# CLEAR INVESTMENT GROUP
## MONTHLY NEWSLETTER

## CLOSED 70-UNIT COLUMBUS, OH PORTFOLIO

Clear Opportunities Fund I closed on a 70-unit portfolio in Columbus, OH. The portfolio was purchased for $50,714 per door, far below market. 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.



## SYRACUSE, NY PORTFOLIO RECEIVES SIGNED PSA

We are excited to announce that we have received a signed Purchase and Sale Agreement for Clear Opportunities Fund I's Syracuse, NY portfolio. While still in early stages, we are encouraged by the caliber of buyer (a private high net worth individual with institutional backing) that is looking at the asset. The purchase price is for $49,050,000.

# The Impact of Recent Federal Reserve Rate Cuts on the Multifamily Housing Sector

The Federal Reserve's recent decision to lower its benchmark interest rate by 50 basis points—its first cut in over four years—signals a shift in monetary policy aimed at combating economic uncertainty. The target federal funds rate now stands at 4.75% to 5.25%, with further cuts possible depending on inflation and economic indicators. This change holds significant implications for the multifamily housing sector, where borrowing costs, rental demand, and investment strategies are poised to evolve.

## Lower Borrowing Costs: A Catalyst for Investment

The immediate effect of a rate cut is the reduction in borrowing costs, making capital more accessible to developers and investors. This environment could lead to a resurgence in acquisitions, particularly for Class C assets—properties that are typically more affordable and cater to lower-income renters. Lower interest rates ease debt servicing burdens, making these properties more attractive despite the existing challenges in the lending market. However, experts caution that a single cut may not be enough to unlock significant financing activity. Several additional cuts might be necessary to stimulate more substantial investment growth.

## Increased Demand for Affordable Housing

As borrowing costs decline, demand for multifamily properties, especially Class C assets, is likely to increase, particularly in urban areas where affordability is a growing concern. Lower interest rates enable both renters and property developers to benefit from more favorable financial conditions. For renters, this might translate to more housing options, while investors stand to gain from rising demand that could push rents upward. However, balancing affordability with profit potential remains crucial to avoid displacing lower-income tenants.

## Rental Growth and Market Dynamics

With the prospect of more accessible financing and a healthier economy, many multifamily markets could witness stronger rental growth. Class C properties are especially well-positioned to benefit from this, as they cater to tenants whose industries are more sensitive to economic conditions. A rate cut could thus reduce vacancies and turnover rates, bolstering rental income for investors. Nevertheless, rising competition for affordable assets may drive up acquisition prices, narrowing margins for new entrants. Investors will need to be strategic, weighing potential short-term gains against long-term market pressures.

Overall, the Federal Reserve's rate cuts may bring relief to an industry facing high levels of debt and financing challenges, while creating opportunities in the affordable housing sector. However, caution is warranted as macroeconomic conditions remain fluid, and additional rate cuts or policy shifts could further alter the investment landscape.

# CLEAR INVESTMENT GROUP'S PUSH FOR AI AND MACHINE LEARNING – "ELISE AI"

Elise AI is redefining the future of property leasing, and Clear Investment Group's decision to deploy this technology across all assets in Clear Opportunities Fund I positions the company at the forefront of real estate innovation. Elise AI utilizes advanced machine learning and natural language processing (NLP) to automate every step of the leasing process — from handling inquiries to scheduling tours and qualifying prospects. This automation enables real-time, 24/7 engagement with potential tenants through multiple channels such as email, SMS, phone calls, and web chat, effectively eliminating the delays associated with manual follow-ups.

For Clear Investment Group, leveraging Elise AI across its portfolio is a strategic move that enhances both scalability and operational agility. This cutting-edge platform ensures that no lead falls through the cracks, capturing tenant interest even outside of traditional working hours, which is crucial in today's competitive leasing environment. By automating tour scheduling and lead qualification, Elise AI dramatically increases lead conversion rates and optimizes the leasing funnel. This results in improved occupancy rates and higher overall asset performance, making the technology indispensable for large-scale property portfolios.

What sets Elise AI apart is its ability to seamlessly integrate with property management software, Yardi Voyager and Rent Cafe, systems that Clear Investment Group presently uses. This integration provides a unified data ecosystem that powers real-time analytics, offering actionable insights into tenant behavior, leasing trends, and operational performance. The platform's data-driven insights empower Clear Investment Group to make informed, strategic decisions to enhance property performance across all assets in Clear Opportunities Fund I. In terms of financial impact, Elise AI is a game-changer.

The automation of routine leasing tasks reduces staffing needs by up to 30%, leading to significant cost savings, which should translate into higher performance for transactions. This allows leasing agents to focus on more high-value tasks, such as building relationships and closing leases, without sacrificing service quality. These benefits compound across the fund's entire portfolio, enabling Clear Investment Group to operate more efficiently while maintaining a premium tenant experience.

While some AI platforms have limitations, such as initial setup complexities or an over-reliance on automation, Elise AI stands out by offering a customizable, user-friendly interface that can be tailored to match each property's specific operational needs. By blending human interaction with AI-driven processes, Clear Investment Group ensures a balanced, human-centric approach to property management.

Incorporating Elise AI into Clear Opportunities Fund I is not just a step towards digital transformation; it is an investment in a next-generation leasing ecosystem that aligns with the company's vision for the future of real estate. This forward-thinking strategy allows CIG to stay ahead of market trends, ensuring that their assets are equipped to meet evolving tenant expectations and capitalize on emerging leasing opportunities.

# MID-PRICED APARTMENT DEMAND SOARS, SURPASSING 2023 LEVELS

A recent article from CRE Daily has reported that demand for mid-priced, three-star-rated apartments - a category which Class C Workforce Housing falls into - has surged in 2024, with absorption already exceeding last year's total.

Overall, 3-star-rated properties are outperforming the overall market in many regions. Indeed, in 14 of the top 15 markets - which include Columbus, OH and Washington, D.C. among others - vacancy rates for mid-priced apartment units are lower than the total market average, while rent growth is stronger in 10 of those markets, indicating sustained demand for affordable housing options.

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🌐  www.clearinvestgroup.com

in  www.linkedin.com/company/clear-investment-group/

✉  ir@clearinvestgroup.com