.30 PM PST

All live sessions are recorded and available
for playback the next morning



MULTIFAMILY U

www.multifamilyU.com



TIME FOR THE SHOOTOUT

BEST CITIES AND STATES IN THE COUNTRY FOR REAL ESTATE IN 2018

RENT GROWTH = CASH FLOW

Yardi® Matrix

apartment list

trulia®

Sacramento

Sacramento

Tacoma

Orlando

Reno

Sacramento

Las Vegas

Orlando

Milwaukee

Denver

Riverside

Los Angeles

Phoenix

Salt Lake City

Colorado Springs

Tampa

Vancouver

Deltona

Dallas

Arlington

Salt Lake City

Los Angeles

Tampa

Gary

Twin Cities

Santa Ana

Fresno

Inland Empire

Fresno

Las Vegas

HOTTEST = FIX & FLIP

Zillow®

realtor.com®

San Jose

San Francisco

Raleigh

San Jose

Seattle

Vallejo

Charlotte

Colorado Springs

San Francisco

Midland, TX

Austin

San Diego

Denver

Santa Rosa

Nashville

Sacramento

Portland

Denver

Dallas

Stockton

PRICE GROWTH = APPRECIATION

FORBES

trulia®

realtor.com®

Orlando

Las Vegas

Grand Rapids

Provo

Dallas

Nashville

Jacksonville

Deltona

Raleigh

Raleigh Durham

Stockton

El Paso

Ogden

Lakeland

San Antonio

Nashville

Salt Lake City

Fort Worth

Atlanta

Charlotte

Austin

Springfield

Colorado Springs

Columbus

Fort Worth

Nashville

Madison, WI

Sacramento

Tulsa

Cincinnati

1
2
3
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RENT GROWTH = CASH FLOW

HOTTEST = FIX & FLIP

PRICE GROWTH = APPRECIATION

Yardi Matrix

apartment list

trulia

Zillow

realtor.com

trulia

realtor.com

Sacramento

Sacramento

Sacramento

Riverside

Los Angeles

Los Angeles

Santa Ana

Fresno

Inland Empire

Fresno

San Jose

San Francisco

San Jose

Vallejo

San Francisco

San Diego

Santa Rosa

Sacramento

Stockton

CA

Stockton

Sacramento

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RENT

CASH FLOW

HOTTEST = FIX & FLIP

PRICE GROWTH = APPRECIATION

Yardi Matrix

trulia

Zillow

realtor.com

FORBES

trulia

realtor.com

TX

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Dallas

Arlington

Austin

Dallas

Midland, TX

Fort Worth

Dallas

El Paso

San Antonio

Fort Worth

Austin

RENT GROWTH = CASH FLOW

HOTTEST = FIX & FLIP

PRICE GROWTH = APPRECIATION

Yardi[®] Matrix

apartment[®] list

trulia[®]

Zillow[®]

realtor.com[®]

FORBES

trulia[®]

realtor.com[®]

