# CLEAR INVESTMENT GROUP
## MONTHLY NEWSLETTER

## CLEAR OPPORTUNITIES FUND I UPDATE

**Clear Opportunities Fund I closed its final round with member commitments exceeding $83MM.**

Check out the latest press release **HERE:**

## WASHINGTON D.C.

We are finalizing loan financing for the Fund's fourth acquisition: 674 units in Washington, D.C. We expect the deal to close this Fall.

We are particularly excited about the Washington, D.C. portfolio, which represents an incredible opportunity for our investors as well as an opportunity to showcase our firm's ability to reposition a larger asset in a primary market. The D.C. market presents immense potential for growth, and we are confident that this acquisition will deliver significant value to our investors as we continue to round out the portfolio holdings of COF I.

## DEKALB, IL

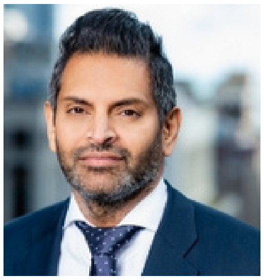
Clear Investment Group (non-fund) portfolio in DeKalb, IL hit the market at the end of July. The 403-unit, 10-building portfolio is listed for $39,500,000. We have already seen growing interest in the asset and expect this portfolio to sell within 2024.

Click **HERE** to learn more:

## COLUMBUS, OH

### CONTINGENCIES REMOVED ON ADDITIONAL 70-UNIT PORTFOLIO

The Fund has removed contingencies on the portfolio of 70 additional units in Columbus, OH. This prospective acquisition will scale up our presence in the Midwest market to approximately 450 units, when combined with the portfolio purchased in December of 2023. We expect this portfolio to close in August 2024.



# WORDS FROM THE CFO

RAZI M. UDDIN
CFO & MANAGING DIRECTOR

## THE STRATEGIC CASE FOR MULTIFAMILY HOUSING INVESTMENT IN 2024

As we enter 2024, the multifamily housing sector stands at a pivotal juncture. While a temporary oversupply is projected, the long-term outlook remains robust, driven by sustained demand, demographic shifts, and economic factors. We explore opportunities and strategic advantages of investing in multifamily housing amidst the current market conditions, with a specific focus on workforce housing and distressed opportunities.

The U.S. multifamily market is experiencing its largest wave of new apartment supply in decades. With 440,000 new units expected to be delivered in 2024 and over 900,000 units currently under construction, the market will experience a slight oversupply. This influx of supply is anticipated to temper rent growth and improve affordability for renters.

In 2024, rent growth is expected to be modest at 1.2%, with a slight increase in vacancy rates. However, the average occupancy rate is projected to remain above 94%, indicating continued strong demand. Construction completions have peaked in several key markets such as Chicago, Washington, D.C., and Las Vegas. Other markets will see completions peak in 2024. Notably, markets like Austin, Dallas, Nashville, and Atlanta, which have high job growth projections, are expected to absorb new supply effectively. In the Midwest and Northeast, as well as mature urban hubs like New York, Boston, Chicago, and Washington, D.C., rent growth and occupancy are projected to remain strong due to lower supply pressure and sustained demand.

Multifamily housing is increasingly crucial in addressing the severe shortage of single-family homes, estimated at over 3.1 million units. The high-interest-rate environment further exacerbates homeownership challenges, with the premium for a monthly mortgage payment significantly exceeding average monthly rent. This disparity strengthens the appeal of multifamily rentals, particularly in high-demand urban areas. In response to weakening fundamentals and rising interest rates, multifamily construction starts are expected to decrease by 45% in 2024 from pre-pandemic levels and 70% from their 2022 peak. This reduction in new supply is anticipated to pave the way for a recovery in both occupancy rates and rent growth by 2026.

Many markets currently facing supply-demand imbalances are projected to outperform in the long term. Economic drivers in large secondary markets across the Sun Belt and major coastal cities will continue to support multifamily investment. The influx of in-migration to the Sun Belt and Mountain regions, despite current negative rent growth, is expected to bolster rental demand.

## THE STRATEGIC CASE FOR MULTIFAMILY HOUSING INVESTMENT IN 2024 (CONT.)

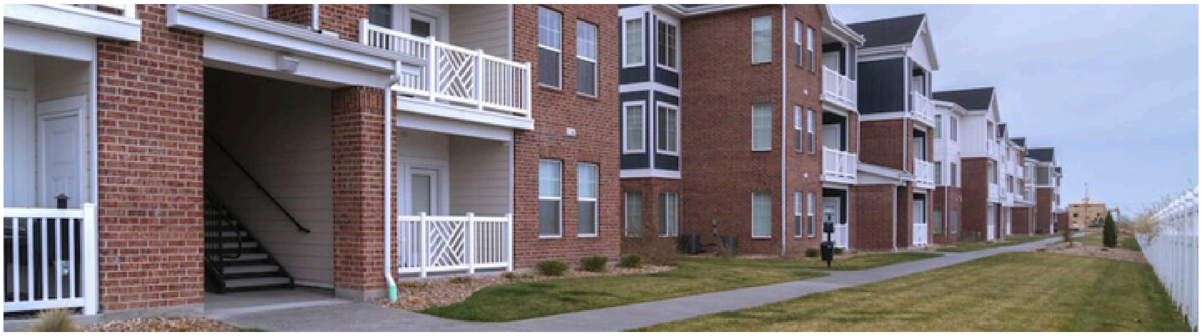
Over the last several years, the term “workforce housing” has gained popularity in the multifamily investment community due to its strong financial performance relative to other sectors and its recession-proof characteristics. Initially rooted in the context of resort towns like Aspen and Vail, workforce housing now encompasses Class B and Class C multifamily properties catering to middle-income renters earning between 60% and 120% of the area median income. These renters typically include essential workers such as teachers, firefighters, and law enforcement professionals.

