THE PATHFINDER REPORT

September 2020

IN THIS ISSUE

CHARTING THE COURSE

MEGATRENDS: Pandemic Accelerating Some, Reversing Others

By Mitch Siegler, Senior Managing Director

John Naisbitt's 1982, #1 best-seller, "Megatrends: Ten New Directions Transforming our Lives," unleashed a firestorm for investors, companies and leaders. Many predictions were prophetic then and remain timely now, their adoption accelerated greatly by the pandemic. The pandemic is stopping other Megatrends in their tracks. Consider the dramatic impact of the virus on these four trends:

(1) A shift from blue collar to white collar work and an acceleration of technology;
(2) Increased globalization;
(3) An emphasis on self-help; and
(4) Flatter organizational structures.

The first trend, **a shift from blue to white collar work and an acceleration of technology**, is all around us. Pre-Covid, knowledge workers commuted, sometimes for hours, to and from offices where they collaborated on documents, attended meetings and participated in conference calls. Now, cloud computing allows file-sharing from home and teams come together via Zoom meetings. This wouldn't have been possible a decade ago and it's a boon for all those commuters. While employees will return to offices at some point, many will work regularly from home, maybe permanently. Google and Twitter announced no return to the office for a year and indefinitely, respectively. Meanwhile, since March, "essential workers" continue to venture forth to factories and stores to serve non-essential workers, cocooned at home.

The second trend is **increased globalization**. For decades, companies offshored production to Asia, primarily China, for lower labor costs and relief from environmental regulations. Containers of cheap clothing, toys and electronics pour in and are transshipped back empty, exploding the U.S. trade deficit in goods. The pandemic has shined a spotlight on our brittle, just-in-time supply chain, especially for personal protective equipment, pharmaceuticals and even aspirin. Going forward, Americans won't stand for foreign suppliers dominating these critical supply chains and the pendulum will swing back.

The third trend, **an emphasis on self-help** has exploded during the pandemic. Home gardening is growing rapidly as we dine at home more and venture out to restaurants and grocery stores less. Similarly, when schools closed early this spring, parents donned teacher hats. With school re-openings in the fall a giant question mark, parents will play the role of teachers for longer. Our homes will continue to provide us with shelter, serve as our offices and, for many, as a mini-farm and virtual school.

The fourth trend, **the shift from hierarchies to flatter organizational structures** began decades ago but the acceleration of the trend during Covid has been breathtaking. Great companies have long trusted their teams, provided technology and other tools to enable remote work and created flexible structures to encourage collaboration and facilitate a work-from-anywhere mindset. Good companies have learned quickly that these moves will be essential to their long-term survival.

Below are a few additional shifts we've observed since March:

Practicality wins out over sustainability – Just months ago, prospective buyers of new homes and automobiles listed sustainability among their top considerations in purchasing a residence or vehicle. Today, price/value and saving on energy or fuel are more important so you hear less about sustainability. Our view: People value what's good for their family today more than what's good for the world tomorrow. With time, this might rebalance a bit.

The reversal of "don't buy, just rent" – Uber and Lyft are fading as former ride-sharing fans buy cars to protect their health and control their transportation. Airbnb and VRBO are bouncing back somewhat from their April depths but it's primarily a local/regional travel market today and this crimps the home rental business. The well-heeled are buying second homes in resort areas like there's no tomorrow, another hit to the home rental industry. On the flip side, many hotels have closed or will do so as business travel will lag for years, lessening competition. Since we're bearish on the office sector, it's tough to be bullish about We Work and its former big attractions, like community coffee, kombucha and kegerators – those features aren't assets nowadays.

Simple, local food beats fancy, fine dining – During the pandemic, many neighborhood casual dining restaurants have survived while black tie, fine dining establishments have been crushed. The experiences many valued in a fine dining establishment, like obsequious waiters and sommeliers fawning over dinner guests – aren't highly sought after now since wait staff can't leave the table quickly enough for many diners. Downtown steakhouses have been crushed while neighborhood street taco stands have survived on takeout and curbside dining, boosted by convenience and good value. That's unlikely to change anytime soon.

