PATTERSON
REAL ESTATE ADVISORY GROUP

CAPITAL VIEWS

"The good news is this: overall the capital markets are performing, good deals are getting done and most capital providers are back in the game."

PATTERSON PERSPECTIVE

LANCE PATTERSON, ***Chief Executive Officer***
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2020 - well, that's over with.

Maybe that's about as much as I can or should write as the preamble to the sixth and winter 2020/21 edition of our company's newsletter. I don't know what I could add to everything people have gone through – personal health issues, home schooling, quarantining, not seeing family, boredom, loss of jobs, etc. And in our industry, a mixed-bag of performance, some things popular, some things not, some lenders/investors active, others not, some properties performing well, others suffering. And of course a presidential election to top it off.

So then, I come back to this – what can or should I write about? Probably like most of you, I've wondered where our world has been heading and what we'll look like on the other side. I've questioned things quite a bit the past year, and while I've sometimes been swayed by the worst of my emotions, my faith and my heart always lead me back to this:

> America is a great, great country, the best that's ever been. As Americans, we're fortunate to live here.
>
> We've never been, and we're not now perfect.
>
> But we've done great things for the world and for ourselves, and our promise – freedom, equality, opportunity – remains a beacon for humanity.

And now, the newsletter.

US

We all know of Dickens' classic A Tale of Two Cities. For us, 2020 was A Tale of Three Years and of Five Cities. The three years being January 1st through mid-March, which was the best 10-week stretch we've ever had as a firm, followed by mid-March through mid-summer, which was, well you know. Followed by the final half of the year, which allowed us to finish the full year having closed more transactions than in any year in our 11-year history. As to the cities, we now have a physical presence in Atlanta, Charlotte, Charleston, Nashville, and as of October 2020, Tampa, where we are thrilled that Lauren Hanley joined our firm as Director of the Tampa office.

Otherwise, I can only describe our 2020 as great – everyone healthy, including our employees but also families. And business-wise, we had a very strong year, highlights including:

- Closed 46 transactions, a record year;
- Closed transactions in 10 states, including firsts for us, Texas, Ohio and Colorado;
- Heavy focus on new development, including multi-family, condominiums, hotel, senior housing, retail and industrial;
- As fore-mentioned, opened a Tampa office, something that had long been a goal;
- Fourth quarter was the strongest quarter in our company's history; and
- Closed with our 100th customer.

Although COVID scuttled most of the great personal interaction we usually have with clients, capital providers, friends and even ourselves, we'll be back doing all of these things this year. So get ready for us!

REAL ESTATE

I don't read a lot of industry data, but I don't think I need to have read much to conclude that there is a lot of equity in the commercial real estate markets. My sense is at least as much as, likely more than, at any other time in my career. For the latter half of 2020, this equity was focused mainly on two things – industrial and multifamily, and within multifamily largely on "workforce housing" – not properties that receive government subsidies, but less expensive, suburban properties targeted toward that large class of American workers who have largely been ignored by our development boom of the past 10 years.

As the year wound to a close, we were clearly sensing a desire among equity capital to find something more, as it had become extremely, brutally competitive for this type of money to be chosen on industrial and apartment transactions. So while there was no rushing herd heading toward other product types, there clearly was a "loosening" of thought – or said differently a willingness, if not a desire/need, to pursue other things. The most popular alternatives now seem to be single-family-for-rent, self-storage, even for-sale housing. Still on the "we don't know for sure how to underwrite" list is office (although opening up), with very little focus on retail, and a widely-held belief that hotels are troubled.

And debt – a mixed-bag. As has been the case throughout my career, lenders of all stripes have tended to move more slowly than equity investors. So while both lenders and equity investors immediately pulled back their efforts when COVID emerged mid-March of 2020, equity came back almost as a whole pretty quickly vs. the lending community, which has come back in a much more "spotty" fashion. Some banks and debt funds remain on the sidelines even now vs. the life companies which for traditional permanent debt have all been active throughout the latter part of 2020. The debt funds that are still not lending are largely challenged with troubled portfolios and tripped covenants within their own lines of credit, which has left them with a timid view of the markets. On the other hand, the banks that aren't active are not having substantial challenges in their portfolios, it's more just their uncertainty of how real estate is now and will continue to perform.

The good news is this: overall the capital markets are performing, good deals are getting done and most capital providers are back in the game.

THE END

And finally, as I have done in each of our five previous newsletters, I'll end with something personal. In the past, I have written about my sons, and while I could do that proudly for many, many paragraphs, I wanted instead to write something that I believe is a good reminder for all of us and especially important at this time. While written over 240 years ago, you'll recognize it, as it is the First Amendment to the United States Constitution:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

Freedom - let's go out there and enjoy it, practice it and preach it. It's both our right and responsibility. Happy 2021!

2020 SELECT TRANSACTIONS

CLIENT	WEAVER CAPITAL PARTNERS & THE SENG COMPANY
PROJECT	SEABOARD PARK
MARKET	ATLANTA, GA
TYPE	OFFICE AND INDUSTRIAL RECAPITALIZATION
ASSIGNMENT	BRIDGE DEBT
CAPITAL SOURCES	RENASANT BANK

CLIENT	SPECTRUM COMPANIES & BATSON-COOK DEVELOPMENT COMPANY
PROJECT	CAROLYN UNIVERSITY
MARKET	CHARLOTTE, NC
TYPE	MULTIFAMILY DEVELOPMENT
ASSIGNMENT	CONSTRUCTION EQUITY
CAPITAL SOURCES	HEITMAN

CLIENT	CORE5 INDUSTRIAL PARTNERS
PROJECT	C5 SOUTHGATE
MARKET	COLUMBUS, OH
TYPE	INDUSTRIAL DEVELOPMENT
ASSIGNMENT	CONSTRUCTION DEBT
CAPITAL SOURCES	SERVISFIRST BANK

CLIENT	GATEWAY VENTURES & ATLANTIC CAPITAL
PROJECT	111 JOHN WESLEY DOBBS
MARKET	ATLANTA, GA
TYPE	STUDENT HOUSING DEVELOPMENT
ASSIGNMENT	CONSTRUCTION DEBT
CAPITAL SOURCES	ARVEST BANK

2020 SELECT TRANSACTIONS

CLIENT	**ACKERMAN & CO. & ARTEMIS**
PROJECT	**SAN ANTONIO MEDICAL OFFICE**
MARKET	**SAN ANTONIO, TX**
TYPE	**MEDICAL OFFICE RECAPITALIZATION**
ASSIGNMENT	**BRIDGE DEBT**
CAPITAL SOURCES	**CROSSHARBOR CAPITAL**

