



CAPITAL VIEWS



I THINK IT'S THE END...

WITH LANCE PATTERSON

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If you read our previous newsletter, you might recall that it was titled simply "Spring 2026." I initially named it "Winter 2026" but thought Spring, instead of Winter, was more consistent with my view of where we were at the time in the commercial real estate markets.

And now in the Fall of 2026, you'll note the title of this newsletter is "I Think It's The End..." Meaning, in my opinion, I believe we're nearing The End of the challenging times of what has been a difficult last four years in our industry. For some people it's been six (onset of COVID) and not four years. I think we're nearing The End despite new headwinds that have either popped up this year or that have re-emerged this year, including (sorry to remind you all...) the following:

- A 10-year Treasury yield in excess of 5% for the first time in years
- Tariffs, which we thought had died down earlier this year but have now re-emerged
- War with Iran
- Increasing rates of inflation
- Fed rate hikes

I'm sure I could go on, but you get the point. And so, we are now figuring out how to deal with these new issues. But here's the flip side – despite what I mention above, it's clear that the underlying performance of the major product types in our markets is improving. Here are a few examples (all figures represent national #'s):

INDUSTRIAL - leasing volume rose 14% year over year to 250 million square feet and net absorption rebounded to 43 million square feet in early 2026, driven by reshoring of manufacturing and growing 3PL/logistics outsourcing.

OFFICE - the most compelling comeback story with Q1 2026 net absorption at seven million square feet and quarterly leasing activity the highest since 2018. Vacancy fell to 18.6% overall, with prime/trophy space vacancy down to 12.7%.

RETAIL - arguably the tightest, most landlord-favorable sector. Asking rents rose 2.4% year over year while availability stayed low at 4.9%.

APARTMENTS/MULTIFAMILY - still the laggard but moving towards balance after a supply-heavy stretch. Vacancies are improving slightly, and rent growth registered around 0.5% in Q2 2026, with positive net demand expected to continue throughout the year.

Capital, too, is trying to move ahead, albeit at a mixed pace. Debt from all sources and for all product types is available, if not abundant and aggressive. "Off the beaten path" types of equity providers are active, including EB-5, Opportunity Zones (look out for OZ 2.0 - it's going to be big!), social impact investors, REITs, high-levered participating loans, and preferred equity. Trailing are the traditional private equity funds and other institutional equity investors, although even they are underwriting deals and, in some cases, closing new development ventures for the first time in years. Granted, the target deal for these traditional investors is pretty small, but if you hit the target, you're likely to have multiple investors competing to win your deal.

What else are we seeing? A noticeable interest in developers focused on the luxury tier of real estate, and we're seeing an interest in this product sector from capital too. Maybe the biggest "thing" now is sports-related real estate. Think The Battery in Atlanta. This certainly goes for the primary professional league sports teams but also for the

minor leagues as well as for real estate around college sporting venues.

THE END

So, our industry is still a mixed bag and, admittedly, it's easy to look at the challenges we have been facing for many years and then be down about our own professional situations. And while I'm not immune to doing that myself, I think a dose of perspective is helpful. This time of year, September 11th weighs heavily on me, as I'm sure it does all of you. I've spent the past week or so reading stories of heroes - those who ran up the World Trade Center to save others and didn't come home, those who heroically charged the terrorists who hijacked United Flight #93, preventing the plane from crashing into our Capitol Building or the White House, those who were prepared to give their own lives to stop further terrorist attacks from happening. And those like the members of our military and other first responder groups who put themselves on the front lines every day to protect the rest of us. These are the people and the stories that enlighten me, who give me hope, who remind me of what's really important.

And with that, I wish you all a happy "The End" of this real estate cycle and wish you the best success in the rest of 2026 and beyond!



Since inception, Patterson has closed
585 transactions encompassing over \$13.5
billion in capital placement.

RECENT TRANSACTIONS



CLIENT	FTR CAPITAL
PROJECT	SHOPPES AT PARADISE POINT
MARKET	Ft. Walton, FL
TYPE	Retail (73,809 SF)
ASSIGNMENT	Debt



CLIENT	GRAND PEAKS
PROJECT	130 W. BEAVER CREEK BLVD
MARKET	Avon, CO
TYPE	Apartments (164-Unit)
ASSIGNMENT	Construction Debt



CLIENT	WESTPLAN
PROJECT	ACCENT SUGARLOAF
MARKET	Atlanta, GA
TYPE	Apartments (330-Unit)
ASSIGNMENT	Construction Debt



CLIENT	ANIMAL GROUP HOLDINGS
PROJECT	410 S. MINT STREET
MARKET	Charlotte, NC
TYPE	Parking Deck (2,200 Spaces)
ASSIGNMENT	Permanent Debt



CLIENT	BEACON STREET DEVELOPMENT
PROJECT	THE GEORGE
MARKET	Durham, NC
TYPE	Condominium (34-Unit)
ASSIGNMENT	Construction Debt



CLIENT	THE ATLANTIC COMPANIES
PROJECT	LAUREL AT DRY CREEK
MARKET	Huntsville, AL
TYPE	Apartments (343-Unit)
ASSIGNMENT	Bridge Debt & Equity



CLIENT SAFSTOR
PROJECT I-30
MARKET Dallas, TX
TYPE Self Storage (810-Unit)
ASSIGNMENT Construction Equity



CLIENT CONVOY CAPITAL PARTNERS
PROJECT 2011 BROADBANK CT
MARKET Ridgeville, SC
TYPE Flex Industrial / IOS (59,600 SF)
ASSIGNMENT Debt & Equity



