

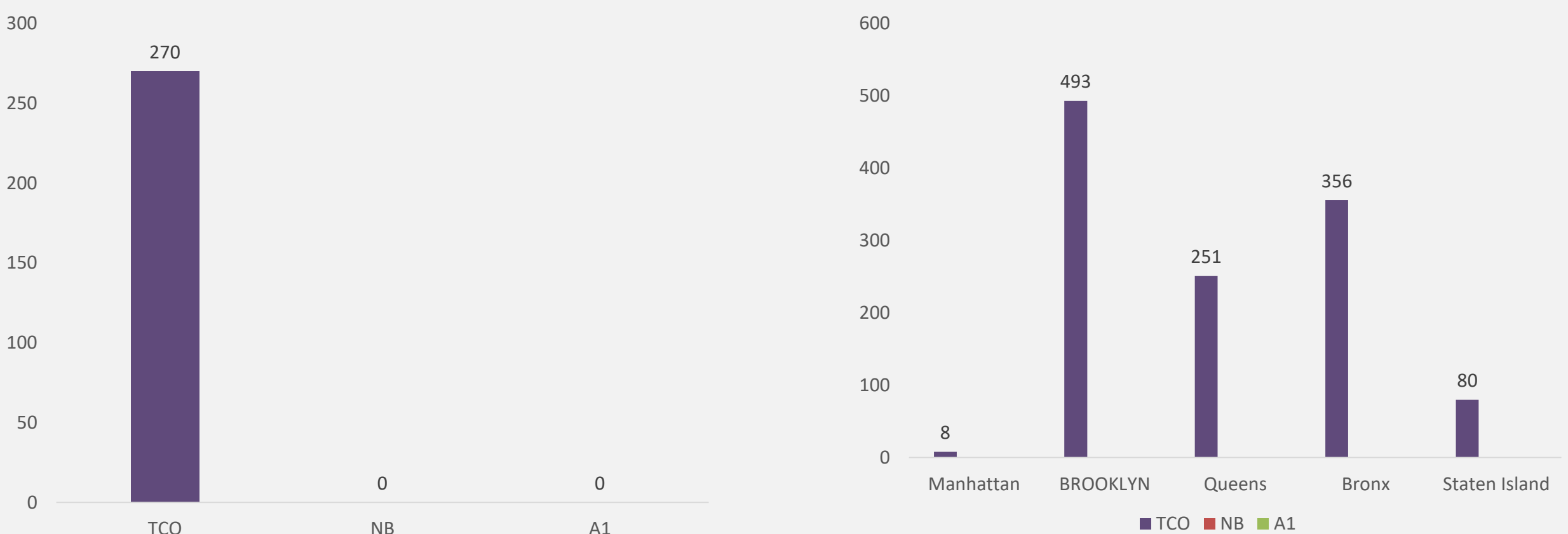
As vaccination rates in the US continue to increase – however, still below the White House’s goal of administering at least one dose of the vaccine to 70% of the population – and talks about inflation and the increase in commodity prices giving pause to a lot of the participants in our field, we’ve noticed a considerable thaw in the capital markets. Both balance sheet and securitized lenders are showing an interest in transactions they would simply pass on 6 months ago, while also offering attractive terms. However, new construction activity in New York is still subdued and, we hope, simply a result of the lack of available financing over the past 15 months. As life begins to normalize we are cautiously optimistic that transaction velocity will increase and valuations, along with cash flows, will stabilize.

- For the month of May, 270 unique TCO applications were filed with NYC’s Department of Buildings (DOB) – compared to 235, for the month of April. There were no new building (NB) and alteration type 1 (A1) applications filed for the month of May.
- According to the U.S. Census Bureau, construction spending during April 2021 was estimated at a seasonally adjusted annual rate of \$1,524.2 billion, 0.2 percent ( $\pm 0.8$  percent) above the revised March estimate of \$1,521.0 billion.
- According to the US Bureau of Labor Statistics, total nonfarm payroll employment rose by 559,000 in May, and the unemployment rate declined by 0.3 percentage point to 5.8 percent.
- According to the U.S. Census Bureau, privately-owned housing units authorized by building permits in May were at a seasonally adjusted annual rate of 1,681,000.
- According to the Federal Reserve, total industrial production increased 0.8 percent in May.
- According to the Census, Advance estimates of U.S. retail and food services sales for May 2021, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$620.2 billion, a decrease of 1.3% ( $\pm 0.5$  percent) from the previous month, but 28.1 percent ( $\pm 0.7$  percent) above May 2020.
- The 10y treasury registered at 1.49%, as of 6/24/21, 39 bps higher than the TTM average of 1.10%. Slightly lower compared to the previous month but substantially higher than the beginning of the year. It’s also approx. 97 bps higher than the TTM low of 0.52% (8/4/20).