CLIENT	**KAUFMAN CAPITAL PARTNERS & ATLANTIC RESIDENTIAL**
PROJECT	**LUMEN DORAVILLE**
MARKET	**ATLANTA, GA**
TYPE	**MULTIFAMILY DEVELOPMENT**
ASSIGNMENT	**CONSTRUCTION EQUITY**
CAPITAL SOURCES	**FCA PARTNERS**

CLIENT	**ACKERMAN & CO. & MDH PARTNERS**
PROJECT	**LEE & WHITE**
MARKET	**ATLANTA, GA**
TYPE	**ADAPTIVE RE-USE**
ASSIGNMENT	**BRIDGE DEBT**
CAPITAL SOURCES	**METLIFE**

CLIENT	**ALBANY ROAD REAL ESTATE PARTNERS**
PROJECT	**CENTER POINT BUSINESS PARK**
MARKET	**TAMPA, FL**
TYPE	**FLEX OFFICE ACQUISITION**
ASSIGNMENT	**BRIDGE DEBT**
CAPITAL SOURCES	**RENASANT BANK**

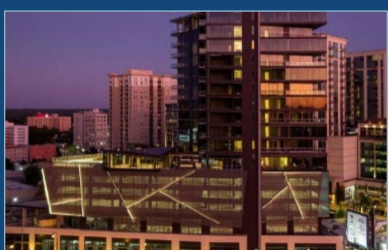
CLIENT	**SHELTON MCNALLY**
PROJECT	**NOVO JACKSONVILLE**
MARKET	**JACKSONVILLE, FL**
TYPE	**MULTIFAMILY DEVELOPMENT**
ASSIGNMENT	**CONSTRUCTION DEBT AND EQUITY**
CAPITAL SOURCES	**PCCP & SYNOVUS**

CLIENT	**DREVER CAPITAL MANAGEMENT**
PROJECT	**LARKSPUR CREEKSIDE**
MARKET	**NEW BRAUNFELS, TX**
TYPE	**SENIOR HOUSING DEVELOPMENT**
ASSIGNMENT	**CONSTRUCTION EQUITY**
CAPITAL SOURCES	**BATSON-COOK DEVELOPMENT COMPANY & FAST PREFERRED EQUITY**

2020 SELECT TRANSACTIONS

CLIENT	ALBANY ROAD REAL ESTATE PARTNERS
PROJECT	120 INTERSTATE NORTHWEST
MARKET	ATLANTA, GA
TYPE	FLEX OFFICE ACQUISITION
ASSIGNMENT	BRIDGE DEBT
CAPITAL SOURCES	DELTA COMMUNITY CREDIT UNION

CLIENT	MADISON CAPITAL GROUP
PROJECT	HARPER PLACE PHASE II
MARKET	CHARLESTON, SC
TYPE	MULTIFAMILY DEVELOPMENT
ASSIGNMENT	CONSTRUCTION LOAN
CAPITAL SOURCES	PRIVATE LENDER



CLIENT	THE LOUDERMILK COMPANIES
PROJECT	THE CHARLES OFFICE & PARKING
MARKET	ATLANTA, GA
TYPE	OFFICE AND PARKING RECAPITALIZATION
ASSIGNMENT	BRIDGE DEBT
CAPITAL SOURCES	FIRST CAROLINA BANK

CLIENT	MAB AMERICAN
PROJECT	MONROE PAVILIAN SHOPPING CENTER
MARKET	MONROE, GA
TYPE	RETAIL DEVELOPMENT
ASSIGNMENT	CONSTRUCTION DEBT
CAPITAL SOURCES	AMERIS BANK

CLIENT	HAVEN COMMUNITIES
PROJECT	HAVEN SOUTH END
MARKET	CHARLOTTE, NC
TYPE	MULTIFAMILY DEVELOPMENT
ASSIGNMENT	CONSTRUCTION EQUITY
CAPITAL SOURCES	WHEELOCK STREET CAPITAL

CLIENT	360 RESIDENTIAL
PROJECT	360 PANAMA FLATS
MARKET	PANAMA CITY, FL
TYPE	MULTIFAMILY DEVELOPMENT
ASSIGNMENT	CONSTRUCTION EQUITY
CAPITAL SOURCES	STOCKBRIDGE CAPITAL GROUP

A FLORIDA FOCUS - PATTERSON EXPANSION AND TAMPA MARKET BRIEF

LAUREN HANLEY, ***Director***
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As 2020 began to wind down, things were ramping up for Patterson here in the Sunshine State.

While last year was full of many unprecedented challenges for us all, Patterson's expansion into Tampa was a highlight as we continue to grow our geographic footprint and build on the company's success here in Florida and the Southeast.

With this expansion, we'll continue to provide local insight to serve current and future clients from our locations in Atlanta, Charleston, Charlotte, Nashville and Tampa.

As the local Director of Patterson's most recently added location, I wanted to take this opportunity to share some information on the Tampa Bay area and its positioning among the strongest markets in the Southeast.

MARKET TO WATCH

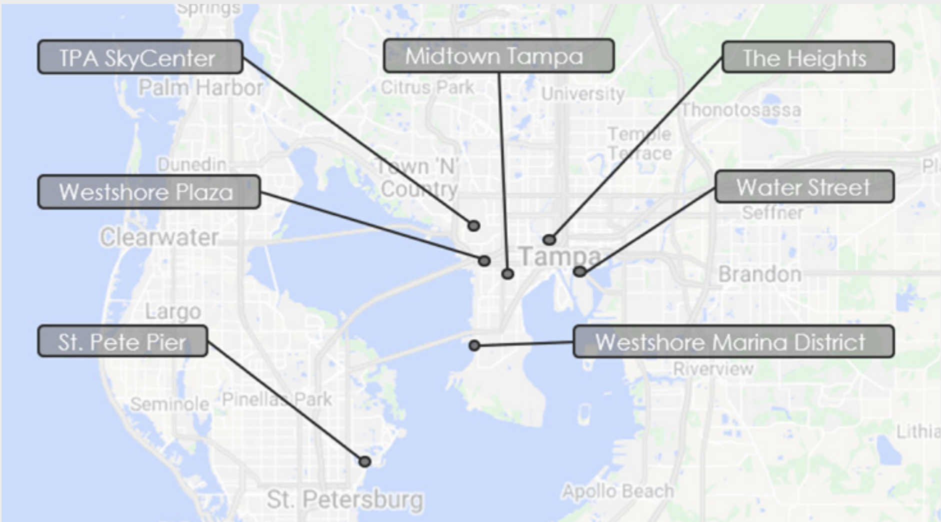
Many of you are familiar with ULI's Emerging Trends in Real Estate – one of the industry's most highly regarded trends publications.