Down and dirty, local beats exotic travel – With U.S. passports less valued today, trips to Tuscany, Provence and the Rhine River region are verboten. Even domestic commercial air travel is in the "no fly zone" for many of us. Cruise ships are WAY out – until November (at the earliest). Summer 2020 is the season of RV's and Sprinter® vans (if you can find one) and tours of U.S. national parks (if you can find a campsite). The travel decision process has been simplified – from questions like "which airline has inexpensive tickets?" and "which hotel should we book?"

to “where can our family drive in just a few hours?” Low gas prices – hurrah! The summer travel season has also been extended from early spring through late fall, because of early school closings and delayed re-openings and the upsurge in work-from-home (or from just about anywhere) trends.

Spending is out, saving is in – Since March, consumers have throttled back spending for health care/dentistry and food services (read “restaurants”) and slowed new auto purchases (though used car sales are up). Second quarter grocery spending jumped 20%. An April 30th headline caught our eye: *“Savings Rate Plummets to 39-Year Low”*. The April personal savings rate, at 13.1% of disposable income, was way above the 1960-2019 trend line of 8-10% (hitting lows of 4.9% after the bursting of the dot.com bubble in 2000 and 5.5% during the 2008 recession). The savings rate leapt to 24.2% in May before easing to 19.0% in June. People are dialing back consumption to replenish their nest eggs for that rainy day.

Sometimes, not much changes for years, even decades. Now, time moves like dog years, yet we see years or decades of changes in just weeks or months. Look for unwinding or accelerating Megatrends in the months and years ahead. Those who get it right, early will benefit. Enjoy the dog days of summer.

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FINDING YOUR PATH

The Death of Retail?

By Lorne Polger, Senior Managing Director

During 2019, 23 name brand retailers fell into bankruptcy. Barney's, Forever21, Gymboree, Charlotte Rousse and Payless Shoes were among the chains. In total, nearly 10,000 retail stores closed their doors last year. Big numbers, no matter how you look at it.

But that was last year. In hindsight? A mere walk in the park compared to 2020, which may be the most difficult year in the history of retailing. On top of the multi-decade battle with online retailing, stores were shuttered for extended periods of time due to the Coronavirus outbreak. Some stores remain shuttered today, or at a minimum, have cut back on store hours and services (thereby cutting deeply into revenue). In addition, inventory and supply chains have been hampered, as demand for certain products has far exceeded manufacturing capacity. A triple whammy.

Here is a list of the major retail bankruptcies of 2020 so far. It is somewhat staggering to think about the long-time tenure of many of these historic brands.

2020 Bankruptcies of Major Retail Chains

Aldo
Art Van Furniture
Ascena
Bluestem Brands
Brooks Brothers
Centric Brands
GNC
G-Star Raw
J. Crew
J.C. Penney
Lord & Taylor
Lucky Brand
Modell's Sporting Goods
Muji USA
Neiman Marcus
Pier 1
Roots USA
RTW Retailwinds
SFP Franchise Corp
Stage Stores
Stein Mart
Sur La Table
Tailored Brands
The Paper Store
True Religion
Tuesday Morning

The case studies below, which cut across different types of retail categories, may tell more of the story of what likely lies ahead; the death of traditional retail, as we know it.

Neiman Marcus

The iconic, Dallas-based high-end department store retailer filed for bankruptcy protection on May 7, after finalizing an agreement with "a significant majority of its creditors," who will become the majority equity owners of the company if the plan is approved, as expected, this fall. The plan would wipe out around $4 billion of the company's existing debt. Easy come, easy go, if you're a creditor of Neiman's.

So, what went wrong? The department store sector has been in the dumps for years now, putting those with high debt at a major disadvantage. Some department stores were late to the online retail game and people began to migrate to specialty stores years ago. Covid-19 presented further challenges to the luxury retail segment. According to a report from Bain and Co., the global luxury market declined by about 25% in the first quarter, and could contract 20% to 35% this year.

