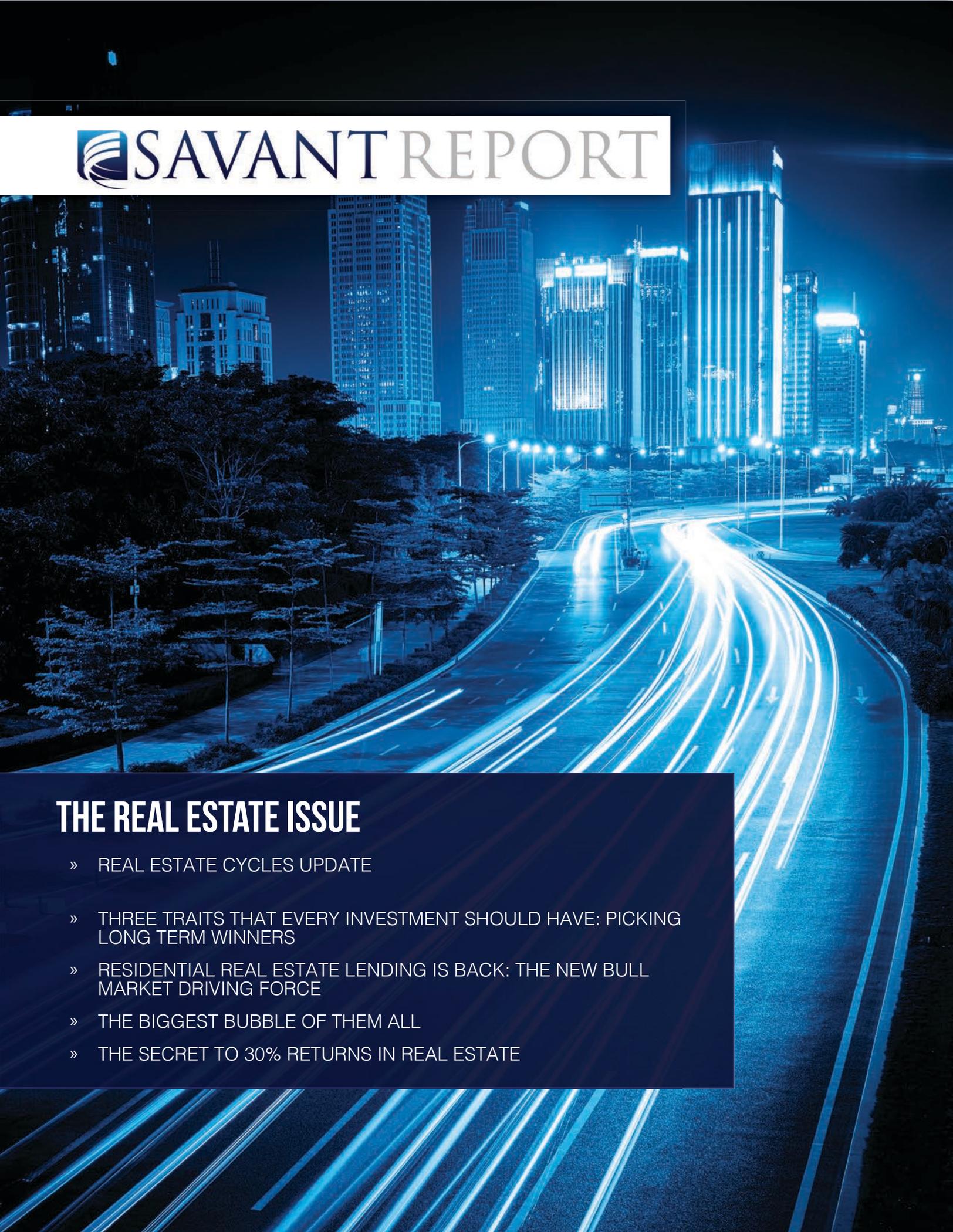




SAVANT REPORT

A nighttime cityscape with a road in the foreground. The road is illuminated by light trails from cars, creating a sense of motion. The background features several tall, modern buildings with lit windows, set against a dark sky. The overall color palette is dominated by blues and greys.

THE REAL ESTATE ISSUE

- » REAL ESTATE CYCLES UPDATE
- » THREE TRAITS THAT EVERY INVESTMENT SHOULD HAVE: PICKING LONG TERM WINNERS
- » RESIDENTIAL REAL ESTATE LENDING IS BACK: THE NEW BULL MARKET DRIVING FORCE
- » THE BIGGEST BUBBLE OF THEM ALL
- » THE SECRET TO 30% RETURNS IN REAL ESTATE

REAL ESTATE CYCLES UPDATE

BY JAKE BERNSTEIN

Long before the United States real estate market made its low, my cyclical indicators strongly suggested that a major bottom was coming. That was several years ago. Throughout the rally which has occurred as predicted, my work, my opinions, and my recommendations have remained consistently bullish.

There are those who would have us believe that the market has topped. Some, in fact, would have us believe that we are in another real estate bubble! Based on everything I see neither of these situations has occurred. Some long-term real estate market forecasters claim that the only reason real estate has moved higher is the fact interest rates have remained low as a result of government manipulation and that sooner or later when this era of historically low rates ends, the real estate market will collapse. And that my dear readers, is yet another fiction.

During the 44 years that I have been investing and trading in stocks, futures, and real estate, I have personally witnessed numerous bull markets and bear markets. I have seen firsthand the behavior and psychology of investors and traders during major tops, major bottoms, and sideways markets. I've been fortunate enough to observe panic selling, panic buying, extreme optimism and extreme pessimism.

As is the case in most successful investments, the time to take action is when emotions are at an extreme. Extreme emotional responses such as excessive optimism and excessive pessimism when combined with technical market behavior such as timing and cyclical factors are, in my view, a winning combination. And this was



the situation several years ago when my forecast turned long-term bullish on real estate.