### MONTHLY DEPARTMENT OF BUILDINGS ACTIVITY, MAY 2021 | NYC

For the month of May, 270 unique TCO applications were filed with NYC’s Department of Buildings (DOB) – compared to 235, for the month of April. There were no new building (NB) and alteration type 1 (A1) applications filed for the month of May.

TCO applications represented 1,188 projected dwelling units across all boroughs – not all applications disclosed the proposed unit count. The majority of the units were located in Brooklyn (448), while the Bronx came in second with (356), Queens third (251), Staten Island fourth (85), and finally Manhattan with (8)



Source: NYC, Opendata

## DEVELOPERS CORNER | ERIC BRODY, PRINCIPAL AT WONDER WORKS CONSTRUCTION CORPORATION

Welcome to the next edition of the Developer's Corner. As you may or may not be aware, due to Covid, the supply chain throughout the world is broken! From semiconductors, to commodities to building materials, it's all in flux! But what does that mean for the developer/ builder who is executing a project now...it means the following: confusion, delays, and increased costs.

When the pandemic hit, manufacturing stopped BUT through the use of Amazon, other online retailers, home isolation, and no understanding of when things would go back to normal... purchasing goods never stopped. The "whiplash" effect due to spiking demand but an absolute pause on manufacturing and shipping is devastating. Couple that with the recent Covid outbreak at two of the top five largest ports in the World located in China is exacerbating the issue.

Confusion: purchasing materials for a new project is done months before these products are manufactured, packaged, picked up and eventually shipped to a port for your project. When the industry stopped manufacturing no one knew if their deposits were used to procure material, if they would ever get the materials ordered and when. Construction is a symphony that is coordinated months in advance to get to a daily and monthly goal to complete on time. Without the understanding of when goods would be manufactured or if they were even going to get the raw materials to fabricate items is devastating. In my humble opinion, certain projects did not start that were planned, as a result of procurement issues. We are seeing that result in NYC with the recent publication of NB and Alt 1 permits in NYC being at a ten year low.

Delays: If a developer/ builder was lucky enough that his supplier had procured the materials and was able to fabricate, the next issue was logistics. Containers were no longer moving around the world and were getting stuck in specific ports in China, not being released to the rest of the world. Basically trade routes were being prioritized and getting goods to America was not a priority. Getting goods to America was delayed at a minimum of over a month. Can you imagine working tirelessly to execute a project on time and the materials required to complete didn't arrive? Were they ever going to arrive?

Increased costs: in order to guarantee goods to get to America shipping companies started to charge 3x the normal costs to ship in order to guarantee that the product would arrive. This isn't a cost anyone had in their budget and many contracts are written that it falls upon the contractor to fit the bill. This created major conflict in NYC that is still being resolved to date.