Neiman's isn't the first luxury retailer (Lord and Taylor, Ann Taylor, Lane Bryant, Brooks Brothers) or department store chain (J.C. Penney, Sears, Barneys) to go bankrupt, and they won't be the last. It's a familiar trajectory. Family business outgrows its local community roots; becomes a large chain; gets bought out and takes on too much debt. Times change. Shopping habits change. Crisis hits. And boom. They're done.

Even once it exits bankruptcy, the retailer has its work cut out for it. According to its bankruptcy filing, while upwards of 30% of its annual revenues came from e-commerce, Neiman's remains reliant on large physical stores in malls. Not a good place to be. I haven't hung out in a mall lately. How about you?

Will Neiman's customers be around post-Covid? Customers of other department stores? No one knows right now, but it's not a bet I would make.

Pier One Imports

Pier 1 filed for Chapter 11 bankruptcy protection on February 17 with plans to sell itself and close 450 stores.

Didn't work. Following nine consecutive quarters of sales declines, their thought was to close non-U.S. operations and weaker stores. Notwithstanding securing preliminary commitments for debtor-in-possession financing from money center banks, the plan didn't work.

After nearly 60 years of selling home décor and accessories, Pier 1 permanently closed its retail stores in the wake of the Coronavirus pandemic. The Fort Worth, Texas, retailer recently sought bankruptcy-court approval to wind down its operations as soon as possible after its roughly 540 stores can reopen their doors to liquidate their remaining inventory.

Pier 1 is abandoning efforts to emerge from bankruptcy as a viable business after lenders that had explored taking it over backed away, leaving the company with no choice but to shut down for good, according to court papers.

What happened? Too much debt, too little revenue, too many stores, too many expensive leases. And oh, too much lost revenue to Amazon and other online retailers selling similar products. And a pandemic. Don't forget the pandemic.

Sur La Table

My favorite specialty kitchen store filed for bankruptcy protection on July 8. Their plan included closing 51 retail stores.

Sur La Table has been around for about 50 years. Prior to the pandemic, it had 126 stores along with a relatively robust e-commerce arm and fast-growing, revenue-generating cooking classes. But over the five years leading up to its bankruptcy, the kitchenware specialist suffered significant revenue declines. The company also had high turnover in its C-suite. It was overcooked.

The pandemic crisis deepened Sur La Table's troubles. The initial bankruptcy plan provided for the closure of almost half its stores (sadly, including its La Jolla store that I had frequented for 25 years) along with a sale to yet another private equity firm.

But its growth was not in merchandise sales. It was in cooking classes. And with social distancing, those classes were cooked (sorry for the pun).

Its story resonates with all retailers. Initially, its landlords were understanding. Until they weren't. Some gave the company a break on their rent; others pursued eviction proceedings. The company had struggled for years before the pandemic, tied to traditional retail's broader struggles and exacerbated by shifts toward dining out/away from home meal-making and shifts to e-commerce, according to its CEO.

If all goes according to plan, Sur La Table will leave bankruptcy with new owners and a much smaller footprint. Most of its landlords will be left with empty stores, a few remaining napkin holders, and a couple of kitchen racks. Good luck backfilling that space quickly.

Landlords and Lenders

Many retailers limped along by getting significant funding through the PPP program in April and May. Now, there is talk of a potential tax hit relating to the deductibility of expenses. That program is done for now. Will others pop up? Perhaps. Most likely not.

So where will the lifelines be? Hard to see too many at this point. Landlords have been triaging their sick tenants. Made sense at the beginning of the crisis, but in large part, only because their lenders allowed them to do it. Neither party had much of a choice, frankly.

