



NATIONAL REALTY INVESTMENT ADVISORS
INVESTMENT | MANAGEMENT | DEVELOPMENT

HOW TO PROFIT FROM THE

HOUSING DEMAND TSUNAMI



The home supply shortage has created a major housing market profit opportunity. 73 million Millennials want homes. This market disruption is fueling a once in a lifetime chance for gain.

You have no doubt heard about the growing concern surrounding America's housing shortage. There's a massive demand for housing in the country, yet that demand cannot be met by the supply of houses in America. Much like any resource, real estate is a finite resource. It's limited by the amount of buildable raw land, the basic materials we utilize to craft homes from the ground up, the manpower necessary to construct these facilities and the space on the ground upon which we are permitted to squeeze in homes. ([Real-Estate Frenzy Overwhelms Small-Town America: 'I Came Home Crying' - WSJ](#))

A perfect storm of factors and elements have come together. **We are seeing a looming Housing Market Tsunami on the horizon.** People are wondering how they can profit from this massive supply shortage. The constrained supply is made worse by this tidal wave of demand coming at us! The shortage is inevitable. Fighting it is an act of futility. ([Opinion: US isn't heading for another housing crisis - CNN](#))

This supply/demand imbalance is difficult for the home seeking public, but there's no reason for investors to panic. When waves come crashing down, the surfer knows not to fight the wave, but rather to ride the wave. They know how to scale its crests and, when it crashes, know how to land on their feet, pulse pounding with a big grin. And just like the surfer, a wise investor knows how to safely invest their money to capitalize on the waves of the housing shortage storm, reacting to opportunities others can't.

The housing shortage is a complicated result of demand for homes increasing. Millennials reached the age to buy a starter home or apartment just as supply plummeted. People relocating are jamming prime markets with additional demand while intransigent supply constraints limit the availability of new dwellings. Downward supply factors include onerous zoning rules, lack of raw land in prime markets, more expensive building materials raising costs, people aging in place, and some homes just literally burning or flooding away.

This is a rough time to be a retail home buyer, despite some of the lowest interest rates on mortgages in 50 years. **It is a wonderful time if you are interested in profiting by working alongside one of America's most well-known development and construction firms to answer this supply/demand imbalance. That's where NRIA comes in.**

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Millennials moving into houses

Millennials are not getting any younger. The Millennial generation is widely defined as individuals born between 1981 and 1996. Millennials are as a generation financially disadvantaged. Millennials make up the largest percentage of the work force, yet only control roughly 4.6% of the United States' wealth. Comparatively, Baby Boomers at the equivalent age possessed 21% of the nation's wealth. This has resulted in many Millennials initially struggling to enter the housing market.

([Millennials own less than 5% of all U.S. wealth \(cnbc.com\)](#))

“What happens when our country’s largest generation (73M Millennials) want to move into houses? A full-fledged housing shortage unlike any we’ve seen before.”

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While many Millennials remain painfully aware of their generation's general economic status, the pandemic has forced them to evaluate where they are in life and where they want - or *need* -- to be. Many are both working from home and want to start families. However, they lack the space for either. They need to move into new housing. On one hand, Millennials have finally been given a break from their bleak economic prospects. They have the help of the current super low mortgage rates. In this sense, there has never been a better time for them to buy a house than now.

However, there's a catch. What happens when our country's largest generation (73M Millennials) want to move into a new home? It helps spur on a full-fledged housing shortage unlike any we've seen before. The rest of this eBook will go into detail how we came to this conclusion, but in short, there is a massive demand for new homes – not just from Millennials, but from wealthier homeowners – but not enough houses to meet the demand.

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In a recent editorial, writer Dana Peterson states “The good news, however, is that the United States is not about to repeat the 2005-07 housing boom and bust, which led to the Great Recession. Basic supply and demand factors — not speculation, predatory lending and/or bad underwriting — are driving home prices.” ([Opinion: US isn't heading for another housing crisis - CNN](#)). There is a massive demand for homes, driven by the Millennial market.

Yes, of course, some Millennials are already homeowners. But a more significant percentage are currently renting. The rental market is expanding due to there are just not enough affordable retail homes for purchase. Even more to the point, 34% of individuals between 18 and 34 live with their parents. The reasons why? Historic economic limitations. The rate of those living at home has skyrocketed following the 2008 Housing Crisis and the Pandemic. The increasing price of homes coupled with economic difficulties have prevented Millennials from being able to afford a house. Until now.

The supply problem is further compounded by the Baby Boomers, the largest generation in American history prior to the Millennial generation. Some might point to Boomers as a sign of success. They moved out and bought homes. When the supply of homes ran out, they built. Why can't it work that way for Millennials?

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The key difference is that unlike previous generations, Boomers are staying in their “raised in” homes much longer. Boomers are electing to “Age in Place” and stay put. Rather than move to a new home or they’ve chosen to renovate their home. They can now and in the future call on medical services to come to their homes.

They live longer aging in place than if they relocated to a senior living arrangement. Boomers are also choosing to stay active and work longer.

As a result, the quantity of homes listed for sale has decreased dramatically. While home sales reached record highs in 2020, 2020 also saw record lows in terms of new housing supply. When Baby Boomers list their houses, Millennials jump on the opportunity. They can afford

Exhibit 21: Share of 18-34 year old individuals living with parents
The share of young adults living with parents remains elevated



Source: BLS, Goldman Sachs Global Investment Research

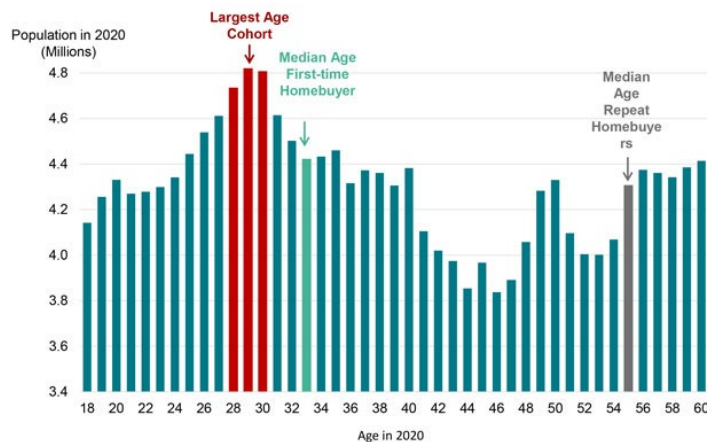
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houses but not enough of them are up for sale. ([Existing home sales in 2020 were highest since in 14 years \(cnbc.com\)](#))

So, you might assume “Alright, then we can just build more houses.” The reality is a fraction of the new houses being constructed are starter homes that Millennials can afford. This forces Millennials into the rental market – not by choice, but by necessity. Millennials have roared back into the housing market in late 2020, with all signs indicating they will continue in 2021 and well beyond, fighting over a dwindling supply of living spaces. According to Freddie Mac, the supply of starter homes in America is 3.8 million short the homes needed to meet the increasing demand. And that’s just for Millennials. Gen Z – those born between 1997 and the mid-2010s – are following in the Millennial Generations’ heels, and they want to move out of their parents’ places as well! ([One of the Most Important Challenges our Industry will Face: The Significant Shortage of Starter Homes - Freddie Mac](#))

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This isn’t a small number of people, either. More than half of Americans are either Millennials or Gen Z – a staggering 166 million people! And in the next few years, at least 73 million of them are going to be looking for homes and apartments. ([Millenials will overtake boomers as largest U.S. adult population group this year. - The Washington Post](#))

We’re already dealing with the lowest inventory of homes for sale in America. In three to five years, the largest population of Millennials will be turning 33 years old -- the median age of first-time homebuyers. They’re going to have the money to buy their first homes. But few are building affordable new homes for them. Plus, the people living in most neighborhoods aren’t moving out or passing away. Some housing market experts also believe the pandemic has pushed some Millennials into buying homes even sooner. ([Now, more than half of Americans are millennials or younger \(brookings.edu\)](#))

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The supply market simply cannot meet this growing tsunami of demand. As such, the prices for homes have now launched to all-time highs. In March 2021, the median existing-home sales price rose to \$329,100 – a record-breaking 17.2% increase year over year. The median existing-single-family home sales jumped to \$334,500 – an 18.4% increase. Prices are rising, and the financially burdened Millennials are struggling to keep up. ([Housing Market Reaches Record-High Home Price and Gains in March \(nar.realtor\)](#))

(["US Housing Enters 2021 In A Massive Bubble," Zero Hedge, Jan 2021](#)) (from "Affordability Challenges Ahead," Core Logic.)

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More Millennials and Gen Z-ers are Renting than Buying!

While Millennials are aiming to move into more houses, it's become increasingly apparent that the next generation is moving into the rental market more than buying. Why? Easy -- it's affordable!

