

# Capital, a better way...

## TOP TAKE AWAYS FROM THE 2018 ECONOMIC SUMMIT

- Up to 100% loan to cost, non-recourse, refinance bridge loans can be obtained by experienced developers on newer, urban in-fill developments in early lease up.
- When short term interest rates increase 300 basis points over what was the 'norm', the economy starts to experience negative impacts. A 3% Fed Funds Rate may be the trigger level.
- Other than geopolitical events, there aren't obvious things that could derail the current economic growth... historically, geopolitical events don't affect the long term trajectory of the economy.
- The forward LIBOR curve anticipates a 75 basis point increase in short term interest rates during the next 12 months.
- Leasing velocity is strong, but has been driven with discounted rents. As a result, stabilized economic occupancy is taking longer and borrowers should negotiate longer loan terms and understand extension option details.
- Private equity firms have expanded their interest from investing in storage properties with an operating partner to investing in various types of companies operating in the sector, examples include Janus and Spare Foot.
- The combination of strong employment and modest inflation means the positive long-term interest rate environment may continue, but this could change quickly.



*Talonvest principal Tom Sherlock leads the Capital Markets panel during the sold-out Economic Summit at the SSA Annual Conference.*



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