Since then I have written several articles for this publication and I have presented several webinars with Jordan at which we clearly stated our expectations. Our long-term expectations have been correct. Speaking for myself and my current research I note the following and update you on my current point of view.

- » My long-term outlook for all aspects of real estate remains positive
- » I do not believe that we are in a real estate bubble
- » I expect continued strength in residential properties
- » I expect commercial real estate to continue higher
- » I expect some retail space to decline and present excellent values as Internet sales will injure the ability of some big-box retailers to produce profits
- » I continue to advise investments in real estate investment trusts
- » I continue to believe that depressed areas in the United States offer significant long-term buying opportunities and finally
- » I believe that real estate in virtually any form represents one of the best opportunities we have at this time in terms of cycles and interest rate trends.

I have been actively following a number of investment opportunities in stocks the charts for which are shown below.

Should you have any questions or be glad to answer them to the best of my ability. I can be reached at: Jake@trade-futures.com



THREE TRAITS THAT EVERY INVESTMENT SHOULD HAVE: PICKING LONG TERM WINNERS

BY JORDAN WIRSZ

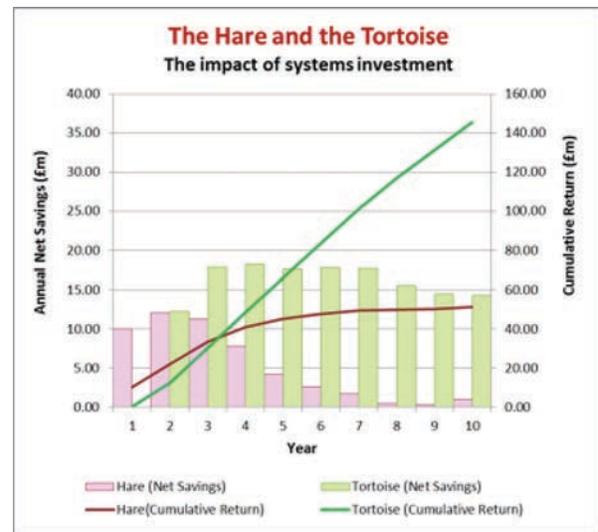


As an investor and fund manager in the public eye, I get pitched more investment ideas and products than I can count. From hair-brained startup business ideas to incredibly well sponsored hedge fund programs... and everything in between. But I rarely find investments that fit my own personal wealth-building criteria that has served me well over the years.

Indeed, I pay less attention to “sexy” investments with the promise of high returns, either because the real execution risk is too high (as Warren Buffett says, only invest in ideas and companies that an idiot can run... because sooner or later, an idiot will), or because the product is too complex to fully understand. But beyond the cursory review of every investment opportunity that is presented to me, I have a basic set of criteria that has served me well over the years, that has been truly the cornerstone in building wealth and being profitable over the long-term.

Every investor has their own set of criteria and parame-

ters for investing. Personally, I follow the theory that the tortoise will always win when racing the hare. I’ve never been a “visionary” type investor that sees and chases opportunities in startup technology companies far too abstract for me to grasp. Instead, I invest in things that have three basic traits which I believe give me an edge over almost every other investor trying to either “time the market” or find the “big win.” And because of these three valuable, incredibly wise traits that I look for in my investments, I’ve always been able to outperform the hares despite the typical (and sometimes not-so-typical) setbacks of the markets.



Here are my three criteria secrets to picking long term investment winners that have created great wealth:

1. Every investment should have high potential for a good cash-on-cash return.
2. Every investment should have the potential for capital appreciation.
3. Every investment should have some taxation shelter/deferment mechanism.

In all my years investing, I’ve only found one investment that fits these three criteria to a “T”. That investment has made me millions of dollars personally. And that is...

Real estate has long been the cornerstone of successful investor's portfolios. In fact, real estate, especially commercial real estate, has been the best performing investment throughout the lifetime of many active investors. I have personally been an active investor in:

- » Stocks
- » Commodities (Futures)
- » Private Equity/Angel Investments
- » Real Estate
- » Oil/Gas
- » Etc. (you name it!)

The only consistent performer in my own portfolio, with a high degree of "idiot proof" to it, has been in real estate. This is not rocket science, this is simple:

- » Cash-flow
- » Capital appreciation
- » Tax shelter/deferment

Lets discuss these three traits in detail:

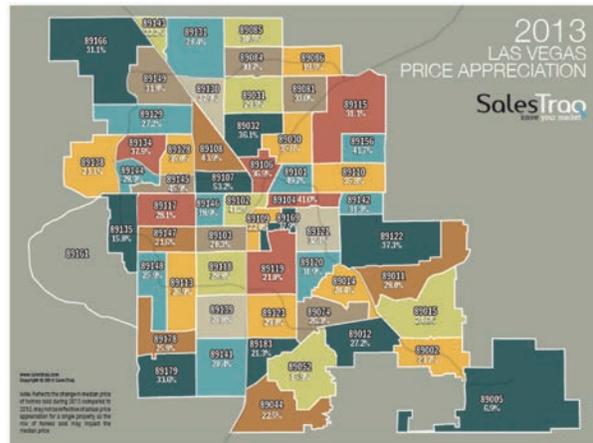
Cash-on-cash returns: During a recent meeting in my office, I pointed out my third story office window at the thousands of homes, retail shopping centers, and office buildings that make up the Las Vegas skyline for our population of nearly 2 million people. I pointed out the window and said, "pick any spot on the horizon. Every single spot is an opportunity to make money by investing in that very spot." I even impressed myself with the profoundness of my own example. Real estate simply has intrinsic value. Always. There will always be opportunities to earn cash on cash returns in high quality real estate.