Landlords asked for temporary forgiveness of the interest due on their debt and lenders were happy (okay, not happy really, but willing) to go along for the ride. Why? Because it was easier to not rock the boat when the regulators weren't breathing down their necks (quite a bit different than the situation we faced in 2008-2009). Will that continue? Highly unlikely. Too much time has passed now. We're past the immediate train wreck. Now we're picking up the pieces. Banks and CMBS lenders will soon start to put the heat on. There will be a ripple effect. Tenants will continue to be behind on their rent payments. Landlords will continue to be behind on their debt payments. And lenders will soon tire of the fiscal charade. Mark my words, the walls will start to crumble. It is a house of cards at this point. And when the cards (walls) fall, the roof comes crashing down.

On top of that, Landlords are starting to see better deals with other repurposed uses for portions of their centers. Amazon is calling mall owners. So are others. They have better ideas for their spaces. And the tenants behind those other ideas have a better chance of paying the rent on time. That makes for a happy landlord and a happy lender. Landlords and lenders will be driving the bus going forward.

Finally, the shopping experience has changed. Many consumers are shopping at home, through the triad of online consumption, personal shoppers and companies that offer home shopping experiences. Is retail dead today? No. Is it on life support? Not yet. Is it in critical condition? In a lot of places, yes. The problem is, there is no cure on the way. No vaccination trials happening here. Dr. Fauci won't be giving any press conference for regional malls. Ugh. It won't be pretty.

Retail is a brave new world these days. I'm very glad that Pathfinder is not invested in it.

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GUEST FEATURE

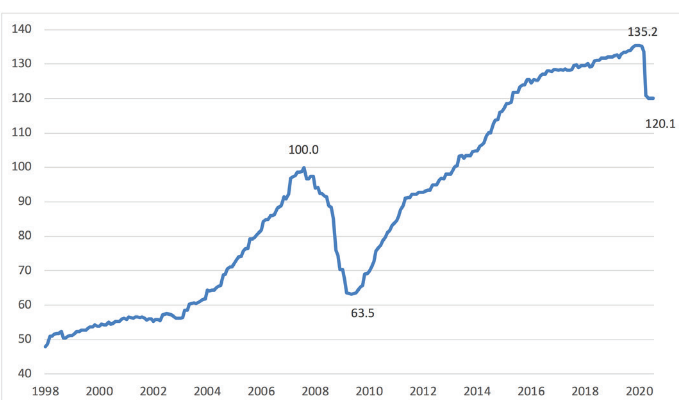
The Elephant in the Multifamily Boardroom – What Will Happen to Values?

By Scot Eisendrath, Managing Director

Where are real estate values heading? Conventional wisdom and many headlines indicate a big move down may be in store. Contrarians argue that quality real estate may only get more expensive. There are opinions on both sides of the aisle (sorry, had to get in a political reference as the election nears).

According to Green Street Advisors' July Commercial Property Index (a time series, weighted index of U.S. commercial property values), real estate values are down 11% during the past three months and 8% over the past 12 months (see graph below). Different property types are down from 5% to 25%. During the Great Recession, commercial property values fell 37%, indicating that we may have more room to fall.

Commercial Property Price Index (CPPI)
Indexed to 100 in 2007



Source: Green Street Advisors. Commercial Property Price Index (CPPI) weights: retail (20%), office (17.5%), apartment (15%), health care (15%), industrial (10%), lodging (7.5%), net lease (5%), self-storage (5%), manufactured home park (2.5%), and student housing (2.5%). Retail is 50% mall and 50% strip retail.

To gain a better idea of current market sentiment and help determine where values may be headed, I've spent my days these past few months talking to appraisers and investment sales brokers, listening to countless webinars and podcasts and voraciously reading the trade publications. My conclusion: there are more opinions than, well, you know.

There are still a very limited number of properties for sale, and there have been very few post-Covid trades, so there are not many data points to analyze, making prognostication difficult. Appraisers rely on evaluating past sales data, which works well in a stable marketplace, so talking to them feels a little bit like reading yesterday's newspaper. Brokers, ever the optimists, talk about dry powder ready to go and pent-up demand from investors – so, of course it's a good time to put your property on the market!

Below I lay out the case for real estate values dropping further, values holding steady or potentially even increasing in the future. At the end, I'll give you my opinion. I don't even want to speculate on what happens to the values of shopping centers and hotels, so this discussion will focus on apartments.

