



WESTPLAN INVESTORS

**Opportunities and Challenges for the
Apartment Market given current capital market
conditions**

Ewoud N. Swaak

Westplan snapshot

- Focus on multi family apartment investments with developers in the Southern US (GA, TX, FL, AZ)
- > 50 residential investments and more than 15,000 units
- Average IRR on exited investments 20% (>30 exited investments)
- US\$220MM invested from High Net Worth individuals
- Recently started \$250MM Institutional Fund (\$130MM funded).
- Offices in the Netherlands and Atlanta
- Privately owned



Challenges

- Increased project costs (NOI/Costs)
- Less leverage (from 80%+ to 70%-)
- Multi family land prices have not decreased in most markets
- Longer and more difficult entitlement process / mixed use requirements
- Occupancy has gone up but not the rents
- Increased caprates/ decline in sales volume
- Potential for overbuilding
- Negative news on US real estate
- Euro/Dollar
- Recession?

Opportunities

- Less competition (Mezzanine lenders are gone, some funds are no longer active)
- More equity is needed (less leverage)
- Increased pipeline
- Total bust of For Sale market
- Distressed properties/land
- Low interest rates
- Continued growth of population and jobs in 24-hour cities
- Multi family generally viewed as a more stable asset class
- Strong demographic trends in the 18-30 age range in next 10 years



The Westplan Approach- Apartments

- Flight to quality!
- Quality of Developer/Location/Price/Product
- Lower leverage/lower returns
- Stronger asset management/ focus on property management
- Speed, flexibility and entrepreneurial approach
- **Our Box: Cities > 2MM population in GA/TX/AZ/FL, NOI/Cost >7%, Equity: \$6-\$15MM, Strong sponsor, both Urban and suburban, Recourse loan max 75% leverage. Investment over next 2 years; \$250MM.**



The Westplan Approach - Lots

- In 2008 many more lot developments will go into foreclosure
- Oversupply/ out of sync fundamentals/ strange locations / bad developed deals
- Many lenders have not accepted the significant decline in lot values
- Westplan purchases in partnership with a few partners
- **Our box: Northern Metro Atlanta area close to perimeter and inside, minimum \$2MM transaction, preferred infrastructure in place, all zoning, foreclosure. All cash, 30 days close, \$40MM in 2008.**



Thank you for your attention!

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