Demand for apartments increased 11% from 2018 to 2019, with trends continuing from year to year. When this trend was reported, the average rate of rent has increased across the United States by 3%. According to an article in *Globe St.*, "Demand for apartments has officially hit unprecedented levels, according to new data from *RealPage*, with Dallas-Fort Worth leading the way among individual cities. The number of occupied apartments in the 150 biggest US metros increased by 219,909 units in the second quarter, the largest quarterly increase since RealPage began monitoring that figure in the early 1990s. In contrast, demand for apartments in the first quarter of 2020 was a mere 33,000 units." ([Apartment Demand Hits Record High In Q2 | GlobeSt](#))

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However, despite that, many argued that the reason they preferred renting over buying was that renting was more cost effective. ([Rental demand soars as more millennials say it's cheaper than owning home \(cnbc.com\)](#))



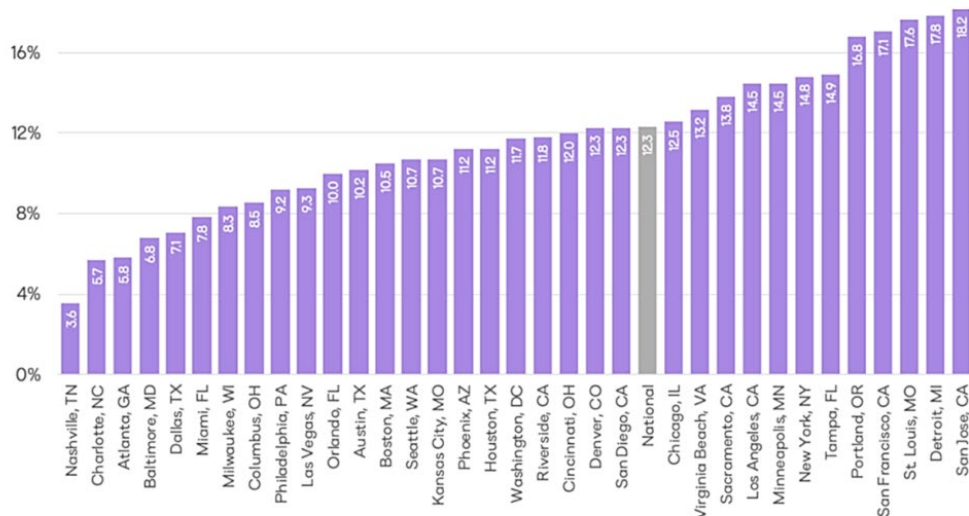
This was further validated by an economic sentiment survey conducted by the University of Michigan, where we saw confidence in the housing market drop significantly. They survey asked individuals if now was a good time to buy a house. The number of people who answered "yes" was the lowest in the last thirty years – lower than during the Housing Crisis of 2008. Many Millennials expect that they will

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remain renters forever, making the move from the traditional housing market to a more rent-friendly one. This means that investments in real estate that caters to the rental market will only become more valuable in the coming years. ([The Number of People Who Say It's a Good Time to Buy a House Has Collapsed - Bloomberg](#))

In Some Metros, Nearly 1 in 5 Millennial Renters Expect to Rent Forever
The Percentage In 2019 Who Plan To "Always Rent"



Source: Apartment List Renters Survey



But **why** are Millennials preferring renting over houses? For one, it's more affordable to rent. However, more troubling is this second reason: there is an increasing shortage of affordable homes for first-time buyers. ([Home price gains in April 'truly extraordinary,' S&P Case-Shiller says \(cnbc.com\)](#)) ([How Much Does It Cost to Buy a US Home: Prices Jump Most in 3 Decades - Bloomberg](#))

([The Number of People Who Say It's a Good Time to Buy a House Has Collapsed - Bloomberg](#))

([PNC Real Estate Newsfeed » Will millennials rent forever? Study shows they believe so](#))

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Boomers are living in their homes longer

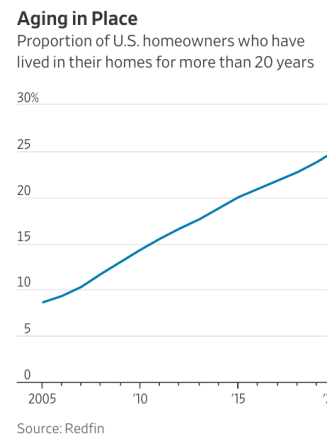
In a healthy home economy, there is a circulation of home sales and moves – a natural ebb and flow of mobility, where people sell their homes to meet the housing market’s demands. People move out of their starter homes for larger homes, allowing prior generations to move in. But that isn’t happening. Retirement is different now. Baby boomers moved into their dream homes sooner, decided to retire earlier, and, thanks to medical advances, are living and working longer. With extended live cycles, satisfaction with where they are, and hesitance at the risk of buying a more expensive home now to move, many Baby Boomers are determined to stay in their homes longer than their parents or grandparents. Amy Levner from AARP says, “Close to 83 percent of Boomers say they want to ‘age in place.’” ([Hot Housing Market Leaves People Afraid to Trade Up - WSJ](#))

Our society has helped the older Boomer demographic in many ways. Take healthcare, for example. Nurses and social workers provide home care so that you can live at home longer, and, even if you’re hospitalized, you’re returned home more quickly. That’s great for Boomers, but it does dramatically reduce the supply of places people can live — and, in turn, increases prices. That imbalance of course creates opportunity for developers.

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Age-in-place renovations make it easier for people to live in their homes longer. No-step entries, smart home technology and stylish grab bars in bathrooms are fairly simple home improvements that make a world of difference. It used to be common for aging couples to move out of the big family home into something smaller and on one level. But, now, we renovate so they can essentially live on the main level of the house, but have the upstairs and basement for when the kids come home with their families.

Boomers aging in place have already had a tremendous impact on the housing market and they will continue to do so. Look at the steady increase in the number of homeowners who have lived in the same home for more than 20 years. In 2005, it was only 8.6% of homeowners. By 2010, it was up to 14.3%. And as of last year, a full quarter (25.1%) of U.S. homeowners have lived in the same home for more than 20 years. This means every year fewer seniors are putting their homes up for sale. ([“1 in 4 U.S. Homeowners Have Lived in Their Home for Over 20 Years,” Redfin, Jan 2021](#)).



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Boomers are changing Senior Living

We just mentioned that according to the AARP 83% of Boomers want to age in place; they want to stay in their homes as long as possible. As a result, more homeowners than ever before, a full quarter (25.1%), have lived in the same home for more than 20 years. Baby Boomers are changing the immediate demand for senior living, the supply of homes available, and market pricing.

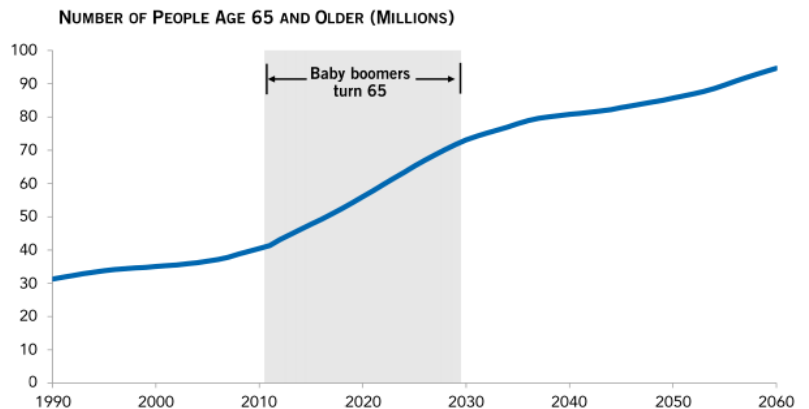
Boomers don't view retirement as "slowing down"—they have a lot of living they're planning on doing! For that matter, a recent AARP survey found that 40 percent of Boomers said they plan to "work until I drop." Ageist terms like "elderly" and "senior citizen" are going by the wayside. Not only are Boomers staying in their homes longer, many of them are also buying and investing in self-managed rental homes to generate cash flow and supplement their retirement spending.

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Boomers are one of the first generations to experience a truly longer lifespan. From 1945 until now, average life expectancy has risen from 63 to almost 79 years old in the United States. As a result, there are more people today who are 65 or older than ever before. And more of them are living in their homes and not moving into senior housing. The bottom line is that seniors aren't selling, which cuts into the supply of homes available. Like the Boomers generations prior, Millennials are trying to become first-time home owners. However, unlike their grandparents, there just isn't enough supply to meet their demand.



The aging of the Baby Boom Generation will boost the number of Americans age 65 and older



SOURCE: U.S. Census Bureau, National Intercensal Estimates; 2016 Population Estimates; June 2017; and 2017 National Population Projections, September 2018. Compiled by PGPF.
 NOTE: The highlighted period represents the time span between the years when the oldest and when the youngest of the baby boom generation turn age 65.
 © 2019 Peter G. Peterson Foundation PGPF.ORG

https://www.pgpf.org/chart-archive/0165_aging_baby_boom

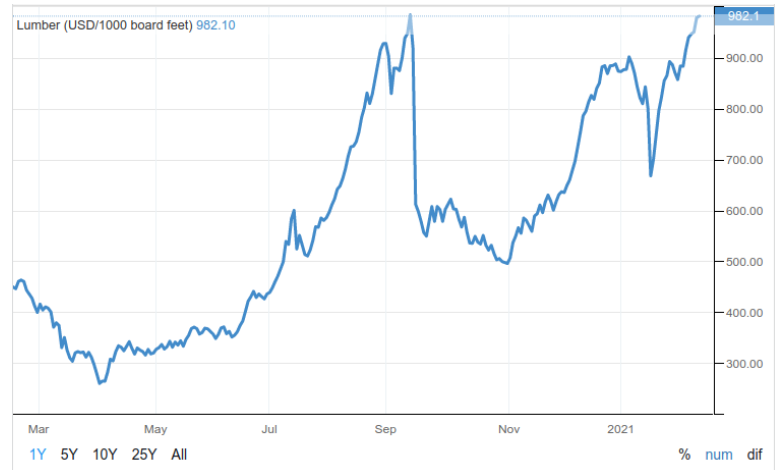
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New home construction permits are down, with costs rising and limited available prime buildable lots in places where people want to live

Upon learning about America’s urgent housing shortage, you might sensibly ask, “If the demand is there, why aren’t they building more homes? It sounds like a great time for builders to profit by building starter homes for starter families.” However, it has become far costlier to build homes. You really have to know what you are doing and have a strategic system of land acquisition, entitlements, and constructing in place.



