



Real Estate Committee Webinar Panel
Commercial Real Estate Economic Outlook
January 18, 2022

CLE Materials and Speaker Biographies

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Panelist:

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Brian Shloss, Summit Investment Management
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Program Sponsored By:



Commercial Real Estate Economic Outlook

abiLIVE

webinar series

January 18, 2023

Sponsored by ABI's Real Estate Committee, Keen-Summit Capital Partners LLC and Summit Investment Management LLC



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Yogi Berra called it right – “A déjà vu Economy”

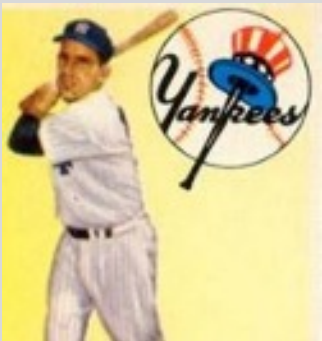
(Deficit Spending / Government Shutdowns / Inflation / CRE Distress)



1884 Anti-Deficiency Act

"I am writing to inform you that **beginning on Thursday, January 19, 2023, the outstanding debt of the United States is projected to reach the statutory limit,**" Yellen said. **"Failure to meet the government's obligations would cause irreparable harm to the U.S. economy, the livelihoods of all Americans and global financial stability,"**

"It's tough to make predictions, especially about the future."



A NICKEL AIN'T WORTH A DIME ANYMORE.

[Janet Yellen warns of 'extraordinary measures' as U.S. on track to hit debt ceiling next week | CBC News](#)

Overview of shutdowns involving furloughs

Shutdown ↕	Days ↕	Agencies affected ↕	Employees furloughed ↕	Cost to government ↕	President ↕
1980	1	FTC only	1,600	\$700,000	Carter
1981	1		241,000	\$80–90 million	Reagan
1984	1 (approx. 4 hrs.)		500,000	\$65 million	
1986	1 (approx. 4 hrs.)	all	500,000	\$62.2 million	
1990	3	all	2,800	\$2.57 million	H.W. Bush
Nov 1995	5	some	800,000	\$400 million	Clinton
1995–1996	21	some	284,000		
2013	16	all	800,000	\$2.1 billion	Obama
Jan 2018	3	all	692,900	\$5 billion	Trump
2018–19	35	some	380,000		

Under the \$1.7 trillion omnibus appropriations bill signed into law two weeks ago, federal funding should be uninterrupted **until the end of the fiscal year, which is Sept. 30.** But Department of Treasury announced Jan 13th that **the Fed. Government is expected to reach its \$31.4 trillion borrowing authority in coming weeks, and likely will need Congress to raise the limit to avoid defaulting on its debts.**

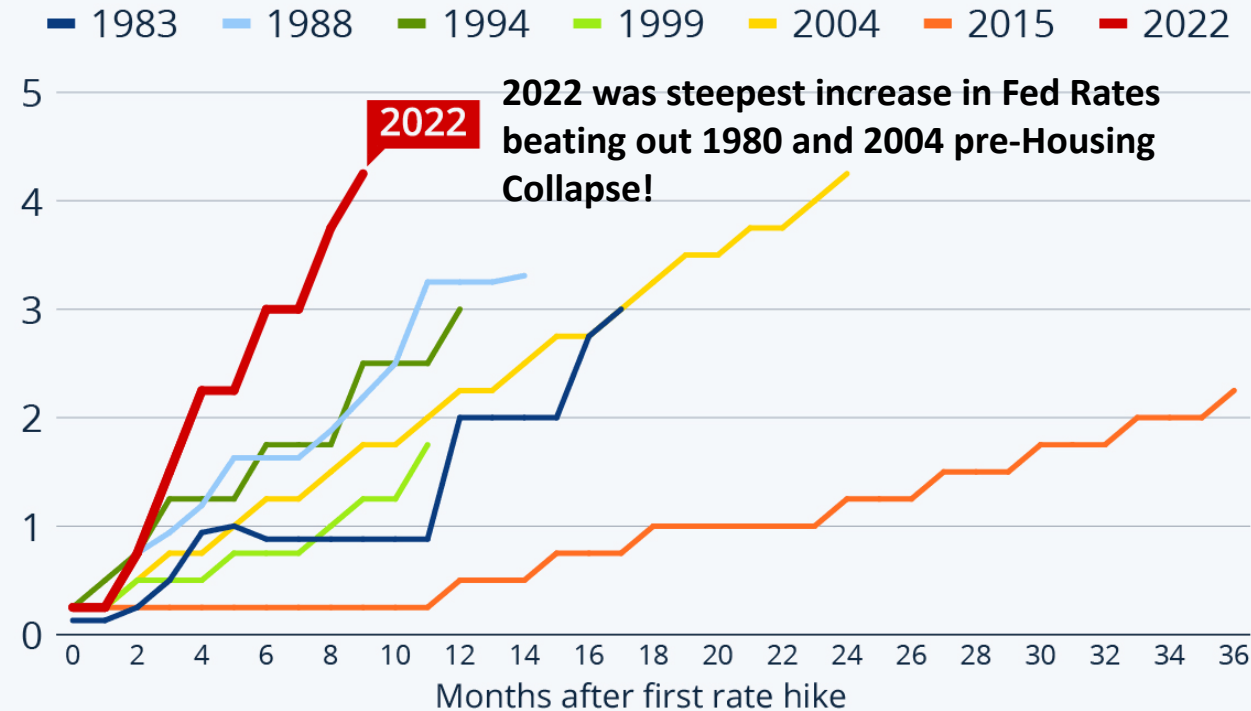
LTC (Location-Timing-Capital) won't work
under these interest
rate conditions.

Capital is "Locking UP"
and ReFi Risk is elevated.

Property Owners and
Borrowers facing RefFi in
2023 and 2024 face
"Maturity Defaults" with
no Capital Options.

The Fed Is Moving Historically Fast to Tame Inflation

Changes in the federal funds target rate in past tightening cycles (in percentage points)



Source: Federal Reserve
Chart: The Fed Is Moving Historically Fast to Tame Inflation | Statista ([ampproject.org](https://www.ampproject.org))

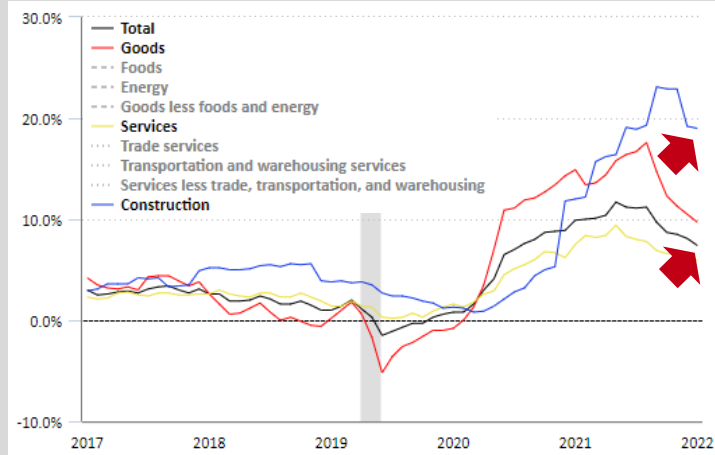


statista

The Inflation Metrics: PPI, CPI, PCE, etc. = Expenses growing > Rents = NOI Decline

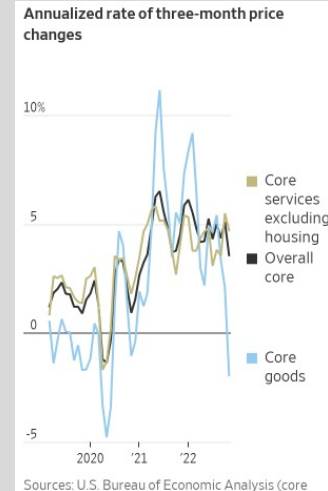
PPI

12-month percent change in Producer Price Indexes for final demand, November 2017–November 2022



Producer prices rose **+7.4% YOY November 2022**. A 9.7% rise in producer prices for goods, a 5.9-percent rise in producer prices for services, and **a 19.0% rise in producer prices for construction led to this price increase.**

CPI: Forget Core CPI, the Market is looking at “Supercore” Inflation



“Supercore” is **SERVICES & WAGES**: The Fed’s “focus on this core PCE housing stuff is obviously driven by their belief that **wage pressures are closely linked with core services** - “the goods and the shelter print will get less relative focus compared to what’s happening on the services side of things”—and, as the year goes on, “the market will transition toward a greater focus on the labor-market numbers.” **THE WALL STREET JOURNAL.**

[Forget Core CPI, Market Pros Are Searching for Supercore Inflation - WSJ](#)

PCE: Personal Consumption Expenditures Price Index

Change from Month One Year Ago

November 2022		5.5 %
October 2022	Fed’s Favorite: It is changes in the prices of goods and services purchased by consumers.	6.1 %
September 2022	Next release Jan 27, 2023 – right before next FOMC meeting Feb 1!	6.3 %
August 2022		6.3 %

[Personal Consumption Expenditures Price Index | U.S. Bureau of Economic Analysis \(BEA\)](#)

☆ Flexible Price Consumer Price Index (FLEXCPIM679SFRBATL)

[Flexible Price Consumer Price Index \(FLEXCPIM679SFRBATL\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

Observation:	Units:	Frequency:
Dec 2022: -5.52895 (+ more)	3-Month Annualized Percent Change, Seasonally Adjusted	Monthly
Updated: Jan 12, 2023		



Why the drop of -5.53% in Dec 2022? Energy Prices – SPR impact.

Where to “Outrun Inflation?” Follow the Workforce Migration – UHaul Jan 2023



U-Haul Growth States of 2022: Texas, Florida Top List Again

Texas, Florida and the Carolinas were the preferred destinations of one-way U-Haul® truck customers during 2022, ranking as the top growth states on the annual U-Haul Growth Index. [U-Haul](#) transactional data confirms that migration to the Southeast and Southwest U.S. – trends that were amplified and accelerated during the pandemic – continued through last year, although overall DIY moves slowed slightly in most states from the record-breaking number of moves in 2021.

Demand for equipment out of California, Illinois and New York remained strong in 2022, as more people opted to leave areas of the West Coast, Northeast and Midwest. California and Illinois ranked 50th and 49th, respectively, on the U-Haul Growth Index for the third consecutive year, meaning those states saw the greatest net losses of one-way U-Haul trucks.

2022 U-Haul Growth States

- | | |
|------------------------|------------------|
| 1. TEXAS (1) | 7. ARIZONA (5) |
| 2. FLORIDA (2) | 8. GEORGIA (23) |
| 3. SOUTH CAROLINA (4) | 9. OHIO (24) |
| 4. NORTH CAROLINA (19) | 10. IDAHO (9) |
| 5. VIRGINIA (31) | 11. COLORADO (7) |
| 6. TENNESSEE (3) | 12. UTAH (28) |

Where can workforce and businesses “Outrun Inflation” and AFFORD to live and attract Workforce?

- South (TX, FL, Carolinas, VA)
- Inner-Mountain (UT, CO)

[U-Haul Growth States of 2022: Texas, Florida Top List Again | U-Haul \(uhaul.com\)](#)

THE YEAR-END

Bad Headlines from 2022

March: Blackstone announces it will give back the keys to 1740 Broadway in NYC after top tenant, L Brand, vacates. Property backs \$308 million CMBS loan.

April: Sale of NYC's 452 Fifth Ave. (HSBC Tower) stalls as top tenant plans to vacate.

