

# Build-to-Rent Real Estate Investing For Self-Directed IRAs



Featuring:





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All information and materials are for educational purposes only. All parties are encouraged to consult with their attorneys, accountants and financial advisors before entering into any type of investment.

# Agenda

- 1 About Entrust & Freedom Venture
- 2 Overview of Why Real Estate and Why Multifamily
- 3 State of The Market Deep Dive
- 4 Process for Identifying Opportunities
- 5 What's on Our Radar
- 6 Using This Information
- 7 Q&A Time



# Meet Your Host

Tony Unkel

Business Development Manager at The Entrust Group



Years at Entrust



Educating investors and professionals on  
tax-preferred retirement accounts



# About Entrust



**\$4B**

Assets Under  
Administration



**45k**

Investors  
Empowered



**40+**

Years in  
Business



**1**

Point of  
Contact

# About Entrust



- Self-Directed IRA administrators
- Knowledgeable staff with CISP designations
- Nationwide offices
- In-person events and virtual webinars
- National Continuing Education program for other credentials
- Bi-annual IRA Academy

# What is a Self-Directed IRA?



A retirement account in which the individual investor is in charge of making all investment decisions



Greater opportunity for asset diversification outside of traditional stocks, bonds, and mutual funds



All securities and investments are held in a retirement account administered by a regulated custodian or trustee





**FREEDOM VENTURE**  
INVESTMENTS

**Build for Rent**  
**Invest for Growth**  
**Stay for Income**

Speaker: Dave Seymour

Title: CEO, Freedom Venture Investments



# FREEDOM VENTURE INVESTMENTS

## THE TEAM



**Dave Seymour**  
PARTNER

- ✓ Nationally known star of A&E's "Flipping Boston". Dave's passion for business and real estate puts him on the radar of the A&E television network along with multiple news organizations such as CBS, ABC, CNBC, FOX News, and CNN.
- ✓ He has guided some of the largest investment firms in the nation through complex transactions and has partnered with many first-time investors.
- ✓ Leveraging his industry expertise and network, Dave leads the team's retail equity endeavors.



**Walter Novicki**  
PARTNER

- ✓ Walter has 34 years of experience as a real estate operator, spending the last 20+ years specifically in the Florida Gulf Coast market and has done over \$250M in transactions.
- ✓ Walter is dedicated to investor results and serves as the Firm's Chief Investment Officer. He oversees all aspects of the acquisition and improvement process.



**Jackson Stith**  
PARTNER

- ✓ Jackson Stith is a seasoned real estate developer with over 15 years of experience. He has been responsible for acquiring, conceiving, planning and executing over 9 million square feet of highly diversified properties, reaching a value-in-place of over \$9Bn.
- ✓ Jackson functions as the head of capital markets, oversees pre-development efforts and collaborates with Walter in execution.



**Eric Wilson**  
PARTNER

- ✓ Eric Wilson is an accomplished financial professional with institutional experience implementing underwriting and data analysis systems.
- ✓ With Eric's ability to consistently achieve remarkable data-driven results, Freedom Venture efficiently processes information that allows the company a competitive advantage in its target markets.

# WHY REAL ESTATE

- ❑ Is not a “this or that” its “this & that” – RE compliments a balanced portfolio of stocks and bonds
- ❑ Core 4 of CRE = Multifamily, Industrial, Office, Retail

## Main Reasons Institutional Investors Add Private Real Estate to Their Portfolios

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Diversification</li><li>• Reliable stream of income</li><li>• Inflation hedge</li></ul> | <ul style="list-style-type: none"><li>• Low correlation to other assets</li><li>• High absolute returns</li><li>• Reduce portfolio volatility</li></ul> |
|---|---|

News

National Capital Markets

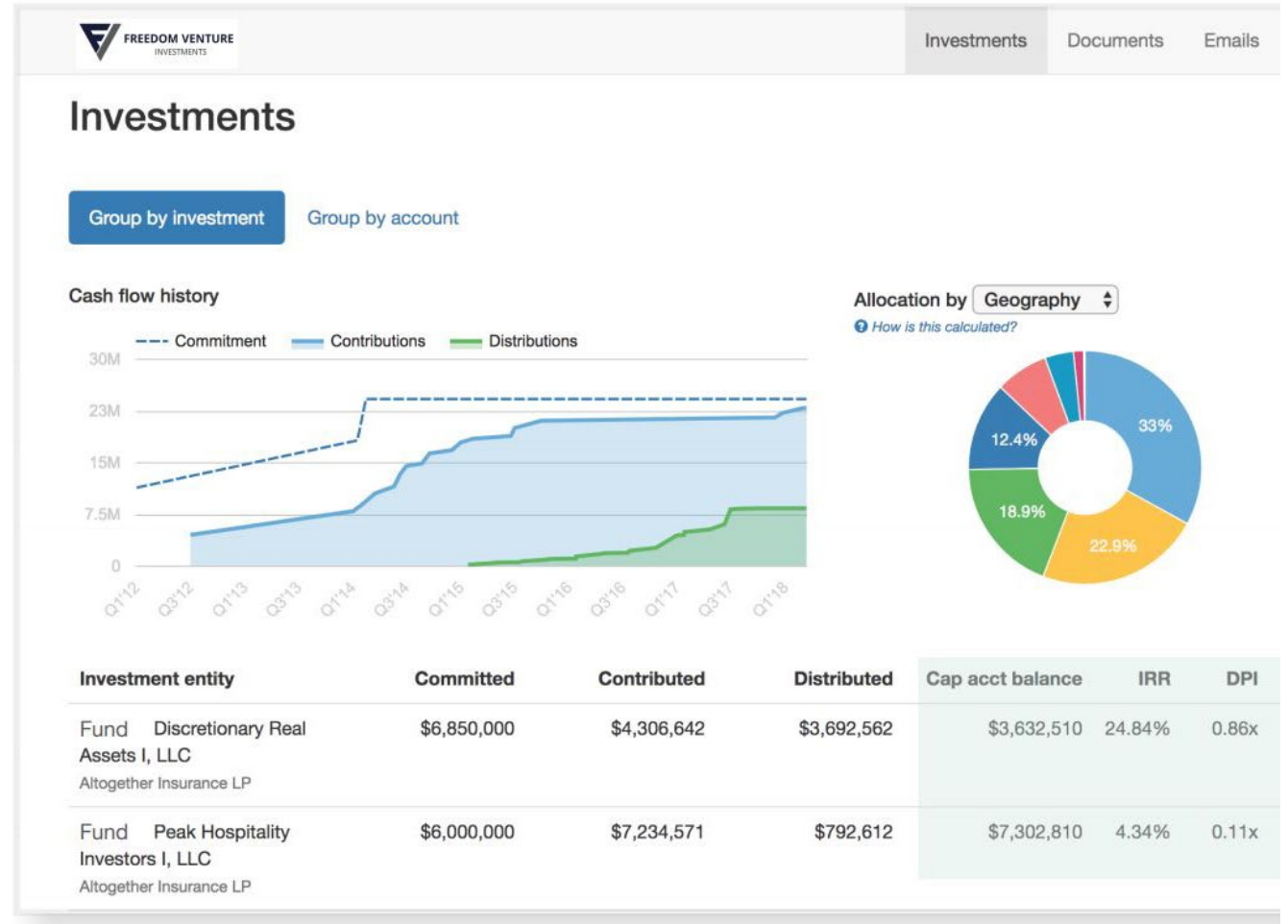
## Blackstone Targets \$25B For Real Estate Fund To Beat Inflation

June 10, 2022 | Mike Phillips, Bisnow London ✉



# WHO HAS INVESTED IN REAL ESTATE IN THE PAST

- ☐ Wealthy Individuals / Families
- ☐ Pension Funds
- ☐ Sovereign wealth funds
- ☐ Insurance companies
- ☐ Large Private Equity Firms
- ☐ Small Private Syndicators
- ☐ Non Accredited PE Investors
- ☐ Accredited PE Investors
- ☐ SDIRA



# WHY MULTIFAMILY

Strong Historical Performance

Greater Diversity in Tenant Base

Everyone Needs a Place to Live

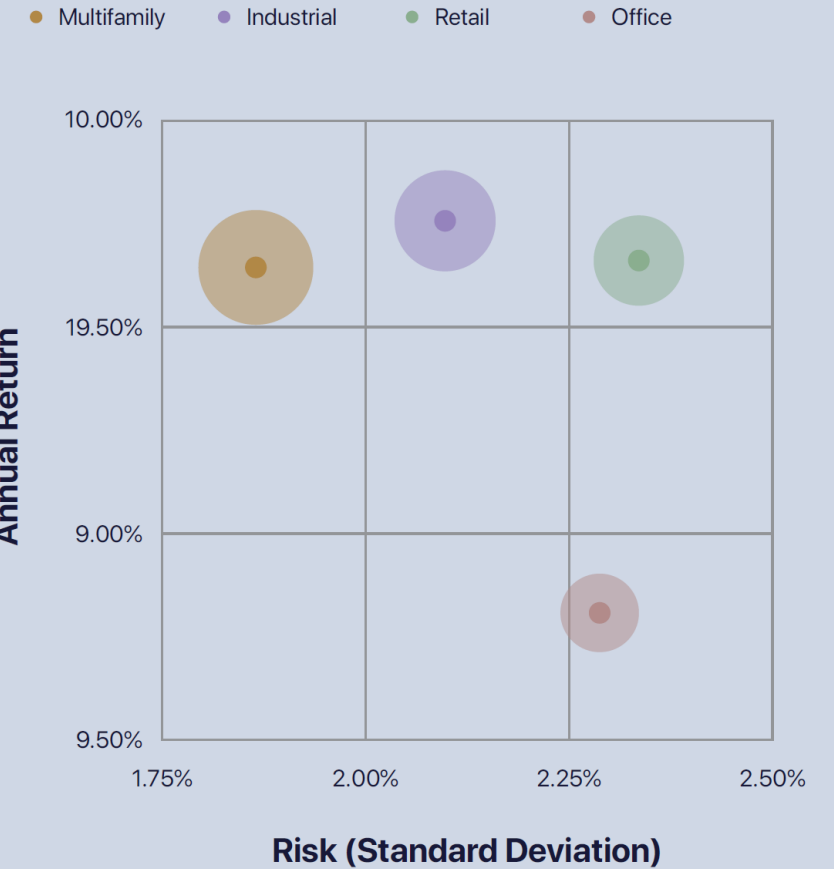


## Why Multifamily

Multifamily properties have consistently generated higher returns with a lower level of risk than other property types.

The bubble sizes depicted in the chart on the right represent the Sharpe Ratio, a measure of excess return above the risk-free rate, per unit of risk. This data should not be surprising, as housing is an essential need vs. a nice-to-have. During a recession, consumers cut back on travel, entertainment and retail consumption, but housing is the last place they cut.

## Risk-Return by Property Type



This chart uses 1990-2020 data from the National Council of Real Estate Investment Fiduciaries