The last decade has seen a distinct lack of investment in new real estate development projects. A recent CNN editorial elaborated on the statistics. “In 2019, there was an average of 889,000 single-family home groundbreaking per month, according to the Census Bureau. In 2021, that figure was 1,130,000 per month on average. It's a welcome increase given the low inventory, but the 2021 levels pale in comparison to the pre-bubble peak of 1,823,000, in January 2006. The number of existing homes for resale in June — 1.25 million — was roughly one-third of the 2007 peak of 4.04 million.” ([Opinion: US isn't heading for another housing crisis - CNN](#))

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A lot of expanding expense for construction has to do with a current short-term shortage of supplies. During the stay-at-home orders, many homeowners decided this was the right time to fix up their homes, build that fence, and renovate their living space. This sounds innocent enough, but these resources consumed drive up the cost and supply chain availability of materials used in new starter homes. ([Selling to Buy a Bigger Home? It May Be Rough in This Hot Market - WSJ](#))

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When builders resumed new home construction, they ran into lumber shortages. Plumbing materials were back-ordered. Granite countertops were not available throughout the country. Increased demand and reduced supply lead to higher prices. These factors are impediments to affordability and supply. ([Home Building Booms, but Not Enough - WSJ](#))

Of course, the home-improvement trend during the pandemic didn't create the massive housing supply problem. It just made it worse. Long before the pandemic hit last March, reduced lumber supplies elevated. Mills and imports are miles behind demand – especially now. In early February 2021, the price of lumber was more than double what it was one year earlier. It would be one thing if only lumber prices skyrocketed, but this pattern of price increases holds true for most other home building materials. At the very time we urgently need more houses built, delays in supply and the cost of materials are challenging builders. ([Lumber | 1978-2021 Data | 2022-2023 Forecast | Price | Quote | Chart | Historical \(tradingeconomics.com\)](#))

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Another fundamental issue -- and a more permanent one -- is not lumber – it's space. It's become increasingly difficult to secure land for development in locations where people want to live. Consider the urban environment. Property is tightly packed so close together it becomes impossible to build anywhere. New York City, for example, has precious little unoccupied land to develop a complex. While there are many states that are less densely populated, there simply aren't enough people moving there to justify buying land in these remote locations. The market's not there.

On top of that, many areas of prime, desired land are either too expensive or too wrapped up in red tape to be zoned for multi-family affordable homes. Land has become so entangled in complicated zoning and regulatory matters that it's become difficult to buy it. You must have a real proven expertise to pick up valuable land parcels and buy them the right way to be successful. That is not a set of skills most developers possess. ([The Housing Market Has a Bottleneck That's Even Bigger Than Lumber - Bloomberg](#))

All these aforementioned issues cut into housing supply. However, this is made all the more complicated by how buyers do not desire older condominium buildings due to a fear of the buildings' stability. This fear has resulted in sales value being lost for these older buildings.

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This fear is justified by the recent collapse of the Surfside, a condominium tower in Florida. ([Surfside, Florida Condo Collapse Shows Town's Rich, Middle-Class Divide - Bloomberg](#))

Florida and other states are filled with condominium towers first built over forty years ago. These towers need to be inspected to ensure they are still safe to live in. Unstable buildings will need to be renovated, updated, or repaired. These expenses will need to be covered by the current owners of the condominiums, further alienating potential buyers of these older buildings. People searching for a home in these highly desirable markets have even fewer homes to choose from. What new home owner would seek out an old home that would only further saddle them with expenses to pay?

NRIA's solution to these issues? As a sophisticated real estate developer, NRIA maintains a cracker-jack set of local, established teams focused on the legal, architectural, zoning, entitlements, and title markets with deep local ties. They work with the town and city authorities, incorporating the desires of each community into NRIA property designs to purchase land. In fact, today we buy land subject to approvals only – and don't close until we have permits in-hand. We build, therefore, within and near densely populated areas while working with each local community. If the town needs additional parking, we build some. If the community wants a park or playground, we work something out. When NRIA satisfies the needs of the city, we find a way to get our land approved.

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However, most real estate developers are not NRIA and do not have the financial wherewithal and ability to make such concessions and provide special amenities to their neighborhoods. Therefore, developing enough real estate to meet the increased demand is much more challenging for small players.

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Why is it getting harder to build houses to meet demand?

Government regulations and fees are making it harder and more expensive to build homes. John Minzer’s company Timberlake Homes recently built 138 new homes in Lanham, Maryland, a suburb of Washington, D.C. Those homes have a starting price of \$355,000. In an alternate world where you could remove all the government regulations and fees, the price could be almost 25% less, about \$266,000. Here’s how Minzer broke down the cost of that \$355,000 home:

\$100,000 for the land
\$150,000 for construction, including labor and materials
\$85,000 for business expenses like insurance, marketing, interest on loans
\$20,000 for profit (less than 6%)

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Almost \$40,000 in government fees have been worked into those expenses. For this home, the builder paid about \$15,000 to the school district. They paid \$7,400 for fire, police and emergency medical services. The municipal water and sewer utility charges a fee for every fixture hooked up to their system so toilets in the home (valued at \$130 each) cost them a whopping \$5,000. Finally, there were a number of county regulations that drove up the price, like requiring 64% of the exterior be brick and the rest to be a special type of siding. ([“Why does it cost so much to build new houses?” Marketplace, March 2020](#))

According to the National Association of Home Builders, on average, government regulations account for 24.3% of the final price of a new single-family home. ([“Regulations Add a Whopping \\$84,671 to New Home Prices,” NAHB, May 2016](#)). Zillow research shows that home construction lags behind demand because the scarcity of land, a worker shortage and the high costs for permits and materials have made it difficult for builders to profitably build large numbers of homes. ([“Experts: New Construction Shortage Will Persist Until At Least 2022,” Zillow, September 2019](#))

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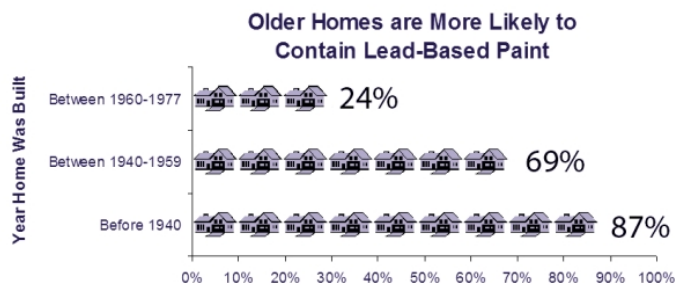
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Fixing Up older houses won't solve the housing shortage

This Old House and other home renovation TV shows might make us think that old homes can be made new again, and some of them can. But that's not always true. Some old homes are just too costly to make livable again. Either way however, renovating often just keeps sellers put. "Hey, let me renovate and **stay!**"

For years, Chip and Joanna Gaines showed us in their popular HGTV show *Fixer Upper* how we could renovate an older home for \$80,000 to \$120,000 and make it new again. That's a lot more money than most homebuyers will spend doing renovations, but, as it turns out, they often didn't spend enough.



The Environmental Protection Agency found that they had broken strict rules while removing lead paint during 33 home renovations. Any form of dust, shavings, or paint chips can cause major health issues. Chip and Joanna Gaines' company Magnolia Homes paid a

fine and produced an episode on how to properly remove lead paint. That remediation generally adds 25% to the cost of the renovation. (["Should You Be Worried About Lead Paint in Your Home?," Real Simple, July 2018](#))

Often, homebuyers will want to open up an old house by taking down some walls. If asbestos insulation is found, expensive removal is required. Outdated and unsafe electrical wiring must be replaced. Homes that were built in the 1950s or earlier can have galvanized plumbing and clay drainpipes that will have degraded and will need to be replaced. Given these expenses, it becomes clear why it's sometimes cheaper to demolish and rebuild. Nevertheless, home renovators, landlords, and flippers are competing with new buyers for supply. This intensifies the shortage of homes and drives prices **higher!**

(<https://www.epa.gov/lead/protect-your-family-sources-lead>)

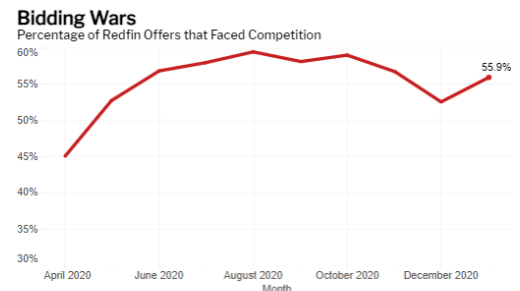
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Competition is forcing many buyers to become or stay renters, with more coming

The pandemic abating, low interest rate mortgages, and the Federal Reserve’s commitment to keeping interest rates low through to 2025 all make this a great time to be buying a house. But as established, the supply is too inadequate to meet the demand. Ergo, when you find your ideal home, you will not be the only one making an offer. **Buyer competition is driving up home prices and making it very challenging for some people to actually buy a home with multiple bidders. This is the new normal.** ([U.S. New-Home Sales Post Surprise Drop Amid Record-High Prices - Bloomberg](#))

Redfin reported that 55.9% of the offers their agents made on homes nationwide faced bidding wars in January, making that the ninth consecutive month in which more than half of their home offers faced competition. The more expensive the home, the more competitive the bidding. For homes prices between \$800,000 and \$1 million, 65% of Redfin offers faced competition. Certain locations saw increased competition in January: 90% of home offers in Salt Lake City faced competition, 78.9% in San Diego, 73.9% in Denver, and 73.8% in Seattle. ([“56% of Redfin Home Offers Faced Competition in January.” Redfin, Jan 2021](#))



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Competition drives up home prices. For some people, it will mean settling for a lesser home or dropping out of the market for now. Many people despise the stress involved in getting into bidding wars. After a few unsuccessful home offers, they choose to drop out of the market. Many of these would-be homebuyers end up becoming renters in one of the areas where they were hoping to buy. ([“56% of Redfin Home Offers Faced Competition in January.”](#))

However, as more tenants come into the rental markets with the limited supply of rental property, the rate of rent increases. ([Soaring U.S. Rents Are the Sticky Inflation With Staying Power - Bloomberg](#)) ([US Housing Market: Landlords Are Jacking Up Rents at Record Speeds - Bloomberg](#)) With apartments going under lease, real estate increases in value. That, coupled with inflation of annual rent, results in an upside inflation hedged rental market for successful developers on NRAs scale.