May: Voya announces it will reduce Minneapolis footprint by 75 percent.

May: Amazon.com announces it is "over-warehoused."

July: Peloton announces plans to sublease big NYC office.

July: Sole tenant behind 3000 Post Oak office in Houston announces it will vacate entire 440,000 square feet.

August: Baseball broadcasting icon Vin Scully dies.

September: Prime Therapeutics puts 400,000 square feet of office space out for sublease in Eagan, Minn.

September: Value of South Florida's Flagler Corporate Center cut 90 percent after Florida Power and Light departs.

October: Yield on 10-year Treasury surpasses 4.25 percent

November: Yield on two-year Treasury climbs above 4.75 percent.

November: Cracks in San Francisco's multifamily market: the \$343.6 million Veritas Multifamily Portfolio Pool loan is sent to special servicing as borrower says it will not pay off loan by maturity date.

November: Philadelphia's Presidential City apartment complex sold for \$357 million—price represents 9 percent discount to 2019 value.

Ugly Headlines from 2022

February: Russia invades Ukraine.

March: Oil tops \$130/barrel.

May: Wall Street Journal reports office property owners drowning in "tide of sublease space."

June: Headline Consumer Price Index spikes, sending bond yields higher and stock prices lower; Dow Jones Industrial Average falls 2,600 points over four days.

June: Three Columbia University professors put out research saying NYC office values could fall 28 percent by 2029.

August: Regal Cinemas files for bankruptcy.

September: Upper West Side retail property in NYC loses top tenant—\$125 million loan defaults.

October: Facebook's parent company announces it will reduce office space considerably—terminates NYC lease in Midtown South, puts San Francisco space up for sublease.

October: Microsoft will let leases on 1 million square feet of office space in the Seattle area expire.

November: Value of the collateral behind the \$74.9 million loan against Ohio's Dayton Mall cut by 70 percent.

November: Pennsylvania REIT sells Cumberland Mall in Vineland, N.J., for 52 percent of its 2012 value.

Upcoming Office Loan Maturities: Drama, Thriller or Chainsaw Massacre?

Looming Office Maturities and Lease Expirations

A total of \$40.47 billion is scheduled to mature by the end of 2024. That consists of 353 loans backed by 583 office properties. At least one of the five largest tenants at these properties has a lease expiration within the next two years as well. The average total lease roll within two years across the top five tenants is 38,500 square feet, or about 20 percent of the average building's space.

A little more than half the scheduled maturities are floating-rate loans (56 percent) with an average

- 353 Office loans maturing by 2025 incl. 583 Office bldgs.
- All bldgs in "Large MSAs (NY, Boston, San Fran, etc.)"
- 56% Loans are Floating rate

Year-End 2022

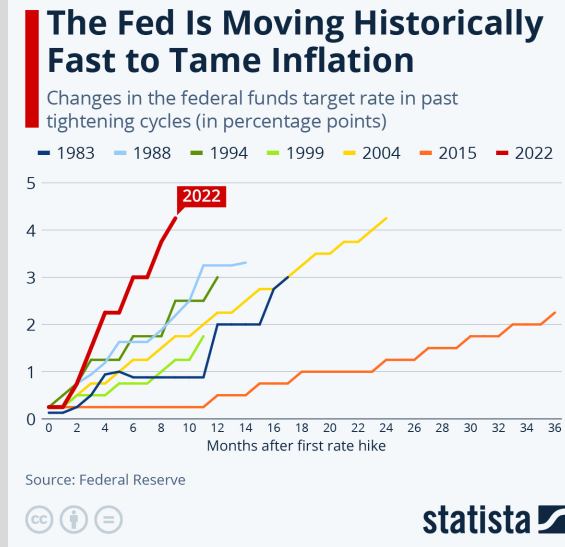
Office Loans Maturing by Year-End 2024 by MSA

Metropolitan Statistical Area	# of Loans	# of Properties	Current Outstanding Bal \$bln	Avg. # of Top 5 Tenants Expiring within 2yrs	Avg. Total SF Expiring within 2yrs (Top 5 Only)
New York-Newark-Jersey City, NY-NJ-PA	89	129	15.72	0.99	48,275
San Francisco-Oakland-Hayward, CA	21	34	5.10	1.06	30,203
Los Angeles-Long Beach-Anaheim, CA	54	64	4.60	1.62	61,664
Chicago-Naperville-Elgin, IL-IN-WI	37	51	3.99	1.11	49,670
Boston-Cambridge-Newton, MA-NH	12	27	2.94	0.73	19,182
Washington-Arlington-Alexandria, DC-VA-MD-WV	35	73	2.85	1.83	24,243
Houston-The Woodlands-Sugar Land, TX	40	69	1.92	1.83	29,192
Dallas-Fort Worth-Arlington, TX	26	44	1.02	1.93	22,247
San Diego-Carlsbad, CA	10	28	1.00	1.49	25,790
Atlanta-Sandy Springs-Roswell, GA	14	34	0.90	1.58	46,155
Phoenix-Mesa-Scottsdale, AZ	15	30	0.42	0.76	41,164
TOTALS	353	583	40.47	1.34	38,510

What to Watch going into 2023? The Economic 5

FEDERAL RESERVE: Higher, but Slower? Done?

Capital is “Locking UP”
and ReFi Risk is elevated.



The 4 key Inflation Metrics:

- **PPI (It feeds into CPI; Cooling but +7.4% YOY; Jan 18),**
- **CPI (Forget “CORE,” focus on “Supercore” (Services +Wages)**
- **PCE (The Fed’s preferred measure)**
- **Flexible CPI**
“Flexible CPI” – The RSE’s favorite

The 3 Confidence Measures:

- **Consumer – Univ of MI**
- **Small Business - NFIB**
- **Housing – NAHB HMI**



Housing – Buyer Cancellation Rates break records:

- **Buyers are backing out of home-purchase deals at the highest rate since the early days of the COVID-19 pandemic.**
- **Commercial Real Estate follows the Roof-Tops.”**

CREPI by CCIM/STDB:

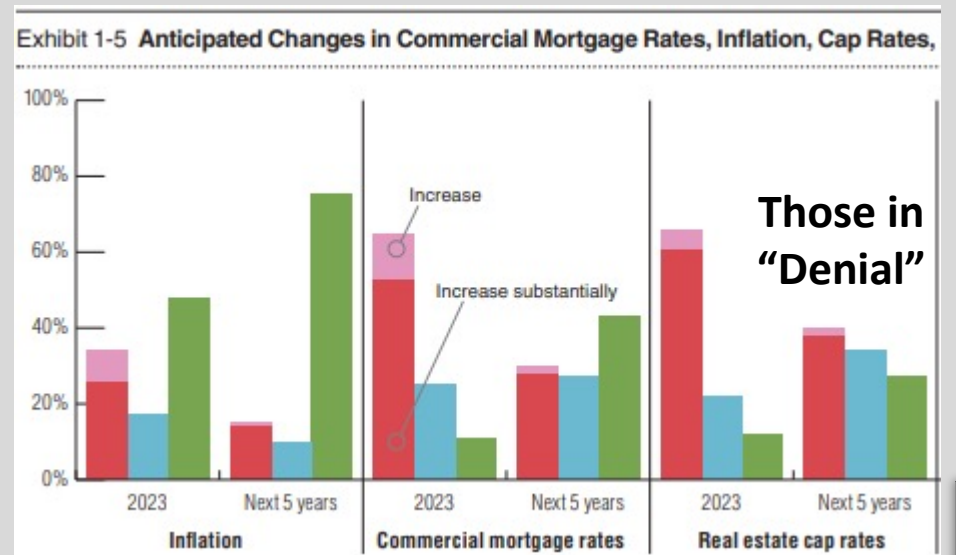
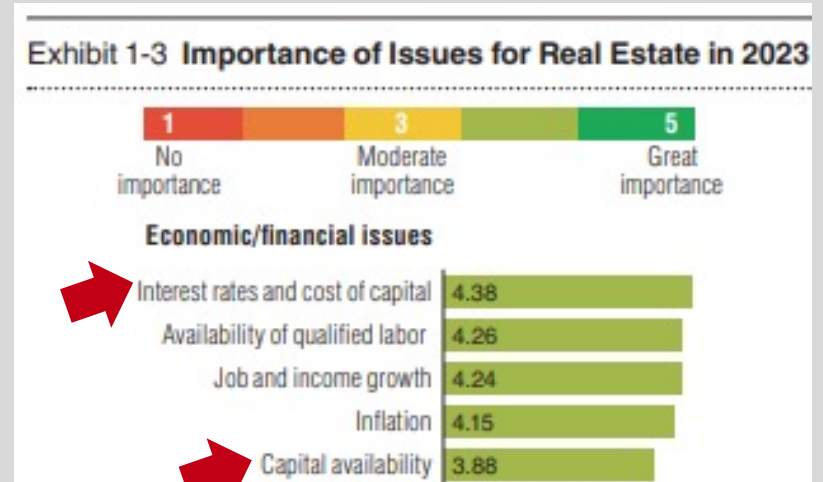
Go to

www.stdb.com/crepi to

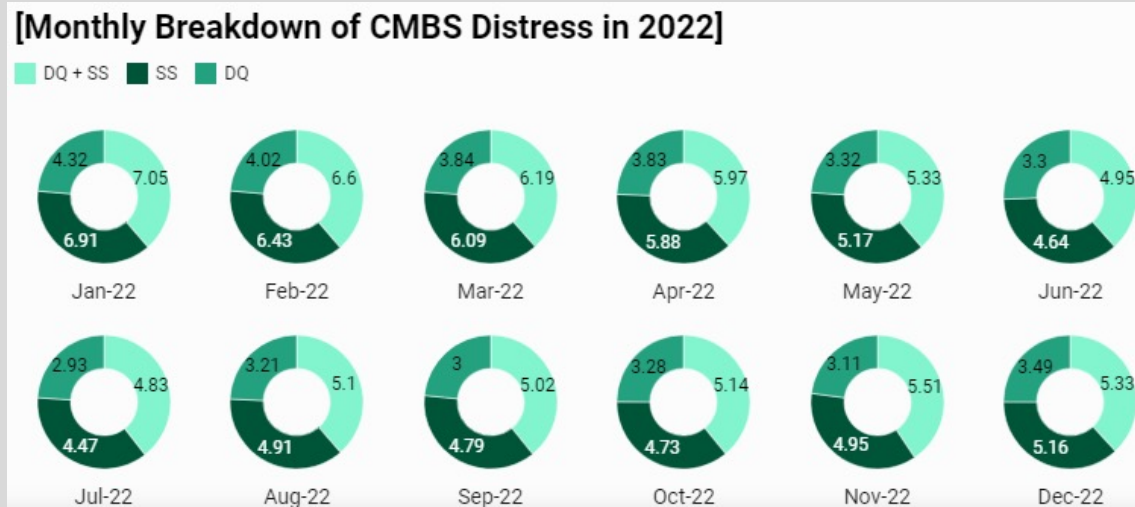
view **CREPI™**

ULI 2023 Emerging Trends: “Pricing Disconnect”/“Primed for Reset”

- Interest rates are rising, economic clouds are darkening, and real estate deal flows are sinking because **buyers and sellers cannot agree on pricing.**
- The one issue ULI interviewees agree: “The existential risk for the real estate economy right now is that Fed action in response to persistent inflation will tip us into a recession,” **Can the Federal Reserve Bank tame inflation without breaking the economy?**
- The “Amazon Pause:” Growth in e-commerce is slowing and giving back some of the market share it captured from physical retailers during the pandemic. **Amazon, the largest warehouse user in the United States, has delayed occupying numerous completed projects.** Amazon to layoff 10k employees.
- Reversion UP to the Mean: Property **fundamentals have been improving for the battered hotel sector, especially hotels serving leisure traveler.**
- The “Sugar Rush” Is Over: **Property returns are primed for reset**



Maturity Defaults: CMBS a proxy. Office & Retail rising / Lodging falling



SS (Special Servicer) and DQ (Delinquency mainly due to Maturity Defaults) rising since Sept 2022.