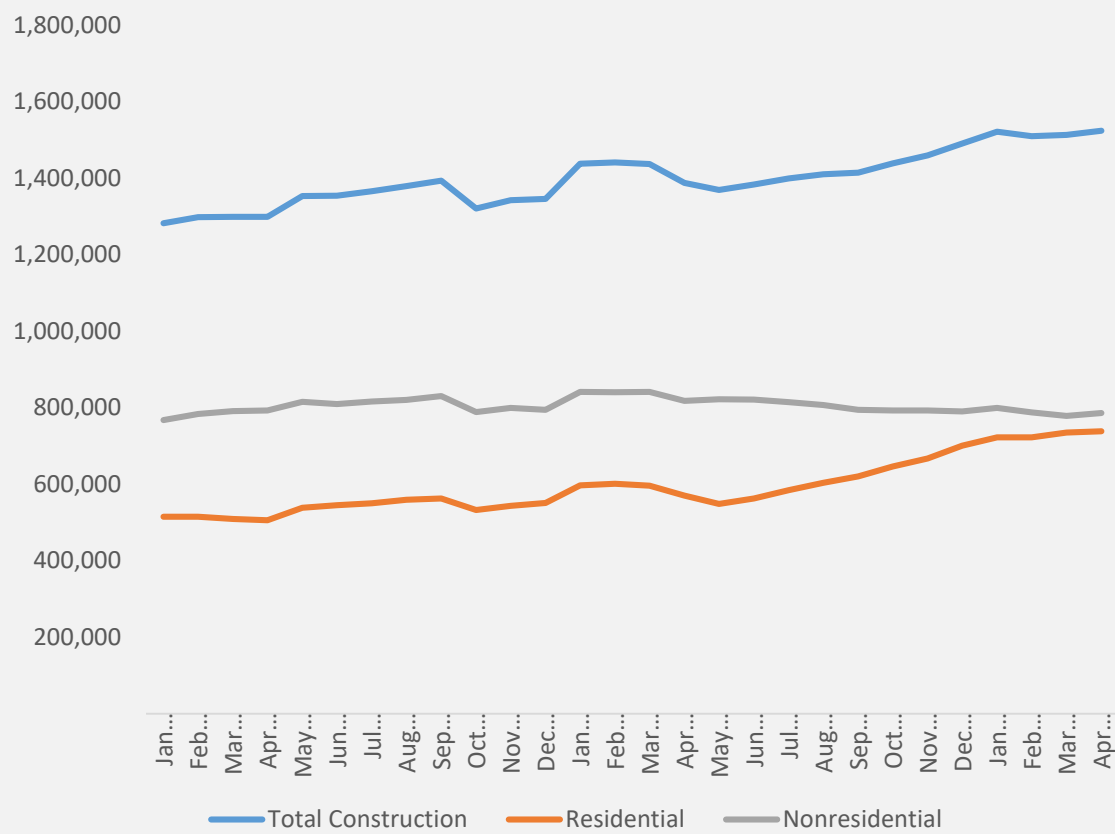
In conclusion, this has been devastating to projects as they are delayed, take longer to execute and increased costs that no one could have predicted. It will be interesting how each builder and developer resolve these issues moving forward. The good news is we are seeing commodity pricing level off and manufacturing ramp up. The question is how long will this take to right itself?



**Eric Brody** is a prolific builder and developer in NYC for the last eighteen years, Eric, the son of a NYC Architect, has completed over \$950 million worth of Real Estate Development and just over \$500 million in total Construction costs representing approximately 800 units built and occupied with in NYC. As the Chief Operating Officer & Principal at Wonder Works Construction Corporation, Eric Brody continues to lead the operations of one of the New York area's most highly respected general contracting and real estate development firms. In addition to the day-to-day operations and leadership of the company, he oversees multiple project execution, asset acquisition, debt/ equity procurement and investor relations. Brody's tenure at Wonder Works began in 2012 as Director of Construction. In 2015 he was named partner and Chief Operating Officer where he remains till this day.

Eric can be reached at [eric@anaxrep.com](mailto:eric@anaxrep.com)