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What happens when buyers can't afford to buy?

Just because some are unaware that home prices are increasing at the fastest pace in the last six years doesn't mean it isn't happening. You may know that the real estate market temporarily froze when the pandemic lockdowns started in March 2020. The housing market, however, heated up last summer in most places across the U.S. For reasons already stated, demand for homes has increased while older homeowners are not selling for their various reasons.

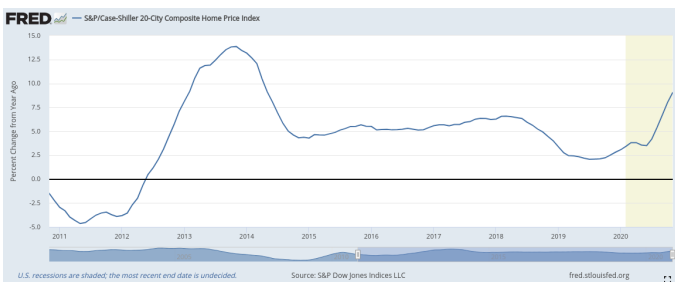
It's been a hot seller's market since last fall. Prices are soaring. This trend will continue. The Housing Market Tsunami is going to continue throughout the next decade as more Millennials seek homes. ([Now, more than half of Americans are millennials or younger \(brookings.edu\)](#))

“It's a great time to be a seller, but a tough time for a buyer.”

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In many urban areas, buyers are having to offer above asking price to even have their offers considered. According to the Case-Shiller 20 City-Composite Home Price Index, home prices are up 7% from the third quarter of 2019 to the third quarter of 2020. ([Housing Market Reaches Record-High Home Price and Gains in March \(nar.realtor\)](#))

In many cities, the price increase has spiked way beyond the composite average 7%. It's a great time to be a seller, but a tough time for a buyer. For many would-be buyers, houses are an expense they cannot afford. So, they rent. Many try renting the kind of home they hope to buy in two to three years.



NRIA is well positioned, with over 3500 new rental units in its development pipeline coming to key high demand markets the next 5 years.

([S&P/Case-Shiller 20-City Composite Home Price Index \(SPCS20RSA\) | FRED | St. Louis Fed \(stlouisfed.org\)](#))

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But isn't the housing bubble going to burst?

No, we don't think the housing bubble is about to burst. People need to live somewhere. Housing is a societal need, one that *must* be fulfilled. Every buyer today is a "full doc" buyer with a goodly deposit and verified loan documents. The Liars Loans that created the 2008 crisis are over. The housing shortage coupled with the Housing Market Tsunami of Millennial Demand in progress is a *perfect investor opportunity*. It is not a bubble that can burst with today's banking controls and this UNPRECEDENTED DEMAND NEED. *Don't Fight the Fed!* is the investment strategy we follow at NRIA ([click here to download a complimentary copy of our e-book](#)). So, what does the Fed say?

In December 2020, Federal Reserve Chair Jerome Powell was asked if he was concerned about this surge in home prices. He said, "I would say from a financial stability standpoint, housing prices are not of a level of concern right now. That's just reflective of a lot of demand. And builders are going to bring forth supply." Note that the Federal Reserve is not going to act to slow down this surge in home prices. ([U.S. existing home sales fall more than expected in November | Reuters](#)). There are 73 million Millennials and Gen-Zers in need of affordable homes. Their demand needs to be supplied.

"Some might fear that this new housing crisis is going to be a repeat of the housing bubble and financial crisis of 2007-2008. However, the current situation is quite different."

and will tolerate inflation rising to 2% and higher without intervention to slow it down. In part, this means we should expect home prices to settle higher than they were pre-pandemic. ([The Fed In A Box, Part 1: They Cannot Raise Interest Rates | ZeroHedge](#))

The Federal Reserve remains committed to keeping interest rates low until at least 2025. They continue to support stimulating the economy and getting the country going again. Powell is committed to growing the economy

Some might fear that this new housing crisis is going to be a repeat of the housing bubble and financial crisis of 2007-2008. However, the current situation is quite different. ([Real Estate Prices Are Soaring, But There's No Sign of a Housing Bubble - Bloomberg](#)) Yes, there is a massive inflow of money into the housing market, but we no longer have loose lending conditions. Government policy promoting easy loans for home ownership factored into that financial crisis. Now, it's hard to qualify for a mortgage. Home prices are rising, making home ownership unaffordable for some, but more than enough people can afford them and demand is strong and growing. And instead of many people going underwater with their mortgages due to value drops, home values are safely rising backed by this massive demand discussed and many are refinancing at today's lower rates and taking advantage of their homeowner "home equity loans" as well as easy liquidity and renovation loans. The housing market is hot and growing but also stable, supported by these constraints discussed herein of surging demand and dwindling supply.

Exhibit 8: Goldman Sachs Housing Activity Tracker
Housing sales and starts have surged



Source: Goldman Sachs Global Investment Research

Powell himself has responded to the rising rates himself. "I don't see the kind of financial stability concerns that really do reside around the housing sector. We don't see bad loans and unsustainable prices and that kind of thing." That said, Powell is now monitoring the housing market "carefully." ([The Fed is watching housing 'carefully' and hopes builders catch up to the red-hot market, Chair Powell says \(msn.com\)](#))

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The fact also remains that the new housing market is far more stable than the market preceding the great recession. “Most new mortgages are fixed-rate, as opposed to the riskier adjustable rate mortgages that were more prevalent during the mid-2000s boom and bust. Moreover, most new homebuyers have higher credit scores and more income compared to the housing bubble's sub-prime borrowers.” ([Opinion: US isn't heading for another housing crisis - CNN](#))

Home prices are rising and will continue to rise which is why savvy investors are putting more money into real estate. Even if the housing bubble was to burst, unlike the stock market bubble bursting, all is not lost. Real estate recovers its value and with investments like we’re making at NRIA into luxury real estate, we always have options. For example, residential units developed to be sold can be rented out to generate cash flow until it makes financial sense again to sell them. We have literally been responding to concerns about the impending housing bubble for 12 years running now.

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In our analysis, following our *Don't Fight the Fed!* investment approach, NRIA believes the real estate market is “Go, go, go!” for at least the next **ten years**. We currently have over 40 properties in various stages of acquisition, development, and resale, and actively continue to invest in luxury townhome, condominium and multifamily value-add opportunities in many supply constrained, high barrier-to-entry markets along the east coast. ([“US Housing Enters 2021 In A Massive Bubble.” Zero Hedge, Jan 2021.](#))

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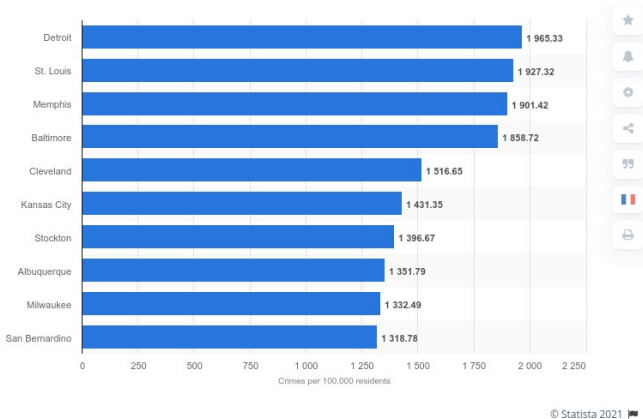
City unrest and pandemic resurgence concerns are pushing renters to our suburban/ urban spacious multi-family sites!

All of these issues would be difficult enough, but there's yet another problem layered on top of everything else: some of our cities are becoming unlivable. High violent crime rates, high pollution levels and toxic drinking water make some cities increasingly undesirable. As seen in cities like Detroit, people are sooner to abandon houses they cannot resell. Given the current housing shortage, we cannot afford to lose houses like this. Regardless, it's happening.

The Flint water crisis (2014–2019) exposed over 100,000 residents to elevated lead levels in their drinking water. What it should've brought to light is that many other cities across the US struggle with water quality and lack the needed infrastructure to eliminate contaminants. The following ten cities have some of the worst drinking water based on the number of contaminants found to exceed maximum contaminant levels established by the EPA. (["12 cities with the worst tap water in the US," Business Insider, Mar 2020](#); ["Top 10 Cities with the Worst Water," Simple Water](#))

22

- | | |
|------------------------|---------------------|
| 1. Fresno, CA | 6. San Diego, CA |
| 2. Omaha, NE | 7. Jacksonville, FL |
| 3. Houston, TX | 8. Pensacola, FL |
| 4. Reno, NV | 9. Las Vegas, NV |
| 5. Haworth Borough, NJ | 10. Pittsburgh, PA |



If the threat of toxic water doesn't deter you, then the crime waves bombarding American cities will. Violent crime has left many city residents feeling unsafe in their homes. The FBI classifies murder, non-negligent manslaughter, rape, robbery, and aggravated assault as violent crimes. The chart below shows the ten worst cities (over 200,000 in population) for violent crimes.

(<https://www.statista.com/statistics/217685/most-dangerous-cities-in-north-america-by-crime-rate/>)

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Investing in a stock market bubble is great until someone takes out a pin!

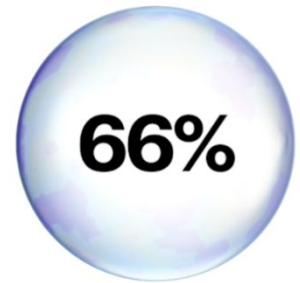
“The long, long bull market since 2009 has finally matured into a fully-fledged epic bubble,” claims GMO co-founder Jeremy Grantham. “Featuring extreme overvaluation, explosive price increases, frenzied issuance, and hysterically speculative investor behavior, I believe this event will be recorded as one of the great bubbles of financial history,” explains Grantham.