# BASIC ANALYSIS

Cap Rate

Cash on Cash Return

IRR

Equity Multiple

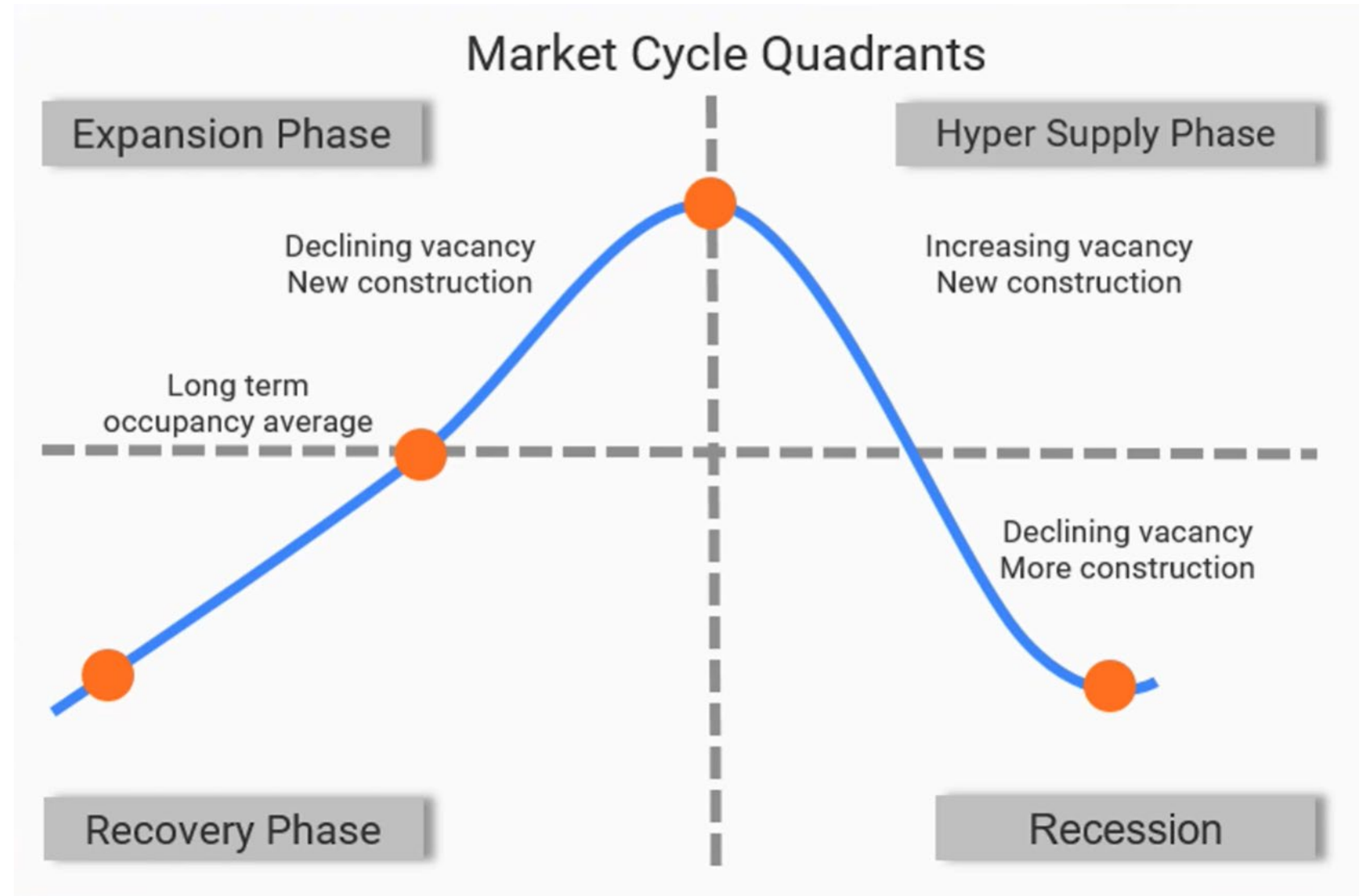
LP Return Requirements (risk adjusted)

Cash flow vs appreciation



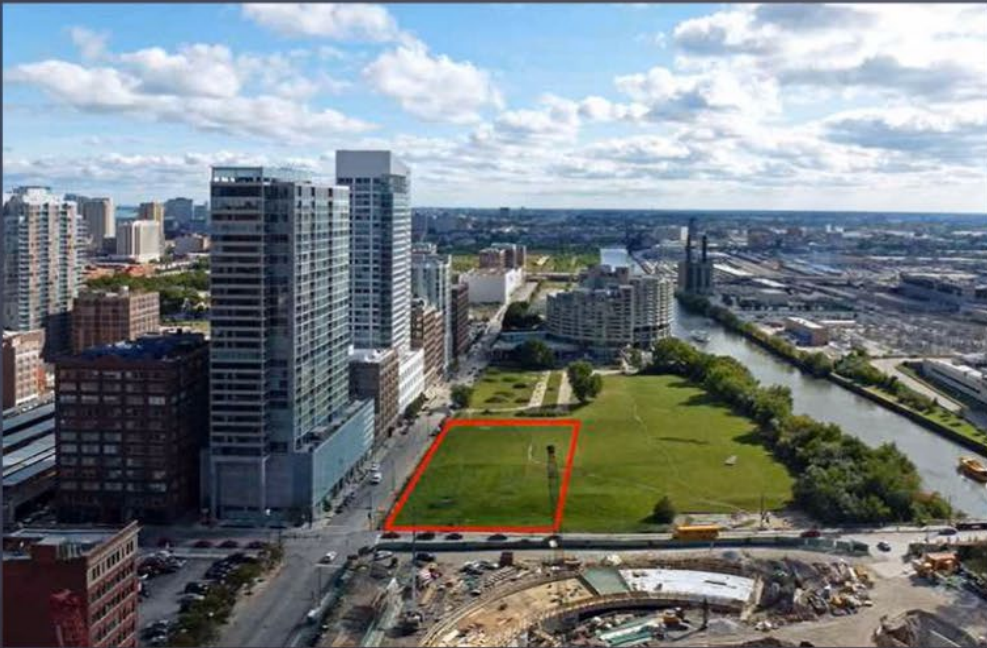
# MARKET CYCLE QUADRANTS

DIFFERENT PROPERTY  
TYPES MAY BE IN  
DIFFERENT PHASES AT  
DIFFERENT TIMES.



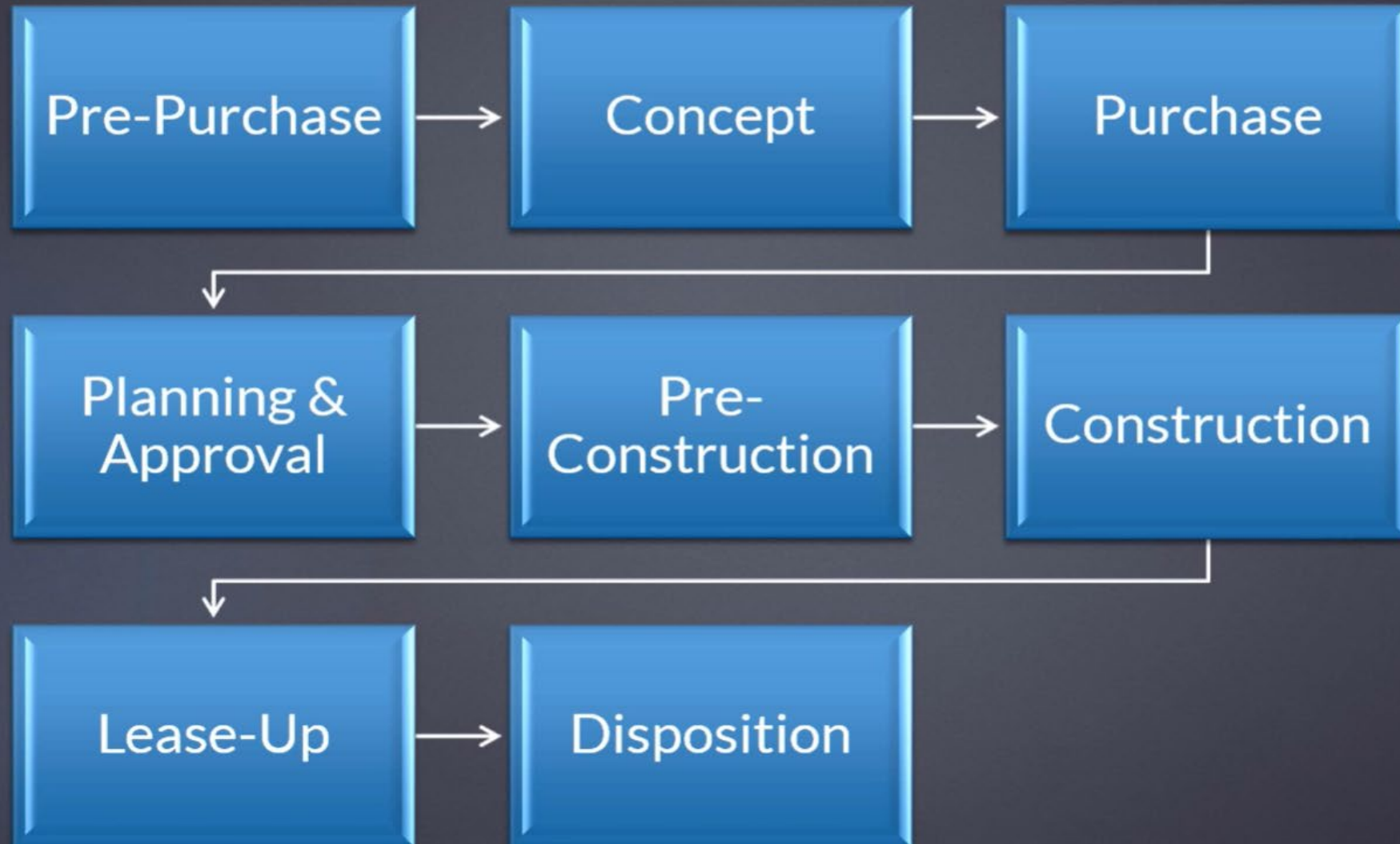
# Acquisitions vs. Development

- ▶ Real estate acquisitions pertains to the purchase and operation of an existing building.
- ▶ Real estate development pertains to the construction of a new building – either by replacing an existing structure or developing of greenfield or brownfield sites.



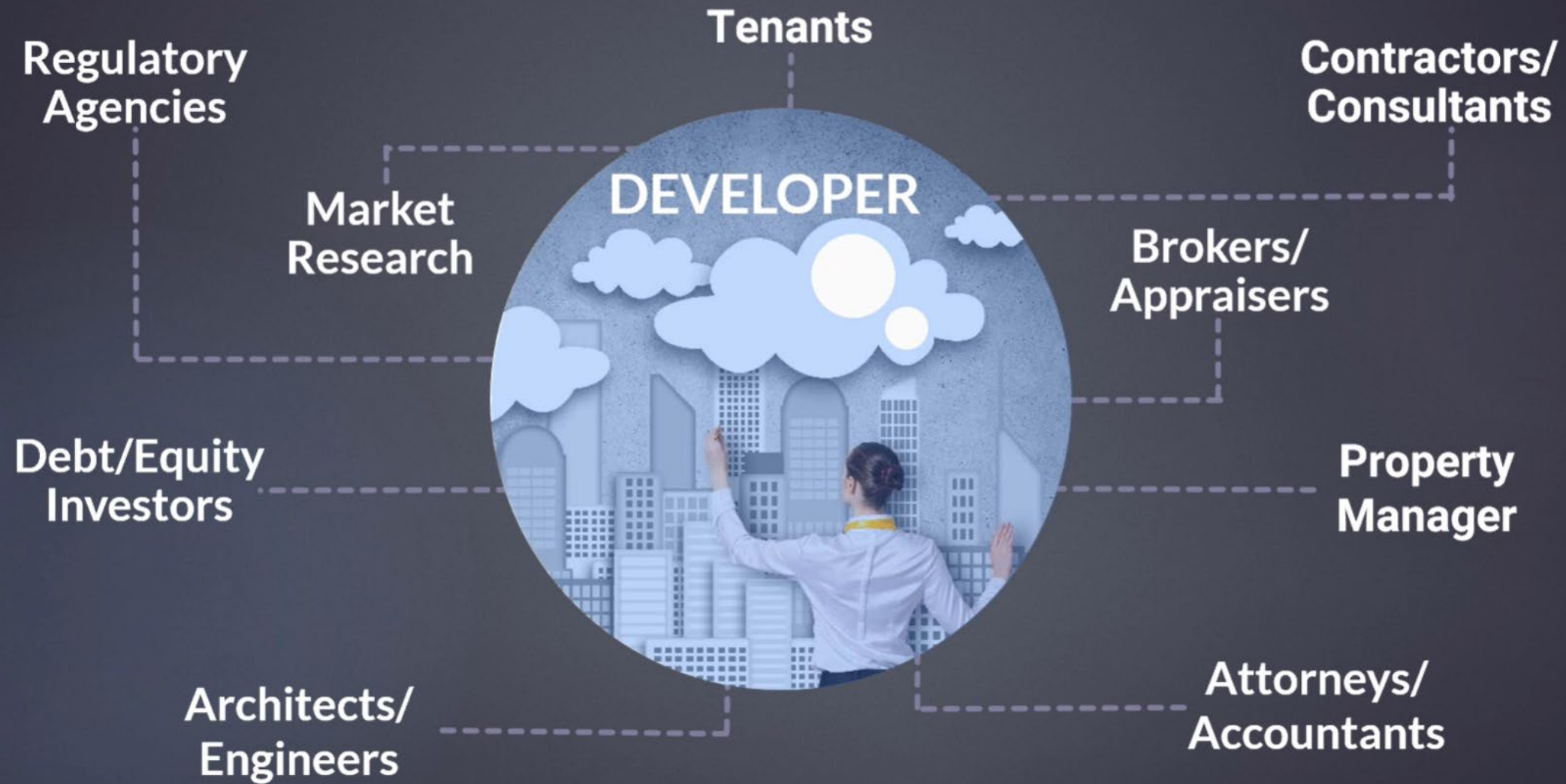


# Phases of Development





# The Development Team



# Market Analysis

IF

- Should you develop given the current market cycle?
- Is capital available for development projects?

WHERE

- What state, city should you be targeting?
- Who is the target consumer and where are they located?