Just about every type of real estate has the potential to create cash on cash returns to an investor, with the exception of perhaps raw land (excluding agriculture) and development/construction investments (at least not immediately). But just about every other type of real estate has cash-flow potential readily available, providing the owners with the potential for positive cash-on-cash returns. Think of it this way; people need houses to live in, offices to work in, space to sell clothes in, hotel rooms to sleep in while traveling, warehouses to store things in, and restaurants to eat in. Every single one of these examples requires payment for rent, thus, creating cash-flow. Cash-on-cash returns in real estate vary widely. Risk vs. reward has a role to play in that equation, but it's

not difficult to find opportunities in real estate to generate 5-10% cash on cash returns annually.

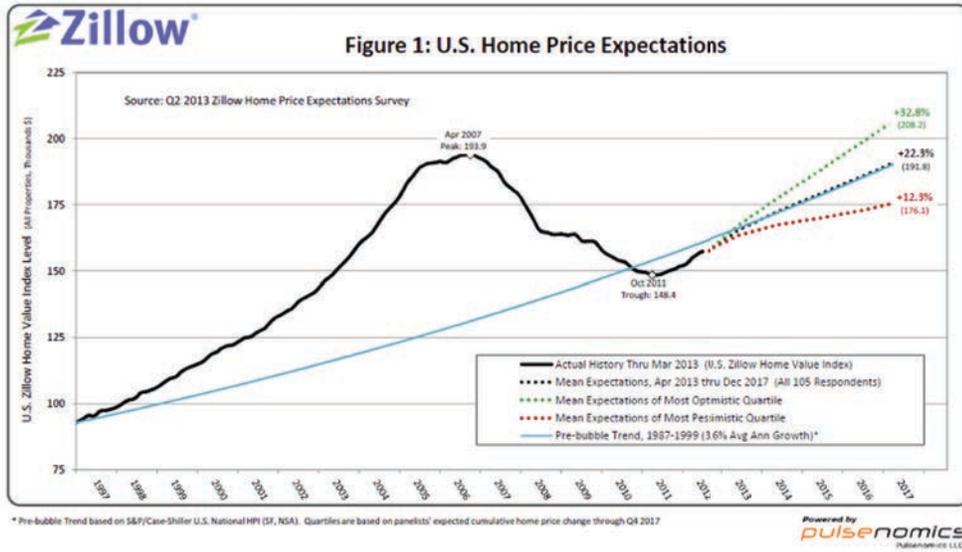
» Trait #1: Cash-on-cash returns

Capital appreciation: For a split second, I know you'll snicker to yourself thinking "capital appreciation huh? How about the last 6 years in real estate Mr. Savant?" After you stop snickering, look at the chart below showing the residential real estate appreciation rates by zip code in 2013 (Las Vegas).



Read it and weep boys and girls. Between 20% and 50% appreciation in the value of homes in the year 2013 alone. The bottom line is, the real estate crash of 2008-2011 was a generational buying opportunity. Some of us (yes me included) took a beating in the downturn. But those of us smart enough to manage our assets and debt levels were able to use the crash in prices to load up on real estate investments at pennies on the dollar. The historical crisis in real estate and debt markets that we experienced recently is out of character for real estate. Historically, capital appreciation has been one of the long term staples of real estate investing. Why? For starters, inflation is here to stay. Whether it's a "little bit" of inflation, or a lot of inflation, it will impact the price of real estate. Inflation factors that push real estate prices up consistently over time include replacement costs increases due to increases in materials and labor costs, limited availability of land in metropolitan areas, wage inflation, rent inflation and just overall inflation, plain and simple.

Zillow (the website that I love to hate) published this chart of their housing price appreciation forecast. Take a look:



have substantial gains on, and buy another property with that money without paying capital gains taxes immediately. You get to “roll” your gains from one property to another, as many times as you want in your lifetime, while deferring your capital gains taxes until such time as you decide to take the gains out of real estate, at which time you would then pay your accrued taxes.

It's no secret...Real estate has, and always will be a capital appreciation investment. It doesn't take much to look at historical capital appreciation rates, and you will see that just about every real estate asset class has a good degree of long-term history of appreciating in value. It doesn't take me too long to find deals that I forecast 8-15% annual appreciation rates.

Taxation shelter/deferment: Make no mistake about it, I'm no Warren Buffett...I will not complain about paying too little in taxes. But I will be happy that the bulk of my investments are in a naturally tax friendly asset class. Yes, real estate is “naturally” tax friendly!

First of all, you are allowed to depreciate your real estate structures. Often times, the depreciation benefits you gain will wipe out most of, if not all of, your real estate income tax liability. (consult a tax professional, which I am NOT, for specifics)

Second, your capital appreciation is considered “capital gains”, which have a much lower rate of taxation (especially for high income earners) than normal income rates! Many people find themselves in the 30%+ tax brackets, plus state and other income taxes, which can be astronomical in terms of tax liability. But capital gains tax rates are between 15% and 20% depending on your situation. FURTHERMORE, you do not pay capital gains on your capital appreciation until you sell your real estate!

Thirdly, and perhaps best of all, there is what is referred to as a “1031 exchange.” A 1031 exchange is a tax mechanism that allows you to sell real estate that you

es. And, the 1031 exchange mechanism is completely legal, straight forward, and commonly used.



Pretty neat stuff, huh?

1. Cash-on-cash returns;
2. Capital appreciation; and
3. Tax deferment

The end all and be all of great wealth building investment strategies, is simply real estate.

For more information about Savant Investment Partners, visit www.SavantInvestments.com.

**RESIDENTIAL REAL ESTATE LENDING IS BACK!
THE NEW BULL MARKET DRIVING FORCE**

BY JORDAN WIRSZ

Breaking news just hit in May, 2014 – According to RealtyTrac, 43% of total home sales in Q1 of 2014 were *all cash deals!* It is a reasonable assumption to make that many (but not all) of these cash transactions were completed by investors. Its no surprise that investors still see value in the residential housing market, and they are scooping up whatever their bank accounts allow them to. The demand is high, supply is low and that is precisely why more homebuyers today are relying on cash to be competitive in the buying process.