In ULI's most recent report, Tampa/St. Petersburg took the #6 spot among top markets in the nation for real estate investors and developers. As the area's highest ULI ranking to date, Tampa joins the list with other Patterson markets in Nashville and Charlotte.

2021 ULI TOP MARKETS

Rank	Market
1	Raleigh/Durham
2	Austin
3	Nashville
4	Dallas/Fort Worth
5	Charlotte
6	**Tampa/St. Petersburg**
7	Salt Lake City
8	Washington, DC
9	Boston
10	Long Island

The biggest trend of the moment for Florida is certainly in-migration, with well over 1,000 residents moving to the state daily. This is expected to continue here locally as well, with an annual population growth rate in Hillsborough County coming in above Florida and double the national average.



The work from home shift and the 'great American move' has made markets like Tampa Bay more attractive. Residents are realizing they may be able to live in a more affordable location without career changes, or find more space with less dense, suburban living and favorable weather – all of which are easily found in Florida.

The area also benefits from economic resiliency with less exposure to industries most heavily impacted by the pandemic and long-term effects limited to specific sectors. The economic diversity and depth here with agriculture, international trade, aerospace and aviation, financial services and life sciences in addition to tourism make Tampa Bay well-positioned for rebounding in the near term.

WHY TAMPA BAY?

So why are people and companies moving to Tampa Bay? Several reasons –

The Tampa area is a **pro-business** market with a large, educated labor force, strong employment growth, job creation, and young talent moving to the area.

With many large companies and Fortune 500 headquarters in the area, there is also a strong **corporate presence**, with room to grow.

The area is **geographically connected** with Tampa International Airport - one of the highest ranked airports in the country, Port Tampa Bay - the largest seaport in Florida, and a central location reaching 34 million consumers within an 8-hour drive.

Tampa is an affordable market, with a below average **cost of living** and no state income tax.

The area checks the boxes for many potential residents with a **high quality of life** with #1 ranked beaches, top sports teams (Buccaneers, Lightning, Rays), a rich history, and diverse culture.

IN-MIGRATION & ECONOMIC RESILIENCY

It's widely known that people and businesses have routinely been relocating to the Southeast. People are leaving areas like California and the Northeast and moving to coastal areas of Florida and other large southern markets like Charlotte, Atlanta, Nashville, Houston, Dallas, and Fort Worth.

The in-migration has been accelerated through 2020 and early 2021 for most Florida markets, with no end in sight.

TOP PERFORMERS

As with most markets, Tampa has seen a range of effects by industry sector with varying uncertainty in their recovery, from those hardest hit (non-essential retail, CBD office, and hospitality), to those well positioned (single family, suburban multifamily and industrial).

Tampa's **multifamily** market has remained strong with occupancy in mid- to upper-90%'s for the past five years and is currently at or above 95% in all but two of Tampa's fifteen submarkets. The area has also seen a shift from a wave of urban, luxury multifamily recently added to the supply - to more suburban garden projects planned.

The **industrial** sector has seen unprecedented growth with over 7 million square feet of new warehouse space delivered in the last 24 months and many more projects planned throughout Tampa Bay and the I-4 corridor. This is another area where the trends have only accelerated with increased demand for e-commerce warehouses from investors and developers. With leases to giants like Amazon, these have been major job creators and economic drivers for the region.

One sector that has certainly been challenged but has signs of optimism is the region's **hospitality** market. Forbes recently noted the Tampa/St. Pete area had the highest average hotel occupancy rate of any major U.S. travel market in 2020 and is expected to be a continued front runner as we move forward.

TRANSFORMING TAMPA BAY

Several local developments are underway or have recently been completed that are transforming the area. By far, the most notable is Water Street, a $3 billion, 9 million square foot, phased project covering 55-acres in downtown Tampa's Channel District.

This massive waterfront project is mid-construction and beginning deliveries in 2021. Water Street will create a walkable urban community with high-rise multifamily, office, retail, condo and three hotels, all drastically changing the Tampa skyline.

Water Street

The Westshore District is also seeing multiple projects with Tampa International Airport's new SkyCenter office and the redevelopment of Westshore Plaza to a lifestyle center including entertainment, office, hotel and residential components.

SkyCenter at Tampa International Airport

To the south, the Westshore Marina District is taking shape with development plans including waterfront high rise condos, multiple multifamily projects, a retail town center, and full marina.

Just north of downtown Tampa, Seminole Heights continues to see activity as well with Heights Union, a recently completed office project within the larger 50-acre Heights development.

Heights Union

Midtown Tampa is creating a destination of its own with a $500 million live-work-play concept on 22 acres, incorporating retail, office, multifamily and hotel components.

Midtown Tampa

Downtown St. Pete also stands out with its growing office, condo and multifamily market. The city recently revealed the brand-new St. Pete Pier landmark project, which includes restaurants, shops, and interactive experiences.

For more information on these and other local projects, as well as a video overview of the Tampa market, you can get an inside view from a recent Patterson team presentation here.

As we enter the new year with great momentum, there is certainly optimism in the Tampa Bay area for continued growth and opportunities. I look forward to working with all of you and wish you the best in 2021.

ATLANTA MARKET BRIEF

BILL MEALOR, *Senior Managing Director*
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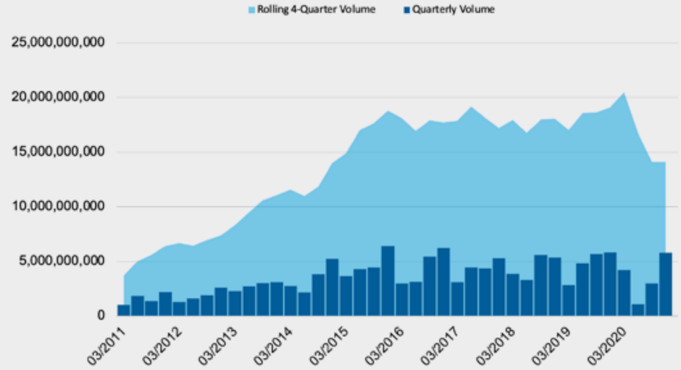
When the clock rolled from December 31st to January 1st, a lot of us felt a surge of optimism about the new year (I did), but was that optimism warranted?

As I write this, there are aspects of our current circumstances that feel a lot like the beginning of 2020 in hindsight. Politically, there is an impeachment trial of the same president who was facing a trial last year. On the pandemic, huge strides have been made, but we still are trying to understand a virus that now has mutated into multiple variants. The months between February 2020 and February 2021 have been filled with violence, confusion and cocktails to deal with it all. So, what's different about February 2021, and what are the discernible capital trends guiding us into the new year?