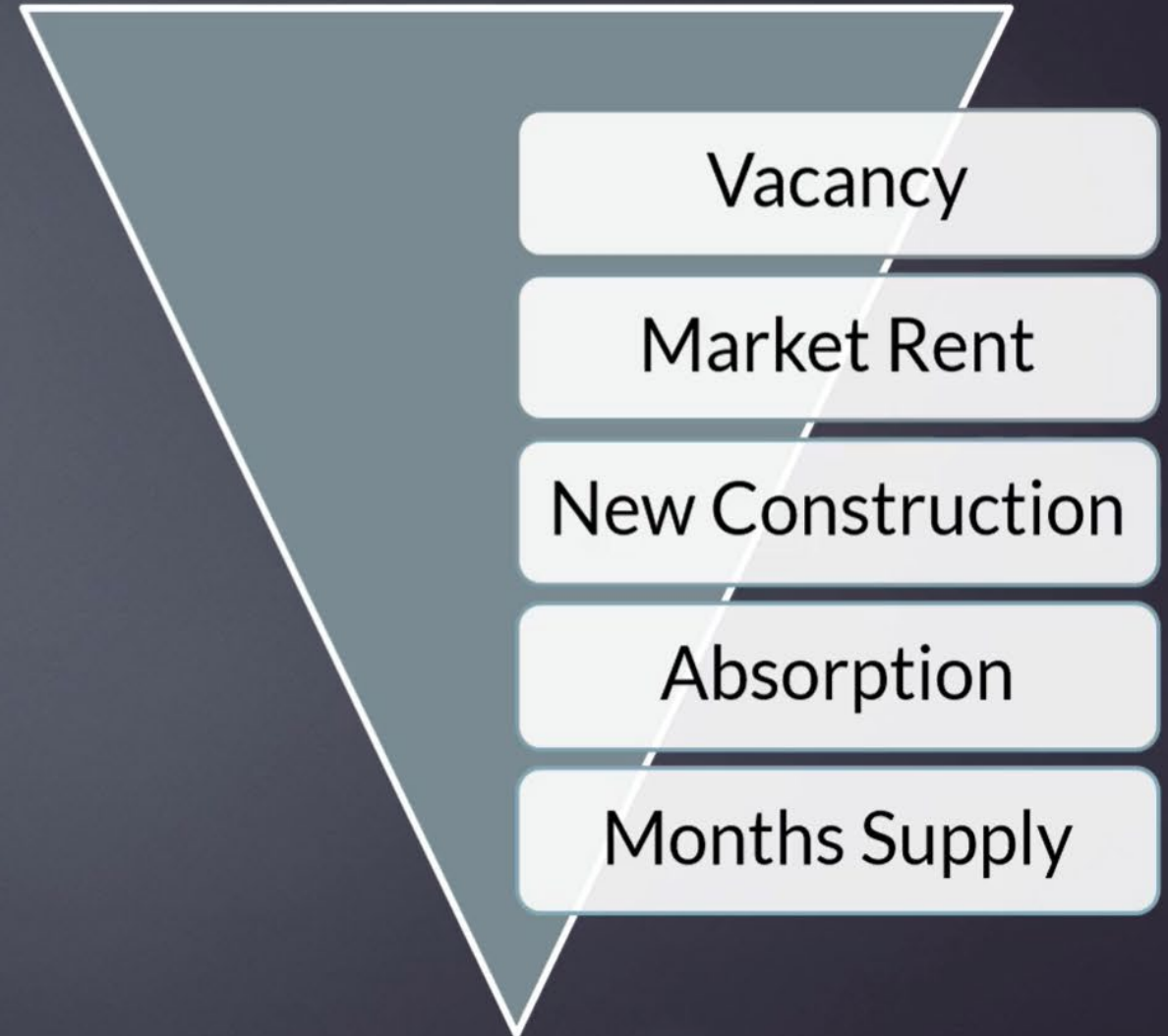
WHAT

- What product type is in demand? Multi-family, office, retail, etc.
- What quality of building would be successful? Luxury, affordable, or average.



# Market Analysis

- ▶ Vacancy - Amount of space that is currently not occupied.
- ▶ Market Rent - Rent on new leases signed in the market.
- ▶ New Construction - Number of recently completed projects, projects in the pipeline, and supply currently available in the market.
- ▶ Absorption - Rate at which available properties are sold or leased during a given time period.
- ▶ Months Supply - Key metric, based on the variables above, to determine the current state of the market (tight/over supplied).



# State Of The Market

Worst first half of the year for stocks since 1970 and nearly 5T in wealth has been lost in 2022 so far.

Inflation ?

Supply Chain

Labor Shortage

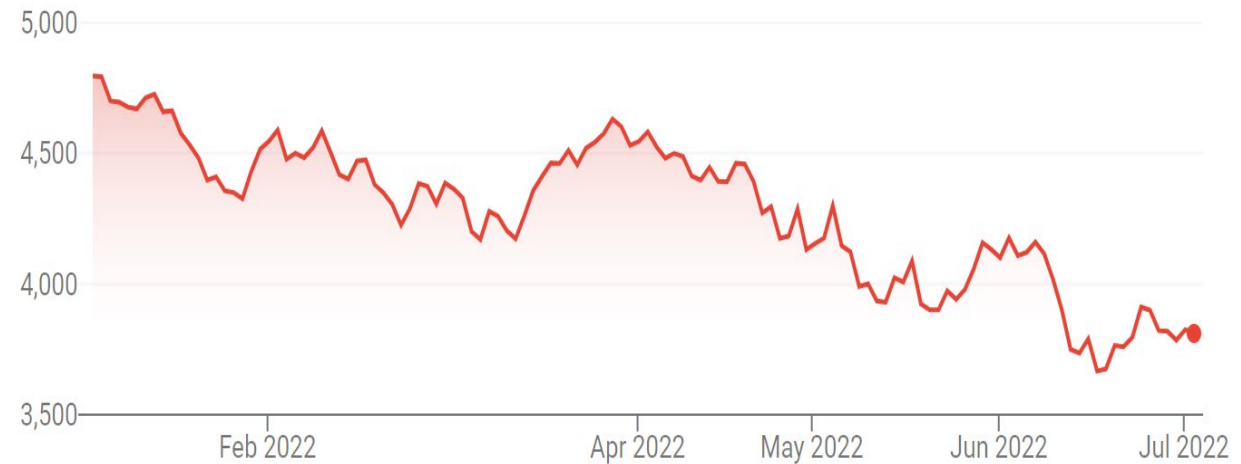
Market Summary > S&P 500

3,811.72

-984.11 (-20.52%) ↓ year to date

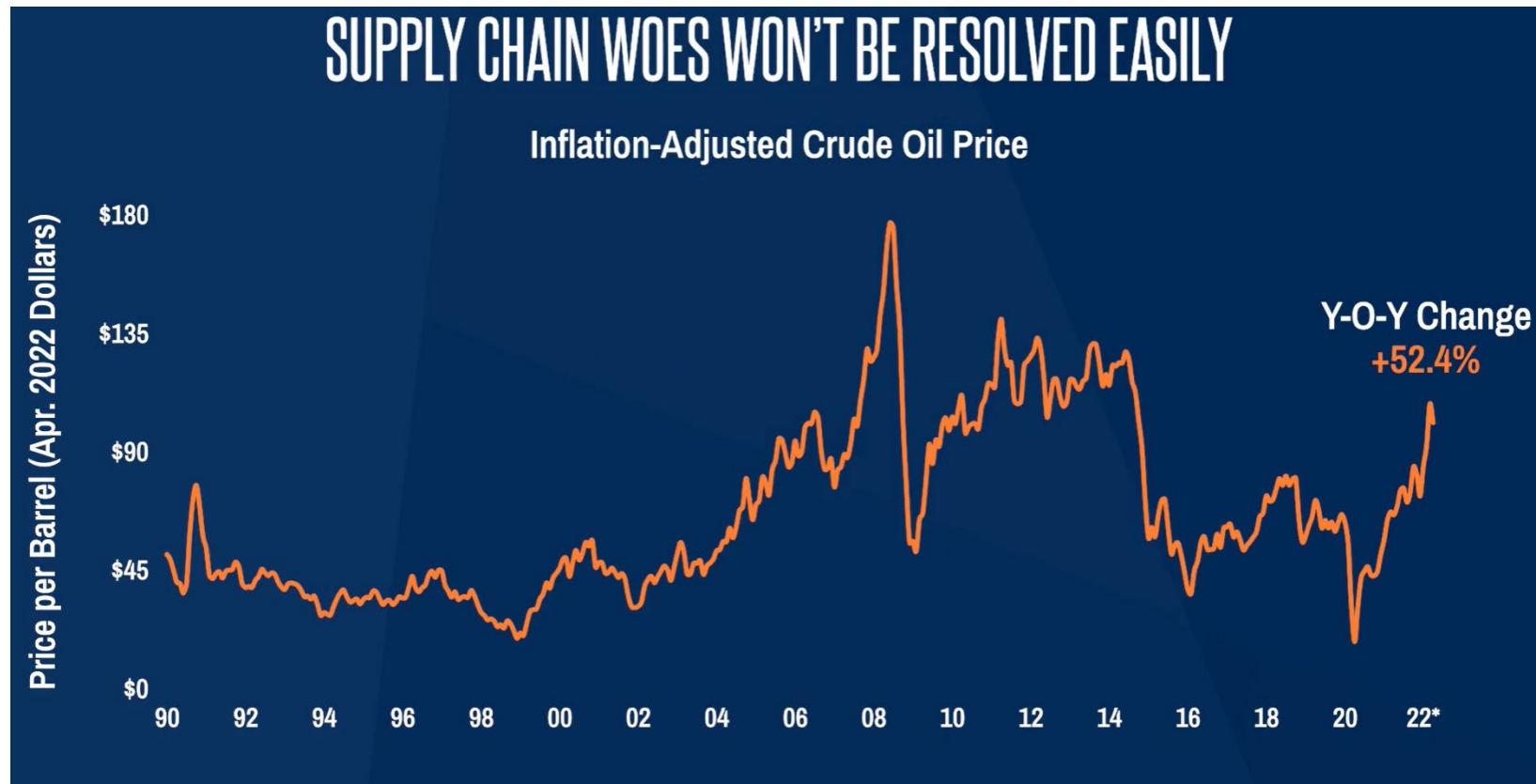
Jul 5, 3:05 PM EDT • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



# SUPPLY CHAIN CHALLENGES DRIVE INFLATION

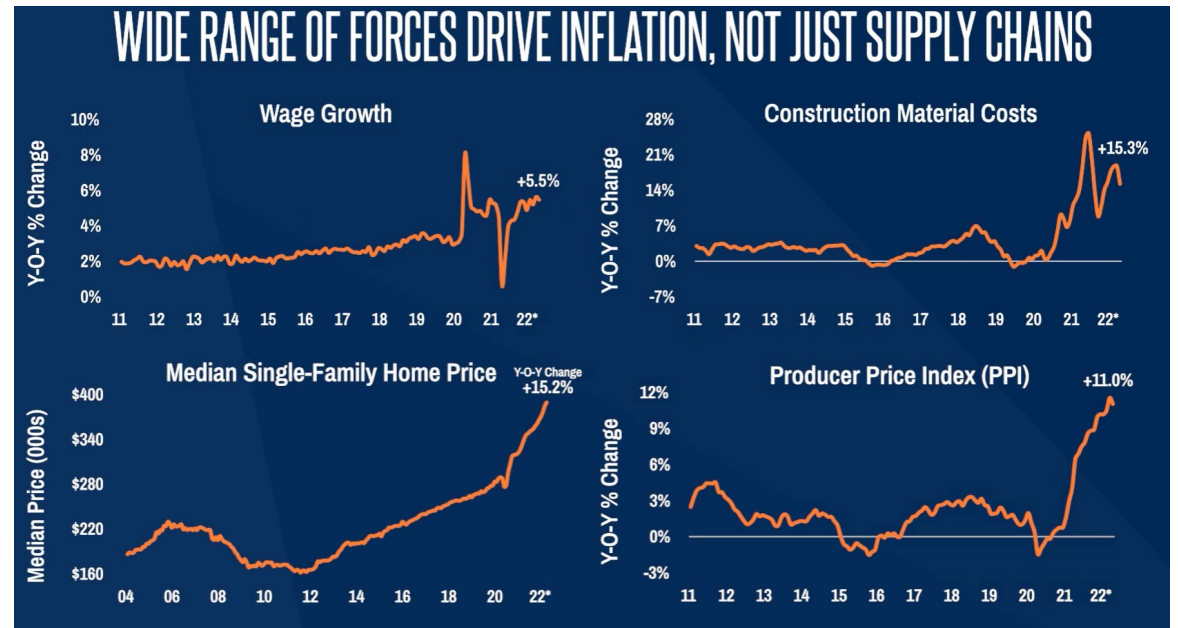
- The challenges we are facing are not just from the pandemic but the war in Ukraine has also exacerbated some of these issues.





# LABOR SHORTAGE DRIVES WAGE GROWTH

- ❑ Labor shortage forcing companies to bid for workers driving wage growth to almost double the normal pace.
- ❑ All of these factors play a role in inflation and not just supply chain issues.

