

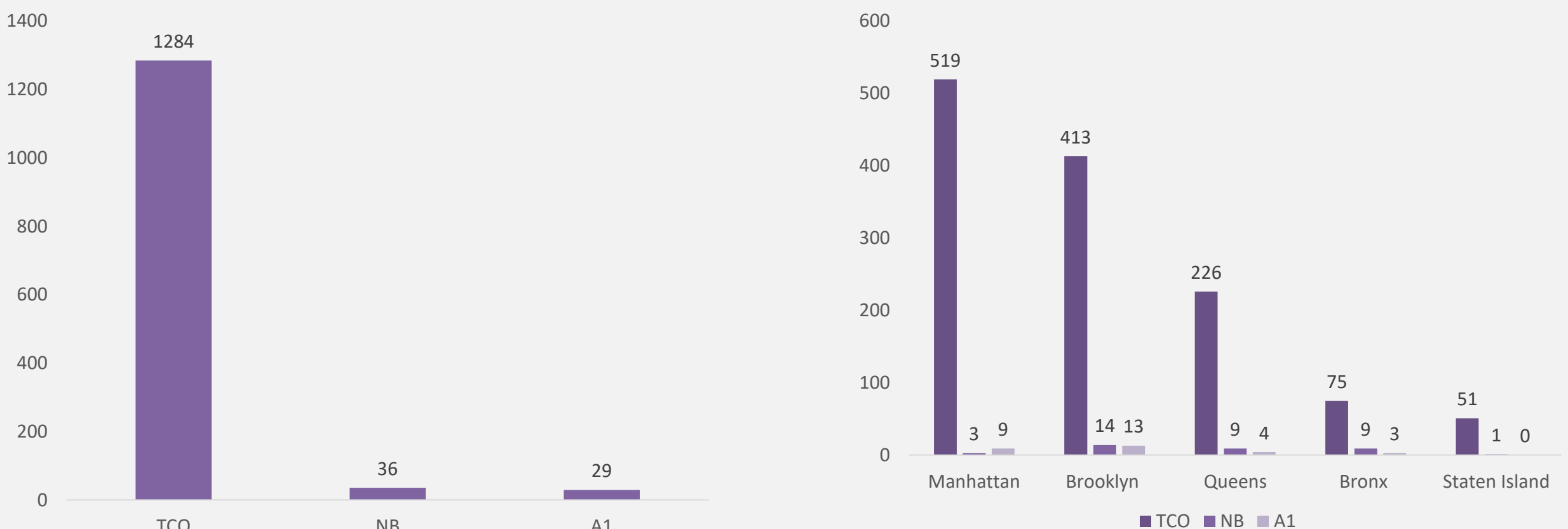
A slight improvement in most indicators such as: construction spending, unemployment, consumer spending, vacancy rates in housing, and low interest rates is giving lenders and investors some reason to be optimistic. Assuming the rollout of the vaccine picks up steam, we are hoping 2021 will allow some of the stress that's been created to work itself out of the system and create new opportunities.

- For the month of January, 1,284 unique TCO applications were filed with NYC's Department of Buildings (DOB) of which 368 were final and 916 were temporary. The new building (NB) and alteration type 1 (A1) were substantially lower than December 2020, with 36 and 29 filings, respectively.
- According to the U.S. Census Bureau, construction spending during December 2020 was estimated at a seasonally adjusted annual rate of \$1,490.4 billion, 1.0 percent ( $\pm 0.8$  percent) above the revised November estimate of \$1,475.6 billion.
- The unemployment rate fell by 0.4 percentage point to 6.3 percent in January, while nonfarm payroll employment changed little (+49,000), the U.S. Bureau of Labor Statistics reported.
- Privately-owned housing starts in December were at a seasonally adjusted annual rate of 1,669,000. This is 5.8 percent ( $\pm 11.0$  percent) above the revised November estimate of 1,578,000 and is 5.2 percent ( $\pm 10.1$  percent) above the December 2019 rate of 1,587,000.
- According to the Federal Reserve, industrial production increased 0.9 percent in January. Manufacturing output rose 1.0 percent, about the same as its average gain over the previous five months.
- National vacancy rates in the fourth quarter 2020 were 6.5 percent for rental housing and 1.0 percent for homeowner housing. The rental vacancy rate of 6.5 percent was not statistically different from the rate in the fourth quarter 2019 (6.4 percent) and not statistically different from the rate in the third quarter 2020 (6.4 percent).
- According to the Census, advance estimates of U.S. retail and food services sales for January 2021, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$568.2 billion, an increase of 5.3 percent ( $\pm 0.5$  percent) from the previous month, and 7.4 percent ( $\pm 0.7$  percent) above January 2020.
- According to the Federal Reserve Bank of New York's Center for Microeconomic Data, household debt increased by \$206 billion (1.4%) to \$14.56 trillion in the fourth quarter of 2020, driven in part by a steep increase in mortgage originations.
- The 10y treasury registered at 1.3%, as of 2/16/21, 48 bps higher than the TTM average of 0.82%.