First, the easy case to make; real estate values are heading south.

• It really is all about jobs. If people can't find work or wages are declining, prospective residents can't afford to pay rent. The unemployment rate jumped from 3.5% in February to 14.7% at the height of the pandemic and is now hovering around 11%. Also, keep in mind that the unemployment rate doesn't consider the millions who are underemployed – people who want jobs but have given up looking for work – so the true unemployment rate is understated.

• Economists believe there will be another wave of layoffs this fall, which could offset job creation from re-openings, increased travel and other factors.

• It's hard to argue that we aren't in a riskier environment. Keeping all things equal, to compensate for additional risk, capitalization rates should move higher.

• Consumer confidence is in the dumps and we're coming off the sharpest drop-in economic activity on record. On the bright side, there's hopefully nowhere to go but up!?!

• To put it mildly, there is a considerable amount of political and social uncertainty in our country today. Real estate investors need to navigate regulatory risk, including rent control ordinances, vacancy control measures, eviction moratoriums, rent strikes, and the like.

The case that values will hold steady, or even potentially increase.

• It's amazing what a trillion dollars here, and a trillion dollars there will do to prop up, and potentially even distort, financial markets. Anyone who has reviewed the performance of their IRA or 401(k) is seeing the effects on the stock market. Thus far, the government stimulus has pumped $2 into the U.S. economy for every $1 in lost income, and there's likely more to come – if Congress and the Administration could learn to compromise a bit.

• It may have been the first thing I learned while earning an undergraduate degree in real estate and urban land economics: real estate is a great inflation hedge. Especially apartments financed with long-term, fixed rate debt, because our leases reset every six to 12 months, which means income generally keeps pace with inflation, and our largest expense, debt service, can be fixed. While annual inflation has been around 2% for quite some time, the trillions in government stimulus could mean significantly higher inflation in the future.

• The bellwether ten-year U.S. Treasury security is in the 0.70% range. Adjusted for inflation, this rate is negative. Fixed rate mortgages for apartments are now 2.5% to 3.0%. According to Marcus & Millichap, the spread between capitalization (cap) rates and the ten-year treasury rate is at 460 basis points, the highest in 30 years. The last time this spread was so wide was in 2011 when it was 450 basis points. The extraordinary cap rate compression from 2011 to 2019 led to a massive increase in apartment values. Bottom line: low interest rates help support and may even propel real estate values higher.

• Many of the same factors that made multifamily such a good place to invest prior to the pandemic remain intact, including favorable demographics, declining homeownership and a shortage of housing leading to a massive supply-demand imbalance.

• Apartments, one of the primary commercial real estate food groups, will likely see more focus from institutional investors, like pension funds, university endowments and insurance companies. These investors have real estate allocations and will be skittish to pursue shopping centers, office buildings and hotels, which means more of their allocation may flow to apartments. Additionally, many syndicators and other investors that previously focused on retail, office and other property types may now shift their focus to apartments, because they can't find opportunities or raise capital in their core competencies. This was a trend prior to the pandemic, and it will likely gain steam coming out of it. The likely result is that more investor capital could flow to multifamily, helping to sustain valuations.

My Crystal Ball:

There has been much speculation on the shape of the economic recovery. Will it be a V-shaped recovery, possibly a U, or maybe take the form of a W? While not as widely discussed, I'm starting to feel it will be a K-shaped recovery, which has been described as one where things improve for the haves and worsen for the have-nots. This would be an unfortunate scenario, leading to further income inequality. We are already seeing this in daily life, highlighted by the stock market. The stock prices for many online retailers, cloud computing companies and biotechnology companies working on a vaccine are going through the roof, while brick-and-mortar retailers, restaurants, airlines, cruise ship operators and hospitality companies have, for the most part, been left for dead.
In real estate, there will also be winners and losers. Early indications are that the winners will be industrial (propelled by online retailers), data centers and multifamily. The losers appear to be retail, hospitality and, to a lesser extent, office buildings.