NRIA suggests, maybe it’s time to take some winnings off the table?

The stock market briefly turned into a bear market with the COVID-19 lockdowns, but moves by the Federal Reserve and Congress passing a stimulus bill brought the bull market back. The economy is still recovering, GDP is still down and jobs are not coming back fast enough, but the market is setting record highs again.

When will the bubble burst? Grantham tends to avoid making such predictions, but, in this case, the longest he can see this bubble continuing is late spring or early summer. He feels the broad rollout of COVID-19 vaccines will give investors perspective. They will realize how overvalued stocks are and how out of sync with economic realities the market has become. NRIA believes in the need for substantial diversification into real estate as a hedge against inflation **and** stock market risk.

2/3 investors
think we’re
in a bubble



E*TRADE

A January 2021 survey of 904 active investors revealed that 66% of them believe the stock market is either fully or somewhat in a bubble. Another 26% said the stock market is “approaching a market bubble.” ([“E*TRADE Study Reveals Most Investors Believe the Market Is in Bubble Territory.” Businesswire, Jan 2021](#))

This is the right time to balance your financial assets with investments in hard assets like real estate. Because of the housing shortage and level of massive, growing, pent up demand, real estate investments will retain their value even when the stock market plunges and are a diversification one cannot ignore.

(https://www.businesswire.com/news/home/20210108005262/en/E*TRADE-Study-Reveals-Most-Investors-Believe-the-Market-Is-in-Bubble-Territory)

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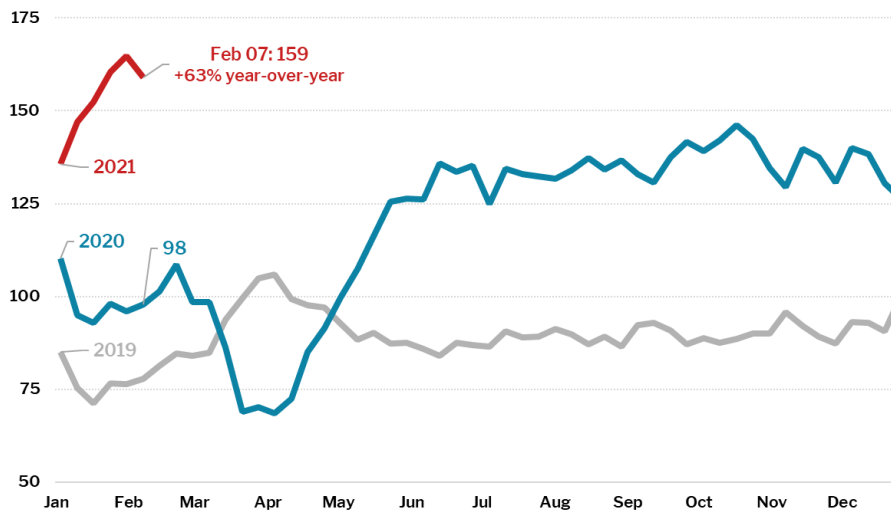
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Post-election investing

Investors have been holding onto their money throughout the pandemic and all the uncertainties of 2020. Much of the savings gained from staying home collecting relief checks has gone into stocks. Indeed, from Election Day to January 19, 2021, the day before Joe Biden’s inauguration, stocks gained about 13%, the best post-election market performance in more than a half-century. On Inauguration Day, stocks gained another 1.38%, setting another all-time high. The trend has continued and markets have since remained steady.

Redfin Homebuyer Demand Index Up 63% From 2020

Weekly value of Redfin’s seasonally-adjusted homebuyer demand index based on requests for home tours & other homebuying services. 100 = Jan-Feb 2020



Source: Redfin analysis of MLS data



Following the election, President Biden pushed forward with an aggressive rollout of COVID-19 vaccines and started work on a new stimulus bill. As a result, people are even more confident and money is rushing back into the economy and markets. **That previously “scared money” has purchasing power again and a lot of that money is going into real estate.**

In the four-week period ending February 7, 2021, Redfin reported that pending home sales were up 29% year over year. The median home sale price increased 15% to \$318,750 from a

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year ago. The seller’s market heated up even more as 52% of homes that went under contract had an accepted offer within the first two weeks on the market. That’s well above the 43% from the same period a year ago. It’s the first time the four-week average has surpassed 50% since at least 2012.

People are buying homes fast. The already small inventory of homes on the market is rapidly dwindling. ([“Housing Market Update,” Redfin, Feb 2021](#))

(<https://www.redfin.com/news/housing-market-update-over-half-of-homes-sold-in-2-weeks/>)

Bad News: Wildfires & Flooding are worsening the housing shortage.

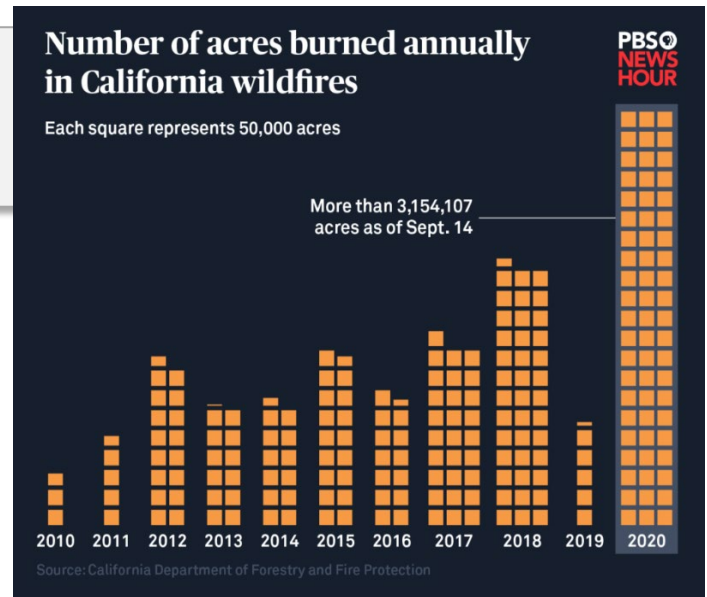
AS if the real estate market didn’t have enough supply problems, some houses are just burning away and some flooding away.

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Devastating wildfires ravage California, Oregon and Washington every summer and fall. Millions of homes are at high or extreme risk of wildfire damage or destruction every year. Though eclipsed by news surrounding the pandemic, 2020 was the worst wildfire season on record. To the dread of west coast home owners, the fires appear to be getting worse.

([PBS News Hour](#))

In just two weeks in August 2020, 900 wildfires incinerated six times more land than all of California’s 2019 wildfires combined. Three of the largest fires in California’s history burned around the San Francisco Bay Area. Thousands of houses were left blackened cinders, forcing thousands of Californians from their homes.



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It's hard to imagine what Californians go through every fire-and-smoke season. They pay the highest prices for real estate and the highest taxes, but then, even if their homes are not under direct threat of wildfire, hundreds of thousands are evacuated because smoke levels make the air unbreathable. Many California cities are proving to be unsustainable and inhospitable. ([Smoke From Big Western Fires Drifts East to Chicago, NYC, Boston - Bloomberg](#))

Wildfires are driving west coast residents to move to Texas, Florida and all over the east – including places where NRIA builds. Californians arriving in Austin, Atlanta and Nashville are thrilled with much lower home prices. Out-of-towners have bigger budgets than locals in 31 of the 34 cities analyzed in a study by Redfin, and they're driving up home prices, making homes less affordable to locals, thus, further contributing to the urgent housing crisis. (["Out-of-Towners Moving Into Nashville, Atlanta and Austin Have More Than 30% Bigger Homebuying Budgets Than Locals," Redfin, Jan 2021](#)).

Lastly, with the warming of the seas there is new excessive flooding in many low-lying areas. This makes those regions uninhabitable and reduces supply. The polar ice melt is raising sea levels slowly. Over the long term, rising sea levels will reduce the available supply of land grade properties at sea level on a worldwide level.

26

Protests give people second thoughts about big city housing.

Another factor that has given movers pause about where they will live are the various political protests. Regardless of your political affiliations, the sometimes-explosive political protests might give you reason to hesitate moving to a city. NRIA builds outside of Cities in nearby "suburban urban" *prime* desired neighborhoods only.

Dan Hollander is a real estate developer and investor who lives in Soho and owns property in that neighborhood. He says he slept through much of the looting that occurred during an intense night of the protests.

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But Hollander was distressed the next morning when he stepped outside of his home and saw storefront windows smashed and garbage thrown everywhere. “It was utterly shocking and incredibly depressing,” he said. “As a property owner I count on the maintenance of public order and so it was distressing to me... to see what happened over the last few days and the sort of slow police response to it.” ([“As Black Lives Matter protests rage on, NY real estate bleeds blue,” The Real Deal, Jun 2020](#))

Manhattan real estate listings and sales were down 85% in April and May 2020 from the previous year. Just when it started to pick up a bit, the protests occurred, leaving realtors asking, “Who's gonna want to buy in Soho right now?” ([“With protests and a pandemic, how will NY real estate survive?,” ABC News, Jun 2020](#)).

Fortunately for NRIA, we only build in NYC in what we call Super Prime locations of NYC, such as Park Slope and Carroll Garden, Brooklyn. The Brooklyn market is soaring due to all the factors listed herein, including people flooding from Manhattan to the nearest affordable option. Our properties have had showing lines regularly that stretched out the door and even around the block during the Spring 2021 season. Everything NRIA has built here in Prime Brooklyn has either sold already or is selling far over asking price. These neighborhoods have largely avoided the other NYC problems. This indicates that some neighborhoods are more affected by protests than others.

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Portland’s downtown was already struggling through the lockdowns and recession, when the ongoing protests threatened to drag down the area’s real estate values. After a couple months, the protests settled and Portland’s real estate market in conjunction improved.