More to come in 2023.

A lot of work will be required to tackle Maturity Defaults!

Maturity Defaults: “By property type, retail ended the year with the highest delinquency rate, increasing 13 percent to 7.91 percent.

“December’s delinquency retail rate was **pushed higher in December by several maturity defaults**, including a \$162.9 million loan secured by [West County Center](#) in Des Peres, Mo., which defaulted on its Dec. 1 maturity date. **The collateral is a 743,945 SF portion of a regional mall** owned by CBL.

MF CRE Up too: “In addition to retail, delinquency rates for **multifamily (2.61 percent), office (1.76 percent) and industrial (0.17 percent) also exhibited month-over-month increases in December.**

OFFICE CRE: “One of the largest office loans to transfer to special servicing was the \$243.6 million [Republic Plaza](#) loan, which is secured by **a 1.3 million-square-foot tower in Denver’s central business district. The loan defaulted on its Dec. 1 maturity date.**

“Conversely, the delinquency rate for loans secured by lodging properties (4.63 percent) was lower compared to the prior month. **Over the course of 2022, the delinquency rate for lodging declined by more than 50 percent** as part of a significant sector recovery from pandemic-related distress.

“**Bu-Leisure**” is the new term where Lodging is performing!

Office & Remote Work: Kastle Back to Work Barometer

City-by-City Views of America's Office Use



KASTLE BACK TO WORK BAROMETER

Weekly Occupancy Report from Kastle Access Control System Data

19.23

BAROMETER THIS WEEK

32.8%

10 CITY AVERAGE
OCCUPANCY



	Wed 12/28	Wed 1/4	% Change
Austin metro	24.8%	43.8%	19.0% ▲
Houston metro	27.9%	43.9%	16.0% ▲
Chicago metro	17.5%	33.2%	15.7% ▲
Dallas metro	26.8%	40.7%	13.9% ▲
New York metro	18.2%	30.9%	12.8% ▲
Washington D.C. metro	18.4%	30.7%	12.3% ▲
Average of 10	21.4%	32.8%	11.4% ▲
Philadelphia metro	23.7%	32.2%	8.5% ▲
Los Angeles metro	25.0%	32.9%	7.9% ▲
San Francisco metro	16.2%	20.8%	4.6% ▲
San Jose metro	15.3%	18.8%	3.4% ▲

Kastle customers are in more than 2,600 buildings in 138 cities. The Barometer reflects swipes of Kastle access controls from the top 10 cities, averaged weekly. It summarizes recent weekday building access activity among our business partners, not a national statistical sample.

*On March 22, 2021, Kastle moved from daily to weekly data reporting to provide a more robust and comprehensive picture of office occupancy. We have also recalculated data back to the start of the time series for consistency. This has only a marginal impact on most cities and the national average.

To learn more about KastleSafeSpaces visit: www.kastle.com/kastlesafespaces/



The paradigm shift of Remote Work has less than half of us returning to the office!

- TEXAS has the highest percentages at 43.9% in Houston, 43.8% in Austin, and 40.7% in Dallas.
- NO MSAs outside TX above 33% occupancy.
- A BIG decline from Q4 2022 (40%-45% ratio with TX MSAs over 50%).

CCIM-TECH's CREPI™ Report | A Forward-Look at CRE Conditions

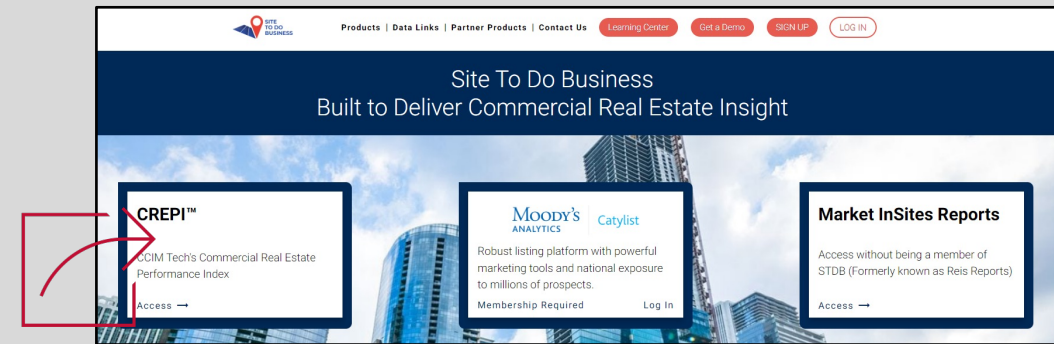
What is the 2023 Outlook from CREPI? CREPI is a robust, forward-looking measure of the U.S. economy and commercial real estate property conditions. Comprised of 10 forward-looking measures, it reflects a steep decline ahead not unlike what the consumer, small businesses, and housing industry are telling us now – **recession ahead**.

CREPI will remain at a historic low level of 80 to 85 through 2023 and could go below a reading of 80 in Q1 2023 if the Federal Reserve does NOT slow or halt rate increases to assess the damage it is inflicting on the economy.

What are some damages we already see?

- The JOLTS data shows job opening declines from the record 10-11 million level to something less than a 2:1 job openings to unemployed ratio.
- ➡ • **Elevated job cut announcements by big technology and financial services companies are growing. Higher unemployment will follow mid-2023.** Follow the resource Challenger-Gray for perspective on job losses. (challengergray.com).
- ➡ • **Capital sources for CRE investing are pulling back. Capital is becoming harder to attain and will only worsen in 2023** as the candid message to banks from the Federal Reserve is: “**Lending activity is Inflationary so curtail it.**” **Forget LLL and focus on the broken T&C in LTC (Location, Timing & Capital)**

UPDATED MONTHLY with commentary from The Red Shoe Economist

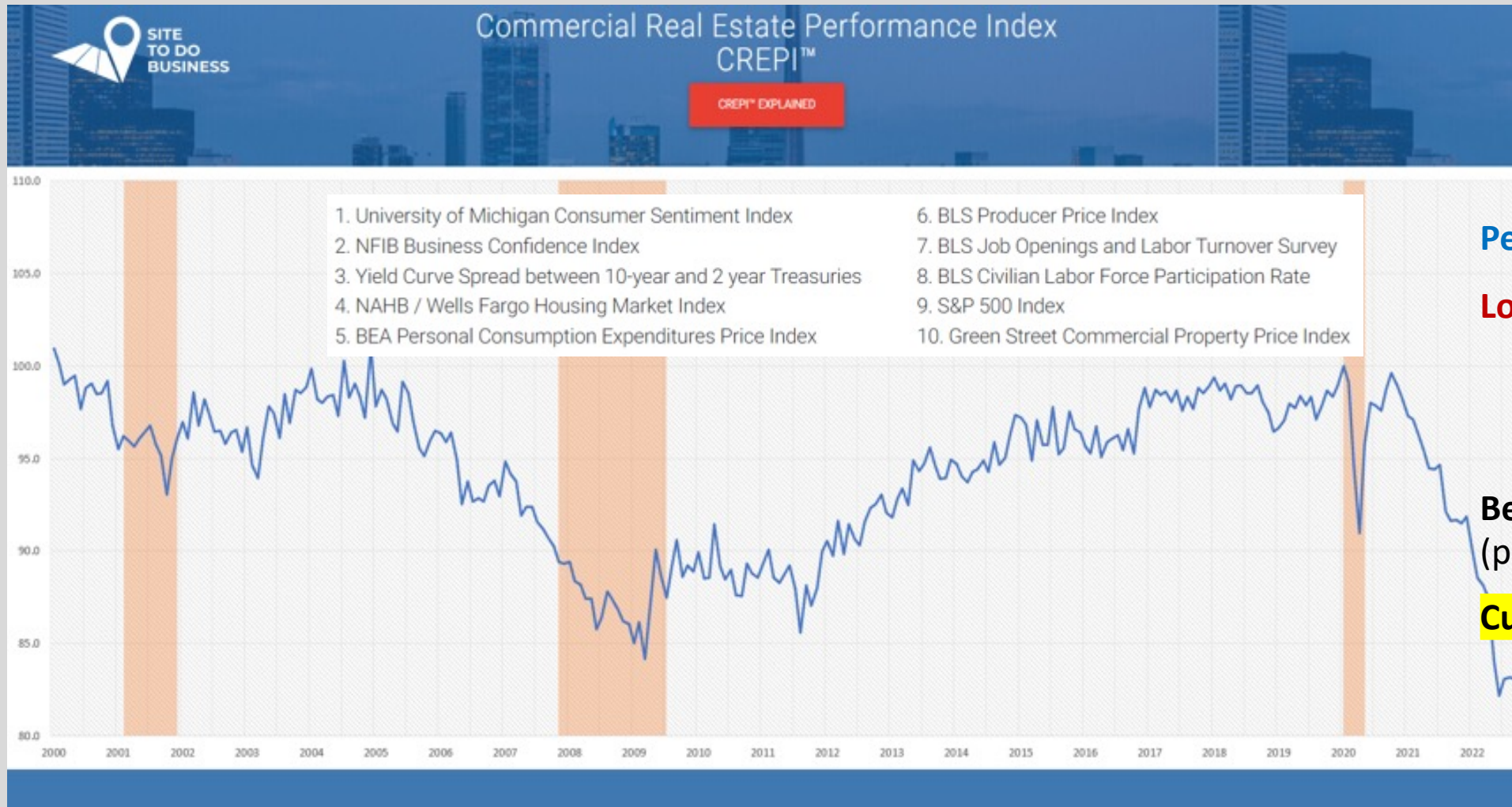


Go to www.stdb.com/crepi to view CREPI™

CREPI® Data Components:

1. University of Michigan Consumer Sentiment Index
2. NFIB Business Confidence Index
3. Yield Curve Spread between 10-Year and 2-Year Treasuries
4. NAHB / Wells Fargo Housing Market Index
5. BEA Personal Consumption Expenditures Price Index
6. BLS Producer Price Index
7. BLS Job Openings and Labor Turnover Survey
8. BLS Civilian Labor Force Participation Rate
9. S&P 500 Index
10. Green Street Commercial Property Price Index

STDB & CCIM Institute CREPI: Bouncing along record Bottom of 82



CREPI History:

Peak: 100 - Jan 2020 (pre-Covid)

Lows: 84.2 – Mar 2009

(Housing Recession)

91.4 – Covid (Apr 2020)

81.8 – Oct 2022

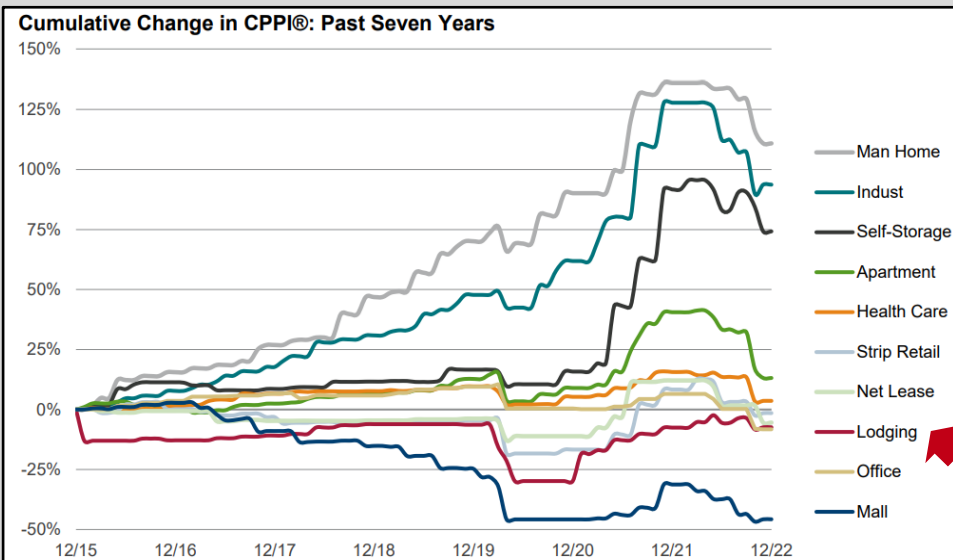
Beginning of 2022: 91.9

(pre Fed Rate Hikes – 7/4.25%)

Current: 82.8 (Yr-End 2022)

www.stdb.com/crepi to view CREPI™

The CRE Value & Workforce Metrics: Values Falling & Remote-work to Stay



The Key CRE Value Question for 2H 2022:
What is the CRE Value impact if Expenses rise more than rents/revenue?