## MONTHLY CONSTRUCTION SPENDING, APRIL 2021 | US

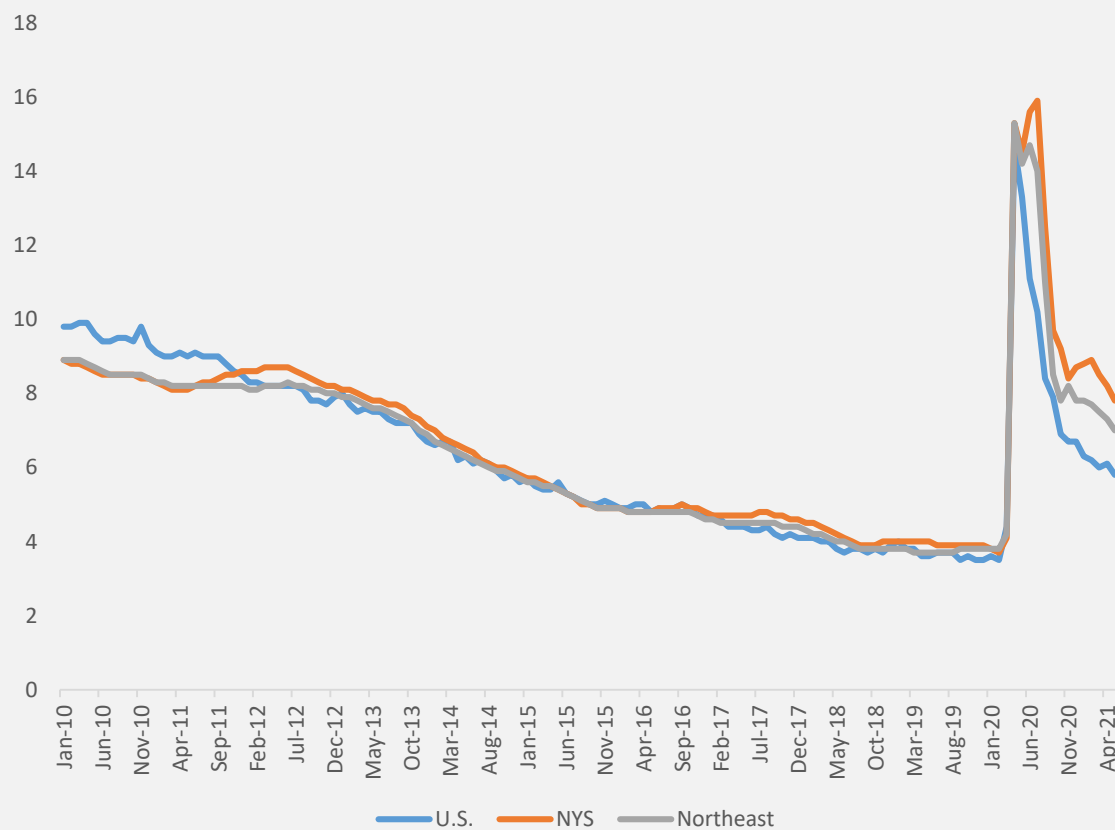


According to the U.S. Census Bureau, construction spending during April 2021 was estimated at a seasonally adjusted annual rate of \$1,524.2 billion, 0.2 percent ( $\pm 0.8$  percent) above the revised March estimate of \$1,521.0 billion. The April figure is 9.8 percent ( $\pm 1.2$  percent) above the April 2020 estimate of \$1,387.9 billion. During the first four months of this year, construction spending amounted to \$452.3 billion, 5.8 percent ( $\pm 1.0$  percent) above the \$427.3 billion for the same period in 2020.

Spending on residential construction continues to be the main driver behind the increase in spending, with a 29.5% increase y-o-y. While spending on lodging continues to underperform with y-o-y decrease at 21.9%; as light improvement compared to the previous months.