### MONTHLY DEPARTMENT OF BUILDINGS ACTIVITY, NOVEMBER 2020 | NYC

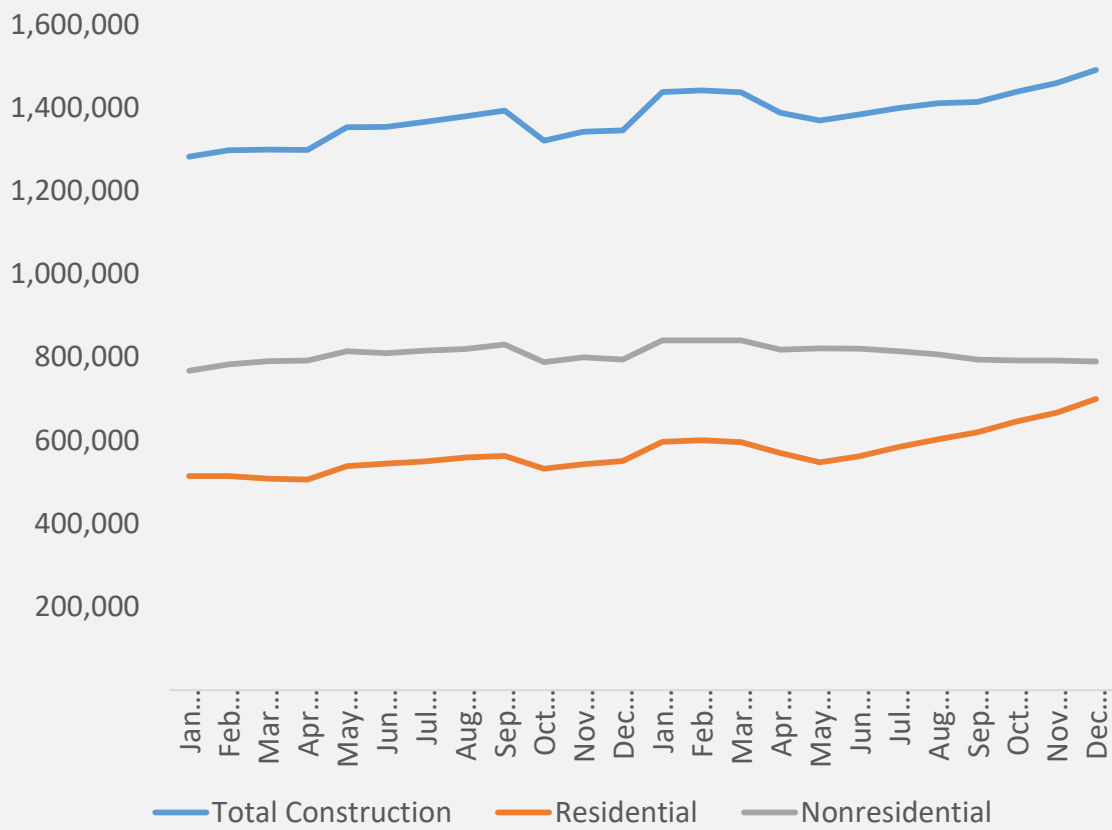
For the month of January, 1,284 unique TCO applications were filed with NYC's Department of Buildings (DOB) of which 368 were final and 916 were temporary. The new building (NB) and alteration type 1 (A1) were substantially lower than December 2020, with 36 and 29 filings, respectively.

TCO applications represented 58,625 projected dwelling units across all boroughs – not all applications disclosed the proposed unit count. The majority of the units were located in Manhattan (43,049) while Brooklyn came in second (9,419), Queens third (8,254), Bronx fourth (3,120), and finally Staten Island (46).