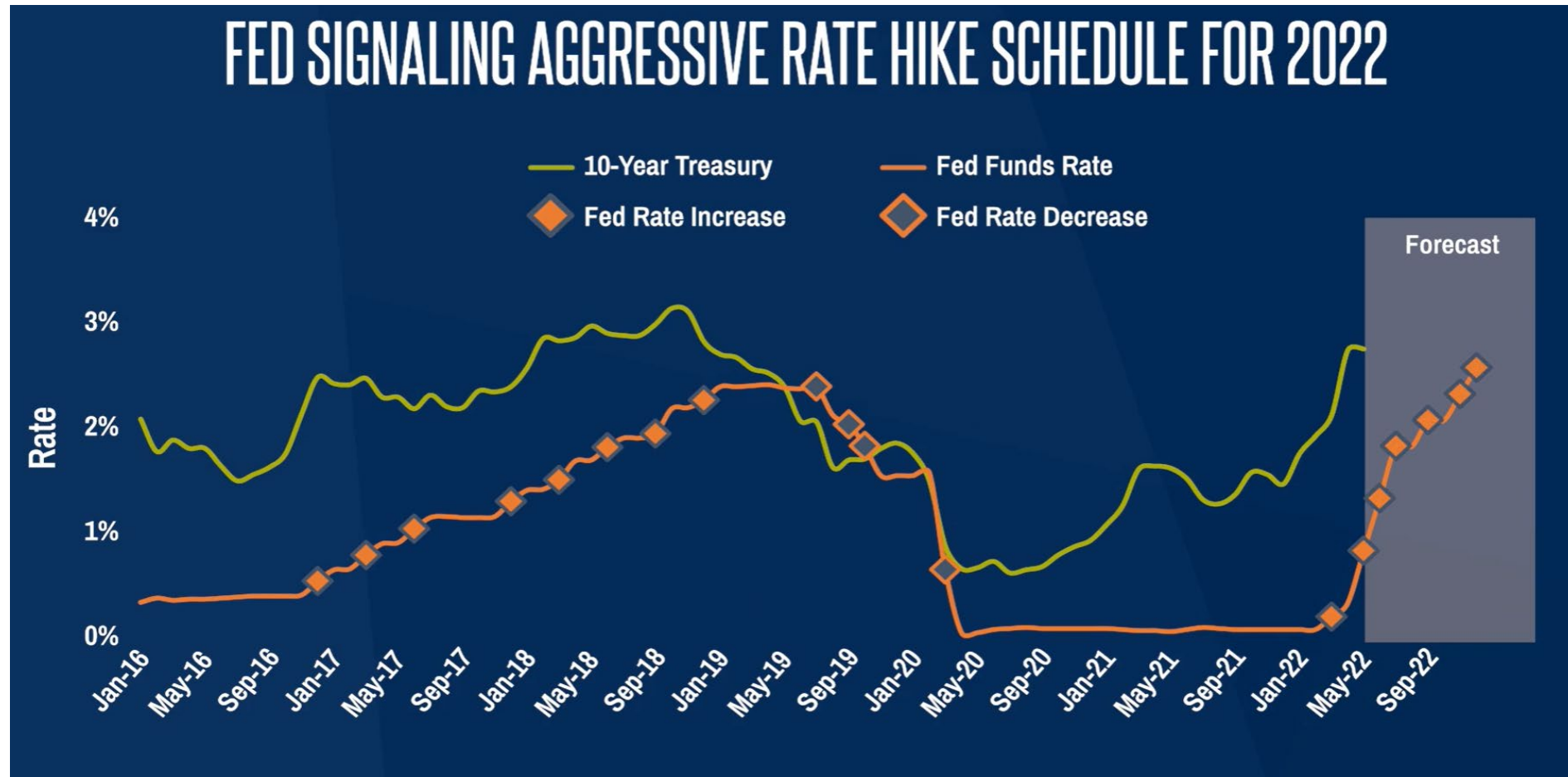


# INFLATION ON THE RISE; IT COULD BE VERY PERSISTENT IN 2022



# INFLATION FORCING FED TO TAKE ACTION

- Fed forced to take action by raising the overnight fed funds rate. Trying to increase the cost of borrowing short term loans. Some say these moves are to talk us down into a recession to combat inflation.



# INFLATION FORCING FED TO TAKE ACTION

- A lot of people talk about the fed funds rate but soon the big headline of discussion will be the fed reducing their balance sheet to increase long term rates. This will ramp up in September.

📊 Capital flows are something to keep your eyes on to see where the puck is going and to be able to anticipate well.

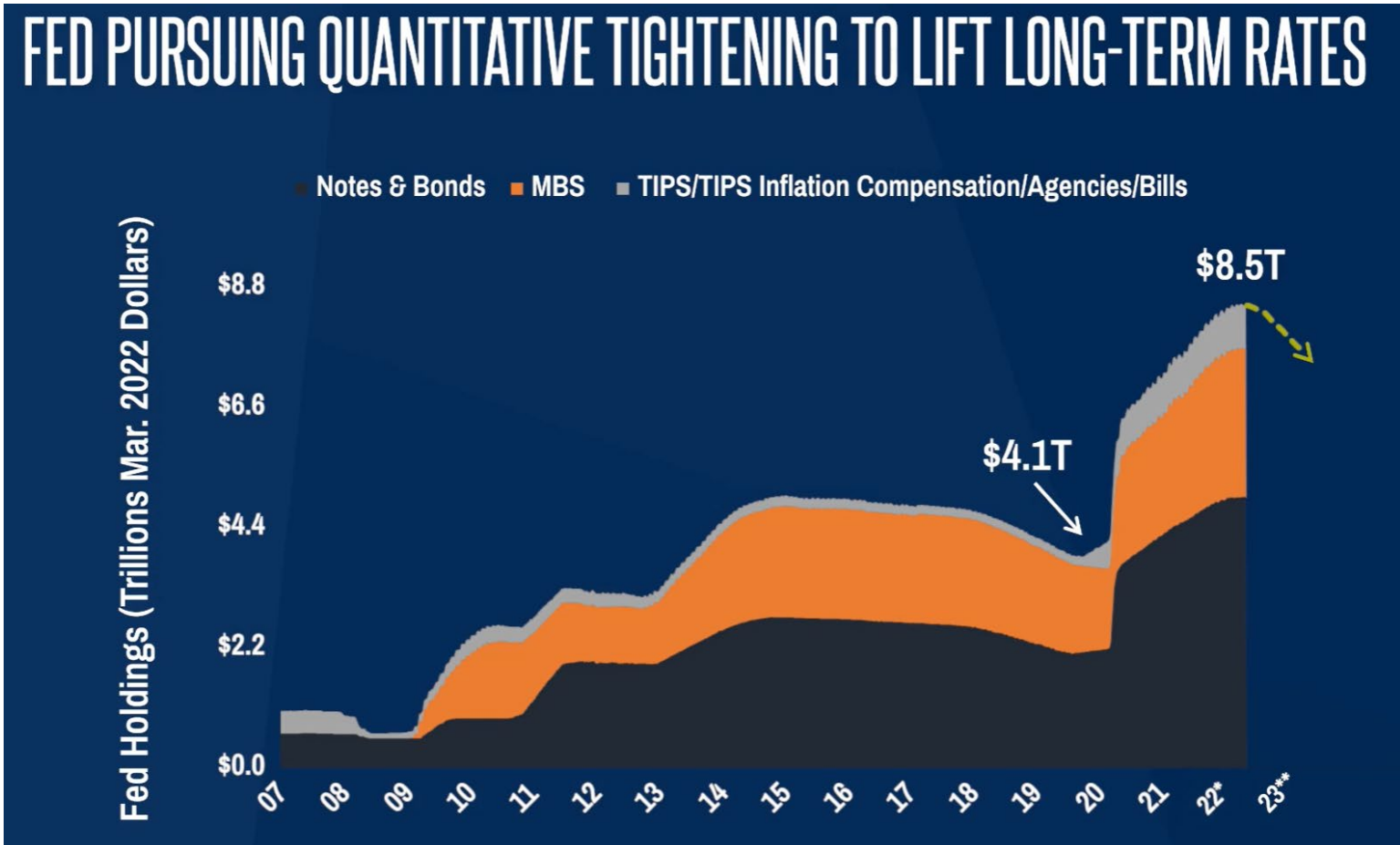
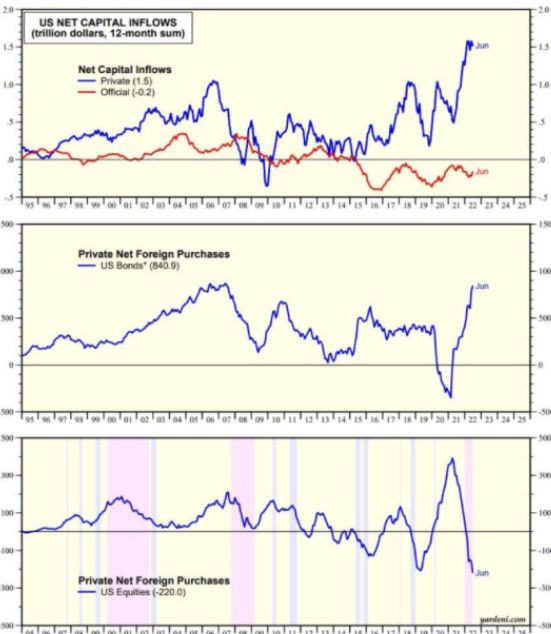
🏠 If foreign money is flowing into bonds like this, it will likely trickle down into CRE as well. Or will it?

🗣️ Per Edward Yardeni: Money from overseas is pouring into the US capital markets, which foreign investors regard as a haven in a world that's increasingly unsafe for them. Their mantra is "TINAC: There is no alternative country!"

"The US Treasury International Capital System (TICS) reported on Friday that private net capital inflows totaled \$1.5 trillion over the past 12 months through July, near recent record inflows (chart below).

Over this same period, foreigners' net purchases of US bonds totaled \$880.4 billion, while their net equity purchases were -\$248.2 billion. The bond purchases included \$634.5 billion in US Treasuries, \$121.0 billion in agency bonds, and \$125.0 in corporate bonds."

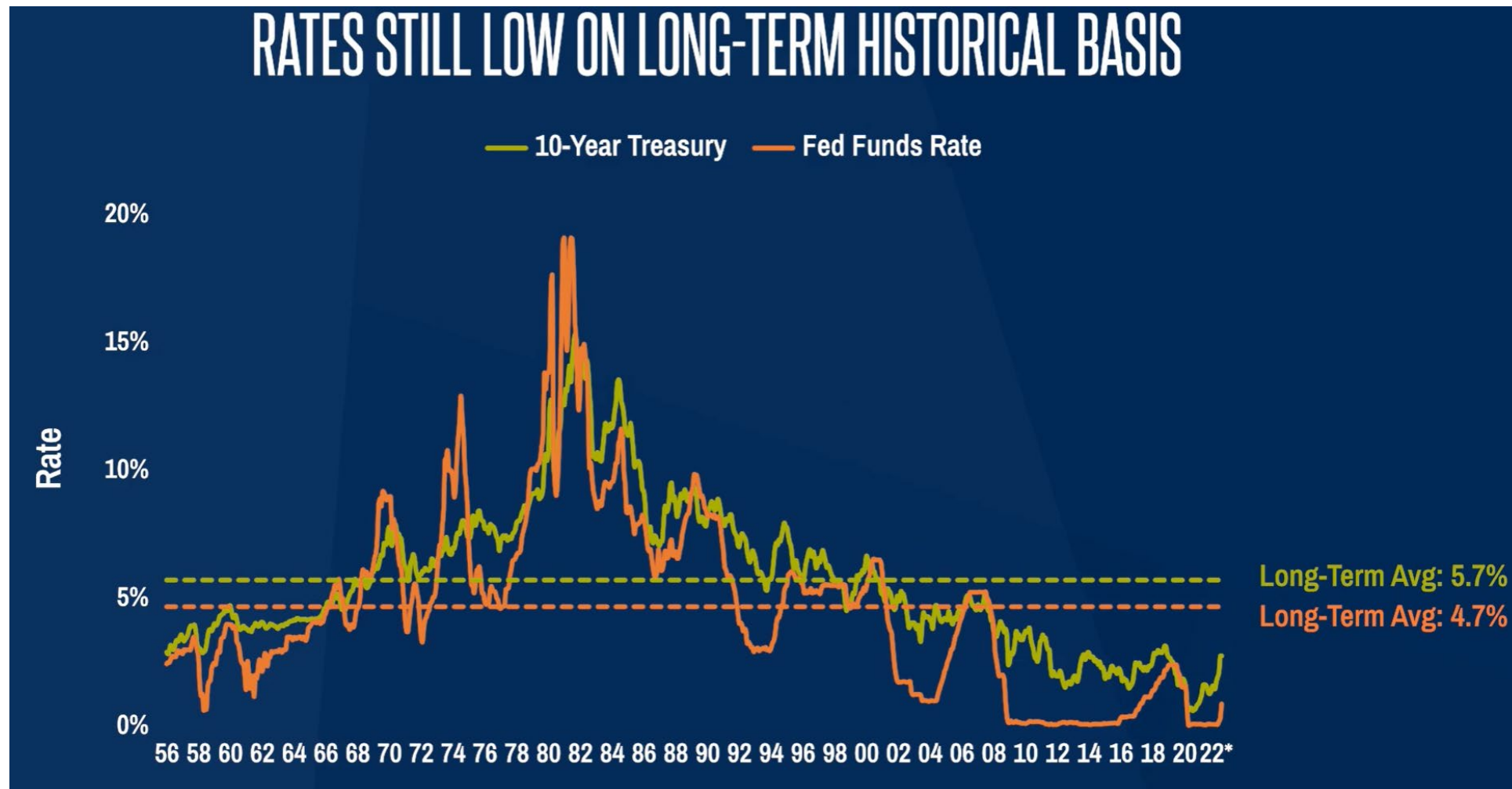
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# HISTORICALLY STILL LOW RATES