Source: US Census Bureau

## UNEMPLOYMENT INSURANCE CLAIMS | US, NYS, NORTHEAST

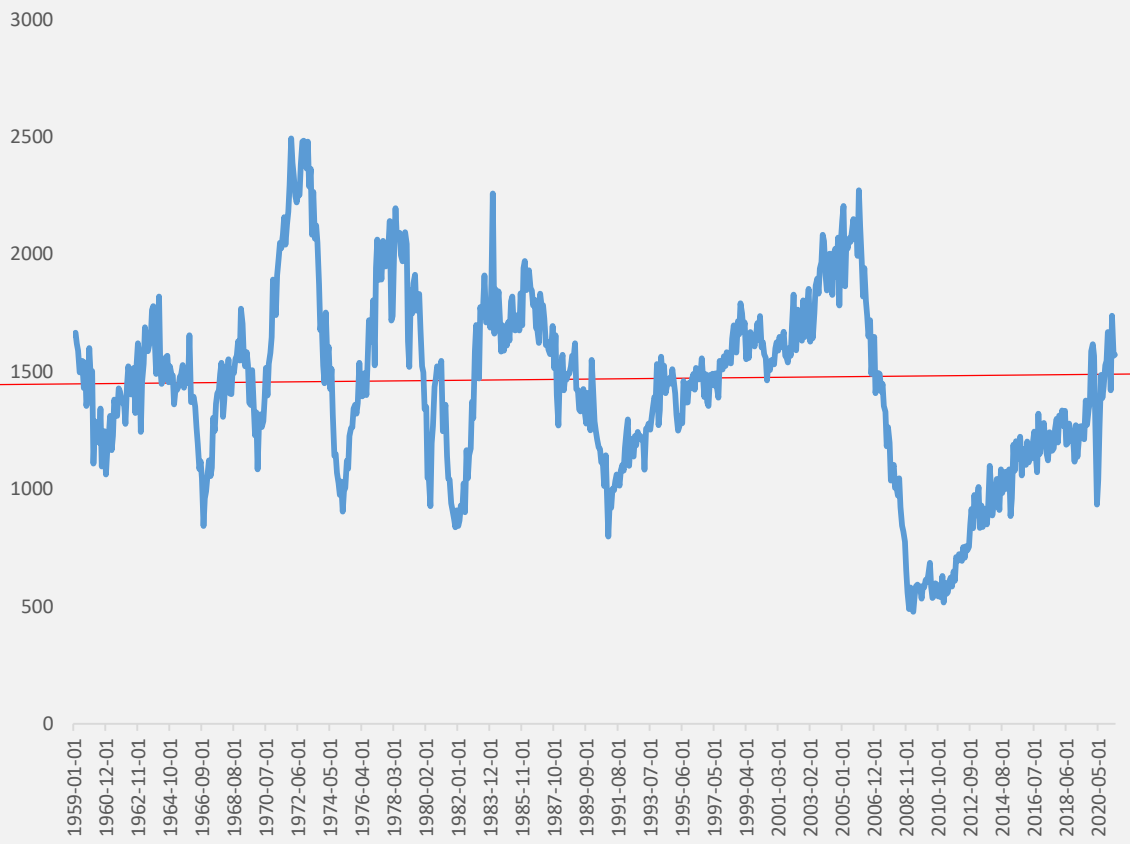


According to the US Bureau of Labor Statistics, total nonfarm payroll employment rose by 559,000 in May, and the unemployment rate declined by 0.3 percentage point to 5.8 percent. Notable job gains continued to occur in leisure and hospitality, in public and private education, and in health care and social assistance.

In June, NYS and the Northeast registered 7.8% and 7.0%, respectively.