Source: NYC, Opendata

## MONTHLY CONSTRUCTION SPENDING, DECEMBER 2021 | US

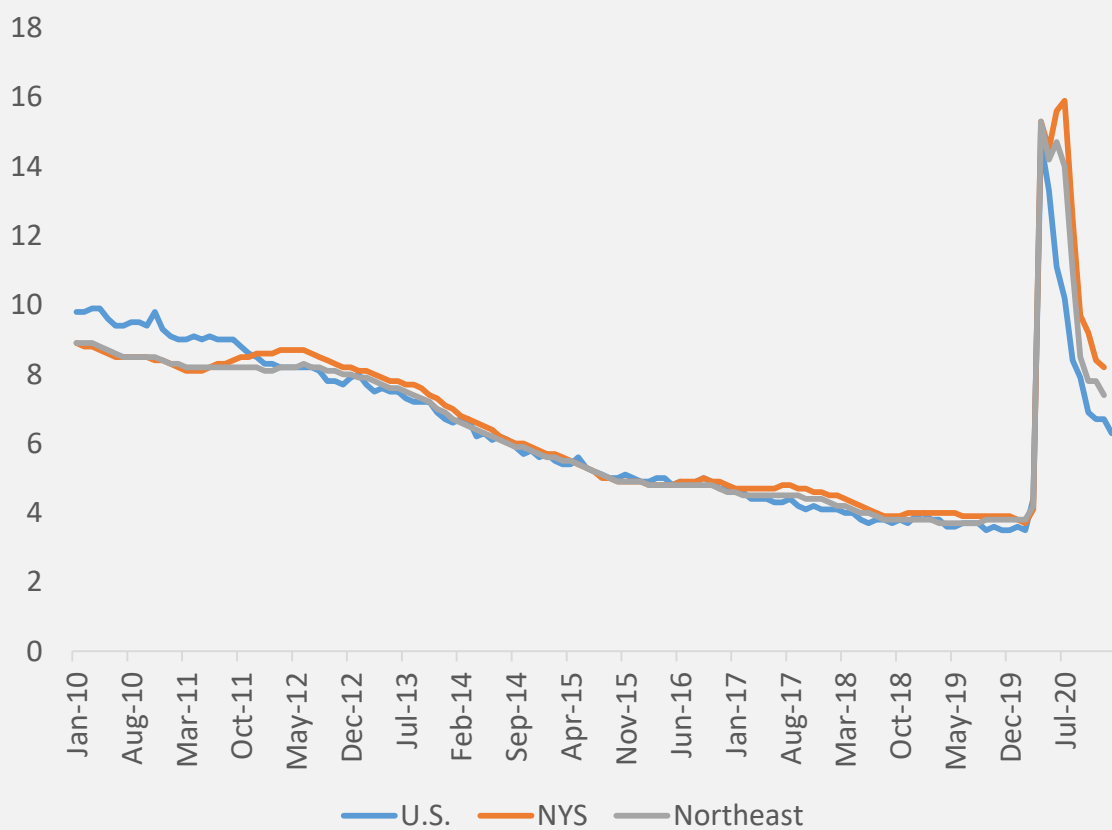


According to the U.S. Census Bureau, construction spending during December 2020 was estimated at a seasonally adjusted annual rate of \$1,490.4 billion, 1.0 percent ( $\pm 0.8$  percent) above the revised November estimate of \$1,475.6 billion. The December figure is 5.7 percent ( $\pm 1.0$  percent) above the December 2019 estimate of \$1,410.3 billion. The value of construction in 2020 was \$1,429.7 billion, 4.7 percent ( $\pm 1.0$  percent) above the \$1,365.1 billion spent in 2019.

The main driver behind the increase in spending was the residential sector, with a 27.1% increase y-o-y. While, not surprisingly, spending on lodging dropped by 23.7% y-o-y.