Protests, especially if they are sustained, can have an impact on the housing market. Regardless of whether you agree or disagree with the protests, you might not want to buy property that might within a night be damaged. Many people following the summer of 2020 wanted to leave the urban sprawl to avoid the overt political protests. The problem? Again, the limited supply of houses they could purchase.

(<https://acleddata.com/2020/09/03/demonstrations-political-violence-in-america-new-data-for-summer-2020/>)

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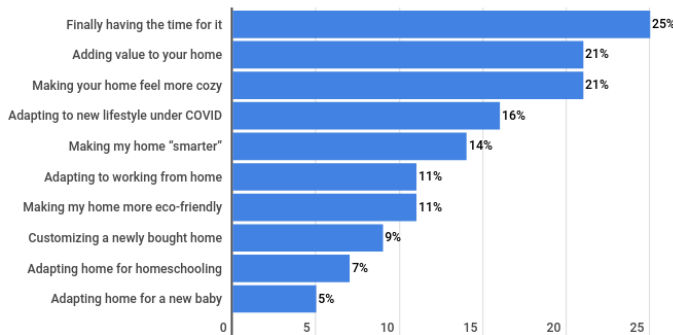
The pandemic pushed people to renovate or move.

The pandemic and lockdowns have kept people staying home. People are working and studying from home. Others just avoid going out. When people stay home, their minds linger on their home and figure out new ways to improve it.

Many homeowners realized that the open concept layout that they loved before the pandemic wasn't working so well for them with everyone working and studying from home. Others realized they were running the furnace and air conditioner a lot more and they needed to upgrade to more energy efficient units. A number of homeowners decided to add a deck or pool to better enjoy their home space during the summer.

Having Time and Adding Value

What drove Americans to improve their homes during the pandemic



Q: What motivated you the most to make improvements or additions to your home since the start of the COVID pandemic? Tick all that apply. (n = 1083)

While many homeowners decided to renovate, others chose to move. Some wanted to abandon the city for the suburbs. Others wanted a house that better suited their family for the stay-at-home situation.

As we mentioned earlier, home renovations took off in such a big way last summer and fall that impacted homes for sale. The costs of materials for new stand-alone home construction have skyrocketed. The

National Association of Homebuilders says lumber for the average new house is costing \$16,000 more than it did pre-pandemic. A survey in July 2020 found that over three in four (76%) homeowners carried out at least one home improvement project since the start of the pandemic, and 78% planned to take on at least one home improvement project in the next year. (["Survey: Home Improvement Trends in the Time of Covid," Porch, Jul 2020](#)). Fortunately, wholesale prices for steel and concrete are up only a bit. When constructing apartment buildings, that cost is spread over hundreds of tenant rental units, which pays the bills, making things more affordable.

<https://porch.com/advice/home-improvement-trends-covid>

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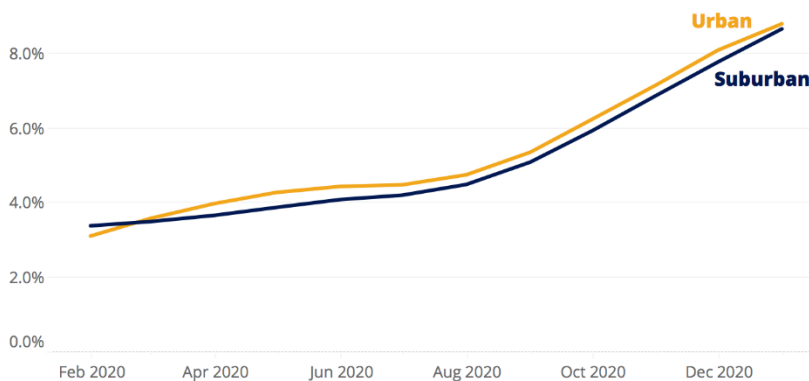
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The pandemic and economic flux will shift and recover the population

Early on in the pandemic when people were required to work from home, many businesses said they would continue having more employees work from home. Many of those people working from home but living downtown near the office decided this was a good time to move out to the suburbs into larger homes with yards.

Many organizations have been questioning whether they need to be located in downtown cores. Other companies had to deal with the challenges of importing goods during the economic slowdown and they're now reconsidering smaller, local-focused, dispersed manufacturing.

National urban and suburban home values have largely tracked
United States home value growth in **urban** and **suburban** markets



The pandemic changed how businesses run. A recent Harvard study reported that “at least 16 percent of American workers will switch from professional offices to working at home at least two days per week as a result of COVID- 19.” Nearly 60 percent of business leaders indicated that the

majority of their workforce would return nearly exclusively to the office. ([“How Much Will Remote Work Continue After the Pandemic?” Harvard, Aug 2020](#))

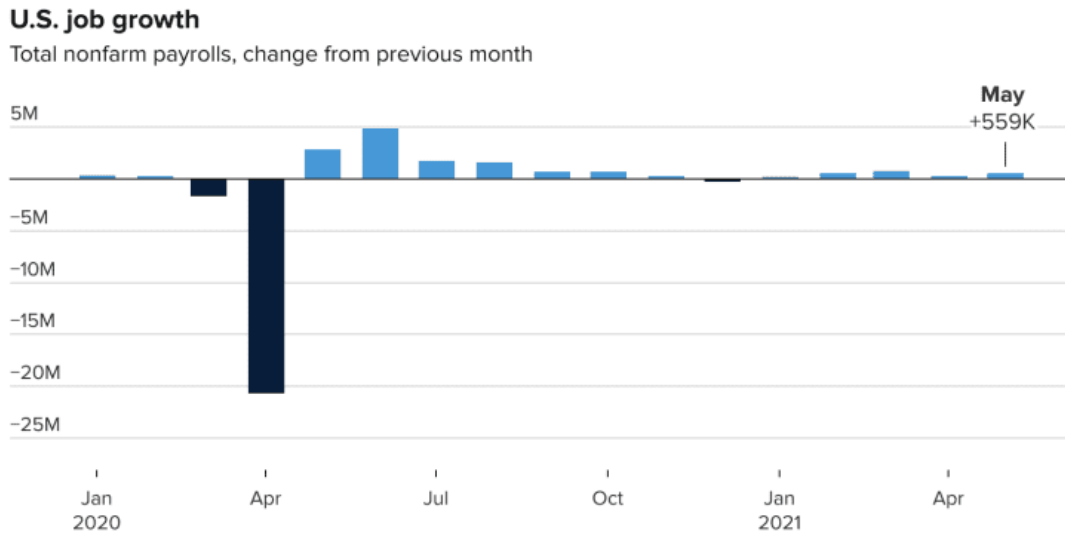
We wonder how many workers who moved away during the pandemic will have to move back post-pandemic. How many companies will make changes that will affect housing for their workers? We don't yet know all the impacts the pandemic will end up having on the housing market, but the silver lining is that the American housing industry is on track for a speedy recovery. ([2020 Urban/Suburban Report: How Housing in Cities and Suburbs Both Thrived in an Extraordinary Year - Zillow Research](#))

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In the wake of the pandemic, recovery can be measured in the number of people going back to work. In order to afford an apartment or a mortgage, potential home-buyers need a job. The data seems to indicate that, following the pandemic unemployment rates, the economy is beginning to recover. Jobs continue to recover in the months following April 2020, with 559K new jobs being created in May 2021. This is compared to 278K in April. This is part of the greater trend that indicates jobs are returning – which is positive for home-buyers and tenants looking to keep up with their mortgages and rents. ([Jobs data improves, but not enough to get Fed talking about tapering \(cnbc.com\)](#))

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Source: Bureau of Labor Statistics. Data is seasonally adjusted.



When looking at the scope from which home owners and renters have recovered following the pandemic, it would appear as though, after a long year of struggling, mortgage delinquencies are down and rent collection is up. The Mortgage Bankers Association’s National Delinquency Survey determined that the mortgage delinquency rate in the first quarter of 2021 is down 35 basis points from the fourth quarter of 2020. ([Mortgage](#)

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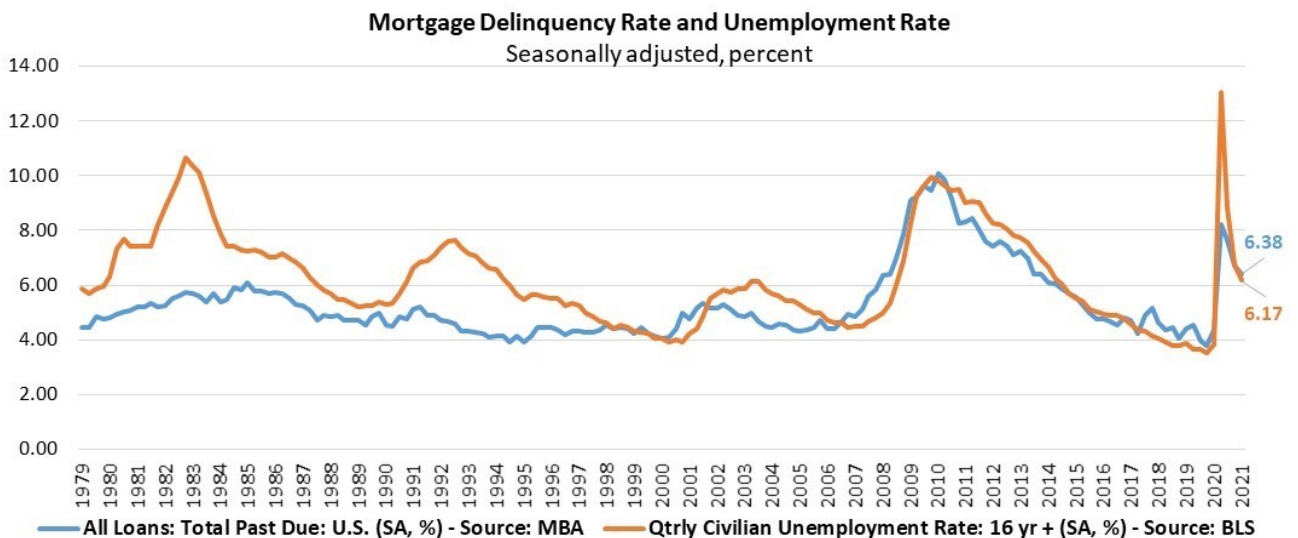
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[Delinquencies Decrease in the First Quarter of 2021 | Mortgage Bankers Association \(mba.org\)](#)

Likewise, the rate upon which rent is paid has improved. The National Multifamily Housing Council’s Rent Payment Tracker found, after a survey of 11.7 million units of professionally managed apartment units throughout the United States, that 77% of households had made their rent between June 1-6 of 2021. Likewise, prior in May 2021, by the time the month ended, 94.6% of renters made their payments on time. By month’s end on April 2021, 95% of renters paid on time. These numbers are in-line with pre-pandemic rates. This indicates that the economy and job market is recovering following the pandemic. It also reinforces a further interest in the rental market. [\(NMHC | NMHC Rent Payment Tracker\)](#)

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New housing sells and rents best in the states and neighborhoods where people want to live.