An abundance of uncertainty regarding real estate demand fundamentals remains. Investors scrutinize model assumptions more vigorously than in prior years as precedence is changing across many asset classes amid slower absorption. Transaction figures are historically low across Georgia and across nearly all regions leading to valuation concerns. It is easy for investors to hit the pause button in markets that lack clarity. We saw that in the second quarter last year; however, glimmers of optimism shimmered through the clouds at the end of the year.

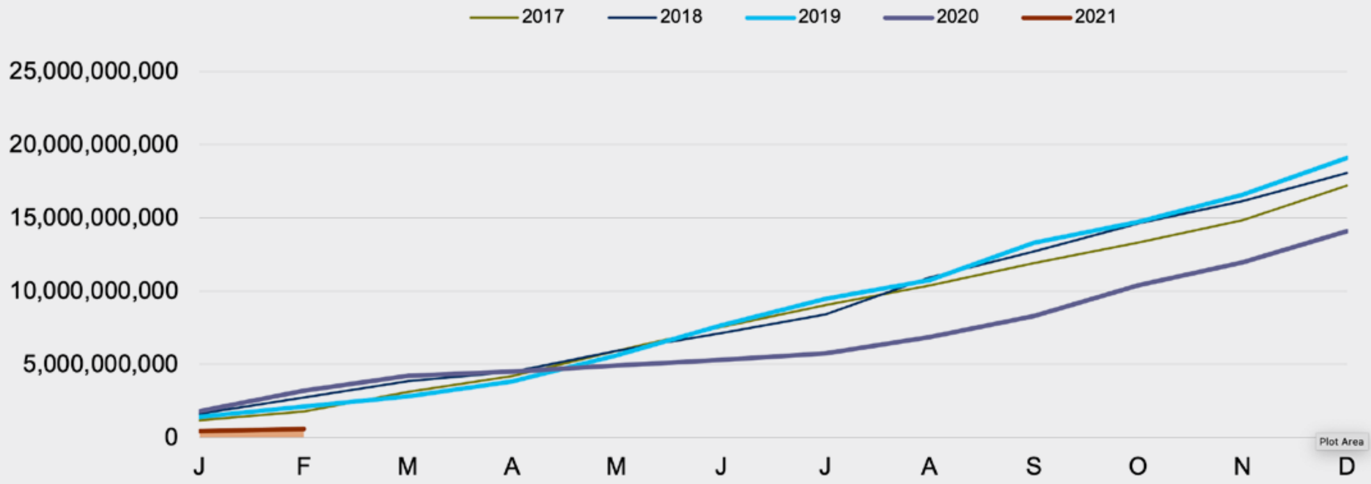
ATLANTA SALES VOLUME



Includes office, industrial, retail, hotel, and apartment.

Anecdotally for Patterson, transaction volume accelerated in the second half of the year driven largely by bridge loan refinancing requests due to a tepid investment sale market and capital appetite for multifamily development. Patterson's fourth quarter reflects a broader market trend as shown in the RCA report measuring YOY changes. While headwinds and uncertainty remain, those 4Q trends are the hopeful indications we seek as we begin the new year.

US CAPITAL TREND



Source: Real Capital Analytics

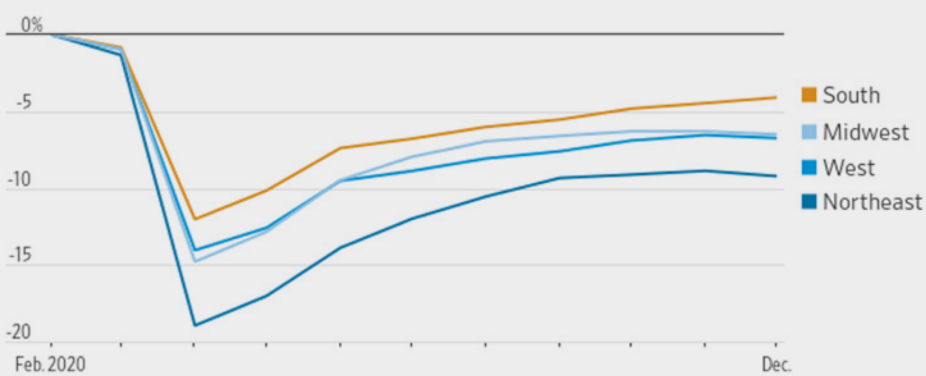
When coupled with Atlanta's positioning for post-pandemic recovery, there is greater optimism for 2021 derived from these recent trends. A [Brookings Institute report] ranked the Atlanta-Sandy Springs-Alpharetta MSA very highly in a recovery index measuring 53 metros with populations over 1 mm people. Indices measuring jobs lost, small business hours worked, and the number of small businesses opened performed much stronger in Atlanta than most metros. The trickle-down impact on overall mobility, rents and vacancies helped sustain our region more favorably than many of our peers. It would seem that a related impact of this is that nonfarm payroll continued to increase in the U.S's Southern region while it tapered in other regions.

Another bright spot from a [Lending Tree Study] indicated that Georgia's consumer spending in August was one of four states with a positive increase from January 2020.

Southern Acceleration

Payrolls continued to recover in the South in December while the rest of the country experienced job losses.

Change in total nonfarm payrolls from February



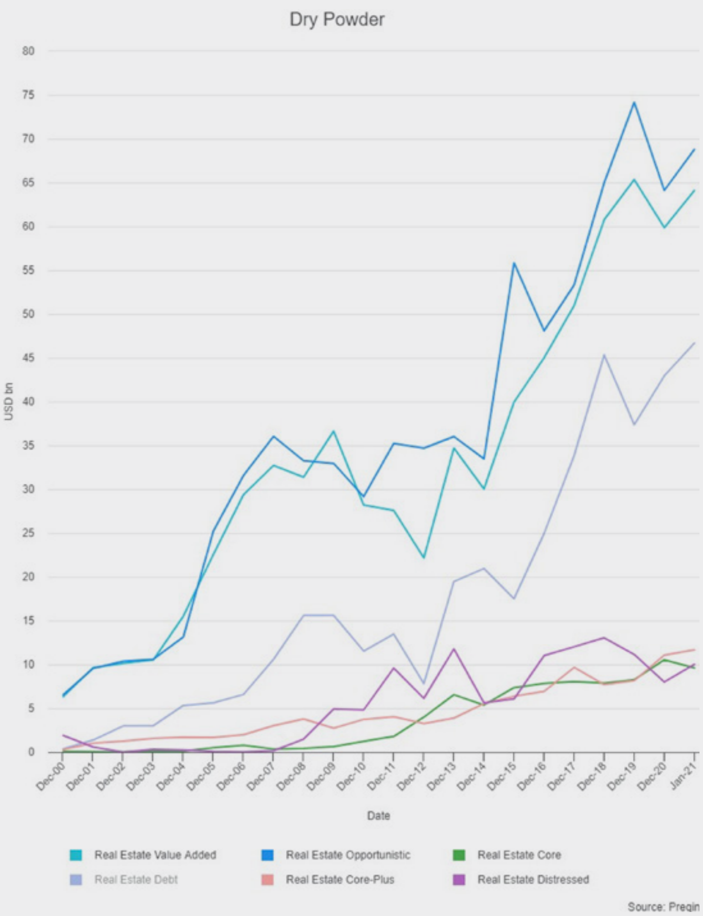
Note: Aggregated seasonally adjusted state data
Source: WSJ analysis of Labor Department data