Source: US Census Bureau

## UNEMPLOYMENT INSURANCE CLAIMS | US, NYS, NORTHEAST

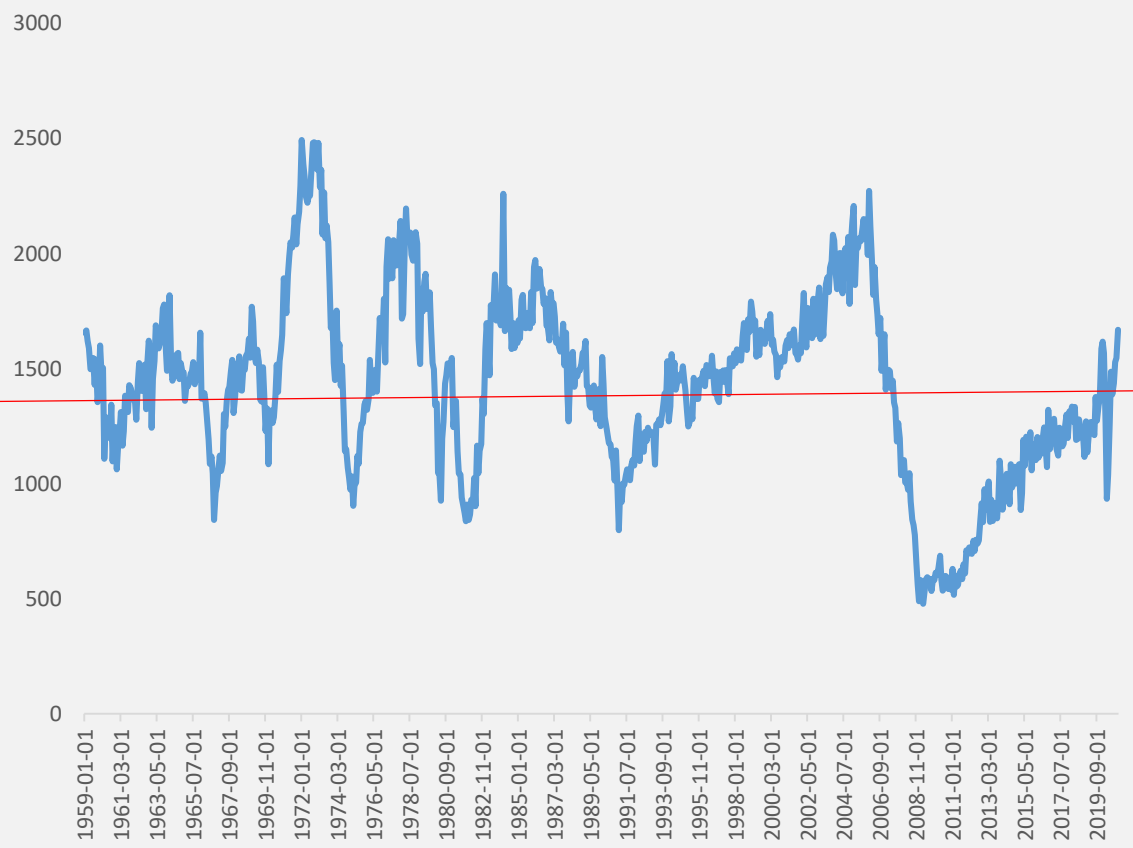


The unemployment rate fell by 0.4 percentage point to 6.3 percent in January, while nonfarm payroll employment changed little (+49,000), the U.S. Bureau of Labor Statistics reported. The labor market continued to reflect the impact of the coronavirus (COVID-19) pandemic and efforts to contain it. In January, notable job gains in professional and business services and in both public and private education were offset by losses in leisure and hospitality, in retail trade, in health care, and in transportation and warehousing.

In December, NYS and the Northeast registered 8.2% and 7.4%, respectively.

Source: US Bureau of Labor Statistics, NYS, Department of Labor Weekly UI Claims Report