CLIENT MADISON CAPITAL GROUP
PROJECT MADISON LOSO
MARKET Charlotte, NC
TYPE Build-to-Rent (119-Unit)
ASSIGNMENT Construction Debt



CLIENT PINE GROVE COMMUNITIES
PROJECT SONGBIRD
MARKET Atlanta, GA
TYPE Build-to-Rent (81-Unit)
ASSIGNMENT Construction Debt & Equity



CLIENT TWO CAPITAL
PROJECT TESSA MADISON
MARKET Madison, TN
TYPE Build-to-Rent (199-Unit)
ASSIGNMENT Construction Debt



CLIENT SAFSTOR
PROJECT PHILLY PIKE
MARKET Claymont, DE
TYPE Self Storage (812-Unit)
ASSIGNMENT Construction Equity



CLIENT MIDDLE STREET PARTNERS
PROJECT 1275 LAWRENCEVILLE HWY
MARKET Lawrenceville, GA
TYPE Apartments (366-Unit)
ASSIGNMENT Construction Debt & Equity



CLIENT CANVAS RESIDENTIAL PARTNERS
PROJECT AZALEA PARK
MARKET Wilmington, NC
TYPE Build-to-Rent (79-Unit)
ASSIGNMENT Construction Equity



CLIENT	PARTNERS REAL ESTATE
PROJECT	POWERS FERRY BUSINESS PARK
MARKET	Atlanta, GA
TYPE	Flex/Service Center Asset (±264,000 SF)
ASSIGNMENT	Debt



CLIENT	ADAMS INDUSTRIAL PROPERTIES
PROJECT	INDUSTRIAL PORTFOLIO
MARKET	Various
TYPE	Industrial Portfolio (1.5 MM SF)
ASSIGNMENT	Permanent Debt



CLIENT	LONGLEAF CAPITAL PARTNERS
PROJECT	185 LITTLEJOHN
MARKET	Spartanburg, SC
TYPE	Industrial (247,000 SF)
ASSIGNMENT	Bridge Debt



CLIENT	PENLER
PROJECT	CRESTON CIRCLE
MARKET	Charlotte, NC
TYPE	Apartments (268-Unit)
ASSIGNMENT	Construction Equity



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OPPORTUNITY ZONES 2.0: A CONVERSATION WITH MATT PEURACH OF SEYFARTH

BY LAURA CLOUD

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If there is one question that has come up on nearly every call with our clients and capital partners since this summer, it's some version of: "What does Opportunity Zones 2.0 actually mean for my next deal?"

It's a fair question. In a year when equity for new construction has been hard to come by, OZ capital has been one of the genuine bright spots in our business. We closed several OZ-capitalized transactions this year, and we expect the program to be an even bigger part of the conversation in 2027. But the rules are shifting, the new census-tract map won't be final until the end of the year, and there is still plenty of gray area in how the transition from 1.0 to 2.0 will play out.

So rather than add to the speculation, we went to one of the most knowledgeable OZ practitioners we know. I sat down with Matt Peurach of Seyfarth to walk through what's changing, what isn't, and where sponsors and investors are most likely to trip up. I learned a few things I didn't know going in, and I suspect you will too.

MEET MATT PEURACH



Matt Peurach

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Matt is an Atlanta-based partner at Seyfarth who describes himself, modestly, as "a general real estate private equity lawyer who happens to also be a tax attorney." In practice, that means everything he touches involves equity coming into real estate: partnership tax structuring, 1031 exchanges, tax credit transactions, and the negotiation of the classic

90/10 investor-developer joint venture. Opportunity Zones have been a core part of that practice since the program's earliest days.

HOW WE GOT HERE: A BRIEF HISTORY OF OPPORTUNITY ZONES

The Opportunity Zone program was created by the Tax Cuts and Jobs Act of 2017, but the idea started earlier, as a think-tank exercise among public- and private-sector leaders looking for ways to steer private capital into economically distressed communities. (One fun bit of trivia Matt shared: among the early champions was Sean Parker, the Napster founder and early Facebook investor.)

The premise was simple. Offer investors meaningful tax benefits for reinvesting capital gains into designated low-income census tracts, and the resulting investment will create jobs and spark economic activity where it's needed most. Governors nominated tracts, Treasury certified them, and in 2018 the first map of Opportunity Zones went live.

The execution was less simple. The designations were based on older census data, formal guidance took nearly two years to finalize, and COVID arrived right as the market was ready to move. Last year's One Big Beautiful Bill Act renewed the program and made it permanent, setting the stage for what the industry now calls OZ 2.0.

With that backdrop, here is our conversation, lightly edited for length and clarity.

[CLICK TO VIEW THE FULL ARTICLE](#)



THE ROAD TO OZ 2.0

Key dates for sponsors, funds and investors heading into 2027

● OZ 1.0 HISTORY ● 2026 DEADLINES ● OZ 2.0 MILESTONES



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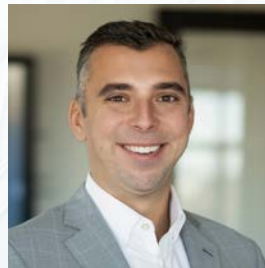
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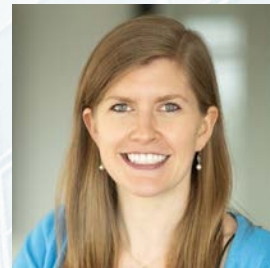
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