A real world reflection of this consumer trend can be found in a comment from one national retail landlord who told us their Atlanta portfolio is a top performer, and new lease terms are at or above pre-COVID levels with strong leasing velocity.

The clearest capital trend is that apartments and industrial projects are still the favored asset classes from capital providers. There is an abundance of dry powder on the side lines as Lance mentions; however, in some instances, equity investors are pivoting dollars away from office, retail, and hospitality until demand trends normalize. Funds are being re-allocated to industrial and multifamily projects as e-commerce cruises and Southeast demographics continue to drive population growth.

The lack of clarity in office demand fundamentals limits investor appetite for this asset class. Whether employees office at the hub or the spoke, WFH, hotel at the office, or go to the office "in-person".... no one really knows what the future holds for office usage. On the positive side, we have some new buzz words to use. The result is office buildings offering decent lease term, yield, and a defensible basis are financeable, but a lot of questions remain for deep value add and construction. There are exceptions. We have had recent success in Atlanta capitalizing both office construction debt on a spec basis and deep value add office lease up transactions in 1Q 2021, but those are some of the more challenging deals on which we have worked with limited investor interest.

Bridge loans for multifamily, yielding office and industrial are not only available but seemingly very competitive. Rates and leverage can be extremely attractive as bridge lenders have narrowed the investment scope. We anticipate multifamily developers being a significant beneficiary of this capital flow. Multifamily bridge loans not only provide relief from construction-related guarantees at certificate of occupancy but also offer low pricing driven by the abundance of capital from a variety of lenders. Competitive floating rate loans may be an attractive option for a multifamily developer delivering into a market with off-peak investment sale activity and absorption still in question in some markets.



A few deals that closed out of Patterson's Atlanta office in the second half of the year or early in January exemplify these trends:

Todd Flaman led the effort to raise JV equity for the LUMEN Doraville on behalf of Kaufman Capital Partners and Atlantic Residential. The project received significant interest from limited equity partners in large part due to deal specific strength, the sponsorship and location, but the amount of demand during the depths of COVID is indicative of the strength of the multifamily market.

Laura Friddell led the charge to close the Seaboard industrial/office portfolio in 4Q. When the investment sale market dissipated during COVID, the sponsors decided to carry out the business plan on their own and refinance the project. Seaboard is a great example of the allure of well-located industrial space and single story office.

Alex Hill refinanced Powers Ferry Landing in early January 2021. This transaction exemplifies the strength of sponsorship and a suburban office strategy in a less dense environment.

In closing, it appears that some asset classes will continue to face stronger headwinds than others, especially in the near term. While, investors are still very much scrutinizing each deal, we see the silhouettes of recovery and some optimism in the early capital trends of 2021 and the closing trends of 2020.

We hope your 2021 is an improvement on 2020 in many ways. Most of all, we are optimistic that we will see our clients and capital relationships more frequently and in-person this year!

CHARLESTON MARKET BRIEF

KEN GRIMES, *Senior Managing Director*
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NEWS AND VIEWS FROM THE LOW COUNTRY

With 2020 in our rear view mirror, but its memory and realities still very much in evidence, we look toward the rest of 2021 with an air of cautious optimism. As a market in general, Charleston rode the spikes of COVID like a lot of markets: initial disbelief and limited change in behavior; followed by a summer of surging COVID cases that killed a resurgent tourism market. And finally, a fall of contrition, masks and somewhat viral control. Then, we rinsed and repeated for the holidays and are back trying to get things under control – but we called it pandemic fatigue this time.

In the face of the challenges, Charleston has proven to be persistent and resilient. While 2020 wasn't a lot of fun, the market overall has pushed through the depths and is charging into 2021 with a refreshed sense of optimism and masks. Below are some market highlights from various products types along with observations on what we think they might mean.

While overall, the office sector across the country has been hit with a hard freeze due to the notion of "what will become of office space in the future since everyone is working so well in their pajamas." Our belief is that there will be more of a reversion to norm in office space than is commonly thought. At Patterson we just expanded our Atlanta office to allow more room for our people to spread out, as we believe in the importance of being together as a company and believe others do as well.

And in Charleston, the momentum of the office market illustrates the continual demand for great office space.

- Holder Properties leased Portside at Ferry Wharf to 100% during the past year, and sold it at the end of 2020 for record-pricing to a core office investor.
- The Charleston Tech Center is nearing completion downtown and is almost fully leased as well with the majority of the leases signed in 2020.
- White Point Partners is close to opening its Upper Peninsula office building known as the Quin and is seeing a spike in leasing activity as they near completion.
- Morrison Yard Office is now under construction, and with the groundbreaking came an anchor tenant with a large law firm preleasing space.


The Quin Charleston

• On the restaurant front, Charleston has had its fair share of permanent closures, but many of these were restaurants that enjoyed very long runs of success and were probably a couple of years from retirement which the pandemic accelerated.

• Long the darling of retail investing, the grocery sector of retail benefited from the demand generated by staying home. At 10 WestEdge, a Publix anchored building sold at the end of the year to a Colorado investor.

• The rooftop development exploding up I-26 at Nexton, Carnes Crossroad and Cane Bay, are leading to continued retail expansion as well.

While the office momentum has been strong, Charleston is an award-winning tourism destination – so there is a focus on the hospitality industry and how it has fared. And while the numbers don't lie – occupancy less than 50% for the year and REV Par on the peninsula down more than 54% -- there is optimism that is evidenced in some of the hotel activity.

