# Synergetic Investment Group LLC

*Building Wealth Through Real Estate*

Newsletter July-August 2014

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We had the opportunity the other day to speak with a representative of Wells Fargo Bank. We were inquiring about Money Market and Certificate of Deposit rates for some funds we hold in reserve for transactions. Even though we expected meager returns, we were still shocked when we heard the current rates. We were quoted between .01 and .03% for a CD and .01% for a MM. Our savings account was receiving the same as a CD! To us, this is all the more reason to invest in Real Estate. The Marcus & Millichap 2014 Apartment Report again confirms how well apartments are doing in our current economy. The National Real Estate Investor is projecting vacancies dropping to 4.2%in 2014 and leveling to 3.8% in 2016.
Axiometrics released data showing the National apartment rate reaching 95% for the first time in 6 years.

## Marcus & Millichap 2014 Apartment Report

Investment Outlook

- Spreads narrow between market tiers and asset classes. Investor risk profile will determine acquisition strategies. Abundant capital exists for construction as newly delivered units have leased quickly. Facing no new competition, stronger rent growth by Class B/C assets will catalyze the number of renovations.
- Value-add strategies offer stronger returns and the recent dip in the average cap rate signals a recovery in non-premium assets. Sellers have been slow to bring properties to market, however, thereby limiting the number of opportunities.

### Soaring Payroll Growth Fuels Houston Apartment Investments

Corporate expansions will help generate more than 100,000 new jobs in 2014, drawing thousands of new residents seeking brighter prospects to the Houston metro. Despite an increase in multifamily completions this year, housing supply and demand will remain well aligned. Since hiring resumed four years ago, more than 12 jobs were created for every apartment brought online over the same period. The ratio of jobs to completions will decrease in 2014, but remains highly favorable, supporting an additional decline in vacancy. The local economy's history of boom-and-bust cycles is well established and grim predictions of an imminent end to the current cycle surface periodically and gain traction whenever the price of oil slumps for a sustained period. While a downturn likely remains on the horizon, the potent combination of reasonably restrained supply growth and expanding payrolls will support a strong apartment market in the coming year. Read More

## Bright Outlook for Apartment Sector

NATIONAL REAL ESTATE Investor

**The U.S. apartment sector** is healthy and will remain that way for the foreseeable future, although it won't experience the kind of growth it's seen over the past several years, according to a forecast from Auction.com Research. Supply has ramped up in several markets, and industry experts anticipate that the new units will affect occupancy and rental rate growth, limiting owners' ability to raise rents and increase net operating income (NOI) at the same impressive levels…
Demand has remained steady and strong, averaging nearly 39,000 units of absorption over the past 12 quarters, according to Reis data. This favorable supply-demand situation allowed seasonally adjusted vacancies to drop to their lowest level since 2000, according to Auction.com Research.
The firm forecasts vacancies for year-end 2014 to be 4.2 percent and expects them to drop further through 2016, bottoming at 3.8 percent before edging up to a still-low 4 percent in 2017. Read more

## Axiometrics Says National Occupancy Rate Hits 95 Percent

By Les Shaver

...Axiometrics reported that apartment occupancy hit 95 percent for first time since the Dallas-based research firm backing tracking the market six years ago. In addition, May's rent growth of 3.7 percent also marked an all-time high...

DALLAS (AXIOMETRICS) – National apartment occupancy reached 95% for the first time in at least six years in May 2014...

Additionally, effective rent growth for the year to date ending in May was 3.7%, the highest growth since the trough of the recession. With both improving occupancy and rent growth despite increasing unit deliveries, the apartment market is performing at a very high level. Read More

## Education Center

### 5 Reasons for Passive Real Estate Investing

Here are the top ten reasons why passive real estate Investing is one of the best ways to make your money work for you;

#5 - Let Uncle Sam work for you In an equity structured investment, passive real estate allows tax-deferred cash returns that let you keep more of your earnings. Unlike interest payments or stock dividends that can be taxed at your highest bracket, your share of depreciation expense works to offset your income.

#4 - No tenants, no toilets and no trash When you are a passive real estate investor, you do not deal with the hassles of day-to-day- management You're not getting a call at 2am.

#3 - There is no bank to deal with. Your investment is tied to a professional private real estate investment company that already has relationships with select banks. They navigate the bank financing waters on your behalf so you don't have to.

#2 - Leverage the "smarts" of other people You always have the option in your investing to go at it alone, whether that means investing in stocks or buying your own investment property, but there is something to be said for leveraging the intelligence of the people around you. Some real estate investors devote their lives to learning the in's and out's of the market and passive real estate investing allows you to benefit from their deep education.

#1 - Make money while you sleep Passive real estate investing can be incredibly quick. You do diligence, sign legal paperwork online and transfer funds almost immediately. It is not intended to become a second job and you can literally make money while you sleep. Primarily when investing in properties with existing tenants where there is existing cash-flow, your money is working for you 24/7.

## The Top 10 Markets for Millennials

1. Austin, TX (16%)
2. Salt Lake City, UT (15%)
3. San Diego, CA (15%)
4. Los Angeles, CA (14%)
5. Denver, CO (14%)
6. Washington, DC (14%)
7. Houston, TX (14%)
8. Las Vegas, NV (14%)
9. San Francisco, CA (14%)
10. Dallas-Ft. Worth, TX (14%)

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**Synergetic Investment Group, LLC** acquires multi-family assets in emerging U.S. markets. We look for stabilized and distressed assets that provide our investors above average rates of return and a strong equity position. Our investment strategy provides qualified investors an opportunity to expand and diversify their investment portfolio and participate in all the benefits of owning commercial real estate without any of the acquisition, management or sale responsibilities.

For more information
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