Investing in workforce housing can serve as a defensive strategy during economic downturns. The multifamily sector, including workforce housing, tends to perform well in down markets due to its affordability and consistent demand. Vacancy rates for Class B and C properties remain low, and rent growth continues to outpace inflation. In contrast, Class A properties face higher vacancy rates due to oversupply and increased competition.

Workforce housing investments exhibit greater resilience during economic downturns. The consistent demand for affordable rental units provides a buffer against market volatility. Additionally, workforce housing attracts institutional capital due to its defensive characteristics. Major institutional investors have committed substantial funds to workforce housing, recognizing its potential for stable returns even during economic challenges.

The current market conditions, characterized by high interest rates and a slowdown in new construction, present opportunities to acquire distressed multifamily assets at attractive valuations. Investors can capitalize on these opportunities by repositioning underperforming properties, improving management efficiencies, and addressing deferred maintenance to unlock value. Investing in distressed properties allows for value creation through strategic renovations and repositioning. By enhancing the quality and appeal of these assets, investors can drive rent growth and occupancy rates, ultimately increasing the asset's market value and generating substantial returns. Diversifying investments across multiple regions can also be additive to overall portfolio value and help manage market-specific risks.

While the multifamily housing market faces near-term challenges, the long-term investment case remains compelling. By focusing on workforce housing and distressed opportunities, investors can strategically position themselves to capitalize on market dynamics and achieve stable returns. As construction slows and demand remains resilient, multifamily properties offer a promising opportunity for real estate investors in 2024 and beyond.



## FUND'S GEOGRAPHIC DIVERSITY BENEFITS FROM GROWTH MARKETS

One of the primary drivers behind CIG launching a Fund model was the built-in diversification that the Fund structure offered Members. We have consciously invested in a geographically diverse portfolio, to mitigate portfolio risk to investors and benefit from investments made in growth markets, which typically sell at lower capitalization rates.

Both Syracuse and Columbus are considered growth markets, and we are seeing indicators of that as we operate these assets. We are also seeing positive metrics for Washington, D.C., which is the geography of the Fund's next projected acquisition.

## APARTMENT RENTS RISE AS SYRACUSE & COLUMBUS LEAD GROWTH

Syracuse and Columbus enjoyed significant rent growth in Q2, while other major cities saw lower asking rents. Syracuse and Columbus led with 20%+ rent growth, fueled by population growth and development.

Syracuse, NY rents are the fastest growing in the nation - with 1-bedroom rents skyrocketing by 29%. The city is seeing this staggering increase due to limited rental inventory, historic population growth, surge of new industry and the national university close by.

Another booming rental market is Columbus, OH which is seeing their growth due to ongoing economic development. The city's affordable cost of living and ample education and job opportunities are attracting new residents and business alike. Tech firms like Google and Intel have announced their major moves to the region, making the city even more attractive.

**READ MORE:**

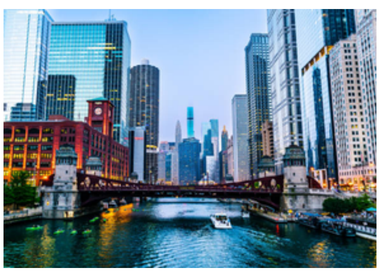
## PIPELINE

We continue to underwrite deals both to maintain broker relationships and keep a pulse on the market.

With nearly 17 months remaining in the investment period, this offers plenty of time to source and identify quality additions to the portfolio. All told, we expect the Fund will be invested in six markets across the U.S., offering strong geographic diversification.

Clear Investment Group plans to launch Clear Opportunities Fund II in Q1 2025. For investment inquiries, please contact ir@clearinvestgroup.com.

# CIG IN THE NEWS



**Real Estate Investment Fund Successfully Closes with more than $83 Million in Capital Raised.**

**Clear Investment Group Transforms Distressed Multifamily Assets Into Renewed Living Spaces in DeKalb, IL.**


**Our CEO, Amy Rubenstein, is named the winner of REjournals Illinois Woman of the Year Award!**

# STAY IN TOUCH:

Check out our website, follow us on LinkedIn or send us a note! For investment inquiries, please reach out to the email below. We would love to hear from you.

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