- From the summer on, occupancy and ADR has been slowly climbing, vacation rentals have been booked solid, and there is a general belief that Charleston will snap-back due to the ease of access, drivability and outdoor amenities.
- In January, Charleston's iconic hotel and restaurant, the Planter's Inn and Peninsula Grille sold for record pricing even though it was closed for more than half of 2020. It was purchased by institutional luxury hotel investor Northwoods Hospitality who believes its next 30 years will be better than its first.
- Lowe Hospitality broke ground on the Cooper at the beginning of the pandemic – its 250-room, waterfront luxury hotel connected to an extended Waterfront Park. Construction continues as does the belief in the Cooper's future as a world-class hotel on the water in a world-class city.

On the retail front, it is a bit challenging to point to highlights from 2020, but it's also hard to see a surge in negativity. Retail seems to be holding its own in a tenuous battle of municipal restrictions in the face of COVID and the resulting changes in habit that are driving the e-commerce boom.

Charleston's appeal to visitors has long been evident in its tourism and second home market, but the pandemic has converted many of these into locals as the work from home trend has increased flexibility as well as others taking early retirement – all highly visible in the residential sales and rental demand.

- Cane Bay and Nexton ranked in the RCLOCO's Top 50 Master Planned Communities in the country – ranked by homes sales activity. Cane Bay sales activity in 2020 increased nearly 60% while Nexton increased more than 35%.
- On Kiawah, the island-wide sales volume spiked from $300.4mm in 2019 to $807.3mm in 2020, a pandemic pressured premium of almost 170%.
- In Charleston county, sales increased overall by 17.2%, but that was most likely tempered by a lack of supply. Inventory of homes for sale ended 2019 at 5,519 while 2020 final inventory is only 2,440, down more than 55%.
- Despite a surge in new multifamily developments downtown and in the suburbs, Charleston continues to see strong absorption and overall rental rate growth.

So, as we race into 2021, we do so forever changed by the year that was 2020. From the viral to the political to the social, we have all been impacted in ways that will probably take some time to fully understand. Hopefully, we take the positive, learn from the negative and move forward as a more resolute country. As always, let us know if we can help you think about your business. Don't hesitate to call. We love to talk shop!

CHARLOTTE MARKET BRIEF

DREW BARNETTE, *Director*
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In a few short months I'll reach one of life's major life milestones......my 40th birthday. I can only hope this year my birthday cake doesn't smell like hand sanitizer. And that's to 2020...

All things considered, COVID-19 has been only a slight personal inconvenience relative to the impact and loss suffered by so many. My simple duty has been a civic one in following the public health guidelines and remembering to count to 20 when washing my hands. Many others though who've been directly involved in the pandemic response have carried a much greater burden. I'm grateful for the healthcare workers who've worked tirelessly to save lives. I'm also grateful to our great American industry and ingenuity dedicated to the response effort with rapid innovation and production pivot.

A GOOD FIRST IMPRESSION...

First impressions can be tricky, but not for one of Charlotte's newest corporate residents, Honeywell Corporation. As I mentioned in the Summer 2019 Newsletter, Honeywell announced the relocation of their corporate headquarters from New Jersey to Charlotte, and soon the industrial innovation company will occupy their new HQ building currently under construction at Legacy Union.

One of the great hallmarks in our country's history has been industry's ability to respond in times of great crisis with innovation and ingenuity. Early in the pandemic, Honeywell set about to do just that in mobilizing their workforce and manufacturing resources. The results produced new and innovative products designed to bolster the pandemic response and retooling of manufacturing resources to meet the critical demands of PPE production. It's safe to say Honeywell has made a good first impression as a corporate citizen on the Queen City. Here are a few ways Honeywell has contributed to the pandemic response:

- **PPE Production:** At the outset of the COVID-19 pandemic response, Honeywell set out to retool manufacturing facilities in Rhode Island and Arizona for the production of N95 masks. In a process that typically takes 9 months, the Rhode Island facility was converted in 5 weeks. In Arizona, the Phoenix Engines aerospace facility has been dedicated to the design and production of jet propulsion engines and auxiliary power units since 1950. Once both facilities were reconfigured, production reached 20 million N95 masks per month.
- **Infrared Imaging Innovation:** Honeywell identified existing thermal imaging technology as an opportunity to innovate and create the Honeywell ThermoRebellion. The infrared technology detects skin temperature in a matter of seconds as individuals pass a high-resolution camera. Already in use at JFK airport, the new technology is expected to be used across many sectors.

CHARLOTTE LANDS ANOTHER MAJOR CORPORATE EXPANSION

In July 2020, St. Louis-based Centene Corporation chose to locate a new East Coast headquarters in Charlotte. The health insurance giant intends to bring 3,200 jobs, growing up to potentially 6,000 over a 10-year period. Centene acquired land in the University submarket where they've broken ground on the first phase of their campus development, a 770,000 square foot office building and 2,400 stall parking garage. Centene expects their investment to near $1 billion, with a built-out campus that includes 1 million square feet of office, an early childhood development center, training facility and walking trails.

Despite the impact of COVID-19, North Carolina continued it's economic development momentum in 2020 with more than 20,000 new jobs announced through companies launching state-supported projects; the largest level for the state in more than a decade. Other major announcements included Pratt & Whitney's cutting-edge manufacturing facility that will bring 800 new jobs to Asheville and Bandwidth.com's corporate expansion in Raleigh creating 1,165 new jobs. In November, Site Selection Magazine ranked North Carolina as the nation's top state for business climate (tied with Georgia) while Forbes Magazine ranked the State #1 Best State for Business for a 3-consecutive year in a row.

NO LONGER A PIPE DREAM

It may possibly be one of Charlotte's worst kept real estate secrets...... the development of a new football stadium for the Carolina Panthers on the 55-acre site occupied by long-tenured Charlotte Pipe and Foundry. Now, plans may be taking root. In May of last year, the 120-year old company announced plans to relocate their operations to nearby Stanly County, where they will receive $50 million in economic incentives. In late January, Charlotte Pipe and Foundry filed for rezoning of their current 55-acre site in City Center to UMUD classification, or Uptown Mixed-Use District. The zoning offers the most flexible zoning in the City. With the expansion of MLS into Charlotte, and Charlotte FC's launch in 2022, an entertainment super-district may be taking shape.