## MONTHLY NEW RESIDENTIAL CONSTRUCTION | US

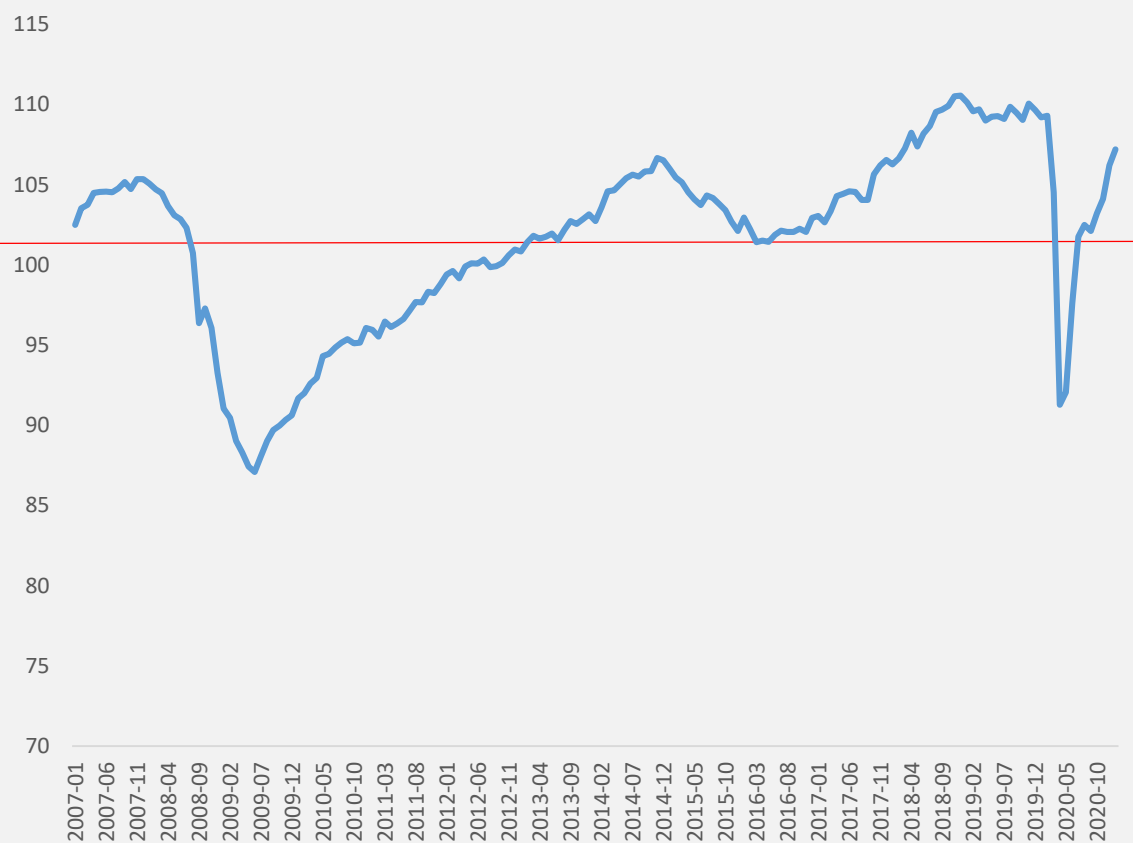


Source: US Census Bureau

Privately-owned housing starts in December were at a seasonally adjusted annual rate of 1,669,000. This is 5.8 percent ( $\pm 11.0$  percent) above the revised November estimate of 1,578,000 and is 5.2 percent ( $\pm 10.1$  percent) above the December 2019 rate of 1,587,000. Single-family housing starts in December were at a rate of 1,338,000; this is 12.0 percent ( $\pm 13.4$  percent) above the revised November figure of 1,195,000. The December rate for units in buildings with five units or more was 312,000. An estimated 1,380,300 housing units were started in 2020. This is 7.0 percent ( $\pm 2.3$  percent) above the 2019 figure of 1,290,000.

Privately-owned housing completions in December were at a seasonally adjusted annual rate of 1,417,000. This is 15.9 percent ( $\pm 14.8$  percent) above the revised November estimate of 1,223,000 and is 8.0 percent ( $\pm 12.2$  percent) above the December 2019 rate of 1,312,000. Single-family housing completions in December were at a rate of 984,000; this is 10.2 percent ( $\pm 17.0$  percent)\* above the revised November rate of 893,000. The December rate for units in buildings with five units or more was 422,000.

## MONTHLY INDUSTRIAL PRODUCTION | US

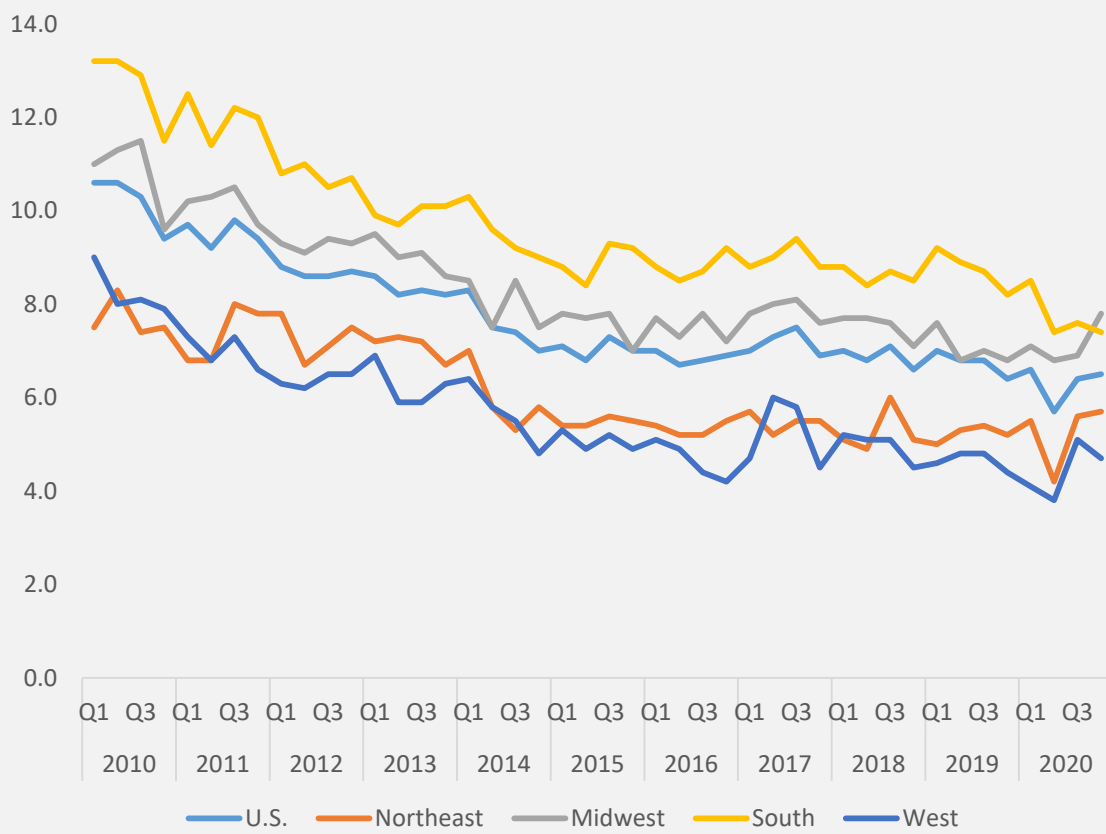


Source: Federal Reserve

According to the Federal Reserve, industrial production increased 0.9 percent in January. Manufacturing output rose 1.0 percent, about the same as its average gain over the previous five months. Mining production advanced 2.3 percent, while the output of utilities declined 1.2 percent. At 107.2 percent of its 2012 average, total industrial production in January was 1.8 percent lower than its year-earlier level.