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

## MONTHLY NEW RESIDENTIAL CONSTRUCTION | US

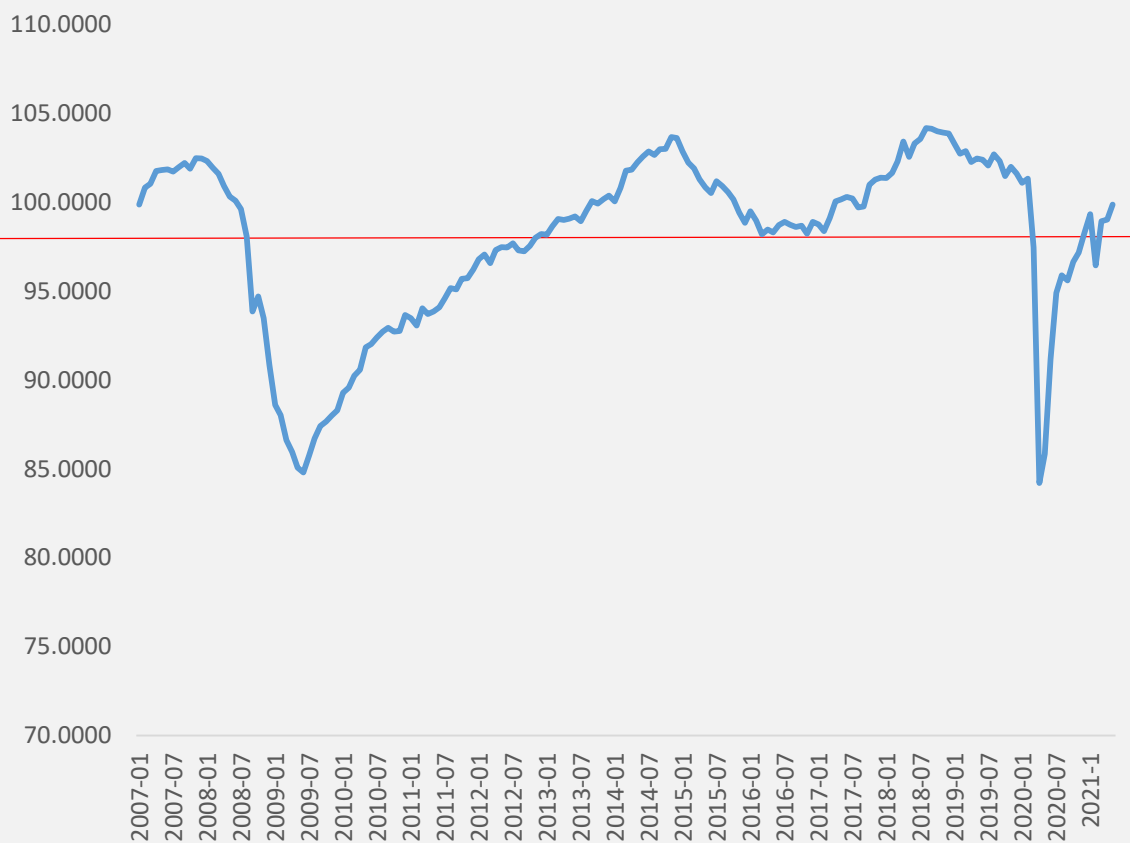


Source: US Census Bureau

According to the U.S. Census Bureau, privately-owned housing units authorized by building permits in May were at a seasonally adjusted annual rate of 1,681,000. This is 3.0 percent ( $\pm 1.4$  percent) below the revised April rate of 1,733,000, but is 34.9 percent ( $\pm 2.4$  percent) above the May 2020 rate of 1,246,000. Single-family authorizations in May were at a rate of 1,130,000; this is 1.6 percent ( $\pm 0.9$  percent) below the revised April figure of 1,148,000. Authorizations of units in buildings with five units or more were at a rate of 494,000 in May.

Privately-owned housing completions in May were at a seasonally adjusted annual rate of 1,368,000. This is 4.1 percent ( $\pm 9.8$  percent) below the revised April estimate of 1,426,000, but is 16.1 percent ( $\pm 10.9$  percent) above the May 2020 rate of 1,178,000. Single-family housing completions in May were at a rate of 978,000; this is 2.6 percent ( $\pm 7.9$  percent) below the revised April rate of 1,004,000. The May rate for units in buildings with five units or more was 387,000.