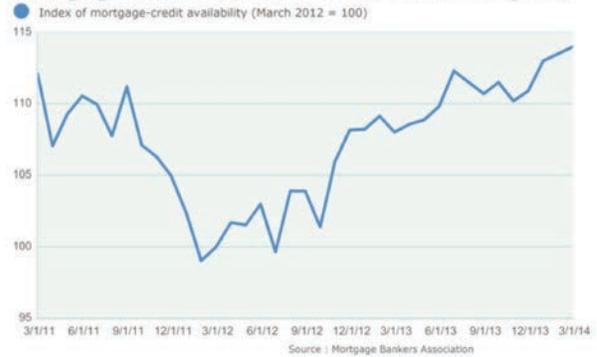
Institutional investors, which bought large swaths of distressed properties in the past few years, are actually slowing their purchases, down to just 5.6 percent of all U.S. residential sales in the first quarter of 2014, down from 7 percent one year ago, according to RealtyTrac. These institutional buyers usually pay cash, thus they do dramatically influence the cash-buyer numbers.

Cash is king, in Florida for example, where foreign buyers outnumber the locals. In other markets are seeing more than half of all sales go to cash buyers; New York (57.0 percent), Columbia, South Carolina, (56.1 percent), Memphis, Tennessee, (54.9 percent), Detroit (53.5 percent), Atlanta (53.2 percent) and Las Vegas (52.2 percent), according to RealtyTrac.

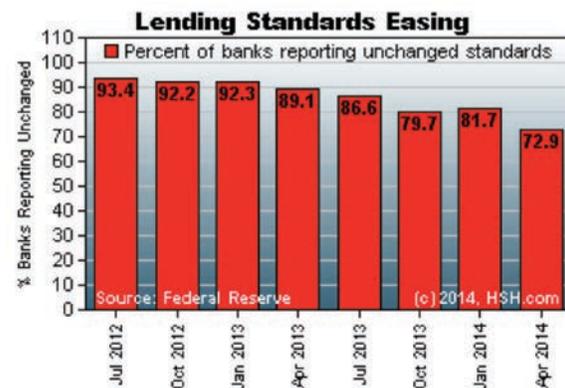
At first blush, this data would suggest that mortgage lending standards and guidelines are not easing and cash is the only way to buy, however that is not the case. After the serious downturn that crushed most real estate investors in the U.S., many of them have decided to play it safe with zero leverage portfolios. That sentiment is changing slowly but surely. On the pure consumer side of the mortgage lending game, a Fed survey in February of 2014 showed that banks are dramatically increasing credit availability to consumers.

Take it from someone “in the trenches” that indeed, national, regional, and local lending institutions are in fact getting more and more aggressive in providing financing to both owner-occupied home buyers and investors alike. As home values rise, these banks are getting more distressed debt and REO properties off of their balance

Mortgages most available in at least three years



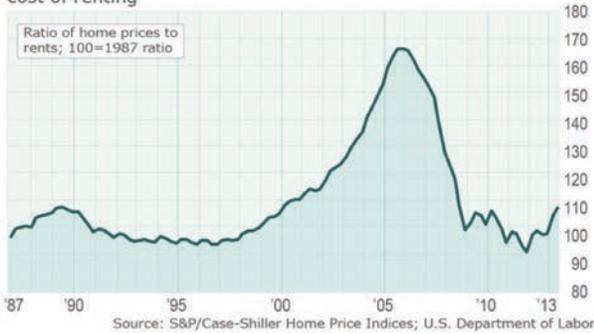
sheet at better than expected prices, which is improving their overall financial health, which in turn is provoking them to get back into the lending game. Not to mention, the level of optimism about the market is improving dramatically amongst bankers! Locally here in Las Vegas, One Nevada Credit Union just announced that they are getting back into the commercial real estate loan business, after years of being on the sidelines. Other local banks such as Meadows Bank, First Savings Bank, and others, are looking at investor loans for both residential and commercial property. Nevada State Bank (my favorite of them all) who is owned by Zions Bank (Ticker: ZION) has been active in lending to quality customers throughout the last couple of years, which they are proud of considering that they are one of the few banks helping consumers and investors buy real estate in this local community.



Only a few short years ago, there was virtually no lending market for investors who were buying single family homes. Today, there are many options. The terms may not be incredibly attractive, but at least there are options! *And trust me when I tell you, lending is only going to get easier in the coming years ahead!*

No housing bubble here

Home prices still look relatively affordable, relative to the cost of renting



Home price-to-rent and mortgage payment-to-rent, trends through time



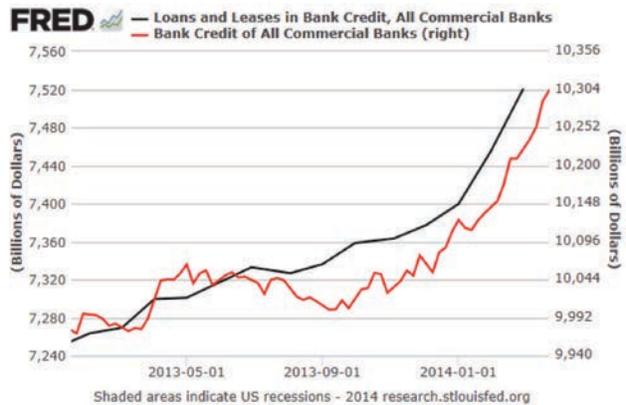
Source: Bureau of Labor Statistics, Case-Shiller National Home Price Index, Freddie Mac Primary Mortgage Market Survey. Note: For comparison, Home Price Index, Rent Index and Mortgage Payment Index are normalized as 100 at year 1999. Mortgage Payment Index assumes 85% LTV ratio, and property tax and insurance at 1.75% of housing value.

Commercial real estate lending has also been on the rise, with lenders dipping their toes back into the hardest hit markets like Las Vegas, Phoenix, parts of Florida, New Mexico, and Boise, Idaho. Commercial vacancy rates are down, and lease rates are coming up while absorption rates increase. These are all incredibly positive signs for the commercial real estate markets.