Capacity utilization for the industrial sector increased 0.7 percentage point in January to 75.6 percent, a rate that is 4.0 percent below its long-run (1972–2020) average.

## Rental Vacancy Rate, Q4 2020 | US

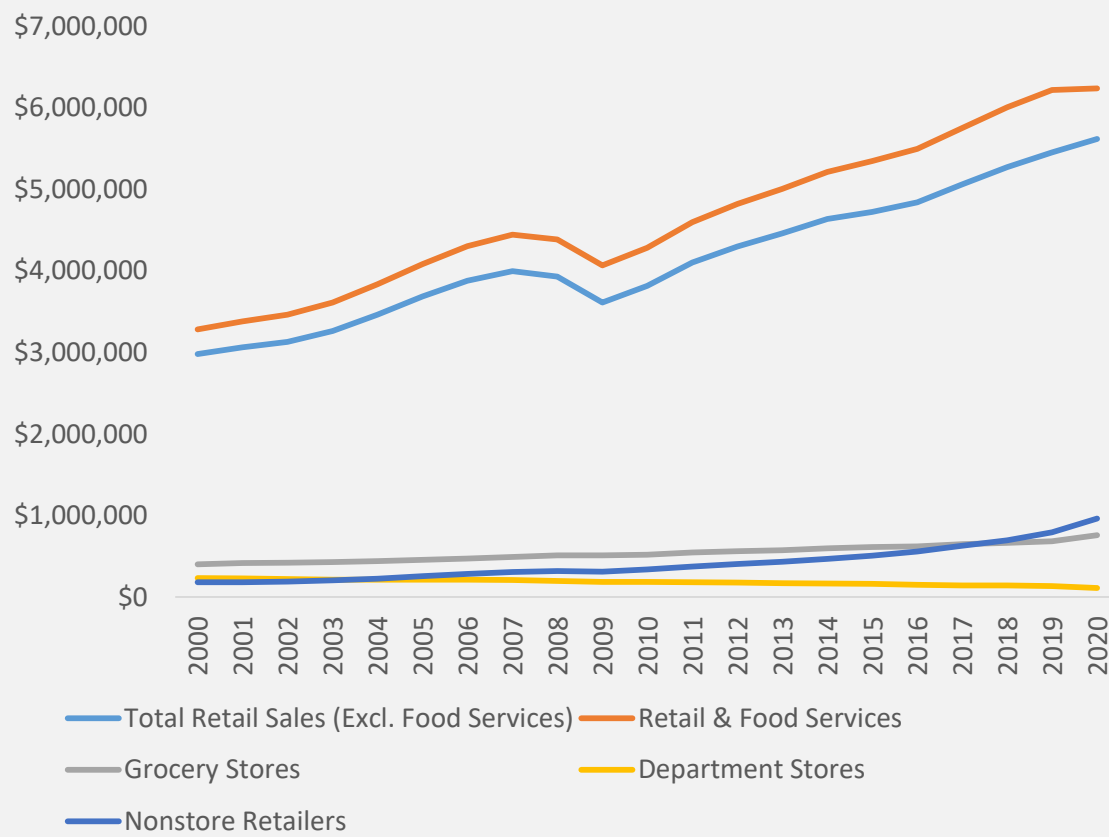


National vacancy rates in the fourth quarter 2020 were 6.5 percent for rental housing and 1.0 percent for homeowner housing. The rental vacancy rate of 6.5 percent was not statistically different from the rate in the fourth quarter 2019 (6.4 percent) and not statistically different from the rate in the third quarter 2020 (6.4 percent). The homeowner vacancy rate of 1.0 percent was 0.4 percentage points lower than the rate in the fourth quarter 2019 (1.4 percent) and not statistically different from the rate in the third quarter 2020 (0.9 percent).

It's worth noting that vacancy rates in the Midwest saw the greatest y-o-y increase, from 6.8% to 7.8%. While states in the South of the country saw a decrease in vacancy rate from 8.2% to 7.4% for the same period.