Why Lodging has so much less decline?
“Bu-Leisure”

Green Street CPPI®: Sector-Level Indexes

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	Recent Peak
All Property	134.3	0%	-13%	-13%
Core Sector	134.4	0%	-16%	-16%
Apartment	152.7	0%	-19%	-20%
Industrial	215.8	0%	-15%	-15%
Mall	77.1	0%	-21%	-21%
Office	97.9	0%	-14%	-14%
Strip Retail	115.2	0%	-9%	-13%
Health Care	134.9	0%	-10%	-10%
Lodging	107.6	0%	0%	-5%
Manufactured Home Park	289.2	0%	-11%	-11%
Net Lease	97.6	0%	-16%	-16%
Self-Storage	278.8	0%	-9%	-11%

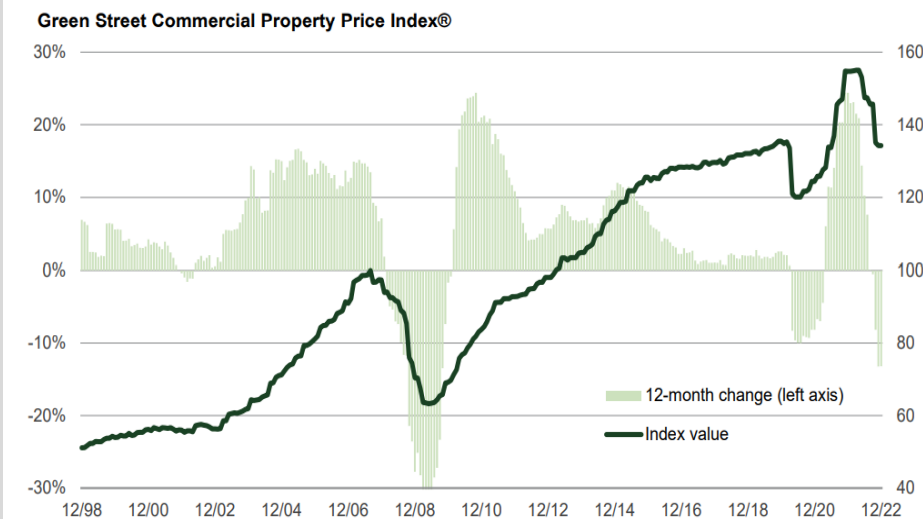
Commercial Property Price Index®

Green Street

January 6, 2023

Property Prices Down 13% in '22

The Green Street Commercial Property Price Index® was unchanged in December. The index—a measure of pricing for a broad spectrum of institutional quality properties—declined 13% in 2022.



Are lenders, Investors and Appraisers ready for this Value Disruption in 2023?

Interest Rate Change on Value: Band of Investment to Derive Cap Rate



CAPITALIZATION RATE COMPARISON

As of January 20th, 2021

INITIAL CAP RATE VIA BAND-OF-INVESTMENT (BOI)

Mortgage Rate Index: 10-Year Treasury Yield	1.10%
PLUS: Mortgage Rate Spread:	2.25%
Mortgage Interest Rate:	3.35%
Mortgage Term, in Years (Amortization Period):	30 Years
Loan-To-Value Ratio:	75.00%
Equity Ratio:	25.00%
Number of Payments per Year:	12 Pmts./Yr.
Periodic Mortgage Constant	0.004407
Annual Mortgage Constant:	0.052886
Equity Dividend Rate (Re, or "Cash-on-Cash" Rate):	5.75%

Mortgage Component:	75.00% X	0.052886	=	0.039664
Equity Component:	25.00% X	0.057500	=	0.014375
Total Property:	100.00%	0.05403922		0.054039

Indicated Capitalization Rate via Band-Of-Investment: 5.40%

As of October 21th, 2022

SUBSEQUENT CAP RATE VIA BAND-OF-INVESTMENT (BOI)

Mortgage Rate Index: 10-Year Treasury Yield	4.21%
PLUS: Mortgage Rate Spread:	2.75%
Mortgage Interest Rate:	6.96%
Mortgage Term, in Years (Amortization Period):	30 Years
Loan-To-Value Ratio:	70.00%
Equity Ratio:	30.00%
Number of Payments per Year:	12 Pmts./Yr.
Periodic Mortgage Constant	0.006626
Annual Mortgage Constant:	0.079514
Equity Dividend Rate (Re, or "Cash-on-Cash" Rate):	7.25%

Mortgage Component:	70.00% X	0.079514	=	0.055660
Equity Component:	30.00% X	0.072500	=	0.021750
Total Property:	100.00%	0.07740994		0.077410

Indicated Capitalization Rate via Band-Of-Investment: 7.74%

NOTES:

- 1 - Index increases, but so does the lender spread to address the increase in market risk.
- 2 - Leverage goes down, as capital sources tighten underwriting and debt risk exposure.
- 3 - The investor's Cash-on-Cash (Equity Cap Rate, Equity Dividend Rate) also has to go up as well (while avoiding negative leverage).

IMPACT ON VALUE

First Net Cash Flow:	\$1,000,000
Estimated Rate of Change (Total):	8.00%
Next Year Cash Flow:	\$1,080,000

January 20th, 2021 Value:	\$18,505,000
October 21st, 2022 Value:	\$13,951,697
Total Change in Value:	-24.61%

greg@HAUTEcre.com

KC Twist:

Now layer in that NOI went down due to Expenses growing faster than Rents and the Impact on Value is down another 15% for a total Value decline of 40%

On January 20th, 2021, the 10-Year Treasury Yield was 1.10%, and with spreads hovering around 225 BPS, the rate on a CRE loan was around 3.35%.

Leverage was easily attainable at 75%. If you bought right, you could get a 240 BPS spread to your Equity Dividend Rate - 5.75%.

On Friday, October 21st, 2022, that 10-Year Treasury index increased to 4.21%, which always portends a commensurate spread increase (let's assume 275 BPS), rendering an interest rate of 6.96% (probably light in today's market).

This spreadsheet shows the effect this has over an estimated NOI and given a two-year (roughly) time period.

Bottom line? A 24.61% value diminution. Perhaps now would be a good time to buckle in.



Value Impact Due To Debt Market
Changes - How Interest Rate Hikes
Impact Value and result in a 25% Loss
in Value (Band of Inv.)

	As Of:	8/16/2021	As Of:	1/1/2023
Cap Rate Via Band of Investment				
Safe Rate: 10-Yr Treasury Yield		1.26%		3.50%
Plus: Mortgage Risk Premium	+	2.25%	+	2.75%
Equals: Mortgage Interest Rate	=	3.51%	=	6.25%
Mortgage Term (Years)		30		30
LTV		75%		65%
Payment/ Year		12		12
Equity Dividend Rate		5.75%		7.25%
Debt Component	75% x 0.053939 =	0.040454	65% x 0.073886 =	0.048026
Equity Component	25% x 0.057500 =	0.014375	35% x 0.072500 =	0.025375
Total	100%	0.054829	100%	0.073401
Indicated Cap Rate		5.48%		7.34%
Sample Year One Cash Flow		\$ 1,000,000		\$ 1,000,000
Indicated Value (\$1,000,000/5.8% Cap Rate)		\$ 18,238,449	Value (\$1.0 million/ 7.34% Cap)	\$ 13,623,803
Value Impact				(\$4,614,646)
Value Impact				-25.30%

Band-of-Investment Valuation Tool for Cap Rates

Q) What is CRE Value Impact from SEVEN 2022 rate hikes totaling 425 basis points (4.25%)?

A) 25% Decline

- * 225bp increase in 10-Yr Tr
- * LTV cut from 75% to 65%
- * Cap Rate Increase from 5.5% to 7.35%

The Confidence Measures: Consumer (U-MI) NFIB Small Bus), Housing Home Builders, 4-Rent Subdivisions, Home Building related Businesses in extreme distress

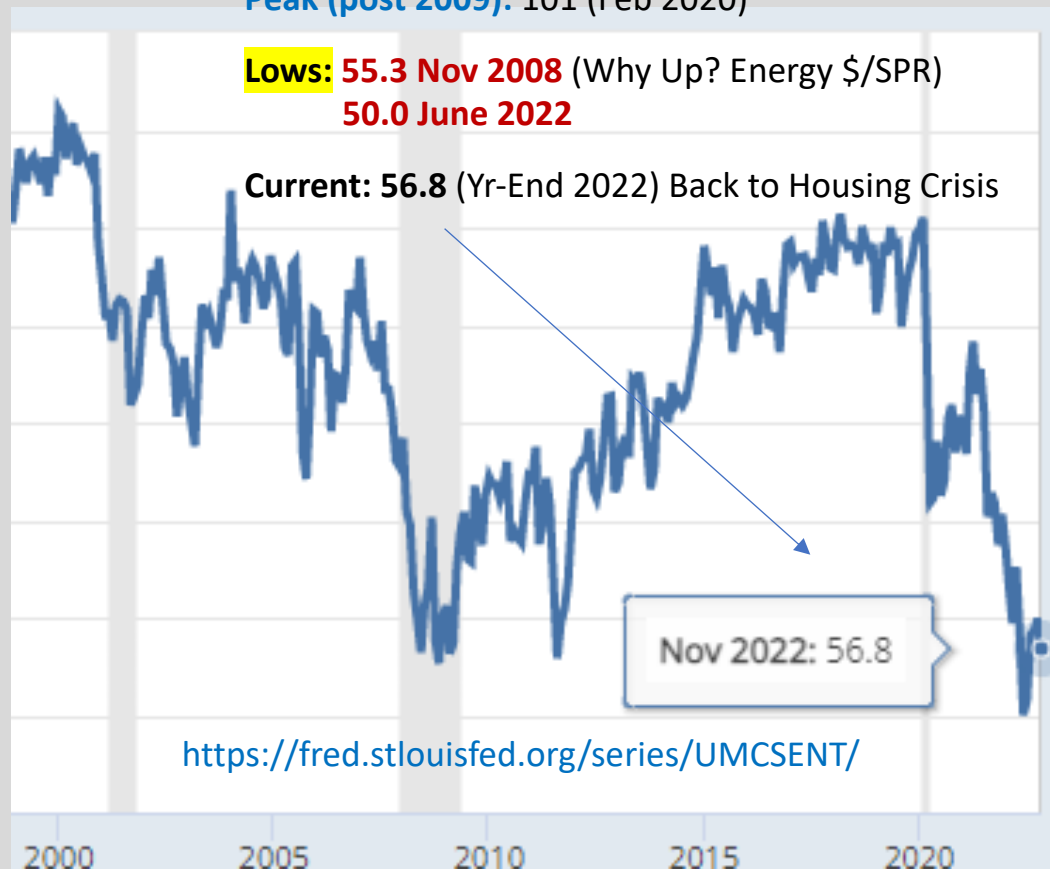
☆ University of Michigan: Consumer Sentiment