U.S. Office Absorption vs. Vacancy



More real estate loans are being made across the board. Availability of credit is coming back, no question about it!



The availability of credit is *the* key that will continue to drive the bull market in real estate for years to come. Prices have been depressed to such a great degree, that it is virtually “taking candy from a baby” to be investing in real estate right now. In many, but not all areas, values are still dozens of percent below peak values. In commercial real estate, we have only seen the tip of the iceberg in the recovery of prices and lease rates. Office, industrial and retail properties around the U.S. are poised for “one heck of an upswing” over the coming years. *Mark my words, commercial real estate is the place to be (invested)!* The restrictive factor for commercial real estate has been the inability to obtain credit. Only so many investors have the resources to pay for commercial real estate without financing, and it has largely been that small group of investors who have

picked up “once in a lifetime” deals over the past few years. But now as we see commercial lending pipes being opened up, the availability of credit will allow MASSIVE pent up demand back into the markets which will drive values back to a reasonable “norm” before heading even further up.

The availability of credit has, and always will be, a driving factor in the real estate markets.

Welcome back to the “good old times” once again. It's only just begun.



THE BIGGEST BUBBLE OF THEM ALL...

BY JORDAN WIRSZ

For years, I have been warning of a bubble so large, so significant, so catastrophic, that it will make the U.S. real estate and stock market bubbles of 2008-2010 look like a walk in the park. Perhaps the biggest economic, real estate, and stock market bubble has yet to burst, and when it does, millionaires will be made, and millionaires will be shattered...It just depends which side of the bet you want to take.

Bubbles are not that difficult to detect. Double digit gains in any asset class for years on end are certainly a warning sign. But the real nail in the coffin is when inherent value has been dismissed totally, and the investment becomes a “must” for no other reason than “it just keeps going up!”



Warren Buffet is a pretty smart guy. I don’t agree with his political or taxation stances necessarily, but I have to give him credit for being able to detect inherent value in a company or asset, or the lack thereof. That skill (note that I didn’t use the word “gift” – because anyone can build a skill) has made him and his shareholders billions upon billions of dollars. In short, he knows what to stay away from, and he knows where value exists where the market may not see it yet. Detecting a bubble uses those same skillsets in the opposite way.

There is a bubble so large, that it will likely take years, even a decade or more, to fully unravel. The bubble is so pronounced, that even a novice level skillset of determining intrinsic value in an asset, economy, or company will be able to see this one right off the bat without looking too hard. If you’re on the right side of this bet, you’ll make incredible returns. If you’re on the wrong side, you’re going to get slaughtered.

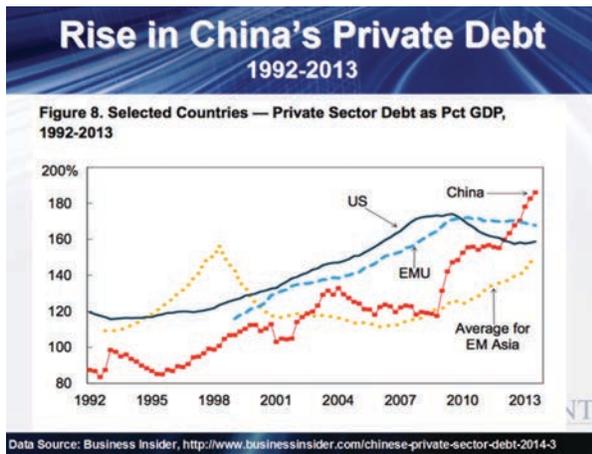
Keep in mind, economic and asset bubbles don’t “pop” overnight. Bubbles take time to expose themselves to those who aren’t paying attention. Then denial sets in. And then? Then pure panic.

What is this massive bubble? Perhaps the greatest bubble of all is....



That's right, China is perhaps the greatest bubble that this generation will ever see. The speculation of real estate, equities, and lending are beyond anything that could be comprehended without seeing the visual charts of what is happening.

built, complete shopping malls, restaurants, office towers, all of which are completely empty...Built purely on speculation, and bought by individuals suckered into thinking that it was a good investment. These "cities" remain absolutely, utterly, empty.



When you add financial sector or government debt to the above chart, some estimates of China's total debt is around 277% of GDP!

China has been overbuilt twice as much and for twice as long as any other government driven emerging market in the history of mankind. There is virtually no other way for this to end than very, very, very badly.

The real estate speculation in China has led to literal "ghost cities" being built...But not like the old wild west...No, these are far more prolific! We're talking about dozens and dozens of high rises condos being

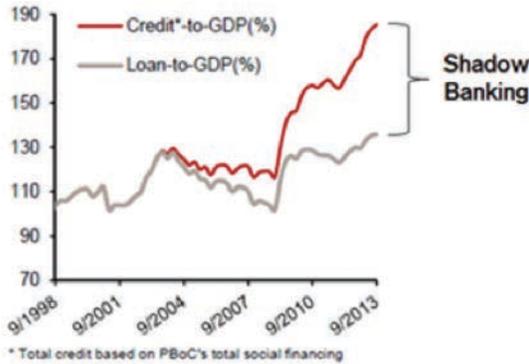
So what do these "ghost cities" with not a single resident look like?



The renowned TV program "60 Minutes" recently did a special on these Chinese ghost cities. I've included a link to view this segment. And trust me, it's 13 minutes that you can't afford not to watch.

<https://www.youtube.com/watch?v=uxjwhk1ktNw>

Folks, I kid you not...This crisis is brewing...



Chinese government officials rushed to deal with the collapse of a property developer they say is unable to repay almost \$600 million of loans, marking a large default for a real-estate firm and the latest sign of stress in a slowing Chinese economy. Officials in the eastern city of Fenghua have been meeting to determine how to deal with Zhejiang Xingrun Real Estate Co.'s outstanding debt and dispose of its remaining land assets. The company owes banks 2.4 billion yuan (\$390 million) and a further 1.1 billion yuan to other creditors, according to a statement posted on the local government's website.