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Orlando

Orlando

Deltona

Tampa

Tampa

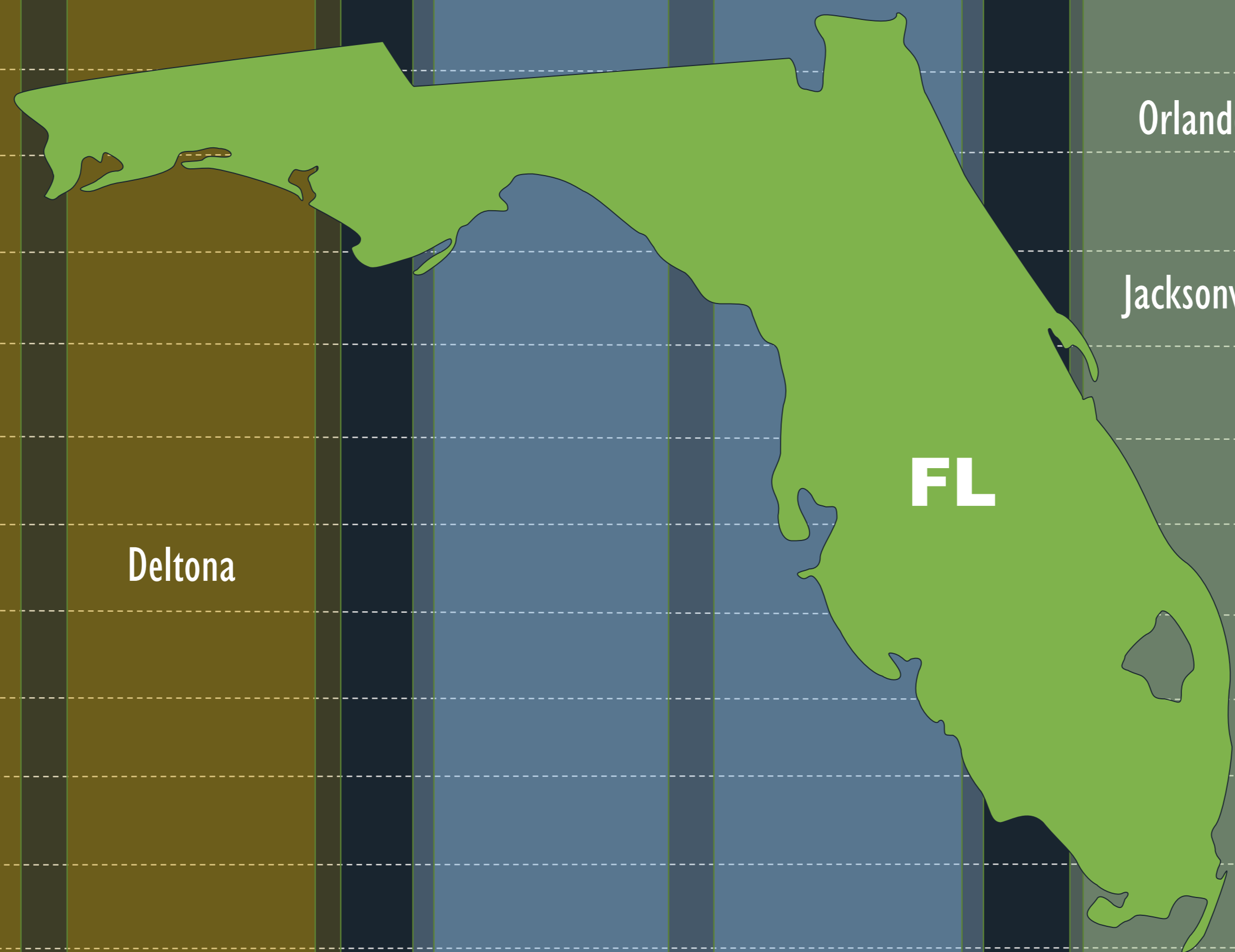
FL

Orlando

Jacksonville

Deltona

Lakeland



RENT GROWTH = CASH FLOW

Yardi[®] Matrix

apartment[®] list

trulia[®]

Denver

Colorado Springs

HOTTEST = FIX & FLIP

Zillow[®]

realtor.com[®]

Colorado Springs

Denver

Denver

APPRECIATION

CO

Colorado Springs

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RENT GROWTH = CASH FLOW

Yardi® Matrix

apartment list

trulia®

Salt Lake City

Salt Lake City

HOTTEST = FIX & FLIP

Zillow®

realtor.com®

UT

PRICE GROWTH = APPRECIATION

FORBES

trulia®

realtor.com®

Provo

Ogden

Salt Lake City



HONORABLE MENTION

North Carolina (5) & Nevada (4)

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**NEAL'S BOLD 2019
PREDICTION - IN CALIFORNIA**

I HOPE I DON'T CRASH AND BURN

The California City that will outperform is...

A really tiny place

It's has some cash flow

The number of rentals listed on Trulia quadrupled in two years



It's fairly affordable

Median rents are \$1,500, median starter homes are around \$200K



Ranked #7 for Best Performing small cities

The Milken institute ranked it highly for High tech and for overall job growth



Defense , Healthcare & Gambling growth

Beale AFB growing, Healthcare adding 7,000 jobs, Colusa Casino adding \$170 Million to economy



HONORABLE MENTION
Visalia, CA and Riverside, CA



NEAL'S BOLD 2019 PREDICTION – OUT OF STATE

I HOPE I DON'T CRASH AND BURN

The City/State that will outperform is...

Full of potatoes

Boise, ID



#1 Lowest cost Metro in Pacific U.S.

Competitive Alternatives voted it #1 in 2016



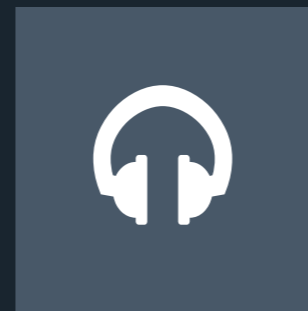
Voted "Best Cities to Live" often

From several publications, including #1 in 2016 from
247wallst.com



#2 in "Up and coming cities for college grads"

Forbes ranked it in 2015



#2 best state for Property tax rate

The Tax Foundation study ranked it highly



HONORABLE MENTION

Salem, OR and Tacoma, WA

QUESTIONS ?

GET IN TOUCH WITH US

Call us to chat about investment or joint venture opportunities

neal@grocapitus.com

510-367-1510

www.grocapitus.com

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Reviews for the Boot Camp

What are the students saying?