## MONTHLY INDUSTRIAL PRODUCTION | US



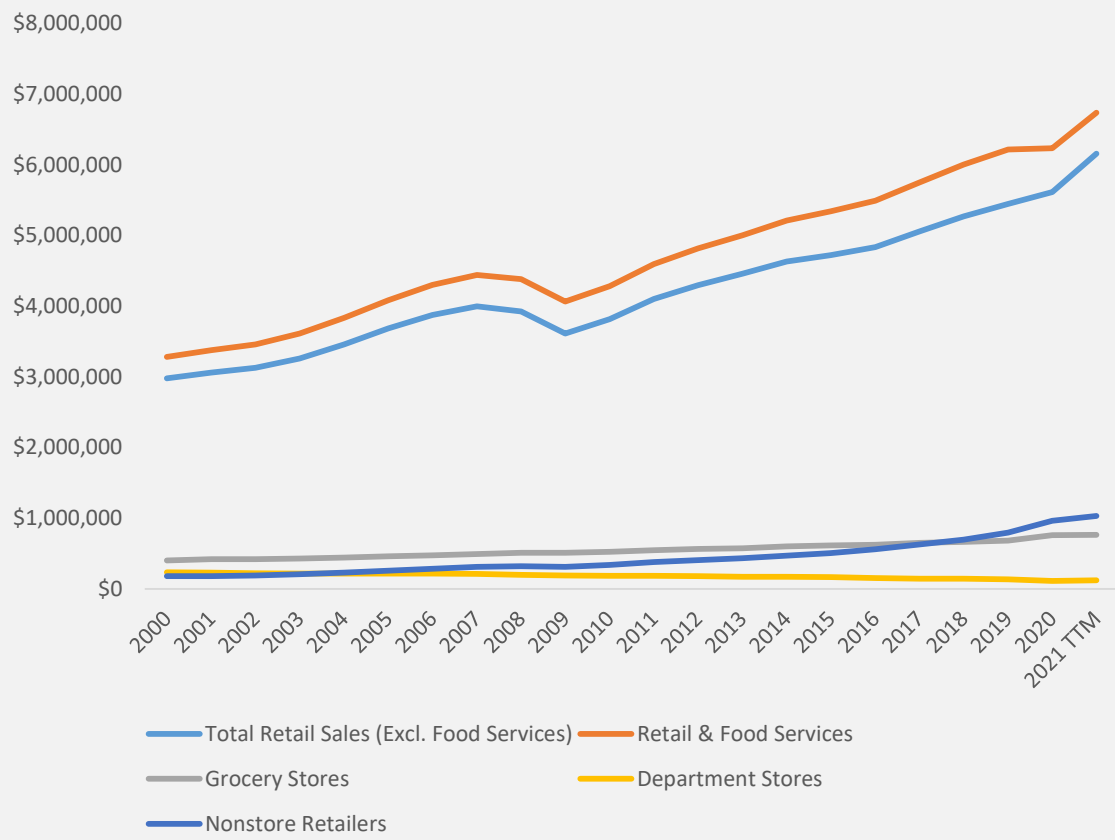
Source: Federal Reserve

According to the Federal Reserve, total industrial production increased 0.8 percent in May. Manufacturing production advanced 0.9 percent, reflecting, in part, a large gain in motor vehicle assemblies; factory output excluding motor vehicles and parts increased 0.5 percent. The indexes for mining and utilities rose 1.2 percent and 0.2 percent, respectively.

In May, at 99.9 percent of its 2017 average, total industrial production was 16.3 percent higher than it was a year earlier but 1.4 percent lower than its pre-pandemic (February 2020) level. Capacity utilization for the industrial sector rose 0.6 percentage point in May to 75.2 percent, a rate that is 4.4 percentage points below its long-run (1972–2020) average.



## MONTHLY RETAIL SALES | US

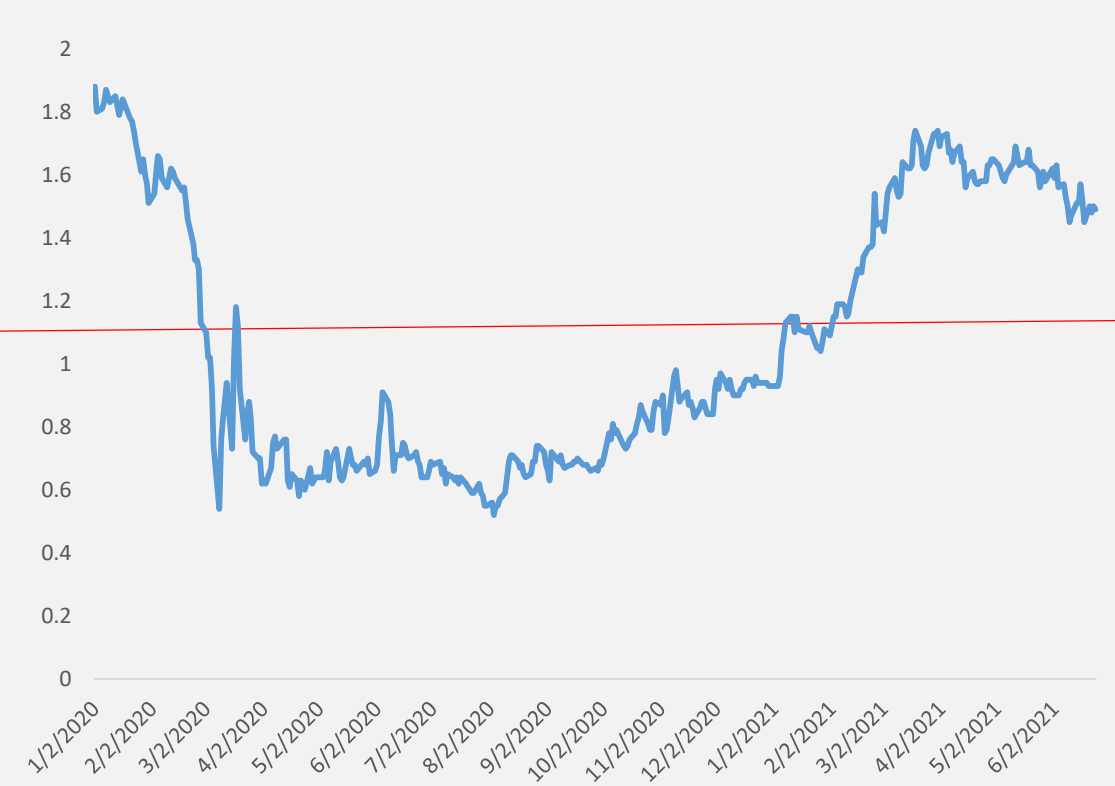


According to the Census, Advance estimates of U.S. retail and food services sales for May 2021, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were \$620.2 billion, a decrease of 1.3% ( $\pm 0.5$  percent) from the previous month, but 28.1 percent ( $\pm 0.7$  percent) above May 2020. Total sales for the March 2021 through May 2021 period were up 36.2 percent ( $\pm 0.5$  percent) from the same period a year ago. The March 2021 to April 2021 percent change was revised from virtually unchanged ( $\pm 0.5$  percent) to up 0.9 percent ( $\pm 0.2$  percent).