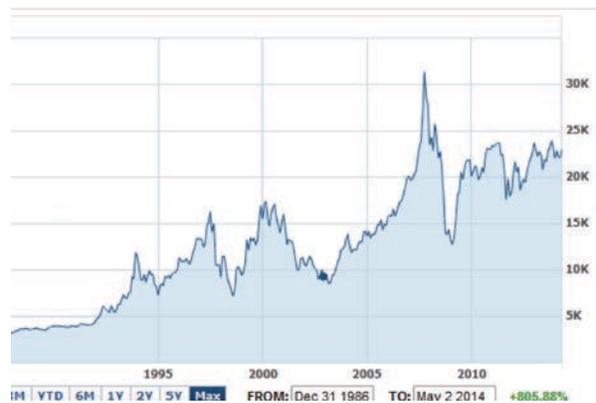
The lending bubble in China is massive. A number of Chinese developers have gone bankrupt. And for the first time, a major Chinese developer is discounting their

condos by as much as 40% to get them sold.

The "smart money" investors such as Billionaire Li Ka-shing (worth a reported \$31.9 billion) is selling off several billion dollars' worth of commercial real estate. "Just because?" Probably not...He likely knows the storm that is brewing on the real estate and economic fronts.

A recent survey of wealthy Chinese households shows that 60% of the rich are considering moving overseas. This is not surprising, considering the huge amount of Chinese money that has been invested abroad, much of which in the U.S.

What about the Hang Seng (stock market)?



This chart would not look so bad unless you consider the wide speculation that Chinese companies that are listed on the Hang Seng may be "cooking the books" to a pretty significant degree, given the lax oversight and regulation of financial standards in China.

But what about the Chinese government? Wouldn't they intervene to help stop the economic bubble? Wouldn't they prevent the ghost cities being built? Wouldn't they tighten credit to prevent the over speculation? Well, they have certainly intervened...But only to feed the lie and control the media. The fact that China openly manipulates its economic data, especially around key political phase shifts, such as one communist regime taking over for another, is no secret. China is a massive economic banking superpower (creating trillions in new loans and deposits each year). But China lives in a stagflating world, and as such must be represented by the media as growing at key inflection points by mysteriously reporting growth even without open monetary stimulus. This "cooking the books" tactic is crucial for preserving hope and faith in the future of the stock market, real estate market, and lending markets.

Even Goldman Sachs says that China is cooking the books...

From Bloomberg:

"China's unexpected surge in exports last month renewed concern from analysts at Goldman Sachs Group Inc., UBS AG and Australia & New Zealand Banking Group Ltd. (ANZ) that statistics from the nation can be unreliable.

The 14.1 percent jump from a year earlier was the biggest positive surprise since March 2011, according to data compiled by Bloomberg. The increase didn't match goods movements through ports and imports by trading partners according to UBS, while Goldman Sachs and Mizuho Securities Asia Ltd. cited a divergence from overseas orders in a manufacturing index.

Smaller trade gains could signal a less robust recovery from a seven-quarter slowdown just as Australian Treasurer Wayne Swan says the economic rebound is a sign of improving global demand. Accurate statistics from the world's second-biggest economy are increas-

ingly important for domestic and foreign investors and for China's government, ANZ's Liu Li-Gang says."

The Chinese government rules with an iron fist. They control the media, the internet, and their economic data. So as far as they are concerned, the bubble will dodge the needle at all costs...Even outright manipulation of financial and economic data.

Make no mistake about it...China is a bubble worth recognizing. Investors who are invested there will get slaughtered. Those who find ways to "short sell" the bubble will make millions.

The safest bet? Being on the sidelines, watching it from afar, and finding real value investments in your own back yard where there is tremendous economic growth on the horizon, coming right out of the backside of an economic and real estate cycle, with plenty of upside for years to come.

Learn more about Savant Investment Partners – www.SavantInvestments.com

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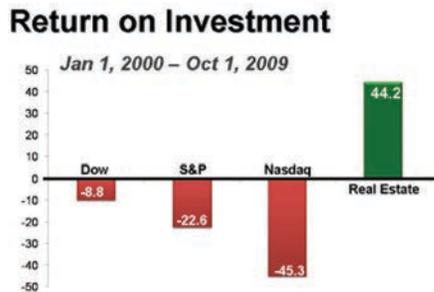
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THE SECRET TO 30% RETURNS IN REAL ESTATE

BY JORDAN WIRSZ

Real estate has long been thought of as a “safe & steady” investment...That is, up until the crash of 2008-2010. Real estate is not a foolproof investment by any means. Make no mistake about it, anyone can own real estate...But to make millions of dollars doing it, it takes a lot of technical knowledge and skillful vision to invest in the right deals. The fact is, real estate is a hard asset. And no matter what the economy does or what values do, there will always be demand for the right kind of real estate.



Source: MSN Money.com, Case Shiller

Real estate is the third largest industry that has created billionaires worldwide. Here is the list of number of billionaires created by industry:

1. Investments: 148
2. Fashion and Retail: 146
3. Real Estate: 129
4. Diversified: 125
5. Food and Beverage: 100
6. Technology: 95
7. Manufacturing: 89
8. Energy: 83
9. Finance: 78
10. Media: 69

It doesn't take a rocket scientist to see that real estate creates a heck of a lot of billionaires around the world... Even more than the technology industry.

Most people think of real estate as the “safe and steady” type of returns with 5-6% in cash-flow, and maybe 3-5% in annual value appreciation (leveraged, this can be

much higher). Slow and steady wins the race, right? Wrong. Slow and steady in discipline will take you a long ways, but combine that with higher returns with leverage (when appropriate), and the results become exponentially better.