Within each sector, there will also be winners and losers. In multifamily, there will be challenges based on geography (secondary markets may benefit as people flee gateway cities), property class (workforce, class-B housing may outperform class-A and C assets) and tenant type

(properties that cater to "renters by necessity" may outshine luxury properties). Strong asset management will play a bigger role going forward. Few owners were doing virtual leasing six months ago, and today it is a necessity. Property owners willing to embrace and invest in fresh technology will prosper in this new environment. The financial strength of owners and how properties are financed will likely play bigger roles in the performance of properties. Well capitalized owners will be better able to make the necessary property improvements to compete in the new environment. Over-leveraged properties, hamstrung with lower cash flow, are less able to make capital improvements.

It's never easy to predict the future but two things are certain: there will be winners and losers, and Pathfinder's class-B apartment portfolio and strong markets look well positioned.

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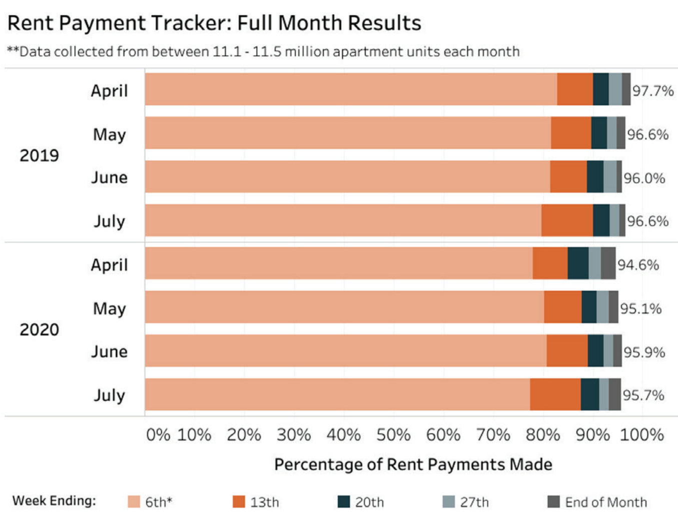
ZEITGEIST – SIGN OF THE TIMES

Multifamily Rent Collections During The Pandemic

The *U.S. Census Bureau* commissioned a 12-week Household Pulse survey to collect data on how people's lives have been impacted by the pandemic, including their confidence in their ability to pay rent. In late April, 65% of the 75 million respondents reported "moderate" to "high" confidence in their ability to pay May's rent. By late July, 61% of the respondents reported similar confidence. The Federal Government stimulus and enhanced unemployment benefits provided under the CARES Act likely played a vital role in keeping confidence levels high in the early stages of the pandemic. Those enhanced unemployment benefits are now expired so apartment owners and property managers are concerned about rent collections in the months ahead.



The National Multifamily Housing Council's (NMHC) tracking of rent payments from 11.4 million professionally managed apartments reported 94.6% of apartment households made full or partial rent payments in April compared to 97.7% in April 2019. As people started to receive stimulus checks and enhanced unemployment subsidies, the payment percentage strengthened. In July, 95.7% of apartment households made rent payments compared with 96.6% in July 2019.

Despite the reduced confidence levels, tenants continue to prioritize rent payments and rent collections have been resilient in the wake of the pandemic-induced economic shutdowns.

[Editor's Note: Strong rent collections are likely correlated with the amount of time residents are now spending at home. When your apartment also functions as an office and/or school, paying your rent and keeping a roof over your head is more important than ever.]

Managing Apartments when Everyone's at Home

Most Americans are now at home most of the time. On the one hand, landlords appreciate this new dynamic because residents are valuing their apartments more than ever. On the other, it's creating several new operational woes including increased wear and tear (the living room is the new playground), trash pileups (the community dumpster is the new office trashcan and the number of Amazon boxes has grown exponentially) and vastly increased utility demands (air conditioners running all day). Coupled with the enhanced Covid-19 related cleaning protocols required in the clubhouse and amenity areas, landlords are seeing meaningful increases in operational expenses.