Source: US Census Bureau

## MONTHLY RETAIL SALES | US



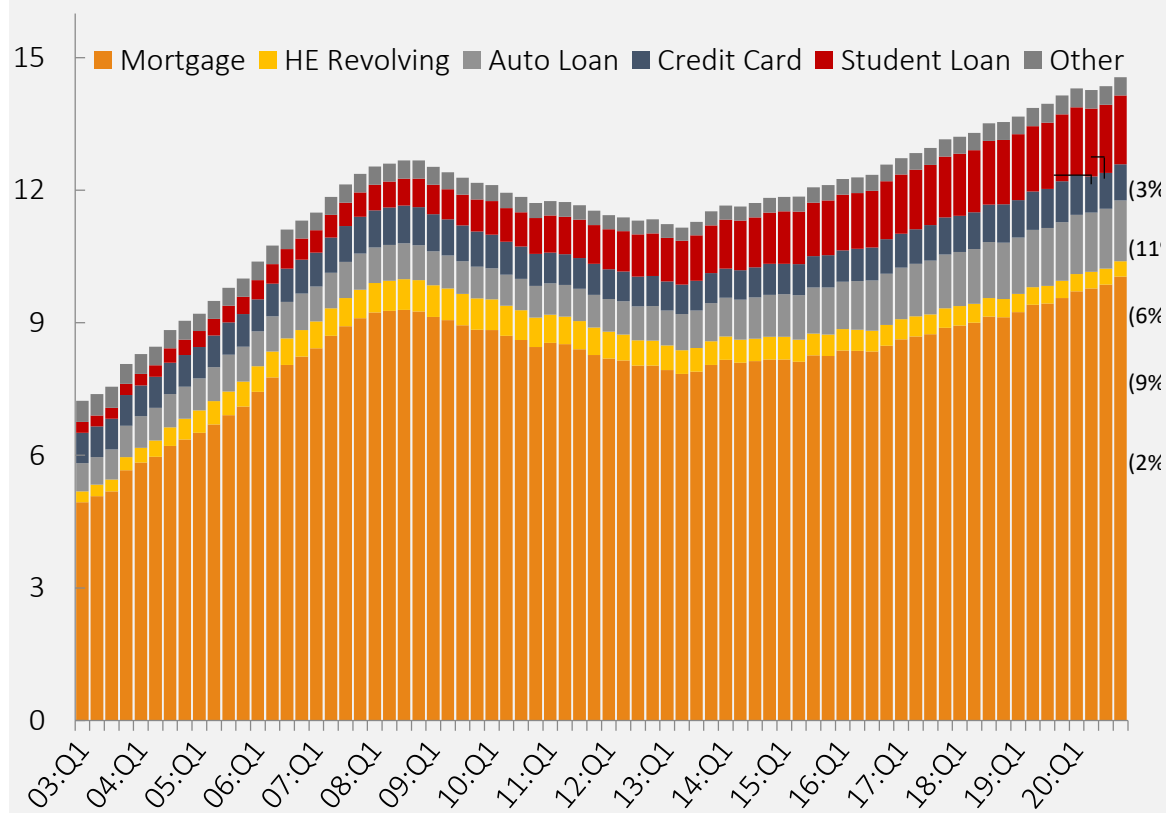
According to the Census, advance estimates of U.S. retail and food services sales for January 2021, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$568.2 billion, an increase of 5.3 percent ( $\pm 0.5$  percent) from the previous month, and 7.4 percent ( $\pm 0.7$  percent) above January 2020. Total sales for the November 2020 through January 2021 period were up 4.6 percent ( $\pm 0.5$  percent) from the same period a year ago. The November 2020 to December 2020 percent change was revised from down 0.7 percent ( $\pm 0.5$  percent) to down 1.0 percent ( $\pm 0.3$  percent). Retail trade sales were up 5.1 percent ( $\pm 0.5$  percent) from December 2020, and 10.8 percent ( $\pm 0.7$  percent) above last year.

Non-store retailers were up 28.7 percent ( $\pm 1.8$  percent) from January 2020, while sporting goods, hobby, musical instrument, and book stores were up 22.5 percent ( $\pm 4.0$  percent) from last year.

Source: US Census Bureau



## HOUSEHOLD DEBT AND CREDIT, Q4 2020 (\$TR.) | US



According to the Federal Reserve Bank of New York’s Center for Microeconomic Data, household debt increased by \$206 billion (1.4%) to \$14.56 trillion in the fourth quarter of 2020, driven in part by a steep increase in mortgage originations. The total debt balance is now \$414 billion higher than the year prior. The report is based on data from the New York Fed’s Consumer Credit Panel, a nationally representative random sample of individual- and household-level debt and credit records drawn from anonymized Equifax credit data.

Mortgage balances—the largest component of household debt—surpassed \$10 trillion in the fourth quarter, increasing by \$182 billion to \$10.04 trillion at the end of December. While credit card balances increased by \$12 billion over the quarter, they were \$108 billion lower than they had been at the end of 2019, the largest year over year decline since the series began in 1999. This overall decline is consistent with continued weakness in consumer spending and revolving balance pay-downs by card holders.

Source: New York Fed Consumer Credit Panel/Equifax

## 10-YEAR TREASURY YIELD (%) | US



The 10y treasury registered at 1.3%, as of 2/16/21, 48 bps higher than the TTM average of 0.82%. Also, significantly lower compared to the TTM maximum of 1.61%, but approx. 78 bps higher than the TTM low of 0.52% (8/4/20).