Observation:	Units:	Frequency:
Nov 2022: 56.8 (+ more)	Index 1966:Q1=100, Not Seasonally Adjusted	Monthly
Updated: Dec 23, 2022		

Peak (post 2009): 101 (Feb 2020)

Lows: 55.3 Nov 2008 (Why Up? Energy \$/SPR)
50.0 June 2022

Current: 56.8 (Yr-End 2022) Back to Housing Crisis



<https://fred.stlouisfed.org/series/UMCSENT/>



<https://www.nfib.com/surveys/small-business-economic-trends/>

Small Business Optimism Index at 89.8

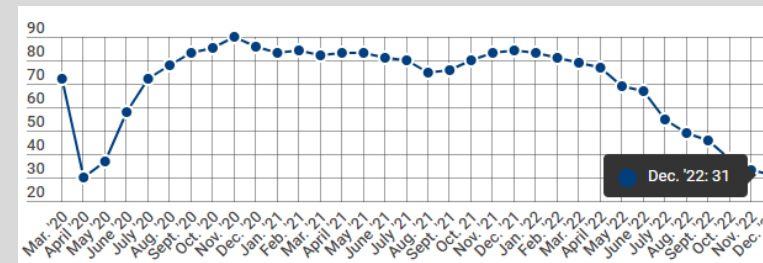
Based on 10 survey indicators, seasonally adjusted, Jan. '10 – Dec. '22



The NFIB Small Business Optimism Index declined 2.1 points in December to 89.8, marking the 12th consecutive month below the 49-year average of 98.

Small Bus, Restaurant & Retail failures pick up in 2023

NAHB/Wells Fargo Housing Market Index (HMI)



<https://www.nahb.org/News%20and%20Economics/Housing%20Economics/Indices/Housing%20Market%20Index>

Looking at the data, the downturn in housing is gaining momentum and could leave activity in worse condition than the Housing Bubble. The latest NAHB survey home builder sentiment at the lowest levels since 2008 (not counting spring 2020) and the traffic of prospective buyers near the lowest levels on record. And then look at Builder Cancellation Rates!



As the health of the economy fluctuates, more and more homebuyers are changing their minds about purchases they have in the works. **In fact, buyers are backing out of home-purchase deals at the highest rate since the early days of the COVID-19 pandemic.**

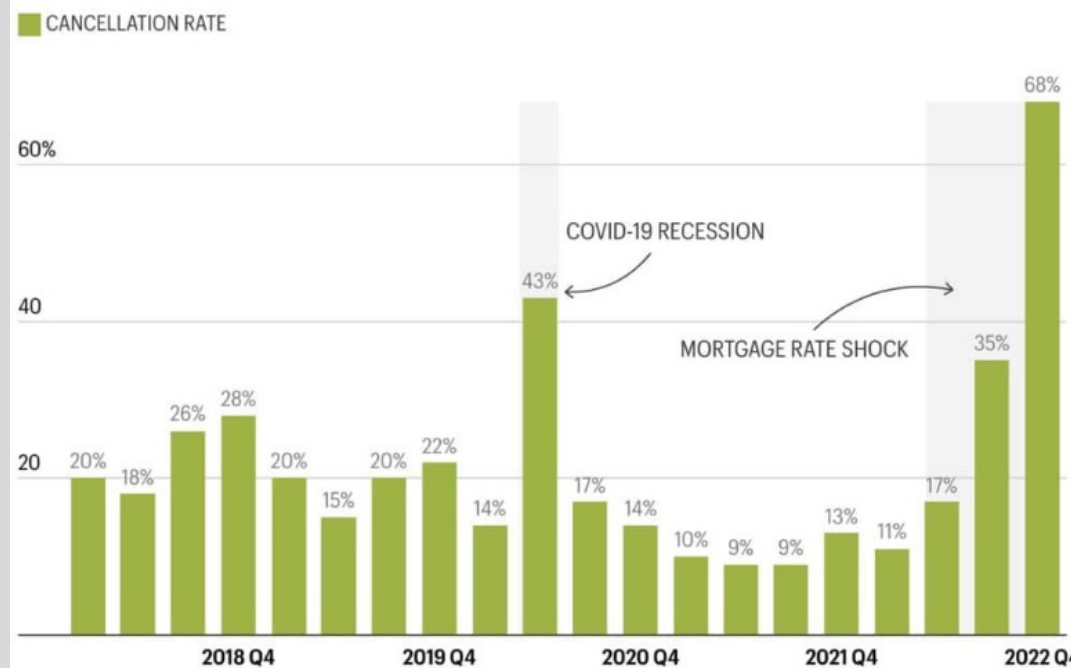
Why are homebuyers canceling deals?

Cancellation rates among homebuyers are the highest they have been in several years.

According to [data from the National Association of Realtors](#) (NAR), about 7 percent of contracts were terminated between March and May of 2022, up from 5 percent in April 2021. Data from Redfin, meanwhile, shows an even higher cancellation rate of 15 percent, up from 11 percent year-over-year.

<https://www.bankrate.com/real-estate/homebuyer-cancellations/#:~:text=Cancellation%20rates%20among%20homebuyers%20are%20the%20highest%20they,2022%2C%20up%20from%205%20percent%20in%20April%202021.>

KB Home—one of the nation's largest homebuilders—reports a 68% cancellation rate in Q4 2022



Cancellation Reasons: The most common reasons are built right into standard purchase contracts. Many include: i) [contingencies](#) in case unexpected problems arise during the transactions. These contingency clauses can kick in if, for example, ii) [home inspection](#) reveals an unexpected major issue, or iii) [a home appraisal determines that a property is worth significantly less](#) than the buyer agreed to pay for it.

Western Water/Drought - A Headwind for Colorado River Basin States



Colorado River users, facing historic uncertainty, are set to meet in Las Vegas next month – The Nevada Independent

thenevadaindependent.com • 9 min read

Together, the many reservoirs that store water for Arizona, California, Nevada and Mexico, are 33 percent full. Lake Mead, held back by the Hoover Dam and the reservoir from which the Las Vegas Valley draws 90 percent of its drinking water, is 28 percent full. Upstream at another large reservoir, Lake Powell, low water has exposed submerged landscapes. It is 25 percent full.

Modeling by [federal water experts forecast](#) both Lake Mead and Lake Powell continuing to drop below critical levels. Without changes in water use, Lake Mead, over the next two years, could drop below the threshold triggering deeper water shortages. **And Lake Powell could drop below its minimum power pool, the point at which water is so low the dam cannot generate electricity.**

In June, U.S. Bureau of Reclamation Commissioner Camille Calimlim Touton called on all water users and all sectors on the Colorado River to come together with a plan that would cut a huge amount of water — about 2 million to 4 million acre-feet — as a measure to stabilize the two reservoirs (an acre-foot is enough water to roughly fill a football field to a depth of one foot).

[Colorado River users, facing historic uncertainty, are set to meet in Las Vegas next month – The Nevada Independent](#)

Western Water/Drought - A Headwind for Colorado River Basin States

Hard Choices for the Colorado River

The seven Colorado River states – **Arizona, California, Colorado, New Mexico, Nevada, Utah, and Wyoming** face a daunting mid-August deadline. The federal government has asked them to come up with a plan **to reduce their combined water usage from the Colorado River by up to 4 million acre-feet in 2023.**

That's a massive reduction for a river system that currently produces about **12.4 million acre-feet.** The Bureau of Reclamation, which manages the Colorado River, warned that it will “act unilaterally to protect the system” if the states cannot develop a plan on their own.

This leads the Commission to conclude that any **future reductions must come largely from Mexico and the Lower Basin states of Arizona, California, and Nevada because they use most of the water.**



This month, **The Basic Water Company**, in control of some of the state's oldest Colorado River rights, filed for bankruptcy, citing the drought and an inability to access water from the lake. It is the latest sign of the far-reaching consequences revealed by the unfolding crisis on the Colorado River, which has seen its reservoirs quickly drop due to overuse and aridification, driven by climate change.

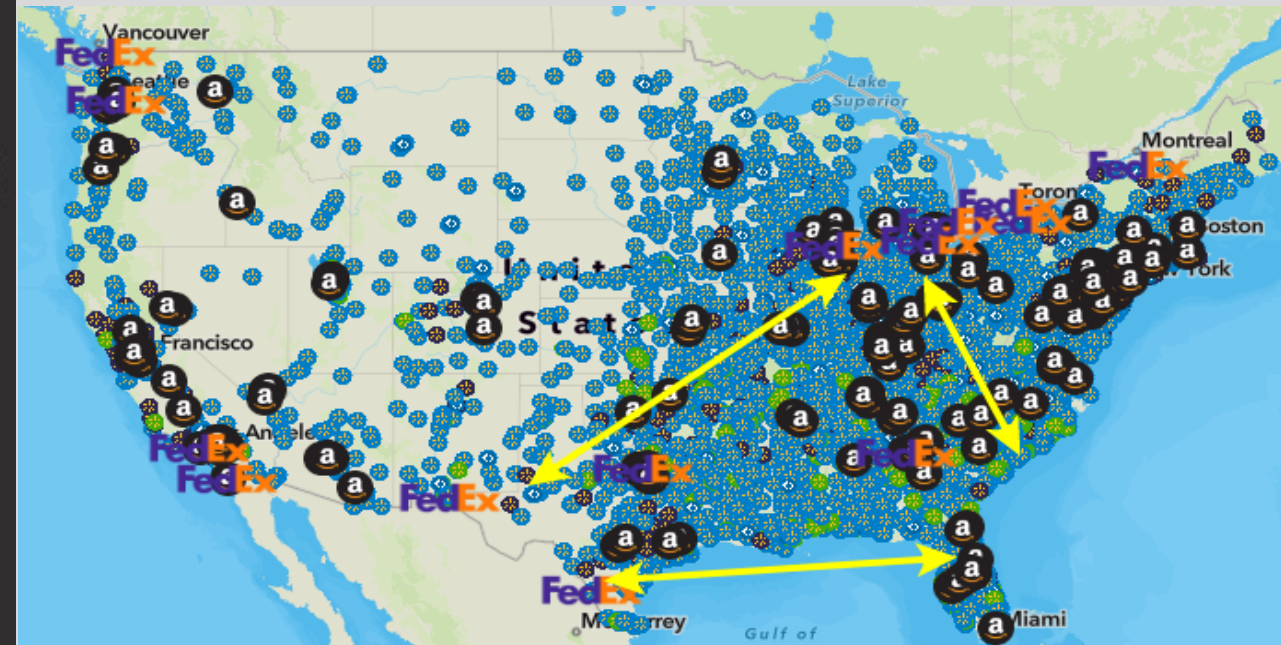
States using the Colorado river must renegotiate a 100-year-old agreement, the Colorado River Compact that determines how much water different areas within each state get to use.