As you get more in-depth insight into the extent of our nation’s housing shortage, you might start to think that you can just build houses and people will buy them. That’s not true. As always, in real estate, it’s all about location, location, location. There are states that people are moving away from, like California and Illinois, and states that people are moving to, like Texas and Florida. ([“2020 Migration Trends: U-Haul Ranks 50 States by Migration Growth,” U-Haul, Jan 2021](#))

Everyone wants to live in a state with natural beauty, cultural attractions, a strong economy, job opportunities and good schools. Some states with high taxes, slow wage growth, and expensive housing are becoming unaffordable or undesirable. CNBC publishes an annual list of the ten most expensive states to live in based largely on cost of living data. ([“America’s 10 most expensive states to live in 2019,” CNBC, Jul 2019](#))

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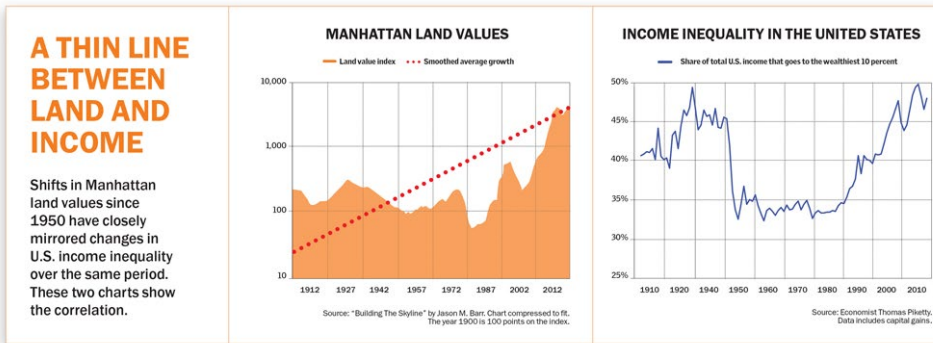
Hawaii is the most expensive state to live in, which is not too surprising. Next on the list is California. It’s a booming state, but nearly everything costs more in California. Housing is in short supply in the places with the best job opportunities. Government regulations are hard on businesses and costly to consumers. California has the highest state income tax rate. Conversely, some states tend to boom in popularity, drawing plenty of new home owners and renters. States like Florida saw massive increases in population – in fact, Florida gained over one million residents between 2010 and 2017 alone! While, seemingly, New York lost residents during this same time. ([Domestic Migration Trends in the U.S. \(thespruce.com\)](#)) ([Home Price Bubble In the US? Blackstone’s Gray on Real Estate, Investing - Bloomberg](#))

However, this information might not be telling the whole story. New York City lost people, but this is far from the first time it’s happened this great city – and, each time, a certain pattern

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follows. After 9/11, people left New York City in mass, resulting in lower house prices. These houses, however, rebounded hard in value shortly after, rising sharply in value very quickly.



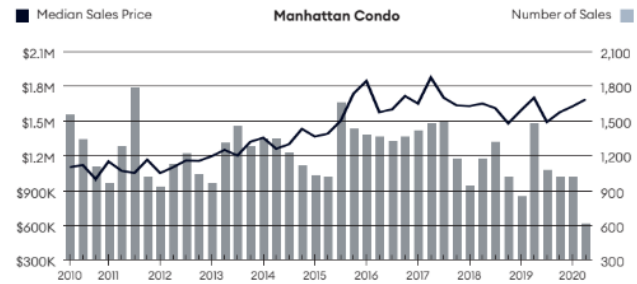
At the present, luxury homes are being sold at low rates. Even townhomes owned by billionaires are selling for a surprisingly low price. ([UES Townhouse With "Panic Room" Closes Well Below Ask | The Real Deal](#))

However, historically, the price of New York City property has always bounced back, given enough time. This is a solid deal for a developer hoping to capitalize on the inevitable bounce back of value when the pandemic begins to reverse its impact on housing prices.

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NRIA knows this. That's why in New York we exclusively build and sell Prime Brooklyn real estate. This market is exploding in sales. We expect demand to hold for the foreseeable future, allowing us to sell off our large highly sought-after inventory there.

However, in the current environment, people are also leaving New York City for other locations, such as New Jersey's Gold Coast, Florida, or Philadelphia. A recent study of migration patterns from 2012 to 2019 indicated that states like Florida are seeing a continued increase in population growth,



Condo Matrix	Q2-2020	%Δ (m)	Q1-2020	%Δ (m)	Q2-2019
Average Sales Price	\$2,691,973	4.0%	\$2,587,682	-5.1%	\$2,836,370
Average Price per Sq Ft	\$2,014	4.7%	\$1,923	-3.0%	\$2,077
Median Sales Price	\$1,686,000	3.7%	\$1,626,515	-0.8%	\$1,700,000
Number of Sales (Closed)	616	-39.6%	1,020	-58.2%	1,475
Days on Market (From Last List Date)	128	-2.3%	131	-3.0%	132
Listing Discount (From Last List Price)	8.4%		7.5%		5.3%
Listing Inventory	3,291	1.9%	3,230	-15.8%	3,910
Months of Supply	16.0	68.4%	9.5	100.0%	8.0

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while states like New York City are seeing a decrease in population. **These are all places we build in!** Other places are seeing a large net population growth like Texas, in part because these states have available land and lower income tax rates.

However, as established by the study, other factors people expected might cause mass migration – including the Tax Cuts and Jobs Acts of 2017 passed under the Trump administration – did not affect population redistribution as analysts had expected. Those who are among the highest earners in America are hesitant to leave the states in which they first found success – namely, the wealthy members of the Boomer generation. This was proven in a study conducted by the IRS. Zero-wage-tax states earned \$1.24 in new earnings from migrants for every \$100 previously earned in the state. Florida saw an above-average increase of \$2.65. This illustrates migration patterns over the years leading to 2020. This does not reflect, however, on the 73 million younger Millennials and Gen Z home owners. ([SALT Cap Confounds Doomsayers as Fears of Exodus Prove Overblown - Bloomberg](#))

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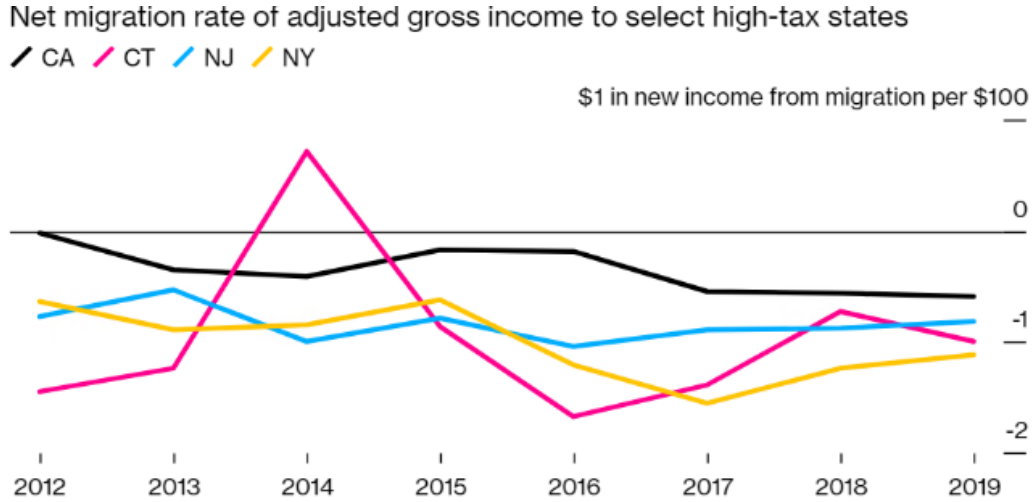
The problem with densely populated states is that people simply cannot move there due to there just being nowhere to move. The housing shortage pinches and constricts the ability of movers to relocate to the places they'd want to go, so they take an alternative option. If you provide them with new property, however, that problem disappears altogether. This is where a smart real estate investor might be able to act.