Source: US Treasury, US Federal Reserve

## FTSE NAREIT U.S. REAL ESTATE INDEX SERIES | JANUARY 29, 2021

Sector	Investment Performance by Property Sector and Subsector						Market Capitalization (\$) <sup>1</sup>	
	Number of Constituents	Total Return (%)			Dividend Yield (%)	Equity	Implied	
		2020	January	2021: YTD				
FTSE Nareit All Equity REITs	160	-5.12	-0.07	-0.07	3.55	1,172,708,175	1,204,339,482	
FTSE Nareit Equity REITs	151	-8.00	0.10	0.10	3.84	939,137,075	970,717,126	
Industrial	13	12.17	0.88	0.88	2.50	132,832,004	136,471,318	
Office	19	-18.44	-3.31	-3.31	4.03	81,153,750	85,846,158	
Retail	32	-25.18	2.80	2.80	5.01	127,654,874	134,296,557	
Shopping Centers	18	-27.64	6.17	6.17	4.82	44,379,207	45,207,620	
Regional Malls	4	-37.15	11.62	11.62	5.74	33,508,633	38,509,716	
Free Standing	10	-10.46	-5.01	-5.01	4.67	49,767,033	50,579,221	
Residential	21	-10.69	0.50	0.50	3.15	167,496,640	173,536,240	
Apartments	16	-15.34	2.01	2.01	3.69	114,340,264	117,823,352	
Manufactured Homes	3	-1.69	-4.98	-4.98	2.28	27,090,423	27,828,764	
Single Family Homes	2	6.04	-0.17	-0.17	1.58	26,065,953	27,884,124	
Diversified	15	-21.76	-2.88	-2.88	5.39	45,212,238	47,936,413	
Lodging/Resorts	13	-23.60	-5.16	-5.16	6.12	32,002,658	32,182,828	
Health Care	17	-9.86	-3.33	-3.33	4.80	106,426,546	107,235,296	
Self Storage	5	12.91	-0.46	-0.46	3.50	69,680,140	72,235,277	
Timber	4	10.33	-5.29	-5.29	2.53	31,114,051	31,114,051	
Infrastructure	5	7.25	-0.02	-0.02	2.35	202,457,049	202,508,306	
Data Centers	5	21.00	3.39	3.39	2.22	124,950,820	128,305,177	
Specialty	11	-8.24	2.37	2.37	6.24	51,727,405	52,671,863	
FTSE Nareit Mortgage REITs	34	-18.77	-2.41	-2.41	9.29	62,716,557	63,201,198	
Home Financing	21	-22.59	-2.24	-2.24	9.99	38,491,106	38,513,138	
Commercial Financing	13	-10.73	-2.68	-2.68	8.11	24,225,451	24,688,060	

Source: FTSE™, Nareit®.

Notes:

<sup>1</sup> Implied market capitalization is calculated as common shares outstanding plus operating partnership units, multiplied by share price. Data presented in thousands of dollars.

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## ABOUT US

**Satori Capital Partners** (“Satori” or “SCP”) is a boutique real estate investment and advisory firm founded in 2018. SCP’s two primary business lines are (i) debt & equity placement for acquisition, development and value-add real estate projects across the United States and (ii) originating, structuring and managing debt and equity investments on commercial real estate assets primarily throughout the Northeast of the United States.

## SERVICES OFFERED

### CAPITAL MARKETS

- **Debt:** We offer clients market-leading access to private debt capital. Such as:
  - First-lien loans, unitranche, mezzanine debt, preferred equity, DIP financing etc.
  - Our priority is to understand a clients investment and create bespoke debt solutions which offer the greatest flexibility
- **Equity:** Similar to our debt advisory business, we strive to identify and structure the most accretive equity solution for your project.
- We leverage our relationships to identify the right equity partner that will facilitate your acquisition, development or recapitalization.

### ADVISORY

- **Financial Analysis:** SCP will provide on a standalone basis financial analysis and transaction modeling to its clients
- **Fairness Opinion:** SCP can provide an unbiased opinion on potential acquisitions or dispositions
- **Capital Structure:** We analyze and evaluate current capital structures and offer advice on strategies for improvement or future risk mitigation

### DATA SERVICES

- **Exploratory Data Analysis (EDA):** SCP can provide a deep statistical and rich visual analysis of public and/or private datasets related to investment opportunities
- **Predictive Analytics through Machine Learning (ML):** SCP can offer predictive analytics for future returns of target investments with the use of the latest machine learning and deep learning algorithms
- **Custom Data Analysis:** Clients can outsource their data analytic needs with security to SCP. We can derive insights from the customer’s datasets with the use of state of the art algorithms in combination with external data sources.

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