The good news for apartment owners – you still can't sleep on the internet.

[Editor's Note: Pathfinder – like most institutional apartment owners – bills back residents for most utility costs so if tenants use more power, they pay for it.]

Class-A Apartments Struggling Amidst Pandemic

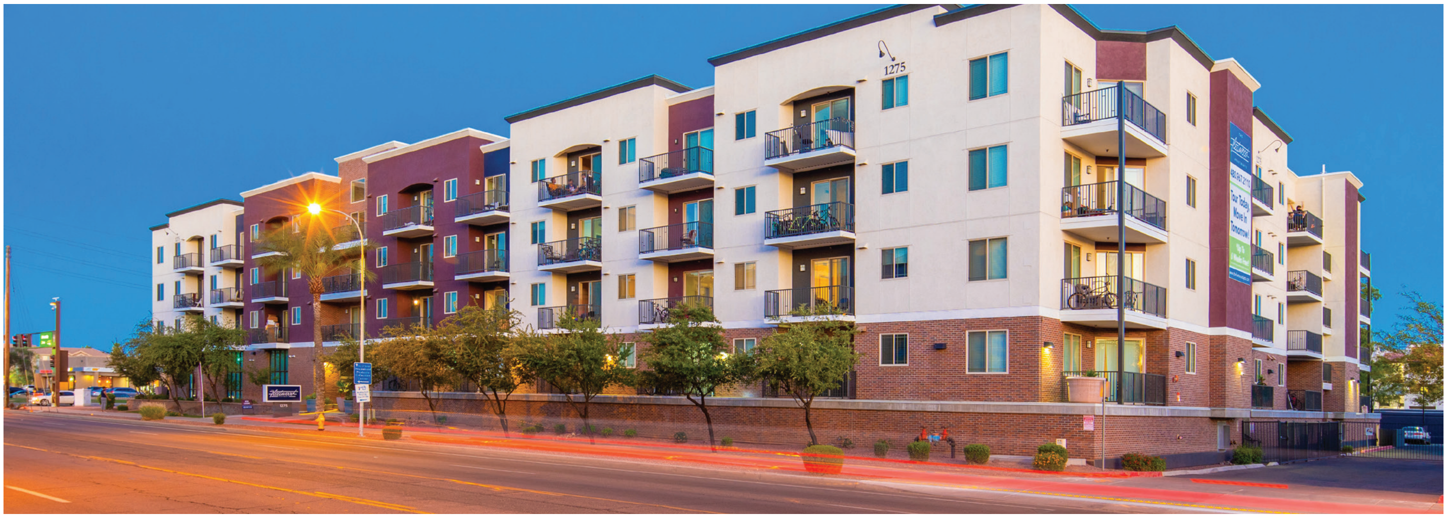
According to a recent *Marcus & Millichap* report, Class-A apartments – newer, more expensive communities (often high-rise buildings) in affluent areas – have experienced an 80-basis point increase in vacancy to 5.7% in the first half of 2020. This increase has been driven by residents' need for less expensive housing and/or residents relocating to less urban and more spacious areas. Absorption – the speed at which new apartments are leased – in newly built Class-A communities was down 75% in the first half of 2020. Rental rates in Class-A apartments were also down 1.5% nationwide with uber-high-end areas disproportionately impacted. San Francisco saw a 6.2%

drop in rental rates. New York City, which hosts some of the most expensive apartments in the nation, saw an estimated 420,000 people – 5% of the population – leave the City during March and April; it's unclear how many residents have come back.

[Editor's Note: Pathfinder has been fortunate to see an increase in occupancy over this same period. We believe our portfolio of mostly garden-style, work-force apartments has benefitted from the exodus of residents of urban, Class-A, high-rise communities.]

TRAILBLAZING: THE FLEETWOOD, TEMPE, AZ

A Second Bite at the Apple



As the saying goes, "every day is a second chance". In November 2018, Pathfinder received a second chance to own The Fleetwood (previously Dorsey Place) – a 96-unit, Class-A multifamily community in Tempe, AZ near Arizona State University (ASU) and the Mill Avenue Entertainment District.