NOTABLE CHARLOTTE TRANSACTIONS AND ANNOUNCEMENTS

- **Haven South End:** In late December, Atlanta-based Haven Communities, in partnership with Boston-based Wheelock Street Capital, acquired 1.9 acres situated at the intersection of S. Church St and W. Bland St., in the heart of South End the partnership expects to break ground on their planned 304-unit multifamily development by mid-2021 with units delivering by mid-2023. South End has rapidly burgeoned into a dynamic institutional core as the critical mass of office development, both planned and under construction, will further drive rental demand. In December, Cousins Properties paid $201 million ($612 psf) for The RailYard, a 296,000 square foot office and 32,500 square foot retail project. In separate transactions, Cousins also acquired in South End 200 E. Bland street for development of 700,000 of office and retail space and further added to their land development bank with 3 additional development parcels totaling 2.4 acres


Haven South End

- **Carolyn University:** Prolific Charlotte-based developer, Spectrum Companies, in partnership with Batson-Cook Development Corporation, and capital partner Heitman, acquired a 16.5 acre site in the University submarket, and proximate to the University City Lynx Blue Line stop. The partnership will begin construction on the 325-unit multifamily project early this year with completion expected in mid-2022. Following the recent completion of the Lynx Blue Line light rail extension, the submarket has experienced a flurry of much anticipated residential development as the area's growth is being fueled by UNC Charlotte and corporate employer growth. Most notably, as mentioned earlier in the newsletter, is Centene's announcement to bring 3,200 jobs and development of a corporate campus within this submarket.


.Carolyn University

- **Savona Mill:** Situated just west of uptown in the Smallwood neighborhood, the historic Savona Mill will undergo a transformative redevelopment converting the 105-year old textile mill into 180,000 square feet of creative office space. Portman Holdings, and affiliate Portman Residential, acquired the historic mill and the adjacent 30-acres in December. Portman Residential intends to develop multifamily on the undeveloped site adjacent to the Mill. Portman has helped shape the Charlotte skyline with iconic projects including the recent office development, 615 S. College, and Westin hotel in Uptown.

Savona Mill

NASHVILLE MARKET BRIEF

LAURA CLOUD, *Director*
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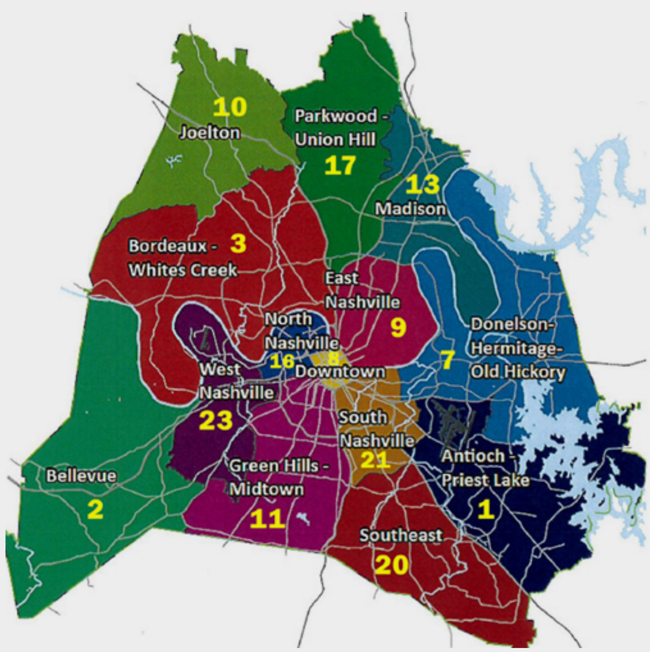
What a party we are going to have! It will be epic, and the planning is already in the works. More to come on that as the year progresses, but it is evident as an industry, we are yearning for social connection. The path certainly hasn't been a straight and narrow one to get as far as we have, and all of us have suffered in different ways, some much more devastating than others. Thankfully, a pathway is emerging for a way out of these unimaginable circumstances and, while we will not be able to repair all that we have lost, we share a relatedness of this burden that will bring us all back together. I very much look forward to social mixing with you all in person!

NASHVILLE TRENDS

No different than the rest of the Southeast's sunbelt cities, Nashville experienced very similar trends as Bill noted earlier in the newsletter. Multifamily, industrial, flex and single family (for sale and for rent) assets classes rose to the top in terms of new development and transaction volume.

Perhaps one positive byproduct of the past year is both the alignment of the capital markets and developers' focus on affordable, lower basis product. For years, Nashville has struggled with the creation of an incentive program that successfully integrates moderate income housing into market rate developments. During this cycle, the lion's share of development has been in both the urban core and affluent suburbs, exacerbating the void of workforce housing. Developers and capital clearly see the resiliency and increased demand for this sector during an economic downturn and are flocking there in droves. Submarkets such as Madison, Smyrna, Antioch, Hermitage, Lebanon and Donelson are experiencing tremendous focus and attention given their proximity to the urban core and the availability of affordable land.

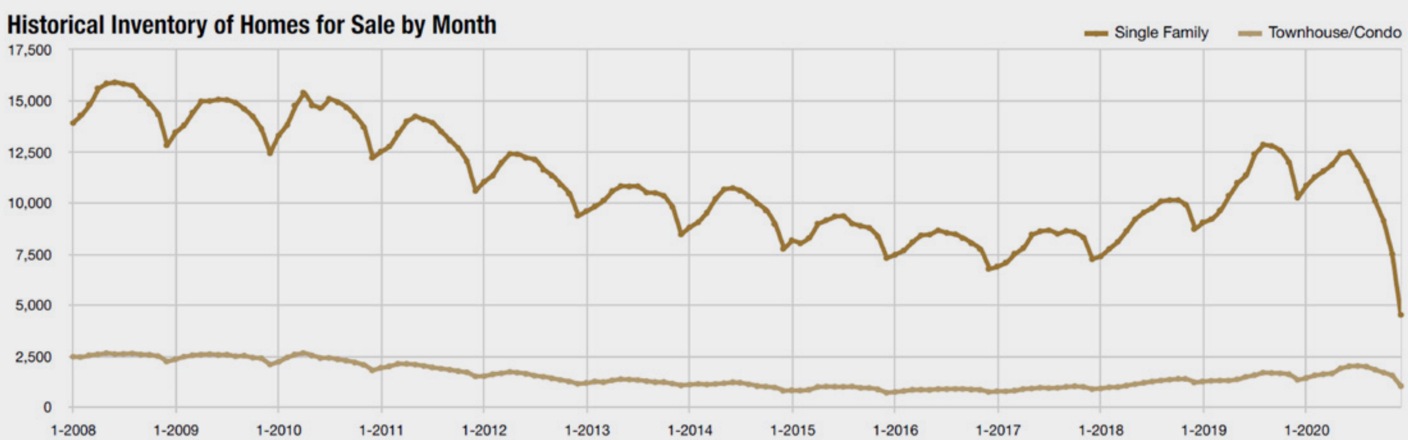
These suburban markets are seeing unprecedented speculative development with much more on the way. The