When the Compact was first signed in the 1920s, the climate in the area was different. Because of this, the people who created the Compact incorrectly estimated how much water people would use. **Now, the demand for water is greater than the supply from the river.**

Two reservoirs (Lake Mead & Powell) provide the water supply for the states of California, Colorado, Arizona, Utah, Nevada, Wyoming and New Mexico. **In 2000, both reservoirs were about 95 percent full. But now, they are only about 27 percent full.**

The “Golden Triangle” & Fixing Supply Chain.

Remaking the Supply-Chain from W-E to N/S **ESRI mapping eCommerce!**

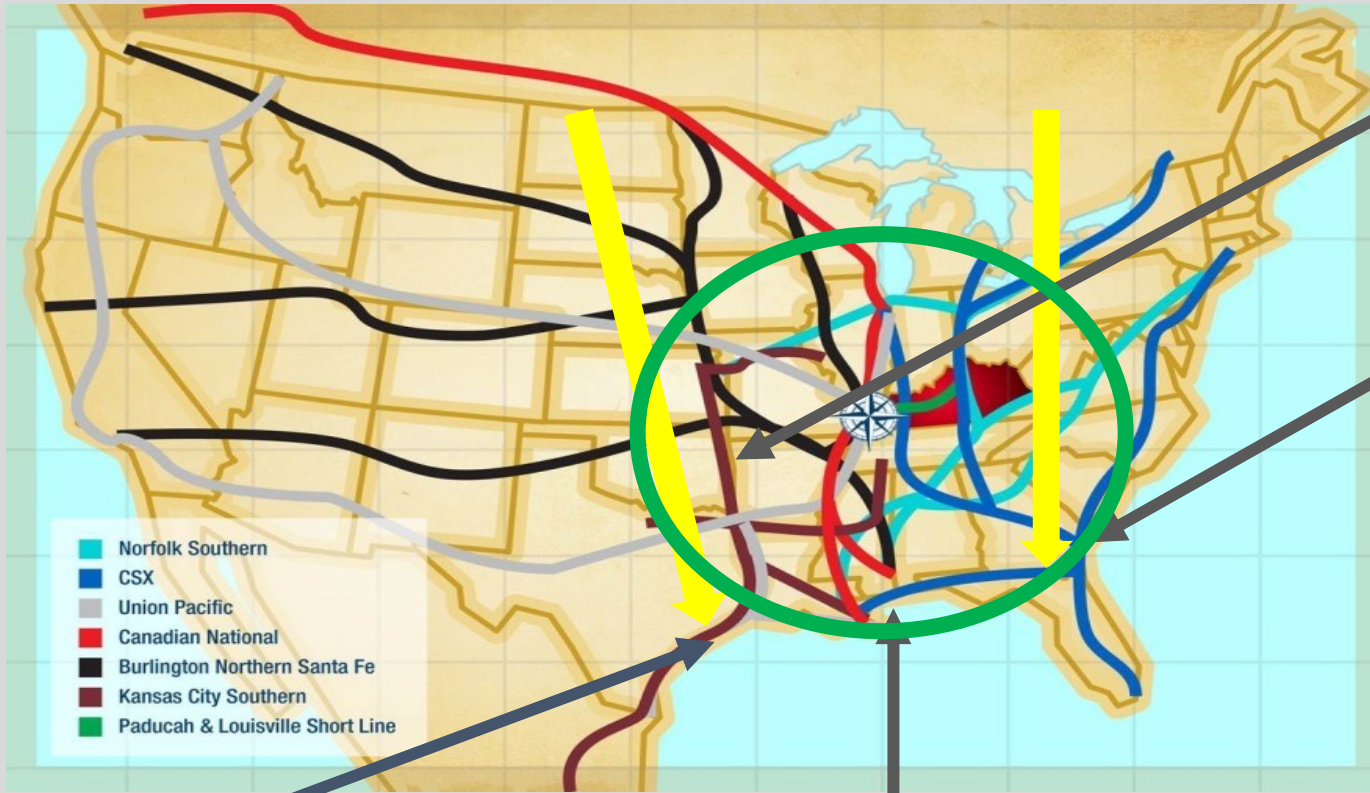


The “Golden Triangle” was defined by KC Conway in 2014 as the area in the US from the Great Lakes south to the Gulf and Atlantic coast ports.

It produces 50% US GDP and can serve 90% of US Households within 1 day.
It is also where 80% of manufacturing occurs and most new Supply Chain is being built.

Remaking Supply-Chain to N/S: Rail Connectivity in the “Golden Triangle”

The 7 (now 6) - Class I RRs Note: CP (Red) KCS (Purple/Brown) CSX & NFS (Blue)



KC Southern:

- Only Direct Route to all of Mexico
- Link KCS with BNSF or CSX to Create a Mega RR/E-Commerce Power!

CSX:

- The East Coast RR Line Serving East Coast Ports
- CSX and NFS are to SE & Mid-Atlantic what UP is to CA & West Coast
- Rail Mergers are on the Horizon Post-COVID (Financially 'Weak' Merges with 'Strong' Wanting SE & Gulf Reach)

Port Freeport:

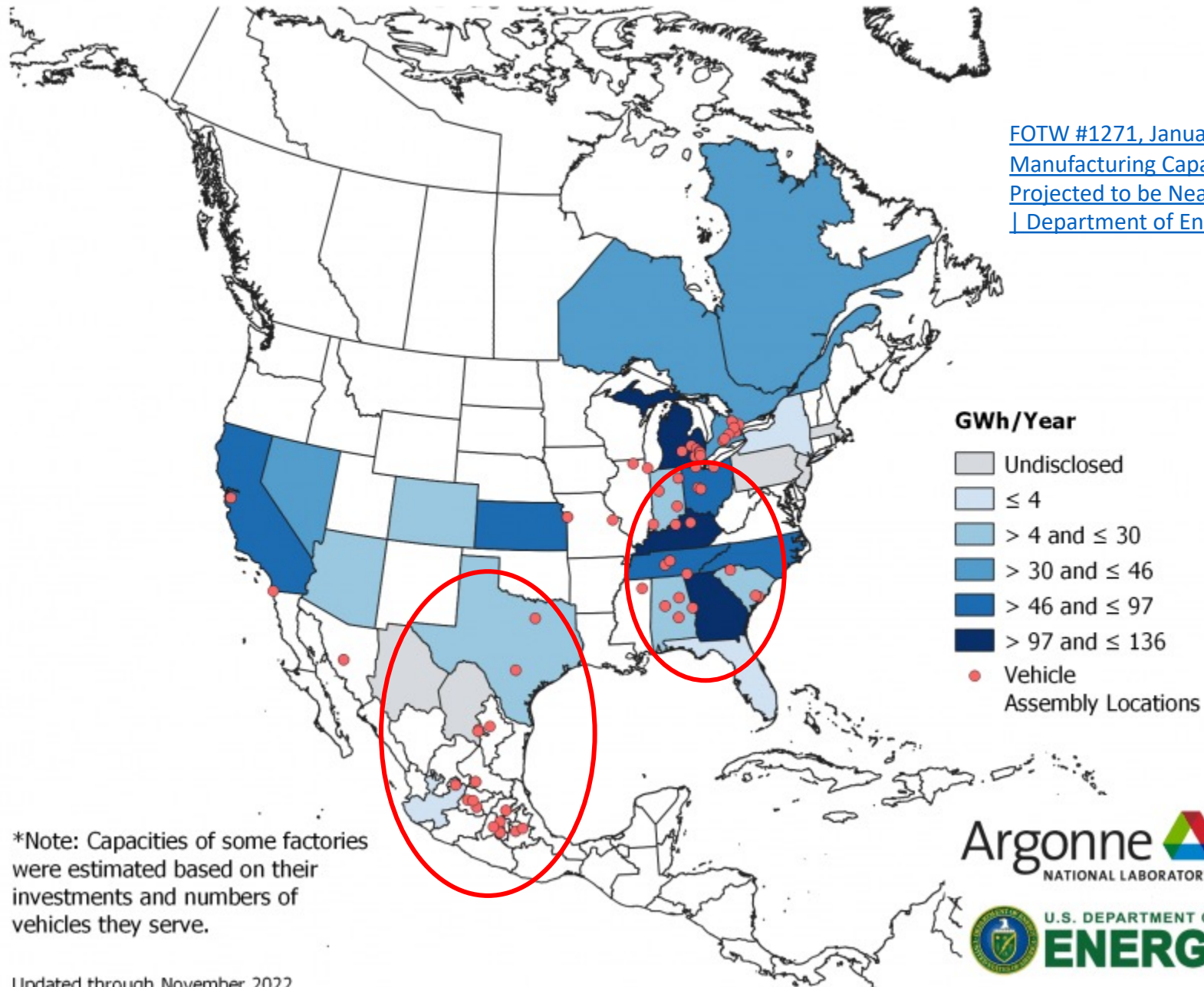
- 3 Class 1 RR Connections
- 'Saudi Arabia' of Natural Gas
- The 'Port of Savannah' for Dallas

Port of Mobile:

- 5 Class 1 RR Connections
- Only CN to Gulf RR Connection
- New Walmart Container Terminal
- Airbus + Auto Mfg. State (Mercedes)
- New RoRo by 2022/Rebuild AL Bill to Fund

Planned Battery Plant Capacity in North America by 2030

[FOTW #1271, January 2, 2023: Electric Vehicle Battery Manufacturing Capacity in North America in 2030 is Projected to be Nearly 20 Times Greater than in 2021 | Department of Energy](#)



Gas Station and C-Store Obsolescence Ahead

500,000 fueling stations across America...

Are about to say...
No more gas.

Take a look below... (or [click here](#) to see it happening in real time)


One of the first in America to sound the alarm on this was Nomi Prins, PhD and whistleblower.

Turns out...

While you and I are paying record-high gas prices...

Washington is enticing gas stations to give it up... with more than **\$550 billion**

[She's live on the scene](#), ready to expose just what they're doing.

[Why is this happening to gas stations \(photo inside\)](#)  | [\[11-01-2023\]](#) - kcmaicre@gmail.com - [Gmail \(google.com\)](#)



NEW IN 2023: Educational Coursework focused on Commercial Real Estate!

Red Shoe Economics is an independent research and consulting firm exclusively serving today's commercial real estate community providing organic research initiatives, reports and insights on the impact of Applied Economics on our industry. The company's four pillars include Economics, Forecasting, Valuation and Consulting.

Our promise is to deliver unique content providing the most comprehensive, concise and cutting-edge information of the economic impacts on commercial investments, trends and transactions. As a WOSB, Red Shoe Economics is dedicated to giving back to the industry we serve by furthering the advancement of women in commercial real estate.