Pathfinder owned Fleetwood from 2011 to 2013, when we sold the property to an institutional partnership that subsequently struggled with operations. We jumped at the chance to repurchase the property at a price that reflected the operational challenges.

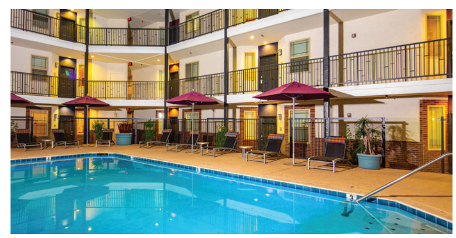
Fleetwood, built in 2007 as condominiums, is a four-story building over a parking garage on a two-acre parcel. The property is comprised of two- and three-bedroom apartments averaging a spacious 1,150 square feet. Fleetwood features an elevator, resort-style pool, 24-hour fitness center, yoga area, clubhouse lounge and outdoor fire pit and barbeque area.

Tempe is home to ASU, the fourth largest U.S. university, ranked as the "Most Innovative University" for the fifth consecutive year by *U.S. News and World Report*. Tempe is an emerging technology hub attracting Millennials and Gen X'ers, who now account for nearly half of the population. Tempe was ranked as one of 2018's "Best Place to Find a Job" by *WalletHub.com* and "Top 50 Best Cities for New Grads" by *Infogram.com*.

We purchased 90 unsold condominiums that were being operated as apartments. We have since repurchased the six previously sold condominiums and collapsed the Homeowner's Association – we believe there will ultimately be far more buyer demand for a pure apartment property than a fractured condominium project.

Last year, we repainted the property's exterior, installed a package locker and upgraded the landscaping, pool area, fitness center, clubhouse/leasing office and community barbeque area.

Renovated Outdoor Common Area



Resident Pool with New Pool Furniture

Renovated Clubhouse Lounge

Model Unit

We rebranded the property "The Fleetwood" with a new logo, property signage, website (*www.thefleetwoodapts.com*) and promotional video. We have renovated 58 apartments with modern finishes and smart-home features.

We are pleased to have another opportunity to own The Fleetwood – it's not that often you get a second chance like that.

Tempe: Did You Know?

Novus Innovation Corridor: Arizona State University and Catullus Development Corporation have partnered to develop an 11 million square foot urban district intended to capitalize on the university's world-class research center and a highly educated workforce. The development, known as the Novus Innovation Corridor, seeks to transform a 355-acre university-owned parcel into 3.5 million square feet of office space, 3,000 apartments, 250,000 to 400,000 square feet of retail and restaurant space and 1,200 hotel rooms. At completion, the project is estimated to create 25,000 permanent jobs. The first phase is under construction and complete buildout is expected to occur over a period of 15 to 20 years.

NOTABLES AND QUOTABLES

Wisdom

"By three methods we may learn wisdom. First, by reflection, which is noblest; Second, by imitation, which is easiest; and third by experience, which is the bitterest."

- Confucius,
Chinese Philosopher

"The only true wisdom is in knowing you know nothing."

- Socrates,
Greek Philosopher

"Knowledge speaks, but wisdom listens."

- Jimi Hendrix,
American Musician

"Yesterday I was clever, so I wanted to change the world. Today I am wise, so I am changing myself."

- Rumi,
13th Century Persian Poet

"To acquire knowledge, one must study; but to acquire wisdom, one must observe."

- Marilyn Vos Savant,
American Writer

"Judge a man by his questions rather than by his answers."

- Voltaire,
French Philosopher

"He who knows all the answers has not been asked all the questions."

- Confucius,
Chinese Philosopher

"Honesty is the first chapter in the book of wisdom."

- Thomas Jefferson

"Any fool can know. The point is to understand."

- Albert Einstein

"Patience is the companion of wisdom."

- Saint Augustine,
1st Century Theologian

IMPORTANT DISCLOSURES