Real estate is perhaps one of the easiest asset classes to leverage...which is one of the most important parts of the formula to juicing up returns on investments. Think about that for a moment – there haven't been 129 billionaires created in the real estate industry with 5-6% cash returns, and 3-5% steady appreciation rates. No, you'd have to start with a heck of a lot of money to make a billion dollars that way. The fact is, billionaires have been created in real estate due to returns far in excess of 5-10% annually. The reality is, you can achieve enormous returns on your investment by investing in real estate...10%, 20%, even 30% and higher annual returns are possible if you know what you're doing. Personally, I've seen annual returns over 100% annual in real estate. It's all about the right investment at the right time with the right amount of leverage.

A major principle of real estate investing is that leverage is your best friend. However, there are two sides to that coin.

*Leverage is your **best friend** at the right time in the real estate cycle.*

*Leverage is your **worst enemy** at the wrong time in the real estate cycle.*

So how are double and triple digit returns achieved in real estate?

First, you must understand that there are more ways to be invested in real estate than just owning a home, a commercial building, or a piece of dirt. Those forms of investing are perhaps the most simple, but they are not necessarily the most lucrative. Direct ownership is a great long term investment, especially considering where we are (in the U.S.) in the economic and real estate cycle. This form of investment will do you well in the long term, so long as you invest in the right kind of assets in the right places, with the right strategy. Direct ownership gives you the most control, and perhaps the least amount of risk when investing in real estate.

Second, you must understand that you can invest in real estate through many, many other investment vehicles. You can buy REITs that are listed on the stock exchanges, you can buy publically traded home builder stocks,

you can even invest into limited partnerships and other private offerings (so long as you are an accredited investor). You can even invest in real estate loans. The sky is the limit...There are dozens of ways to invest in real estate.

Real estate is a strategy play, no different than a stock market strategy, commodity trading strategy, or bond income strategy.

In the real estate investment business, we have three primary ways to make double and triple digit returns.

1. **“Opportunistic Acquisitions”** – This means being at the right place at the right time, being willing to buy when someone else really needs to sell. Over the last several years, many “opportunistic” buyers had been buying bank owned foreclosures from banks who really needed to move the properties off of their balance sheet. This is one form of opportunistic buying.
2. **“Value Add”** – This means taking over someone else’s problem and turning it into something better – i.e. making lemonade out of lemons. Fixing a property up, evicting bad tenants, or other forms of adding value fall into this category. With some good depth of expertise, you’ll find plenty of these opportunities around, although they will be competitive to acquire.
3. **“Development & Building”** – This category of real estate investment requires the most work and the most expertise. This is certainly not a game for the faint at heart or inexperienced real estate wannabes...This is where the rubber meets the road, and millions (and billions) of dollars are made.

The inherent problem with these three strategies is that they require a LOT of work and a LOT of capital. These are not “passive” investments where you sit back, collect you checks, and sell the property years down the

road for a handsome profit. No, this strategy is labor intensive, skill intensive, and most importantly, *capital* intensive. That is where the opportunity lies for investors like you and I.

Developers and real estate investors are

a breed of their own. Many (ok, most) are not to be trusted. After nearly 15 years in the business and about ¾ of a billion dollars of transactions under my belt, I have developed a keen sixth sense for detecting the quality real estate developers and investors. Make no mistake about it, real estate is a “dog eat dog” industry that is highly competitive. Thus, you must approach these people (and associated opportunities) with a degree of healthy skepticism.

The opportunity lies in the real estate developer/investor’s need for capital. While leverage in the real estate industry is readily available, it also requires a tremendous amount of “down payment” funds to get that leverage. To put this into perspective, a \$10 million to \$20 million transaction is not an uncommon deal size. Imagine getting a 70% loan on a \$20 million project, and needing the remaining 30% equity (\$6 million) for the deal. Then imagine that (like most developers) you have 3 to 4 projects going on at any given time. With this math, it’s not hard to see that developers and investors could easily have \$20-25 million of their own money tied up in projects at any point in time, which stretches them pretty thin...especially considering that the development business is not a “cash-flow” type business.

The opportunity for large annual returns (20%, 30%, or even higher) lies with the right opportunities, with the right sponsors (developers/investors/real estate professionals).



Providing what is referred to as “equity capital” for high quality, experienced and qualified developers is where you can leverage annual returns well into the 20% - 30% + range without looking too hard. However, with these added returns, there is certainly added risk. Here’s how it works:

A developer is going to build a 250 unit “Class A” apartment complex...You know the type, the ones with resort style swimming pools, tennis courts, workout facilities, a beautiful club house the size of a small mansion, etc. The cost to develop the land and build the project might be \$134,000 per unit, or \$33,500,000. (this is not an a-typical sized deal)

The developer is going to get a construction-to-perma-





ment long-term loan which will finance 70% of the costs to buy the land, develop the land, and build the project. That means the developer is going to get a loan for \$23,450,000. Where do they get these loans from? These loans are readily available from all sorts of lenders, including insurance companies, securitized mortgage companies, and even government backed mortgage lenders.

That scenario means that the developer must come up with \$10,050,000 in “equity” to close this deal. That is where investors like you and I come into the picture.

The developer will usually be able to raise the “equity” needed for the deal from a number of “equity investment” companies, who specialize in opportunities like these with high quality developers. The developer will then come to a company like Savant Investment Partners looking for the necessary equity. We, in turn, put together a group of investors who fund the needed equity investment of \$10,050,000.

The developer then does the heavy lifting and the day to day leg work, in exchange for a few percent of the project cost in development fees, and a participation in the overall financial success of the project.

- » Months 0-18 are used to develop and build the project;
- » Months 18-30 are spent leasing the project to “stabilized occupancy” of approx. 92%;
- » Months 30-38 are spent getting everything to work like a well oiled machine;
- » Months 38-48 are spent preparing for marketing the property for sale and closing.