Economics

- Macro and Micro Analysis
- Rezoning Impact Study
- Corporate Earnings Analysis
- Ports & Logistics Trends
- Housing Economics
- Commercial Real Estate Impacts
- State & Local Government Taxation
- Current CRE Conditions

Forecasting

- Association Presentations
- Industry & Corporate Webinars
- Podcasts/Articles/SME Interviews
- Real Estate Finance reports
- Special Projects across all industry sectors

Valuation

- USPAP Appraisal Review
- Bank Regulatory Compliance
- Valuation Analysis
- Highest & Best Use Advisory
- Property Tax Expert Witness

Consulting

- Adaptive Reuse Advisory
- Site Selection Validation
- Financing Feasibility Studies
- Market & Feasibility Studies
- Ports & Logistics Advisory
- Retail Industry Insights
- ESG / DEI Advisory at CRE level
- Corporate Strategic Planning

RedShoeEconomics.com

KC Conway, CCIM, CRE, MAI
Principal, Futurist

Beverly Keith, CCIM, CRE, CRX
Principal, Business Strategist

Callan Roe
Project Research Strategist

Stacy Barrington
Corporate Operations Strategist



Kiernan “KC” Conway, CCIM, CRE, MAI

Red Shoe Economics, LLC – Principal

CCIM Institute - Chief Economist

Monmouth REIC (MNR), a public industrial REIT – Independent Director

Appraisal Foundation – Board of Trustees 1/2022 for 3-Yr Term

kcmaicre@gmail.com (678) 458-3477 kc@redshoeeconomics.com

PROFESSIONAL SERVICE

Red Shoe Economics, LLC	10/2020 to present
Principal, Research Director A privately-owned economic forecasting, and consulting research firm exclusively serving the commercial real estate industry providing unique insights and narratives that impact investments and transactions. The firm represents over 80 years of experience in all facets of commercial real estate with all principals having the CCIM (Certified Commercial Investment Member) Designation. RSE is a Women Owned Small Business.	
Monmouth REIC (MNR), publicly traded REIT Independent Board of Director Member	10/2018 to present
CCIM Institute, Chicago, IL Chief Economist – North America	10/2017 to present
Federal Financial Institutions Examination Council (FFIEC) Instructor for R.E.Trends, Appraisal Conditions for Supervisory updates; quarterly training for state & federalbank regulators. <i>Note: Awarded Meritorious Service Award by FFIEC in 2009</i>	1/2008 to present
Appraisal Foundation (Entity with Oversight of Appraisal Industry from FIRREA) KC Conway will serve a 3 Year Term on this AF. This is the entity created 1989 FIRREA legislation to regulate & oversee the Appraisal Industry	1/2022 - 3 Yr Term
University of Alabama Culverhouse College of Commerce Alabama Center for Real Estate (ACRE) Director of Research and Corporate Engagement	10/2017 to 9/2020
SunTrust, Atlanta, GA SVP, Credit Risk Management; Chief Appraiser; Senior Valuation Officer; Senior Environmental Risk Officer Senior Market Intelligence Officer (developed & published Market Monitors) REVAL (Real Estate, Valuation & Environmental Services program) and Market Intelligence for Wholesale Banking	7/2014 to 5/2017
Colliers International, Atlanta, GA Chief Economist – United States North American Ports Outlook, (quarterly) North American Industrial Outlook reports Developed and Published Economic Content – Weekly Market Recap Instructor to Colliers University (internal broker and client training) Contributor to <i>Knowledge Leader</i> magazine for clients and brokers Featured speaker at client and industry sponsored conferences and forums	1/2011 to 7/2014

Federal Reserve Bank	10/2005 to 12/2010
Commercial Real Estate Subject Matter Expert to Atlanta FRB	
Senior Risk Specialty Officer to NY FRB	
Briefed Federal Reserve Chairman Ben Bernanke, Board of Governors on subprime lending and housing crisis and its impact on the commercial real estate industry	
Co-founded “Ask the FED”, “Rapid Response”, and Industry-facing “Debate & Confirm” programs	
SouthTrust Bank	4/1996 to 5/2005
Director of Underwriting for Commercial Real Estate bank-wide	
Underwriter for all on-balance sheet loans securitized to CMBS	
Developed proprietary Market-At-A-Glance (MAAG) market monitoring reports	
Underwriter for Builder-Line lending and subdivision lot lending	
Regulatory and real estate underwriting compliance with oversight reporting	
Other Service	
• Winium/Montandon Appraisers, currently Winium-Integra (Appraiser);	
• Cushman & Wakefield (Senior Appraiser)	
• Equitable Real Estate (Director)	
• Deloitte & Touche – (Manager Valuation Services & Litigation Support)	
• Wells Fargo Bank (Assistant Chief Appraiser for Southeast Region)	
• Prudential Home Building Investors (PHBI) – created Partnerships with Home Builders and Residential Lot Developers nationwide	

PROFESSIONAL CREDENTIALS

CCIM – Certified Commercial Investment Member	4/2020
MAI – Member of Appraisal Institute (Member # 8281)	11/1989
CRE – Counselor of Real Estate (Member # 2456)	4/2009
State Licensed Appraiser (State of Georgia/License # GC-1354)	8/1991

EDUCATION

Emory University, Atlanta, GA; BBA, with Honors	5/1985
Appraisal Institute (Current on all required ConEd & USPAP)	3/1985 to 1/2019
<i>(Includes 177 hours core education for MAI 1985-1989; and more than 360 hours post MAI, 1989-Jan 2019)</i>	

ACADEMIC & REAL ESTATE INDUSTRY ADVISING

• Federal Reserve – Briefed Chairman Bernanke on “ <i>Coming R.E. Crisis</i> ” Wall Street Journal cited my briefing Oct 7, 2009 “ <i>Fed Frets About CRE</i> ”	6/2006 to 10/2009
• Alabama Center for Real Estate at University of Alabama	10/2017 to 9/2020
Published research: <i>Logistics Infrastructure: Transformational Opportunities</i>	2/ 2019
• Monmouth REIC (MNR) – Board of Directors	10/2018 to present
• Counselors of Real Estate – 2018 Liaison Vice Chair, Committee Oversight	2018
• Counselors of Real Estate – Annual <i>Top 10 RE Issues</i> – Member of Committee	2014 to 2017
• Counselors of Real Estate – <i>3D Printing, A Game Changer</i>	10/2014
• Counselors of Real Estate – <i>RE & the Economy: Chaos Driven?</i> (Dr. Hugh Kelly, New York University and Dr. Peter Burley, Realtor University)	9/2016
• Counselors of Real Estate – <i>CRE Finance Disruption: Déjà vu or Something New?</i>	12/2018
• Risk Management Association (RMA) National & Regional Real Estate Symposia	2011 to 2018
RMA Journal – Content Author CY 2019 – <i>Just When Things Were Going So Well</i>	2/2019

- American Property Tax Counsel (APTC) – Property Tax Valuation Seminars 2009 to 2018
Dissecting the Cap Rate; Allocating Real Estate Value from the Going Concern; Appraiser as Expert Witness, What's Behind Investor Surveys?
- National Association of Realtors – Land Institute 2010 to 2017
(Co-presented annual Economic Outlook with Dr. Dotzour of Texas A&M)
- Appraisal Institute & Commercial Real Estate Women (CREW) – State of Atlanta 2008 to 2017
Annual keynote on topics: *The Banking & Credit Crisis & Ports & Logistics*
- External Advisory Board: University of Colorado - Leeds Business School 2010 to 2015
- Colorado Mountain College – Steamboat Springs, Colorado Economic Summit 10/2014
- DePaul University Real Estate Center & Chaddick Institute (Dr. Susan Cannon) 12/2014
The Future Supply Chain: Think 3D for Manufacturing, Warehousing & Retail
- University of Florida – Bergstrom Center for Real Estate Studies 2011, 2013, 2015
Real Estate Advisory Board Retreat
- South Carolina International Trade Conference– *Global Economic & Port Outlook* 9/2016
- Georgia State University – Economic Forecasting Center – *Views from the Top* 1/2017
Annual GSU Real Estate Center event for business leaders (Dr. Rajeev Dhawan)
- Urban Land Institute (ULI) – *2017 Economic Consensus Forecast* 09/2017
Annual Economic Forecast Survey – Presented and explained results
- University of Central Florida – Annual RE Conference (Keynote Speaker) 2016 & 2017
- University of Alabama – ACRE Commercial Real Estate Conference 2014, 2018 & 2019

CONFERENCE PRESENTATIONS

Frequently lecturer and speaker on the U.S. Economy, Housing Conditions and Trends, Commercial Real Estate markets, Ports & Logistics, Retail Industry, Property Tax, Agricultural and Residential Land, 3D Print Manufacturing, Digital Currency and Blockchain Technology, Valuation matters and policies such as Interagency Appraisal Guidelines, HVCRE, CECL, ASC 842 and Lease Accounting, for state and federal government agencies, financial institutions, real estate organizations, such as NAR, RMA, CCIM Institute, APTC, IPT, Appraisal Institute, NAIOP, SIOR, RMA, as well as private industry groups & companies.

Presented more than 750 programs to real estate industry and regulatory organizations, and conferences following the 2008-2009 Housing and Financial crises, including the Appraisal Institute, American Property Tax Council, Counselors of Real Estate, CCIM Institute, AL Center for Real Estate, RMA, FDIC, FFIEC, Federal Reserve, Conference of State Bank Supervisors (CSBS), IPT, ICSC, NAHB, National Association of Realtors, NAIOP, SIOR, Society of CPAs, RLI, and ULI.

TEACHING, CONFERENCE & SEMINAR DEVELOPMENT

- Federal Financial Institutions Examination Council (FFIEC) / Arlington, Virginia 2008 to present
(*The FFIEC is the bank regulatory school for all bank examiners housed at FDIC*)
- Supervisory Updates – Lessons Being Learned from Financial Crisis Quarterly, 2009
Received Meritorious Service Award from FFIEC for Examiner Education 1/2010
 - Supervisory Updates & Emerging Issues – Appraisal Issues & CRE Initiatives 2/2010
 - Community Institutions Lending Forum – Appraisal Issues 8/2010
 - Supervisory Updates & Emerging Issues – CRE Stress Testing 3/2011
 - Community Institutions Lending Forum – CRE Market Conditions 6/2011
 - Supervisory Updates & Emerging Issues – Appraisal Issues & CRE Conditions Quarterly, 2012
 - Community Institutions Lending Forum – Calculating the Cap Rate 4/2013
 - Supervisory Updates & Emerging Issues – CRE Market Conditions & Appraisals 2013 to 2017
 - Agricultural Real Estate Lending – What to Know & Where to Go to Value A Spring & Fall 2014

INSTRUCTOR/GUEST LECTURER

- Conference of State Bank Supervisors, CSBS (*National Conferences*) 2009, 2011, 2016, 2017
Led classes on appraisal-related topics
- Tennessee Department of Banking -*Appraisal Reviews & FAQs on Value Methods* 2011
- Kentucky Department of Financial Institutions – *General RE Issues in Banking* 12/2011
- Arkansas State Banking Department – *Workout Guidance Necessary* 3/2011
- Colliers University – Broker Curriculum on Economy, Ports & CRE Trends 2011 to 2014
- Federal Reserve – *Ask the FED – Rapid Response* seminar series 2008 to 2010
Voted “Favorite FED presenter” by bank examiners in 100th session survey

RESEARCH EXPERIENCE

Government – Federal Reserve Banks

- Industry Spotlight, FRB of Atlanta – *Public Homebuilder Focus Report* 9/2007
- Industry Spotlight, FRB Atlanta – *Unsecured Debt at Public Homebuilders* 9/2007
- R-REMS – *Residential R.E. Market Spotlight* (Quarterly report) 2007 to 2010
Atlanta Fed continues to use the R-REMS for monitoring housing conditions
- C-REMS – *Commercial R.E. Market Spotlight* (Quarterly report) 2007 to 2010
Atlanta Fed continues to use C-REMS for monitoring commercial real estate
- Perspectives on Risk – *CRE will Lag any Economic or Housing Recovery* 2009
Paper to Fed Board of Governors and staff regarding headwinds for CRE
- Rapid Response: five-part series - *Case Studies on Income Real Estate* 6/2010
- Credit Markets Symposium (Richmond FRB) – *Perspectives on CRE Market* 4/2010
- Debate & Confirm FRB of Atlanta Program – *2010 Banking Industry Outlook* 2/2010