“ Thank you again for an amazing learning experience in the MF Boot Camp. My husband and I really appreciated how many specific tools you shared that we haven't seen elsewhere. Tools we can begin putting into practice right way, such as what to look for in determining which markets have the greatest potential for growth and cash flow, how to then drill down to specific neighborhoods within those markets, and how to build a team that can help support and run our out-of-state holdings. This is invaluable information for new investors like ourselves, but I imagine even a seasoned veteran would have picked up some great tips. Definitely worth every penny and more!

”

- Anya Sagee



Go to www.multifamilyu.com and use the code 50off to get a discounted price on the boot camp (the boot camp price goes up on Sunday to a much higher amount).

Reviews for the Boot Camp

What are the students saying?

“ It’s easy to endorse the Boot Camp on Multifamily Real Estate that you provided. I have attended many seminars on real estate and yours was, by far, the best. In one day you provided so much great content and insight that I have nothing to compare it with. The access to the trove of material you provided afterwards just doubled down on the value you provided. I would go again.

”

Mark Kamstra



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New investment opportunity

23% projected returns

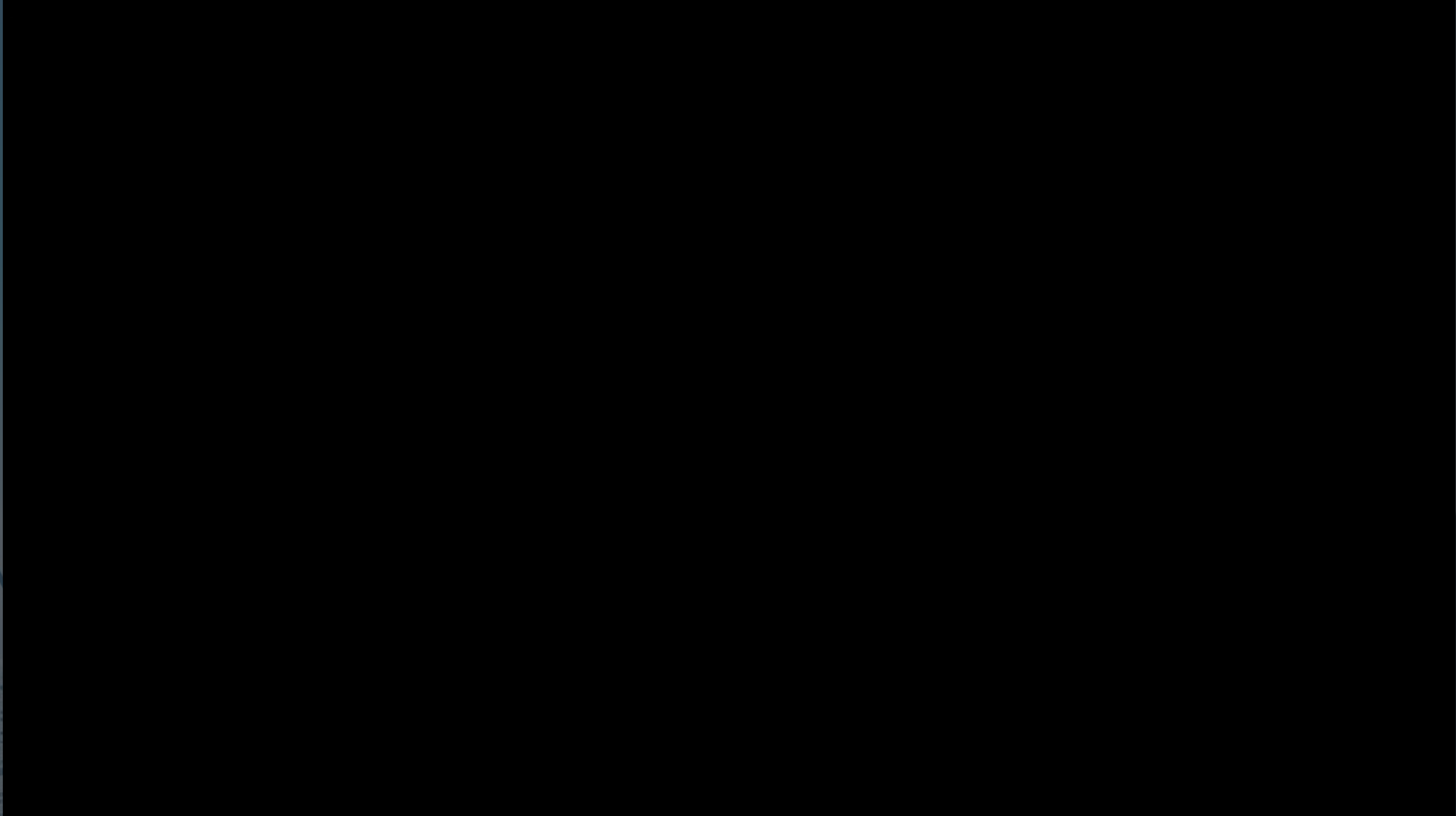
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WILL HIGHER MORTGAGE RATES AFFECT SALES

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