([Land Prices Manhattan | Manhattan Land Prices Over Time \(therealdeal.com\)](#))
([The Elliman Report: Q2-2020 Manhattan Sales prepared by Miller Samuel Real Estate Appraisers](#))

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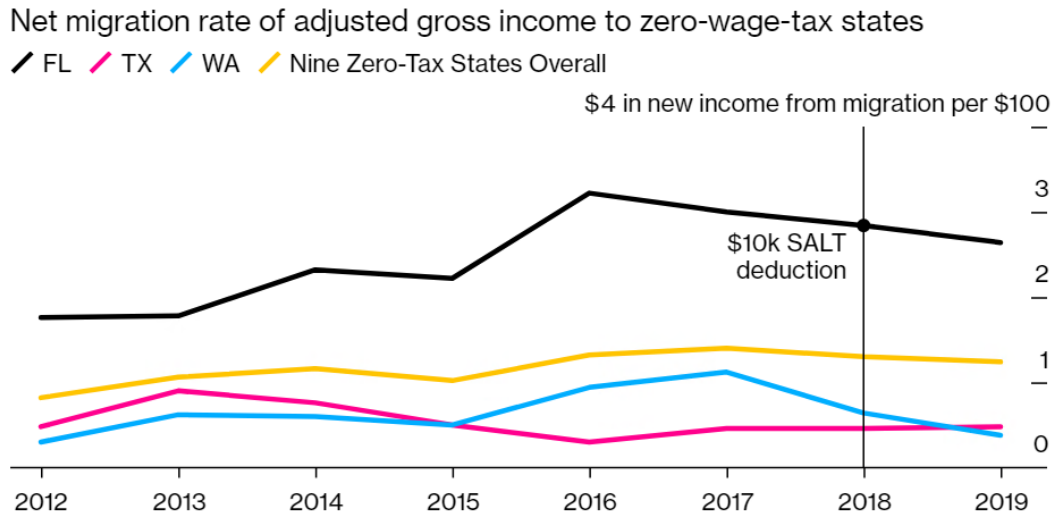
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([SALT Cap Confounds Doomsayers as Fears of Exodus Prove Overblown - Bloomberg](#))



Source: IRS Statistics of Income Division migration data, gross migration file
 Note: Year refers to year returns were received by IRS rather than earnings year; net migration rate calculated with methodology described in IRS's "SOI Migration Data: A New Approach"

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How do we solve the housing shortage if we're running out of homes?

All of this asks the question: what can we do in the face of such conflict? Available homes are dwindling. The buyers are increasing. A whole world of factors – increased population of first-time buyers, an eagerness to migrate – has come rushing against a number of restrictions – fewer homes on the market, lessened resources for starter homes, less land available, tough zoning rules, – that equates to the perfect storm: a housing shortage and a Tsunami of new demand. ([U.S. Housing Market Needs 5.5 Million More Units, Says New Report - WSJ](#))

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The storm is coming. No one can stop the oncoming mass of 73 million people looking for homes that aren't there. The lack of supply is already here, and every passing day compounds the complexities of the problem, but savvy investors can ride the winds of change and soar with the right investment vehicle and partner. With tons of people now seeking homes or relocating, now is the time to develop property for this massive group of home seekers. The trick is to locate property in areas where people are migrating or want to live. From there, a developer needs to secure land for a lower than market price while utilizing expertise to increase the project's unit density to make the numbers attractive. Then develop and build the property. After that? Sell.

NRIA is developing multi-family housing in Brooklyn, Northern New Jersey, prime Philadelphia and the Florida coast – high demand areas with limited housing availability. As established before, there are many factors for this. Some people are living the city for the suburbs. Others are eager for a larger or different space. For a number of reasons previously discussed, the population has grown – and will continue to do so.

From there, construction projects must begin. As mentioned before, houses are increasingly expensive to create. And yes, it is far wiser – and more practical – to build and sell affordable luxury apartment buildings than just expensive starter homes.

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How NRIA is building for the rental market

The NRIA Partners Fund develops valuable properties with two core strategies. For one, we develop and construct multifamily real estate as condominiums or attached townhomes as sale products. Two, the Fund develops prime affordable luxury rental complexes. Once these Developments are fully tenanted, they are to be sold at large “cash cow” valuations due to their net rental cashflows. All NRIA Developments are strategically crafted as income producing properties. **We buy, build, occupy, and sell.** All sales proceeds after building and development pure market-based costs are dedicated to investors first.

“Many Millennials and younger potential home buyers are turning to the rental market in order to find a place to live.”

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As stated before, many Millennials and younger potential home buyers are turning to the rental market in order to find a place to live that works for them. While they would ideally prefer to live in a home they own, the limitations of the market and their finances prevent them from doing so.

NRIA is actively developing property which can be affordably rented by new buyers. We later sell the complex to new institutional buyers who want the cash flows. Every rental property we build is sold at the top of its maximum chain of value - while it is *new and occupied!* NRIA has multiple apartment complexes in the midst of development. Among them include the Bergenline Station in West New York, NJ - a 10-story, 97-unit multifamily apartment complex positioned right across from the Bergenline Avenue Light Rail Station. This is a complex designed with younger renters in mind - right near public transportation they can use to get around the state.

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There is also The 301, currently in pre-development in Delray Beach, FL. 20% of the units in The 301 are designated for low-income renters – tailor suited for the people struggling to find homes in this difficult market. However, it is far from alone. NRIA is developing 1500 units at our Philadelphia Water Club, 600 at the Cool Urban in Hackensack, and 420 at River Ridge on the Jersey Gold Coast. These are a few of the many complexes we have in development.

NRIA sees what is in demand in the housing market and uses this chance to create the necessary product to satisfy the increasing demand. As a result, those who are looking for a home manage to find a place of residency. On top of that, NRIA and those investing in its Fund see a substantial profit opportunity when this high in-demand property sells. Of course, while NRIA has utilized its Partners Portfolio Fund I in majority stake to develop the rental market, it's also focusing in two other areas – affordable multi-family homes and luxury homes.

“NRIA sees what is in demand in the housing market and uses this chance to create the necessary product to satisfy the increasing demand.”

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Why is NRIA developing (and why you should invest in) multi-family housing and luxury housing

The Perfect Storm for affordable housing is here, thanks to a lack of supply crossed with a Tsunami of demand. Construction is expensive. There's a dwindling amount of approved land resources to build on. Zoning regulations are a nightmare. There's often less density allowed than needed to make a piece of land work. Boomers aging in place and living longer results in less existing housing stock going up for sale. The supply is reduced by fires and flooding.

They say God ain't making no more land. NRIA is, however, making more places to live. NRIA knows construction and zoning and has the systems and volume of building purchase discounts in place to deal with supply. We have what it takes to meet the Tsunami of Demand. NRIA's affordable multi-family dwelling apartment complexes comprise 85% of our portfolio. They have a far lower per unit cost-to-sales value, which increases the density of their sales and revenue value. NRIA's sale products comprises the other 15% of our portfolio. These high-end luxury units meets the upper echelons of the market. They return strong gross margins for the Fund.

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For the past fifteen years, NRIA has specialized in developing a variety of high end, yet affordable, rental projects. We select locations with a proven track record of dense population, focusing on Top Prime Neighborhoods – areas in urban locations that are of extreme high demand. For example, in Florida, people want to move to the Delray Beach area.

We exercise due diligence with all locations we purchase. We vet all components, from the property tax to the crime rates to the rate at which people are moving to both the city and neighborhood. We determine locations are prime real estate before we buy the land and develop the estate.

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The Ocean Delray at 1901 S. Ocean Blvd in Delray Beach, Florida expertly demonstrates our philosophies. The property consists of both condominiums and single-family homes, which are both selling very well. As of April 2021, we had sold 84% of our condos, totaling over \$107 million in gross sales! The Estates at Ocean Delray are earlier in development, with ground breaking on five luxury estates. Ocean Delray is just one of a multitude of properties we have developed and sold over the last several years. ([1901 Ocean Delray April 2021 Construction Report — Real Estate Investment with NRIA | National Realty Investment Advisors](#))

Our best days are ahead of us. The next decade is paved for the success of both our company and our valuable investor customers. In West New York, NJ, we will be creating roughly 400 apartment units. In Philadelphia, we are breaking ground this year on Phase 1 of 3 of the Philadelphia Water Club. Phase 1 will create The Imperium, a 369-unit luxury apartment building, which will be joined by two sister buildings. The three buildings and 2 follow-on parcels will create a community of over 1500 apartment units and spacious indoor and outdoor communal spaces, retail, shopping, and waterfront amenities. These are but a few of the numerous projects we are working on, all of which will house multitudes of tenants. ([Philadelphia Water Club: Philadelphia, PA April 2021 Construction Report — Real Estate Investment with NRIA | National Realty Investment Advisors](#))

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So, what does this mean to investors? Simple: you can help people achieve their dreams of relocating into beautiful properties in high-demand areas with NRIA! At the same time, you can obtain risk adjusted upward returns above-market -- with more safety backing you! Real Estate diversifies you from the risks of stock market volatility and hedges you against the risk of inflation -- which will further depress stocks. Multi-family housing creates more homes than you could fit on the available, limited land for housing than with single-family, expensive units. One building – one development – can offer hundreds of families a place to live – all the while bringing NRIA hundreds of paying renters into our investor family. With the help of our investors, we are helping satisfy the exorbitant demand of 73 million Millennials and Gen Z-ers looking for homes now and over the next 10 years – while targeting above average returns for our investor partner family.

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To discuss this opportunity, call [800-800-1414](tel:800-800-1414) or see us at <http://nria.net/invest>



On top of that, the buildings NRRIA creates are environmentally sound and safe. We are creating pandemic-hardened, eco-friendly buildings that prioritize both the needs of the planet and our homeowners.

All demand is up and all supply is low. As mentioned earlier, the dramatic home shortage in America is the result of multiple factors. Baby Boomers have no interest in selling or leaving their homes. People are aging in place. New regulations make it extremely difficult to entitle new land. Landowners will not sell at a project doable number. Building starts have been slow and down for years. Wildfires and floods are decreasing land available. Some urbanites are fleeing the cities increasing suburban demand. To top it all off, 73 million Millennials and Gen Z-ers are now coming into the market, searching for property.

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With NRRIA creating the type of spacious, eco-friendly, **prime realty** multi-family living units these markets want, we can offer living space in top prime neighborhoods with far too little open land left to be developed. In the process, we and our investor family have the opportunity to profit with real safety factors and collateral built into our activities from the massive mega trends discussed earlier. And you and our team, in the process, can walk away with well-earned money in our pocket and a spring in our steps. Everyone can walk away a winner.

Contact your NRRIA representative now and discuss our opportunity.

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Contact Us Now

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