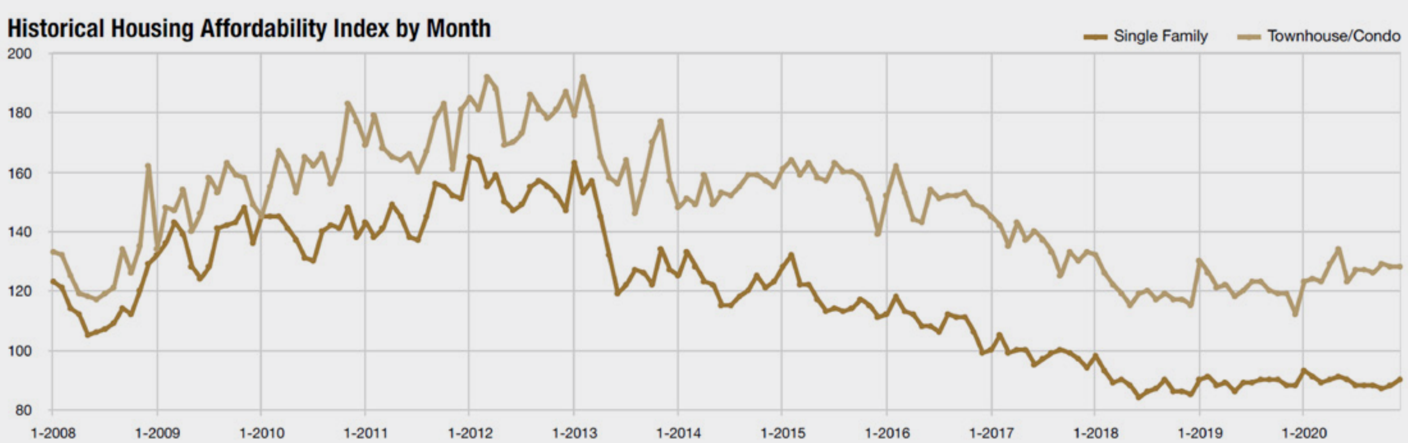


Submarket	# of Units	U/C	Spec.	Potential Total New Units	% increase
Antioch/Priest Lake	6820	1369	1052	2421	35.5%
Bellevue	6817	1019	432	1451	21.3%
Bordeaux/Whites Creek	0	287	1156	1443	1443.0%
Dickson	410	0	384	384	93.7%
Donelson	7107	780	818	1598	22.5%
East Nashville	1463	147	2566	2713	185.4%
Hendersonville	5282	564	284	848	16.1%
Madison	3523	278	592	870	24.7%
Mt Juliet/Lebanon	3085	1266	1989	3255	105.5%
Parkwood/Union Hill	646	521	178	699	108.2%
Smyrna/LaVergne	3245	488	0	488	15.0%
South Nashville	2906	1563	1210	2773	95.4%
Spring Hill	3411	96	984	1080	31.7%
West Nashville	1859	626	722	1348	72.5%

Greater Nashville Association of Apartments released their fourth quarter market survey, highlighting the pipeline of new projects in the outlying suburbs. Some submarkets have seen their supply stock double fueling the notion that developers are responding to the demand side of the equation. We have had the fortunate opportunity to be working on a handful of suburban multifamily deals in the greater Nashville market, and the combination of quality sponsors, delivering in growth markets within close proximity to the core at a sub $200k per door basis has been a recipe for success.

Based on data compiled by LinkedIn where they analyzed zip code changes across its 174 million U.S. LinkedIn members, Nashville ranked third for gaining the most newcomers in 2020 (with Tampa a close fourth!). The sunbelt migration is in full swing here! In Greater Nashville, single family home listings were down 7.1% YOY, the overall inventory of homes was down 6.6% and the month's supply of inventory dropped dramatically from 3.6 months





to 1.3 months. This confluence of events resulted in a 9.1% YOY increase in single family home prices. Signals suggest 2021 will be no different with elevated buyer demand, low inventory and increased pressure on pricing.

These trends are not unique to Nashville but certainly speak to the overwhelming support for the single family for rent (SFR) space that continues to flood our inboxes. Demographics indicate millennials are "aging out" of apartments, reaching their 30's and 40's and starting families. Yet, millennials are facing the affordability challenges that are keeping many would be first time homebuyers out of the market.

While there are very few purpose-built SFR communities that exist today in Nashville, the demand is overwhelming. Developers are hunting for sites as the single family home market evolves into an institutional investment. Currently, approximately 6% of new single family homes nationwide are purpose-built for-rent, which would result in approximately 700,000 new units over the next 10 years. Given demographic trends, RCLCO forecasts much greater demand than the current pace of production. Given the combination of the accelerated move from gateway markets, expressly to Nashville, coupled with the trajectory of the millennial demand for single family homes pre-pandemic, Nashville appears poised for a great deal of attention in this space.

HITTING THE HIGH NOTES

Through its Nashville based Southeast platform, Albany Road Real Estate Partners, acquired two separate industrial flex opportunities in the Southeast, 120 Interstate in Atlanta and Center Point in Tampa. Patterson assisted Albany Road with the acquisition financing of both of these opportunities, further highlighting the capital markets conviction with the strength of the industrial/ flex asset class. We also enjoy working on assignments across market's where we can provide local expertise and additional value to our client's transactions.

120 Interstate

Center Point

Vintage South and Shelton McNally closed on a land loan in anticipation of their future development of a 177 unit multifamily and adaptive re-use project in East Nashville, 905 Cherokee. Vintage South and Shelton McNally will execute on a project that provides quality multifamily integrated into the fabric of the neighborhood at an affordable basis. This is an example of the type of workforce housing capital markets find quite compelling.

905 Cherokee

The Nashville Fairgrounds Stadium – In early 2020, the Nashville SC Major League Soccer stadium was finally approved after a contentious negotiation between Mayor Cooper and majority owner John Ingram. Demolition commenced in the Spring of 2020, and construction is underway with a completion timeline of May 2022. The excitement will continue to build throughout 2021, and no doubt we welcome the opportunity to cheer on the Nashville SC team, crammed in with our closest 27,000 friends (and love every minute of it!). Season tickets are now on sale.

Sources: CNBC, Pensions & Investments, Greater Nashville Apartment Association, ULI Kiawah Capital Markets Conference, LinkedIn and RealTracs Annual Report

Since inception, Patterson has closed almost 300 transactions encompassing almost $6.0 billion in capital placement and $8.0 billion in total transactional value.

INTEGRITY + INGENUITY + INVESTMENT = SUCCESS