Industry Published

- *Valuing Appraisals: Evidence from the CMBS Industry* – CRE Finance 2012
Co-authored: Brian Olasov, Managing Director, McKenna Long & Aldridge, LLP
- *North American Port Analysis – CapEx or Capsize* 2013
Inaugural North American Ports paper for Colliers International
Co-authored with James Cook & Aaron Finkelstein
- *North American Port Analysis – Biggie Size It* 2014
Annual North American Ports paper for Colliers International
Co-authored with James Cook & Aaron Finkelstein
- Colliers Quarterly North American Industrial Outlook 2013 to 2014
Quarterly research report on Industrial Real Estate Market Conditions
The “I”s Have It; No “Frozenomics” Excuses
Co-authored with James Cook, Jeff Simonson & Aaron Finkelstein

PUBLICATIONS

- **Conway, K.C.** “*Different Perspectives: Banking & the Outlook for Recovery*” 2011
Journal of Real Estate Issues, Volume 15, No. 3 - Co-authors: Downs, Hostetter & Thompson
- **Conway, K.C.** “*What Lies Ahead*” 2011
Knowledge Leader Magazine – Bank Notes Section (Colliers Magazine)
- **Conway, K.C.** “*Weekly Market Recap*” 2011 to 2014
Weekly Economic Newsletter for Colliers International Brokers & Clients
Created “*Bulls, Bears & Bewildered*” Scoreboard
- **Conway, K.C.** “*North American Port Analysis: Beyond Post Panamax Basics*” 2012
Journal of Real Estate Issues, Volume 37, Number 1
- **Conway, K.C.** “*Industrial Strength, Optimism*” 9/2012
Mortgage Banking – The Magazine of Real Estate Finance
An Interview by John Bell on recovery of Industrial Real Estate

- **Conway, K.C.** *"The Use of Review Appraisal & Review Experts in Tax Cases"* 10/2013
American Property Tax Council – 2013 Property Tax Symposium
White Paper – *What Do Appraisals Seek to Measure?*
- **Conway, K.C.** *"Bright Spot & Blind Spots"* 2013
Journal of Real Estate Issues, Volume 38, Number 2
- **Conway, K.C.** *"Escape from QE"* 2014
Knowledge Leader Magazine – Bank Notes Section (Colliers Magazine)
- **Conway, K.C.** *"The Return of U.S. Manufacturing"* 11/2015
Real Estate Forum Magazine – Cover Story "Coming Back to America Edition"
- **Conway, K.C.** *"A 2016 Agricultural Land Outlook"* 2016
Farmland in Perspective, Volume 37, Number 2 2016
- **Conway, K.C.** *"It's a Small World with Big Economic Challenges"* 2017
Journal of Real Estate issues, Special Issue: "Global Cities in an Era of Change"
- **Conway, K.C.** *"WIN – Wednesday Insights"* – A weekly column on the 2018 to 2020
Economy and commercial real estate
- **Conway, K.C.** *Amazon HQ2: A Reset Button for Site Selection* 2/2018
Jointly published by CCIM Institute and ACRE – CCIM Insight Series
- **Conway, K.C.** *Adaptive Reuse: Turning Blight Bright* 8/2018
Jointly published by CCIM Institute and ACRE – CCIM Insight Series
- **Conway, K.C.** *CRE Finance Disruption* 12/2018
Jointly published by CCIM Institute and ACRE – CCIM Insight Series
- **Conway, K.C.** *CRE Finance - Just when things were going so well (RMA Journal)* 2/2019
- **Conway, K.C.** *Logistics Infrastructure: Transformational Opportunities* 2/2019
- **Conway, K.C.** *Long May You Run – Updating CRE Skills* 3/2019
Jointly published by CCIM Institute and ACRE – CCIM Insight Series
- **Conway, K.C.** *Office CRE – The Rest of the Story* 6/2021
Jointly published by CCIM Institute & Red-Shoe Economics – CCIM Insight Series
- **Conway, K.C.** *Last-Mile Logistics* 10/2021
Jointly published by CCIM Institute & Red-Shoe Economics – CCIM Insight Series
- **Conway, K.C.** *Adaptive Reuse 2.0: The Neighborhood Approach* 5/ 2021
Jointly published by CCIM Institute and Red-Shoe Economics (FL Realtors Grant)

RECENT AND RELEVANT EXPERT WITNESS LITIGATION

- EZ Storage Property Tax Appeal (Montgomery County, PA) 2012-2014 (Settled)
- Crescent Homes Investors Vs. Duke Energy
(Appraisal & Housing Crisis forensics) 2013-2014 (Settled)
- Breland Homes Vs. D.R. Horton Homes (Lot Option Agreements) 2018 (Settled)
- Home Depot Property Tax Appeal (Iowa and Colorado) 2019 – Ongoing
- AL Affordable Housing Authority Vs AL Dept of Revenue re LIHTC
as real estate – Summary Judgment in AAHA/Client's favor 2020 (Settled)
- Kohls & Best Buy Property Tax Appeals (Colorado) 2020 (Settled)
- Cocksackie, NY Low Income Housing Discrimination for UMH REIT 2021 (Settled)
- Butts County, GA Rock Quarry Rezoning Litigation 2021 - Ongoing
- EX Storage Property Tax Appeal (Butts County, PA) 2021 - Ongoing

HONORS AND AWARDS

- Appraisal Institute – President's Award 2009
- Atlanta FED - Key Player Award, Federal Reserve, Atlanta 2009
- FFIEC - Meritorious Service Award for Examiner Education 2010
- American Property Tax Counsel (APTC) Martin Katz Memorial Award
(Highest award in field of property tax consultation) 2018
- CCIM Institute CCIM Designation 2019

Brian Shloss

Chief Operating Officer



As Chief Operating Officer for Summit Investment Management, Brian is responsible for overseeing the coordination of the company's various business units. He previously held the role of Head of Underwriting. Prior to joining Summit in 2009, Brian was a Partner with private asset-based lender, Western Capital Partners. He spent the early part of his career in the equity markets, working on the floor of the NYSE before leading a market making team at Knight Capital Markets in Chicago.

Brian holds a BA from Emory University and an MBA from the Leeds School of Business at the University of Colorado, Boulder. He is an active angel investor and advisor to a number of startups.

Phone: (720) 221-3182

Email: bshloss@summit-investment.com

Harold Bordwin



Harold Bordwin

Principal and Managing Director

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Cell (914) 980-8555
Email hbordwin@Keen-Summit.com
Web www.Keen-Summit.com

Harold focuses on developing and implementing strategic real estate and corporate finance plans for his clients. Those plans involve real estate analysis, real estate acquisitions and dispositions, lease modifications and terminations, and corporate finance and capital markets services. Harold is the recipient of the 2016 Transaction of the Year Award by the TMA.

EDUCATION, LICENSES, & CERTIFICATES

- BA, Wesleyan University, Middletown, Connecticut
- JD, Georgetown University Law Center, Washington, DC
- California Bar Association (inactive)
- Real Estate Broker
- Receiver (NYS Eligible)
- General Securities Representative (Series 7)
- Registered Principal (Series 24)
- Securities Agent (Series 63)

REPRESENTATIVE CLIENTS

FINANCIAL

- Angelo Gordon
- Bank of America
- Citibank
- JP Morgan Chase
- Silverpoint
- Yucaipa

CORPORATE CLIENTS

- Arthur Anderson
- Cable & Wireless
- Family Golf Centers
- Fleming
- Spiegel
- Warnaco

RETAIL

- Blockbuster
- Casual Male
- Dollar General
- Esprit
- Tommy Hilfiger
- U-Haul Bondholders

PROFESSIONAL AND INDUSTRY EXPERIENCE:

- With 30 years of real estate advisory/transactional and corpin experience, Harold has helped negotiate the sale of hundreds of properties, leaseholds and businesses nationwide; provided specialized valuation services; and provided in-depth workout services for retailers, financial institutions, and corporate clients.
- As a recognized expert on real estate restructuring issues, Harold has testified as an expert before the Judiciary Committee of the United States House of Representatives. He has also been interviewed and quoted in articles for The Wall Street Journal, The New York Times, and various trade publications.
- Before he joined Keen-Summit Capital Partners, Harold was Co-President at GA Keen Realty Advisors, a Principal with KPMG LLP, a Managing Director with KPMG Corporate Finance, CEO of Keen Consultants and an associate with the law firms of Stroock, Stroock & Lavan and McKenna, Conner & Cuneo.



David S. Kupetz

Partner

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EDUCATION

J.D., University of California,
Hastings College of Law, 1986

B.A., University of California,
Santa Barbara, 1983

BAR ADMISSIONS

California

INDUSTRIES

Consumer Products, Retail & Franchise | Technology, Media & Telecommunications

PRACTICES

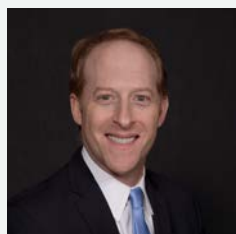
Bankruptcy, Restructuring & Insolvency | Debt Finance | Real Estate

David Kupetz is a partner with Locke Lord LLP. He is a member of the firm's bankruptcy, restructuring, and insolvency practice group. David represents debtors (in restructurings and workouts and in chapter 11 reorganization cases), secured creditors, unsecured creditors' committees, assignees for the benefit of creditors, buyers/sellers of businesses/assets in distressed circumstances and other entities in insolvency, restructuring, and bankruptcy situations.

He works across industries, including real estate, finance and financial services, consumer goods, franchises, manufacturing, retail, health care, hospitality, technology, media, and telecommunications.

David's many articles on bankruptcy-related subjects have been published in local and national publications. He is the author of the Collier Handbook for Creditors' Committees and served as the author of Collier Commercial Bankruptcy Forms for many years.

David Levy



David Levy

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David is head of the Summit Investment Management and Keen-Summit Capital Partners Chicago office. He responsible for all aspects of business development and execution in connection with the company's distressed debt acquisitions and opportunistic credit transactions, plus real estate brokerage and auction, investment banking, and lease modification and restructuring services. David has more than 13 year's experience in real estate advisory and transaction experience, with particular expertise in workout, bankruptcy, and other special situations.

EDUCATION, LICENSES, & CERTIFICATES

- MBA, Miami University
- BS, Business Administration/Marketing, Miami University
- Illinois Real Estate Managing Broker
- Illinois Auctioneer
- Illinois Notary
- Wisconsin Auctioneer
- Texas Auctioneer
- Certificate Commercial Investment Member (CCIM) Designee
- Certified Auctioneers Institute (CAI)
- Accredited Auctioneer of Real Estate (AARE)

REPRESENTATIVE CLIENTS

FINANCIAL & PRIVATE EQUITY

- Bank of America
- Chase Bank
- BB&T Bank
- Hanmi Bank
- National Credit Union Association

CLIENTS CATEGORIES

- Bankruptcy and Real Estate Attorneys
- Trustees
- Receivers
- Turnaround Consultants
- US Marshals Service

PROFESSIONAL AND INDUSTRY EXPERIENCE:

- David has more than 13 year's experience in real estate advisory and transaction experience, with particular expertise in workout, bankruptcy, and other special situations. David began his career in general management and marketing roles for various consumer product companies., and most recently as the Vice President of NRC Realty & Capital Advisors.
- David holds both the Certified Commercial Investment Member (CCIM) and Certified Auctioneers Institute (CAI) designations, making one of fewer than fifty professionals in the United States to hold both. He is a frequent speaker and moderator on real estate restructuring programs, a member of the Turnaround Management Association Chicago/Midwest Board of Directors, and has held various leadership roles on the American Bankruptcy Institute Real Estate Committee.