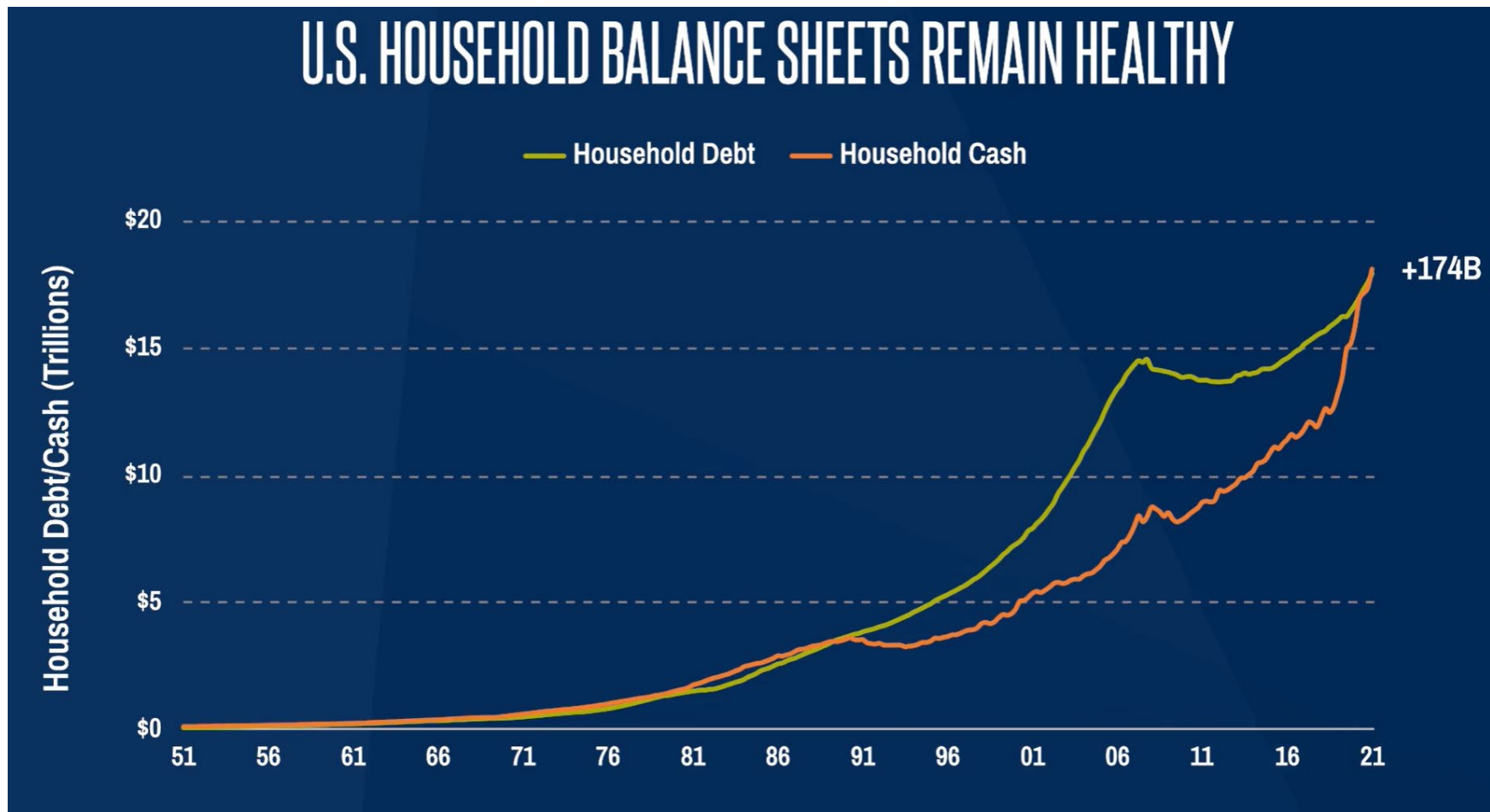
- ❑ Markets are going through the initial shock of the changes to interest rates but once everyone gets over that initial shock, things should begin to normalize.
- ❑ The Fed is trying to tap down consumption with higher rates.





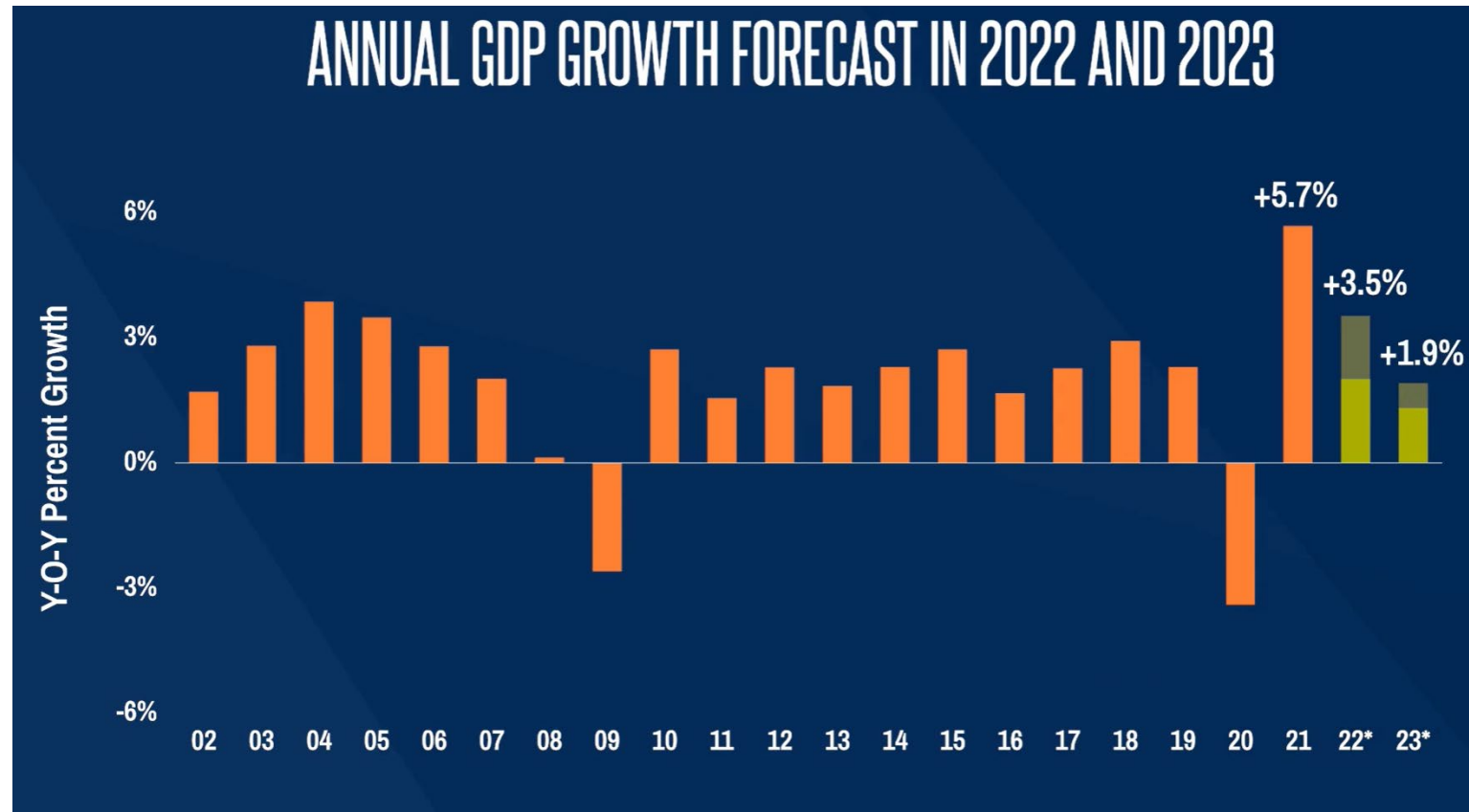
# SURPLUS IN HOUSEHOLD SAVINGS A BLESSING AND CURSE

- ❑ The fed is trying to tap down consumption by raising the cost of borrowing. A potential problem is that U.S. households have more cash available than ever before and therefore raising the cost of borrowing may have less impact on inflation than desired. This means that raising rates may be a slow curtail to inflation and may take longer than the fed hopes.



# THE FED MAY TRY TO PUSH US INTO RECESSION

- If raising rates takes longer than anticipated and they are unable to “talk down” inflation, they may try to push the economy into recession territory to curtail inflation. Although that risk is out there, the baseline expectation is that GDP will grow between 2-3.5% this year and dipping just below 2% next year. All things considered, that’s not bad.



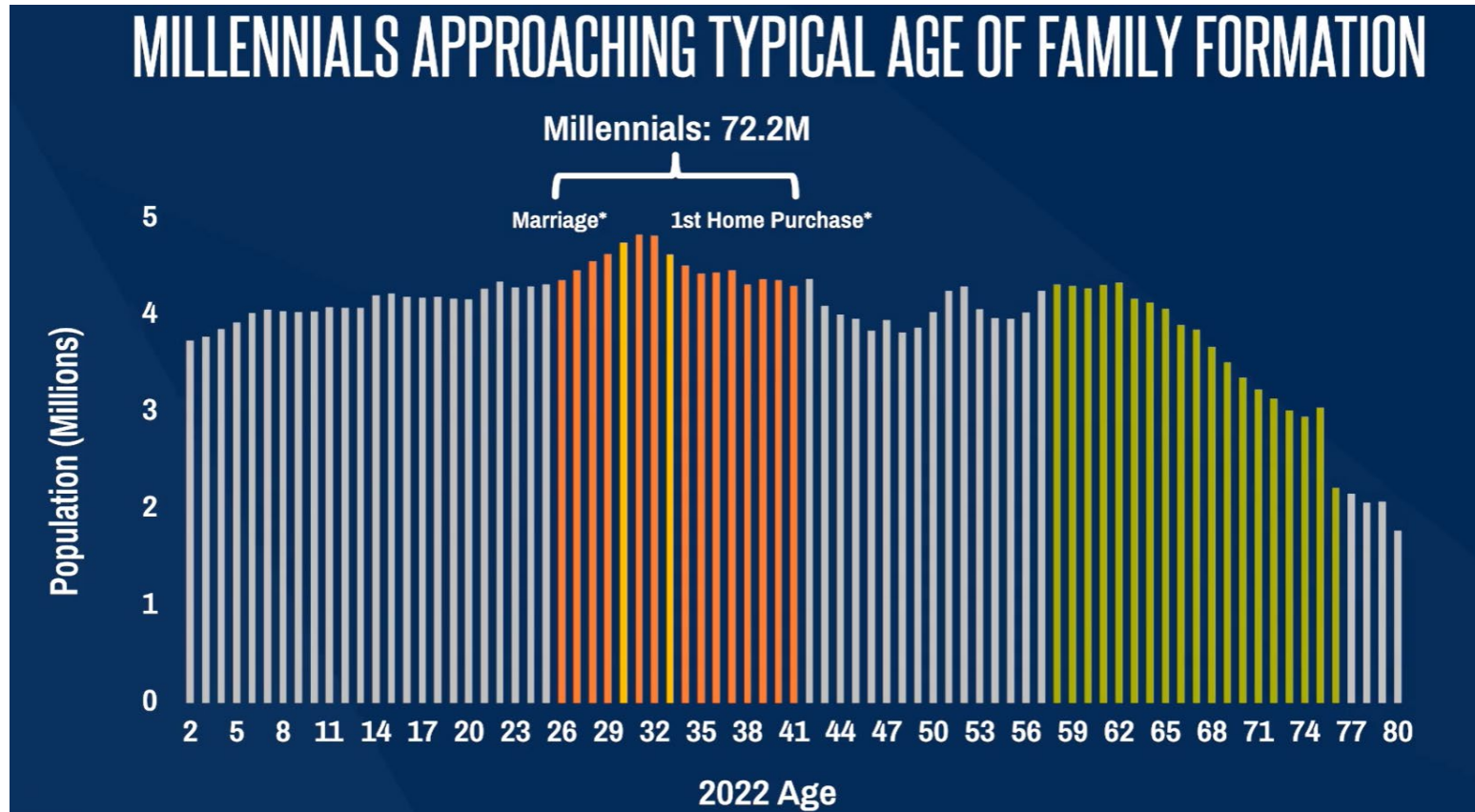
# WITH ALL THIS.... WHY COULD BFR BE AN OPPORTUNITY?