In this example that I used above (which was a real-life example), the cost to build was \$134,000 per unit. But the finished “stabilized” value is \$181,000 per unit...A \$47,000 profit per unit, times 250 units is a net profit of \$11,750,000 NOT COUNTING the positive cash-flow from the rental revenue from months (roughly) 24-40. For an initial investment of \$10.05 million, you received

back the original investment plus another \$11.75 million which equates to 117% return on your investment over a period of less than four years...In other words, in 48 months or less, this investment returned 29.25% annualized returns. (again, I’m not adding in the positive cash-flow distributions from rental income, so the actual return is higher).

All in all, a 4 year investment could average over 30% annual returns if done correctly.

You might be asking, who owns real estate projects that are this size? Life insurance companies, annuity funds, REITs, large family investment funds, etc. We recently closed on a \$44.5 million acquisition ourselves (see details here). These types of investors buy these projects for long-term cash flow at yields ranging from 4.5% to 5.5%. In other words, these large long-term investors want the cash flow with the safety and protection of an asset class that is predictable, insurable, and tangible.

Voilà, there you have it. 20-30% returns in a nutshell.

This is one of many strategies that can yield double digit returns in real estate. This strategy may not be right for every investor, but it may be right for some, including myself. As with anything, you must consider the risks and rewards involved in investing. For me, I’m pretty proud of the returns that I’ve generated over the last several years, from the cycle low that I predicted in 2011, and the types of investments that we’ve been involved with over the years. Needless to say, I’m beyond excited to announce our new real estate equity fund coming this fall, which me and my family will invest in as well.

Maybe your goal isn’t to become a billionaire...But maybe you, like many people, want to get involved in the best investments you can find, with the highest returns, and the safest profile. If you’re like me, there are only so many things that you can find to invest in that you believe have sufficient merit for serious consideration. High quality real estate, with high quality partners is always at the top of my list.



a LITTLE about SAVANT



Savant is a national residential and commercial real estate investment firm which buys, sells, manages, and invests in real estate on its own behalf and alongside its investors/partners, and clients.

Our clients range from high net worth individuals, also known as “accredited investors,” to large hedge funds, pension funds, endowments, and family offices.

Our team’s experience spans from residential housing investments to commercial and land of all genres, types, and sizes.

For more information about Savant, visit our website at:

www.SavantInvestments.com





Jordan Wirsz, CEO
Savant Investment Partners

Jordan Wirsz serves as the CEO of Savant, and brings with him more than 13 years of real estate investment experience in a wide variety of real estate assets representing approximately \$750 million. Mr. Wirsz is responsible for overseeing Savant's real estate investments including locating and negotiating real estate transactions, property management, portfolio strategies, partnerships, affiliated fund management, investor relations, and administration. Prior to Savant, Mr. Wirsz served as CEO of a private capital finance company which managed more than \$100 million of capital including a private investment fund. As a real estate investment manager, Mr. Wirsz underwrote and funded several hundred million dollars of investments in a wide variety of real estate transactions across the United States, including both commercial and residential land entitlement and development projects, industrial properties, office projects, hotel construction, retail shopping centers, and build-to-suit transactions. Mr. Wirsz has been and continues to be a very active real estate investor and developer. Mr. Wirsz is a nationally recognized real estate expert who has been recognized by members of the U.S. Senate, U.S. Congress, Nevada state government, and has been featured on numerous national television networks including CNBC, NBC, and Fox News. Mr. Wirsz was awarded the prestigious "Young Entrepreneur of the Year" award by the Small Business Administration in 2007.



Jake Bernstein

Jake Bernstein is an internationally recognized futures analyst, trader and author. He has written more than 41 books, numerous research studies and newsletters on futures trading, stock trading, trader psychology & economic forecasting.

Mr. Bernstein is publisher of Jake Bernstein's Weekly Futures Trading Letter which has been in continuous weekly publication since 1972. He has been a guest on numerous business radio and television shows including Wall Street Week, CNBC, JagFN.TV and WebTV.com Mr. Bernstein is a consultant to investors, traders, financial institutions, short-term traders, brokerage firms and commercial firms. Jake has pioneered numerous technical, cyclical and seasonal methodologies in the futures markets.



John Matise, Venture Partner
Savant Investment Partners

Mr. Matise serves as a Venture Partner of Savant Investment Group, bringing his unique real estate background and extensive investment experience to our firm. Mr. Matise focuses on real estate, private equity and venture capital investments where he has developed a specialty in turning around and restructuring ailing companies. His dynamic record with investment capital firms including Stone Canyon Venture Partners (Davis Family), Wedbush Capital Partners, Encore Capital (D. R. Horton & Company), Goldman Sachs and Russell Capital is complemented by service with industry consulting firms Accenture, Deloitte and SSA (Six Sigma). His clients have included Charles Schwab, Kaiser Permanente, Intel, Bank of America, TRW, the State of California and many private equity and venture capital funds. Mr. Matise's operational experience spans many disciplines including CEO, COO, VP Sales, VP Business Development and other senior executive positions at entrepreneurial companies ranging in size from startups under \$5MM in revenues to over multinationals over \$100MM in revenues.



Bill Gary, CEO
CIS (Commodity Information Systems)

Bill began his commodity career as a corn buyer in 1959 for a large milling firm in central Illinois. In 1978, Bill became Regional Commodity Manager and Vice President of E.F. Hutton & Company. He was elected to E.F. Hutton's Director's Advisory Council in 1980, 1981 and 1982.

In 1991, he joined Prudential Securities Inc. as a Senior Vice President and was elected to the Chairman's Council in 1995, 1996 and 1997. Since that time, he has dedicated his energy to expanding CIS market research.

Bill has been featured in The Gartman Letter, Barrons, The Wall Street Journal, Forbes, Pro-Farmer, The Farm Journal, Business Week, US News and World Report and other publications. He has also been featured in books such as Crisis Investing by Doug Casey, Schwager on Futures by Jack Schwager and Master Brokers by John Walsh.