Retail trade sales were down 1.7 percent ( $\pm 0.5$  percent) from April 2021, but up 24.4 percent ( $\pm 0.7$  percent) above last year. Clothing and clothing accessories stores were up 200.3 percent ( $\pm 2.8$  percent) from May 2020, while food services and drinking places were up 70.6 percent ( $\pm 3.0$  percent) from last year.

Source: US Census Bureau

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



The 10y treasury registered at 1.49%, as of 6/24/21, 39 bps higher than the TTM average of 1.10%. Slightly lower compared to the previous month but substantially higher than the beginning of the year. It's also approx. 97 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 | MAY 28, 2021

Sector	Investment Performance by Property Sector and Subsector						
	Number of Constituents	Total Return (%)			Dividend Yield (%)	Market Capitalization (\$)¹	
		2020	May	2021: YTD		Equity	Implied
FTSE Nareit All Equity REITs	158	-5.12	0.82	18.08	2.91	1,381,993,379	1,419,419,235
FTSE Nareit Equity REITs	150	-8.00	1.02	18.85	3.11	1,110,758,642	1,148,139,279
Industrial	13	12.17	0.21	16.73	2.29	155,425,325	159,603,860
Office	19	-18.44	2.40	15.09	3.42	95,713,775	101,475,661
Retail	32	-25.18	1.63	31.58	3.98	164,462,710	172,742,846
Shopping Centers	18	-27.64	1.25	42.86	3.73	59,316,476	60,450,884
Regional Malls	4	-37.15	6.03	51.36	4.08	45,365,584	51,619,544
Free Standing	10	-10.46	-1.17	11.17	4.14	59,780,650	60,672,417
Residential	20	-10.69	3.51	24.31	2.70	205,462,029	212,652,189
Apartments	15	-15.34	4.06	27.22	3.08	141,315,765	145,359,003
Manufactured Homes	3	-1.69	1.02	12.16	2.05	31,799,767	32,661,658
Single Family Homes	2	6.04	3.55	24.78	1.60	32,346,497	34,631,528
Diversified	16	-21.76	1.34	19.05	4.19	55,428,662	58,874,736
Lodging/Resorts	13	-23.60	-4.78	17.37	0.09	39,623,900	39,856,597
Health Care	17	-9.86	-2.16	9.51	4.22	119,079,773	119,944,302
Self Storage	5	12.91	1.15	26.29	2.84	88,091,026	91,349,316
Timber	4	10.33	-0.72	16.81	2.07	38,152,333	38,152,333
Infrastructure	4	7.25	0.12	14.76	2.10	233,082,404	233,127,624
Data Centers	5	21.00	0.65	5.36	2.30	126,218,916	129,481,206
Specialty	10	-8.24	2.05	26.30	4.70	61,252,527	62,158,566
FTSE Nareit Mortgage REITs	33	-18.77	0.33	17.30	8.04	74,622,234	75,221,941
Home Financing	20	-22.59	1.10	17.30	8.66	45,883,348	45,912,218
Commercial Financing	13	-10.73	-0.95	17.27	6.98	28,738,885	29,309,723

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.

Disclaimer: The FTSE Nareit US Real Estate Index Series (Indexes) is calculated by FTSE International Limited (FTSE®), which is part of the London Stock Exchange Group plc (LSE Group). FTSE Russell® is a trading name of FTSE®, FTSE® and related trademarks and service marks owned or licensed to the LSE Group. Nareit® is the exclusive registered trademark of the National Association of Real Estate Investment Trusts®. All rights in the Indexes vest in FTSE® and Nareit®. All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor by Nareit® nor by their respective directors, officers, employees, partners or licensors for any errors or for any loss (including in negligence) from use of this publication or any of the information or data contained herein. Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets.

## 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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### Important Information

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