# MACRO DRIVER: MILLENNIALS FORMING NEW HOUSEHOLDS

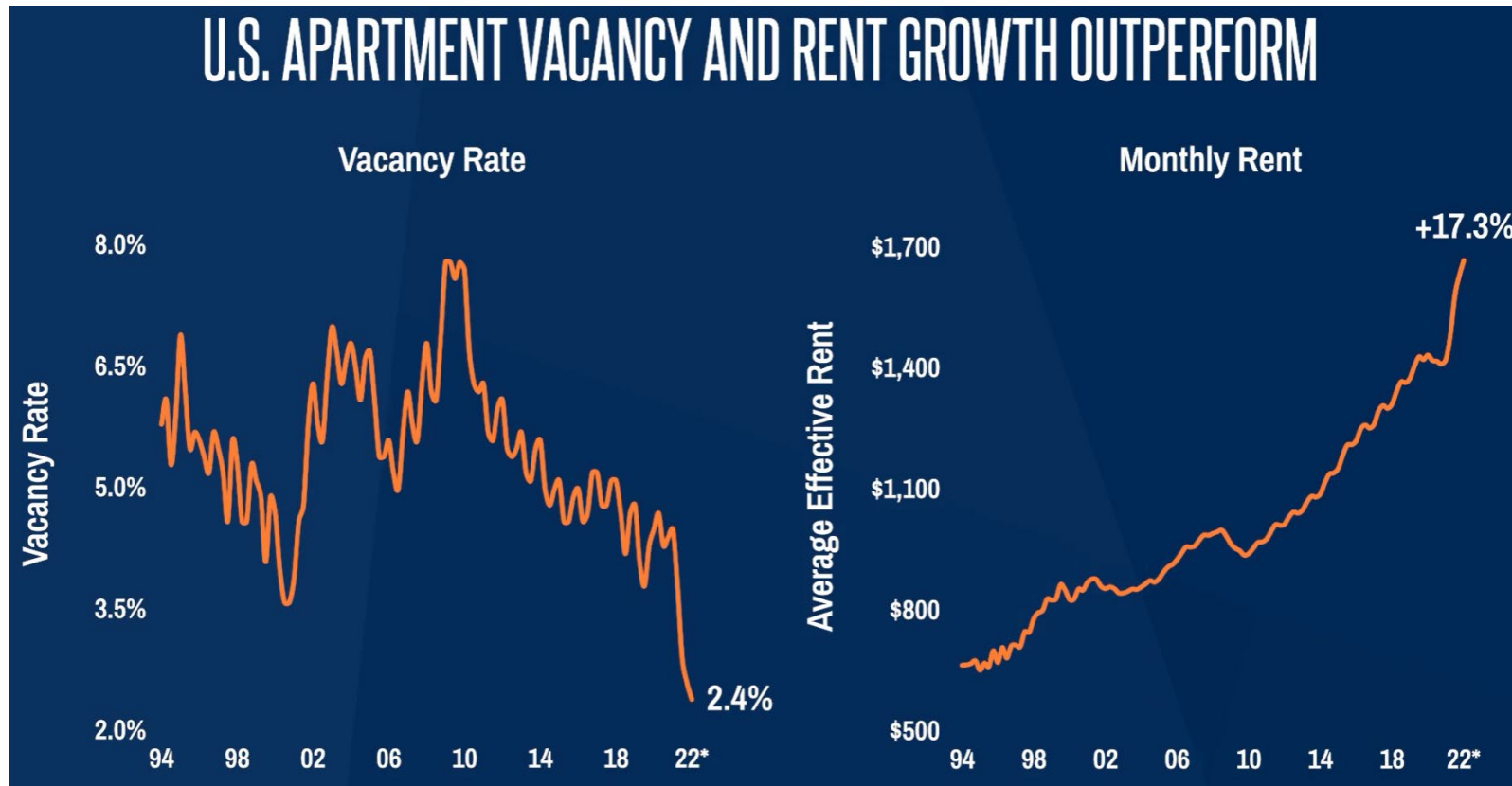
- ❑ There are 72 million millennials between 26 and 40 years old the peak age of the cohort is 30 or 31 years old,
- ❑ The median age of marriage in the US is 30 years. And that is a key trigger point to form a new household.
- ❑ The median age of first time homebuyers is 33.
- ❑ Pressure on the housing market. Yes, rising
- ❑ Interest rates will take some of the pressure off. But at the end of the day, we have a demographic wave right on the cusp of moving out on their own.
- ❑ Housing market is due for a correction? There is a housing supply shortage, and it won't go away for several years.





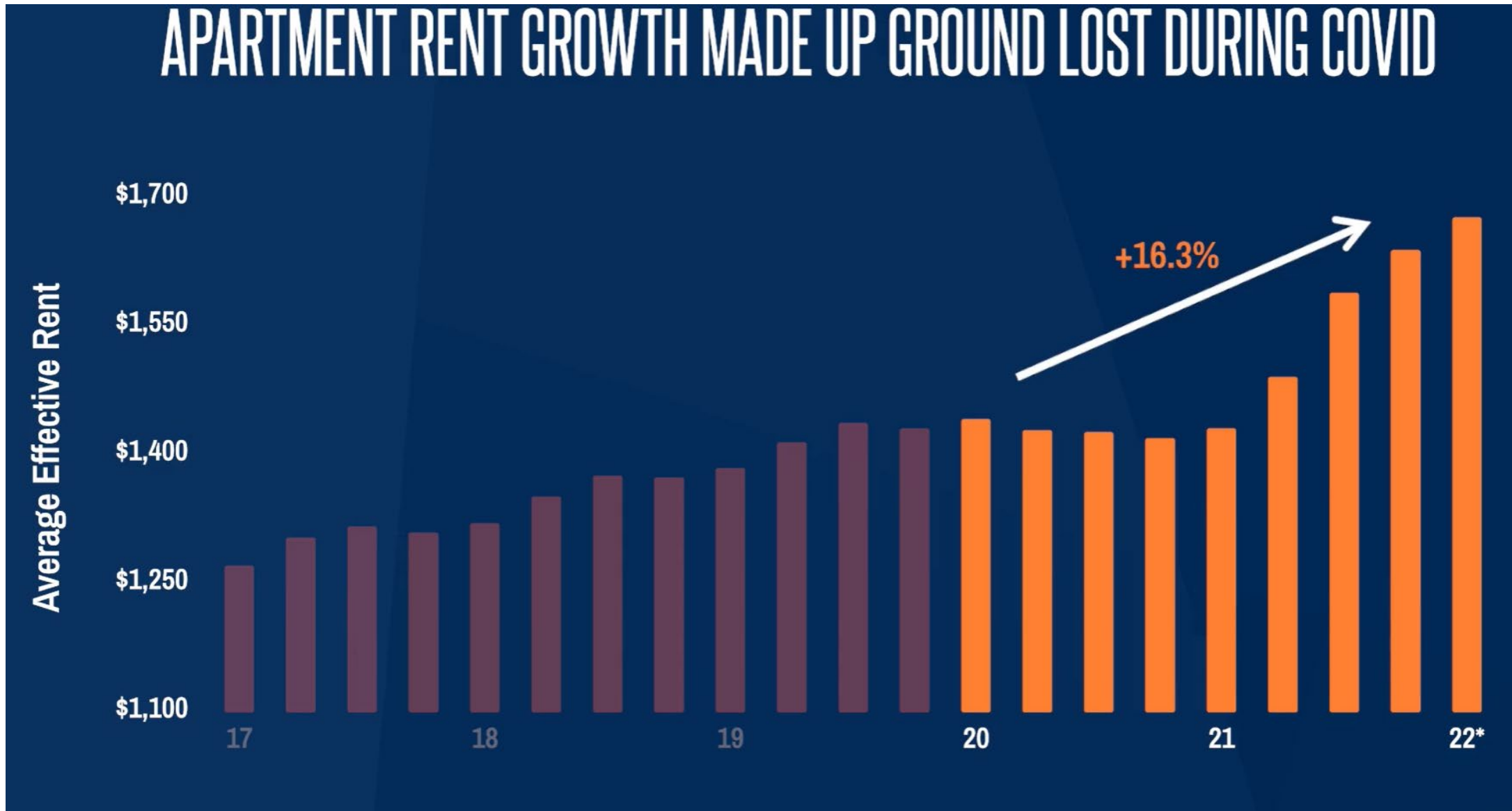
# MACRO DRIVER: MILLENIALS FORMING NEW HOUSEHOLDS

- Housing demand set an all time high in 2021, the total unit absorption hit nearly 660,000 units. (Highest ever on record)
- The record demand reflects a deep bundling of households as vaccines became readily available, and states ended lock downs.
- A lot of marriages and other household formation events had been delayed by the pandemic, and we saw the release of that pent up demand over the last year.
- The end result was a record low vacancy rate of 2.4% at the end of the first quarter of 2022. And a dramatic surge in rents on a year over year basis. average rents in the first quarter of 2022 were up by 17.3%.



# RENT GROWTH HAS BEEN HISTORIC AND SET TO CONTINUE

## APARTMENT RENT GROWTH MADE UP GROUND LOST DURING COVID



# STRUCTURAL SUPPLY AND DEMAND IMBALANCE

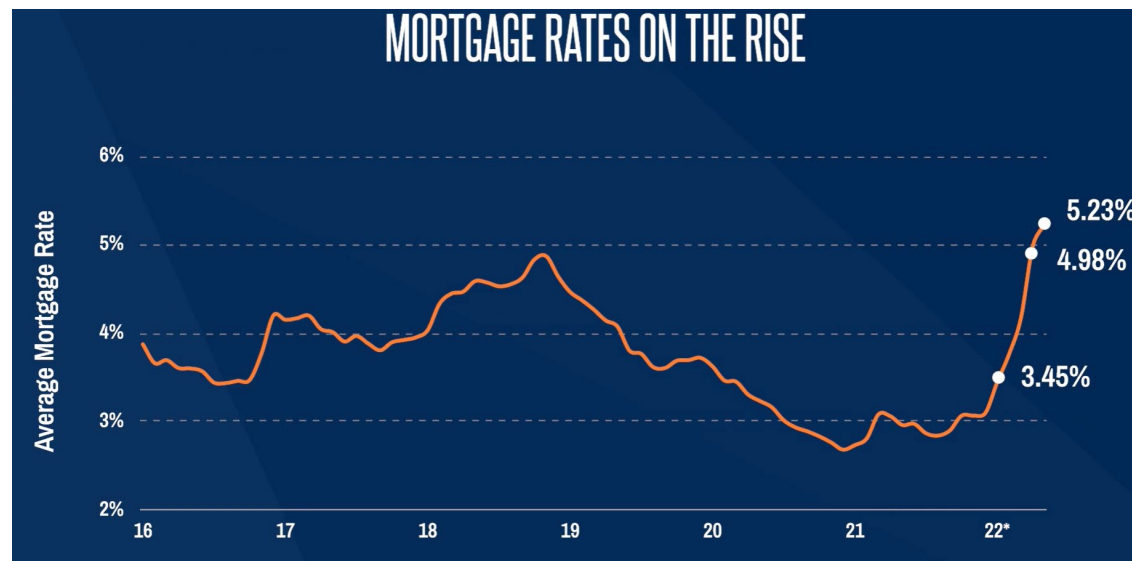
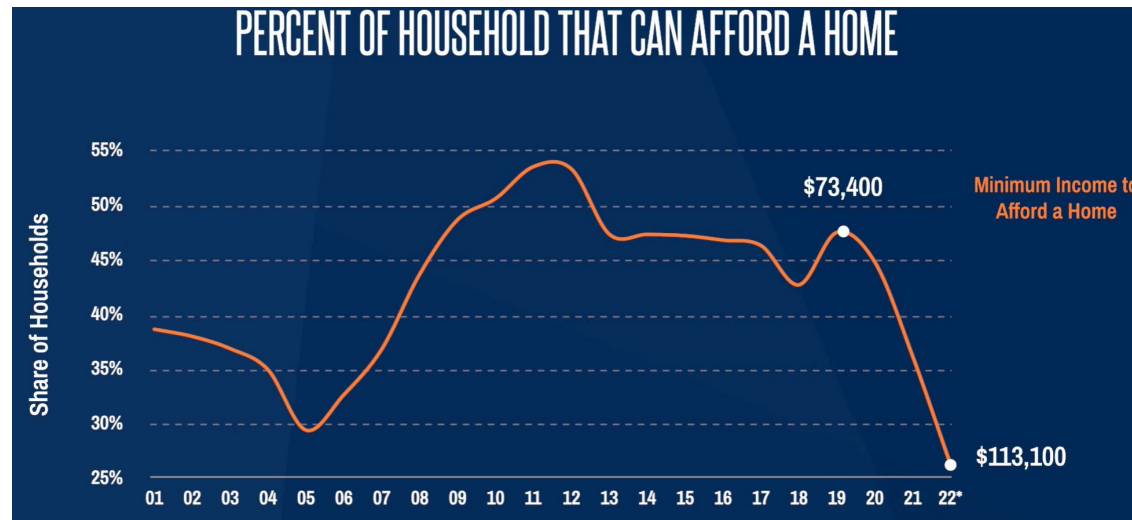
- Although household formation should be surging there are not enough homes or apartment units for millennials to move out from either parents homes or with roommates.

## HOUSING AVAILABILITY IS HISTORICALLY LOW



# HOUSING AFFORDABILITY INCREASES APARTMENT DEMAND

- In addition to there not being enough homes, the housing affordability has increasingly pushed millennials to remain renting vs buying a home. This is being further stressed by rising interest rates, pushing would be home buyers to remain apartment renters. Buyers currently need a household income of \$113,100 to qualify for a median priced home.





# **BARRIER TO ENTRY**

Time

Knowledge

Capital

Trust

# DEAL FUNNEL (SHOW HOW MUCH WORK IT TAKES)

## Deal Sourcing Process

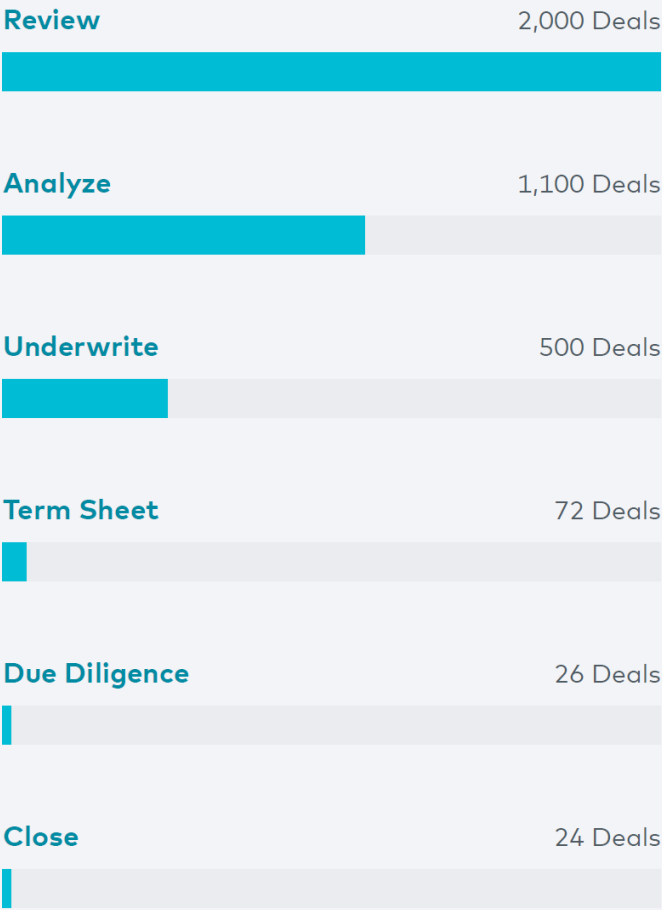
We are rigorous and selective in choosing the deals we invest in.

Finding quality real estate opportunities is a highly competitive endeavor. Our acquisitions professionals live and work in their target markets, formulating trusted relationships with the right people to give us an undeniable edge in sourcing off-market, exclusive deals for our investors.

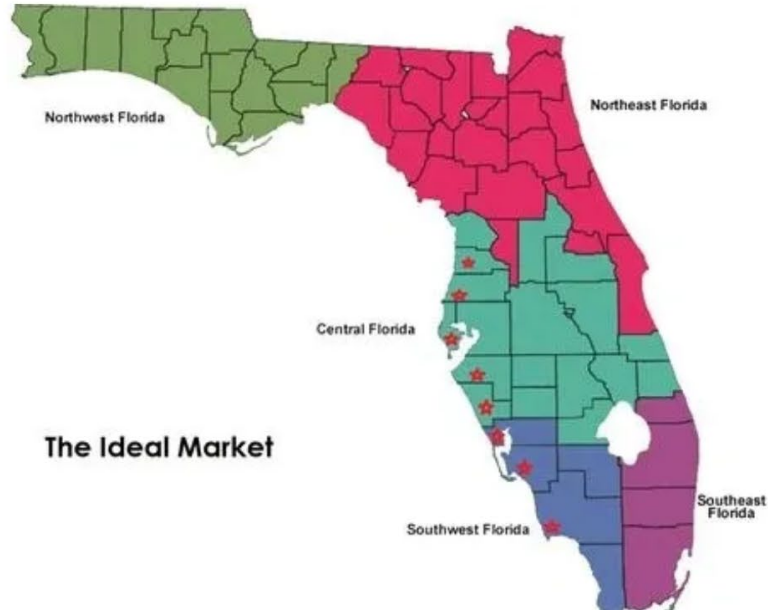
50%+

DEAL PIPELINE SOURCED  
OFF-MARKET

### Annual Deal Funnel



# WHERE DO WE SEE OPPORTUNITY: FLORIDA GULF COAST



PROVIDING FOR AN UNDER SERVED MARKET

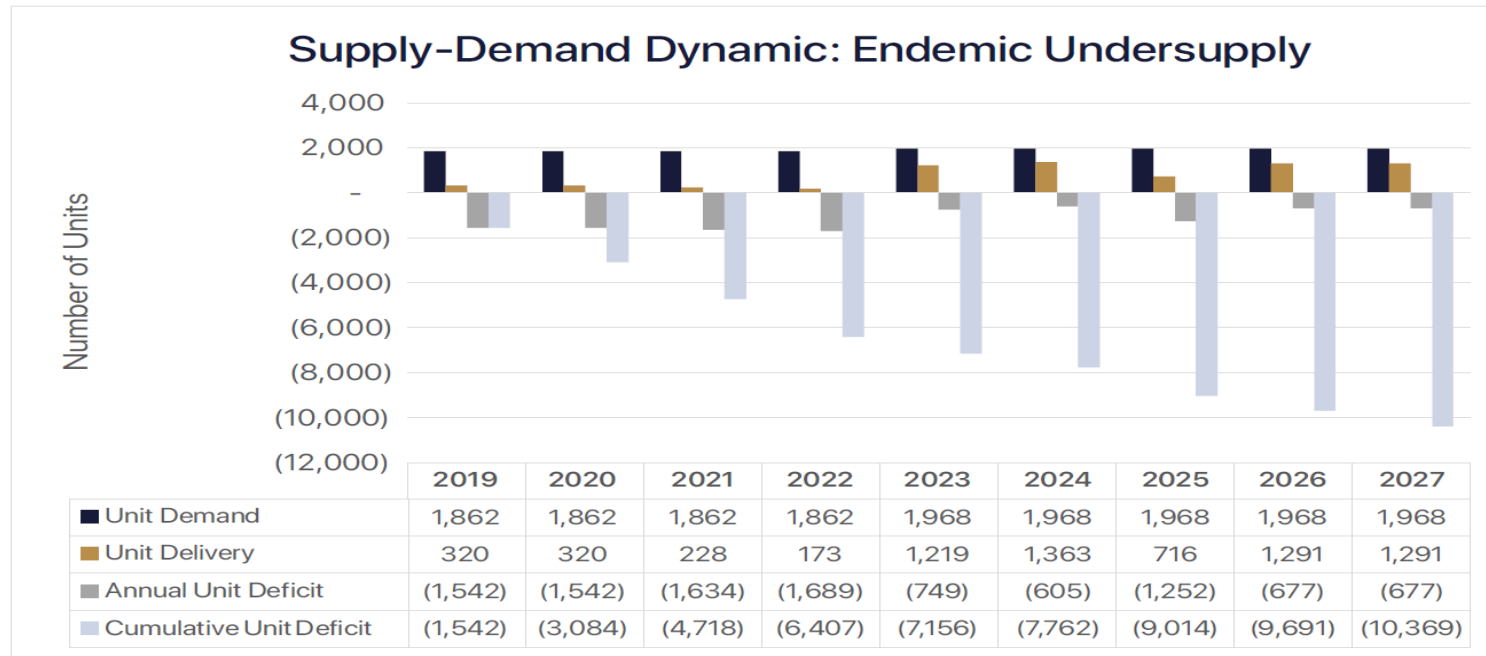
## FLORIDA GULF COAST REGION

We have selected the Gulf Coast Region of Florida because of the unique combination of superior lifestyle, weather, demographics, affordability and long term economic growth potential.

## The demand for additional rental apartments in the City of Cape Coral stands at 1,862 units per year from 2019 to 2022.

*\*Source: "NEED FOR MULTI-FAMILY RENTAL APARTMENTS" Prepared for City of Cape Coral Economic Development Office Prepared By: Reinhold P. Wolff Economic Research, Inc.*

According to U.S Census data, population during that time period increased by 5,278 persons per year.  
From 2022 – 2027 population is projected to increase by 5,575 persons per year.  
During that time period, demand for additional rental apartments stands at 1,968 units per year.



**In 2022 only 173 units are projected to be delivered based on current construction.**



# BFR ....A SUB-SECTOR OF MULTIFAMILY

## SOLVES THE SUPPLY AND AFFORDABILITY IMBALANCE

Build-For-Rent

Single Family Living For Multifamily Appeal

New single-family homes/townhouses built from the ground-up for the specific purpose of renting to tenants

Contiguous master-planned communities

**Not** homes built for sale and then converted to rental properties

**Not** scattered SFR portfolios



# TYPES OF BFR PRODUCTS



## Horizontal Multifamily “Cottage Homes”

- Single Family detached
- Resembles MF product with unit mix & amenities
- High percent of pet owners
- Low turnover
- Typically, one platted lot



## Two Story Townhouse & Single Level Rowhomes

- Homes in two to seven unit building configurations
- Typical tenants are young families with and without children
- 1300-1700 SF



## Luxury Single Family

- Detached homes on individual lots: 2000-3000 SF
- Typical tenants are working professionals, some families with children. Most likely to be older and higher income



## Traditional Single Family

- Detached homes on individual lots
- Typical tenants are families with children and working professionals



# CAPITAL IS FLOODING THE BFR SPACE

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MARKETS SECTORS TECHNOLOGY BEST PRACTICES COVID-19 REAL ESTATE FORUM EVENTS NOMINATIONS THOUGHT LEADERS MORE

## Capital Is Pivoting from Multifamily Into the BTR Space

The increased demand for single-family rental product is pulling players from the apartment market into the build-to-rent arena.

THE REAL DEAL

NATIONAL NEW YORK SOUTH FLORIDA LOS ANGELES SAN FRANCISCO CHICAGO

NEWS MAGAZINE RESEARCH EVENTS VIDEO EDUCATION PARTNERS

## CalSTRS venture will invest \$1B in build-to-rent homes

Pension fund and Pacific Coast Capital Partners will target existing properties and develop new ones in fast-growing sector

MHN

MULTI-HOUSING NEWS

#MHN Awards2022 Property Types Markets Webinars

## PCCP Forms \$1B SFR JV

Yardi Matrix

## Institutions Are Flocking To Build Single-Family Rentals

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MARKETS SECTORS TECHNOLOGY BEST PRACTICES COVID-19 REAL ESTATE FORUM EVENTS NOMINATIONS THOUGHT LEADERS MORE

## Hunt Cos. Launches Avanta Residential To Tap Growing SFR Demand

The single-family rental sector is flourishing and what better time to capitalize on the trend than now? That's the thinking behind Avanta Residential...

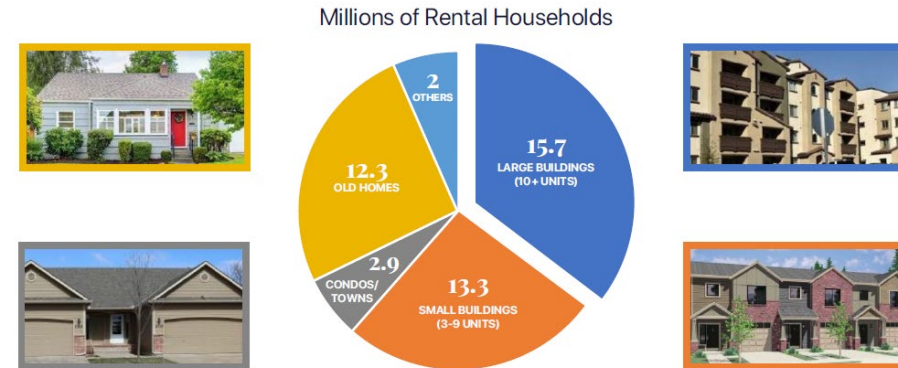
# MACROECONOMIC DRIVERS OF BFR SFR

## Economic Drivers of BFR Single Family Rental

Recent consumer demand has propelled single family rentals as the fastest growing segment of the U.S. housing market.

The SFR market is estimated at \$3.4 trillion, compared to \$3.5 trillion for the multifamily market.

**33% off all renters rent old homes and condos, with little opportunity to rent a new home.**



### Limited Supply:

- New housing deliveries are still 9% below the historical average. A recent Freddie Mac study states that the U.S. economy is 2.5 million housing units below what is needed to match long-term demand.
- Completion of entry level homes are even more depressed as the percentage of new homes with fewer than 1,800 square feet or below \$200K has dropped off in recent years reducing options for the more affordable minded buyer
- Quality of SFR rental stock is suffering from this lack of new supply as 86% of SFRs are 19+ years old

### More financing is available in this expanding space:

- Capital for build-for-rent communities is becoming more readily available as lenders realize the impressive yields from this investment class.

### Increased Demand:

- There are 46.2M rental households in the United States. Nearly 33% of all renters are in Single Family rentals (15.2M households).
- 13 million rental households are expected to be formed by 2030, according to the Urban Institute.
- 65% of Americans under the age of 35 currently rent.
- Although 92% of millennials consider homeownership a good investment, 48% of young adults say they will delay buying a home because of their student loans.



# OUR DEVELOPMENT PIPELINE



106 UNITS OPPORTUNISTIC

\$27,026,933

**Cape Vista Apartments**  
Cape Coral, FL

Multi-Family

Under Construction



380 UNITS OPPORTUNISTIC

\$104,200,000

**Freedom Venture Villas Community**  
Cape Coral, FL

Single-Family BFR

Coming Soon



134 UNITS OPPORTUNISTIC

\$34,740,000

**Freedom Venture Villas Community**  
Cape Coral, FL

Single-Family BFR

Coming Soon



250 UNITS OPPORTUNISTIC

\$53,550,000

**Freedom Venture Villas Community**  
Rotonda, FL

Single-Family BFR

Coming Soon



134 UNITS OPPORTUNISTIC

\$34,740,000

**Freedom Venture Villas Community**  
Cape Coral, FL

Single-Family BFR

Coming Soon



16 UNITS OPPORTUNISTIC

\$7,500,000

**Arboleda At Cape Haze**  
Rotonda West, FL

Light Industrial

Coming Soon



80 UNITS OPPORTUNISTIC

\$27,000,000

**Cape Vista South**  
Cape Coral, FL

Multi-Family

Coming Soon



15 UNITS OPPORTUNISTIC

\$6,000,000

**Arboleda At St Pete**  
St Petersburg, FL

Townhouse

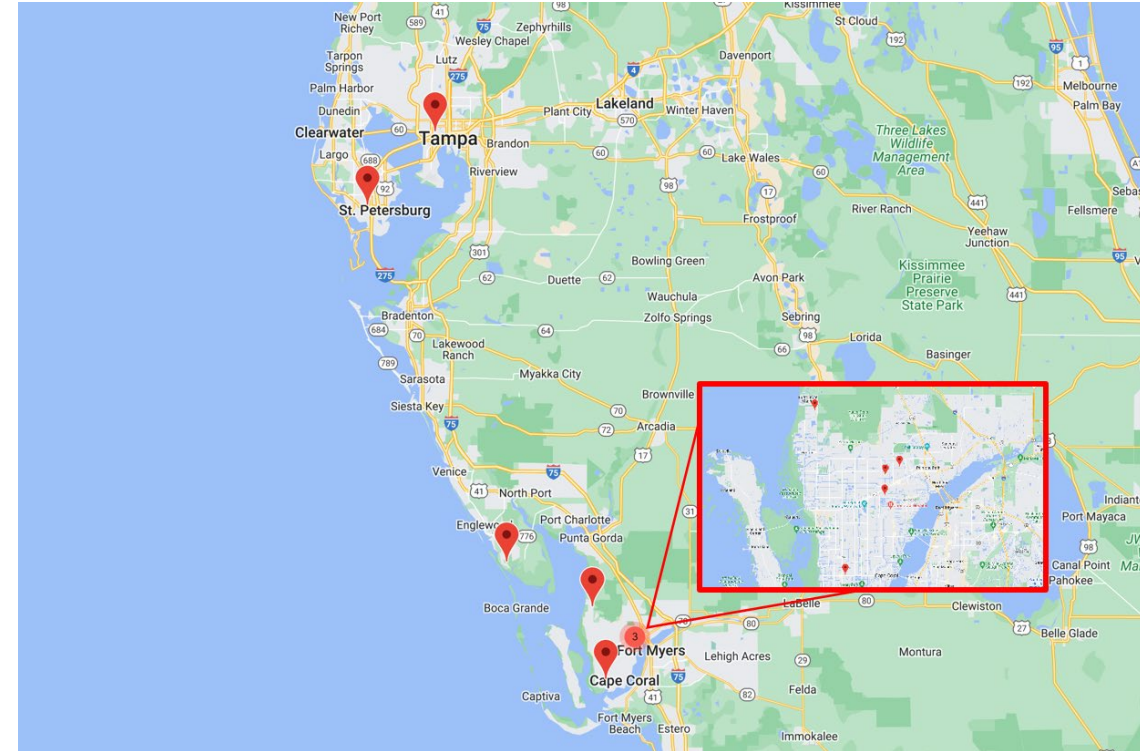
Coming Soon

# DEVELOPMENT PIPELINE

## 8 Development Projects

### Suncoast Build For Rent Fund – 1115 Total Units

- **Business plan** = 1-2 year development followed by 4-5 year Hold. If the market is roaring when we finish development, we will sell, if it is not as hot as we would like, we will “season” the assets by operating them for an additional couple of years while the properties become more valuable. During the “operations” phase, the properties will kick off cash flow while investors wait for larger returns.
- We “de-risk” the development by building assets that will cash flow nicely regardless of market timing.
- Diversified in asset type, project size, location, and finish level





# UNDER CONSTRUCTION IN OUR THE PIPELINE

## PROJECT PROGRAM & SUMMARY



### Overview

The Sponsor, a local expert with 25 years in the market, is seeking a joint venture equity partner for the development of Cape Vista, a 106-unit residential community located in Cape Coral, FL.

The project will be delivered with limited amenities as the most affordable market rate product available, capitalizing on high demand in an undersupplied upper-workforce/lower mid-tier segment in the 15th fastest growing city in the country.

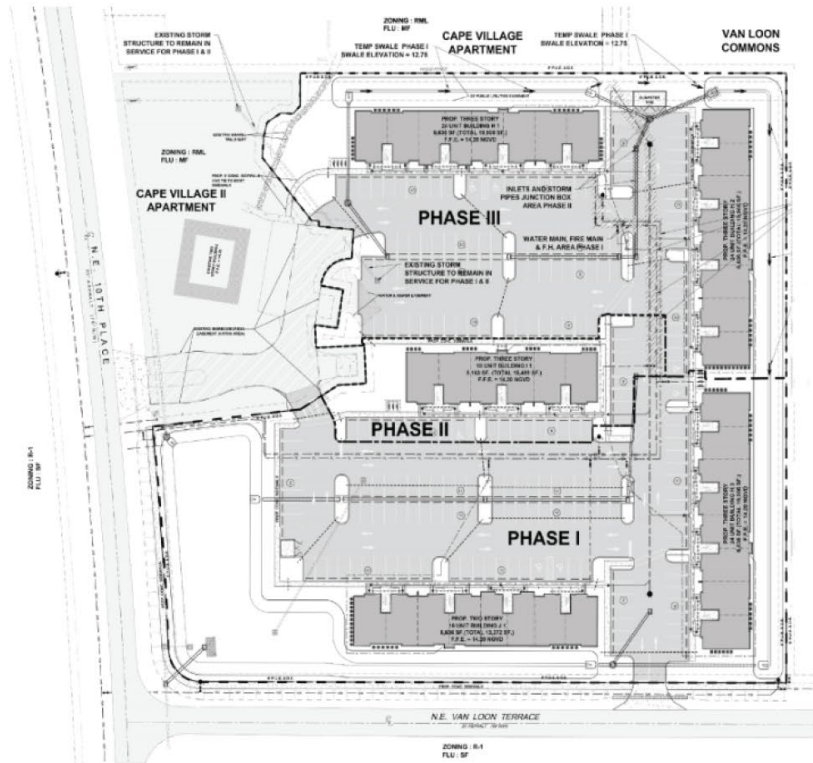
Freedom Venture acquired the land in January 2022. The site is fully entitled with a city approved site plan. Site Development has been bid out and is ready to commence immediately upon permanent capitalization.

The Site is well situated to benefit from the continued growth of Cape Coral as market fundamentals continues to fuel growth. Cape Vista provides potential investors the opportunity to participate in the development and ownership of a high demand apartment community specifically designed and configured to achieve above market returns.



# Under construction in our the pipeline

## CAPE VISTA APARTMENTS SITE PLAN



**NOT A PHASED DEVELOPMENT**



## SITE WORK



### Cape Coral Demographic Highlights:

- 5th Largest Growth Rate Among Mid-Sized Cities Between 2010-2020 In 2010, Cape Coral was home to 154,736 residents. By 2020, that number swelled to 200,972 residents, representing a 29.88% growth in its total population.
- Fast Growth - Cape Coral is one of the fastest-growing cities in the U.S. experiencing a 2.8% growth rate annually
- 8th Largest City in the State of Florida
- Largest city located between Miami and Tampa
- Getting Younger. The median age is 42 and witnessing the arrival of millennials and a growing workforce to support expanding technology, office, and industrial companies
- Please see accompanying Moody's Précis



### KEY RANKINGS:

- **Ranked #2 of Where More Young Residents Are Buying Homes** – 2021 Study (Smartasset.com)
- **Ranked #2 of The 25 Most Up-and-Coming Cities in America** - 2021 Study (Neighbor)
- **Ranked one of the best U.S. cities to start a business** (Inc. 2020 Surge Cities)
- **Cape Coral Metro Area is listed as one of the Top 10 fastest-growing cities in the nation** (Forbes Magazine, 2018)
- **Ranked one of the safest cities in the state of Florida** (WalletHub)
- **Consumer Affairs: Cape Coral Ranked No. 13 Among Fastest-Growing Cities in the U.S.**



## AERIAL VIEW



Address: **35 NE 10th PL Cape Coral, FL 33909**

Cape Vista is ideally located near the city center of Cape Coral. The property is nestled between Pine Island Rd to the North, Del Prado Blvd to the East and Hancock Bridge Pkwy to the South, making it an equidistant drive to all corners of Cape Coral for employees of major retailers, health care, and hospitality.

Cape Coral is Florida's third largest city by land mass, and nearly three-fourths of Florida's population is within a 150-mile drive of the Cape, efficiently accessed via Interstate 75. The Cape's most significant geographic asset is the more than 400 miles of waterways – 222 miles of salt water canals, 180 miles of fresh water canals connecting dozens of fresh water lakes, and 31 miles of shoreline.





# OUR DEVELOPMENT PIPELINE



106 UNITS OPPORTUNISTIC

\$27,026,933

**Cape Vista Apartments**  
Cape Coral, FL

Multi-Family

Under Construction



380 UNITS OPPORTUNISTIC

\$104,200,000

**Freedom Venture Villas Community**  
Cape Coral, FL

Single-Family BFR

Coming Soon



134 UNITS OPPORTUNISTIC

\$34,740,000

**Freedom Venture Villas Community**  
Cape Coral, FL

Single-Family BFR

Coming Soon



250 UNITS OPPORTUNISTIC

\$53,550,000

**Freedom Venture Villas Community**  
Rotonda, FL

Single-Family BFR

Coming Soon



134 UNITS OPPORTUNISTIC

\$34,740,000

**Freedom Venture Villas Community**  
Cape Coral, FL

Single-Family BFR

Coming Soon



16 UNITS OPPORTUNISTIC

\$7,500,000

**Arboleda At Cape Haze**  
Rotonda West, FL

Light Industrial

Coming Soon



80 UNITS OPPORTUNISTIC

\$27,000,000

**Cape Vista South**  
Cape Coral, FL

Multi-Family

Coming Soon



15 UNITS OPPORTUNISTIC

\$6,000,000

**Arboleda At St Pete**  
St Petersburg, FL

Townhouse

Coming Soon



# What's Next?



## **Upcoming Webinar – October Webinar TBD**

➔ Register today & join us October 19!



## **Have feedback or topic requests?**

➔ Let us know in the survey as you leave



## **Need more information on SDIRAs?**

➔ Visit our website and Learning Center



## **Follow us on social media for updates**



# Time for Questions



# Stay Connected



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“

Teachers open the door  
but you must enter yourself

- *Proverb*