
## IN THIS ISSUE

PATHFINDER PARTNERS INCOME FUND, L.P.
*A Stabilized Multifamily Fund*

**$163,000,000**

IN CURRENT COMMITMENTS
*12 PROPERTIES, 1,383 UNITS*

**Accredited Investors Can Participate in the Fund's July 2022 Closing**

Passage Apartments
*Portland, OR*

Charleston Apartments
*Sacramento, CA*

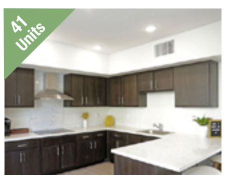
Chestnut Apartments
*Denver, CO*

Paseo Village
*San Diego, CA*

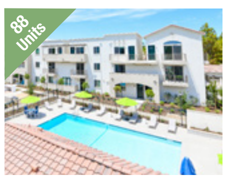
V-Esprit Residences
*Denver, CO*

Echo Ridge at North Hills
*Denver, CO*

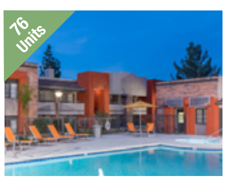
Highlands at Red Hawk Apartments
*Denver, CO*



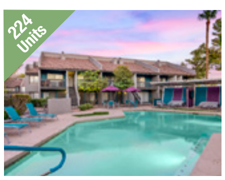
Vista Creekside Apartments
*San Diego, CA*



Breeze Hill Apartments
*San Diego, CA*



Aria Apartments
*Phoenix, AZ*



Maddox Apartments
*Phoenix, AZ*

Talavera Apartments
*Phoenix, AZ*

ANY OFFERS TO BUY SECURITIES WILL BE MADE ONLY PURSUANT TO A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM, WHICH WILL DESCRIBE IN DETAIL THE SECURITIES, INVESTMENT STRATEGY, AND RELATED RISKS.

PATHFINDER PARTNERS
*Intelligent, Innovative Investing™*

www.pathfinderfunds.com

Pathfinder's Mitch Siegler was recently featured on the **Alternative Investment Podcast** to discuss why multifamily remains a resilient sector despite economic turbulence. Hear Mitch's perspective on value-add multifamily investment strategies and Pathfinder's unique approach. **Watch it here**.

# CHARTING THE COURSE

## *Change at the Speed of Light*

*By Mitch Siegler, Senior Managing Director*

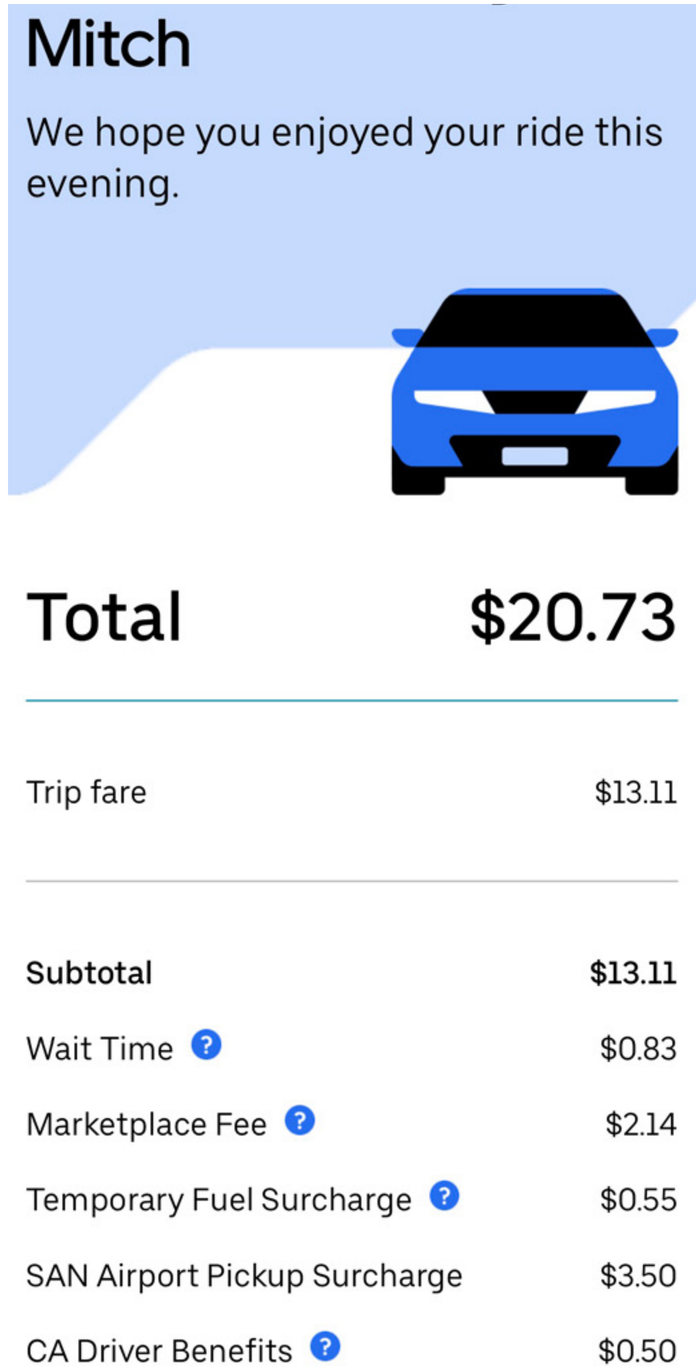
In any story there is that which is seen and that which is hidden – like an iceberg. In the economic story of 2022, seven themes are apparent: Supply chain challenges, high gas prices, high inflation, rising interest rates, economic slowdown, deflating asset values and Russia's invasion of Ukraine. Each of these headlines is distinct and the subject of hundreds of news stories. Yet, they're all wrapped up together and each story is *unfolding at breakneck speed.*

**Supply Chain and Labor Challenges** – Headlines focus on hundreds of container ships waiting to be unloaded off the ports of Los Angeles and Long Beach or loaded in the Chinese ports of Shanghai and Shenzen. Other stories tell the tale of curtailed wheat shipments from Ukraine leading to famine in Africa or semiconductor shortages from Taiwan leading to delays (and higher prices for) autos, iPhones and computers. Peel back the onion and the common story these is labor shortages. The root cause of backlogs in Chinese ports is China's zero-Covid policy, ergo, not enough workers. The challenges at southern California ports is attributed to a truck driver shortage, labor challenges at the ports or both. Parts and material shortages have lengthened lead times and driven up prices for washing machines, outdoor furniture, doors and windows, paint – you name it. For those who think labor shortages will soon be a thing of the past or wage inflation is slowing, consider recent moves to unionize at Starbuck's and Amazon. It's hard to tell the supply chain/labor story without also touching on the inflation story.

**High Gas Prices** – It's not just higher gas prices – now above $5.00/gallon nationwide and approaching $7.00/gallon in California – and poised to rise further this summer. Steel yourself for higher (perhaps much higher) electricity charges this winter. Absolutely, let's blame Putin for $1.49/gallon moves since his brutal invasion of Ukraine (gas prices were $3.62/gallon on Feb. 21, before the invasion and average $5.11/gallon on June 30.) But truth be told, gas prices began their rise more than a year before. Gas prices rose $.79/gallon or 34% in the first half of 2021 (from $2.33/gallon last January to $3.12 last June) and another $.50/gallon prior to the onset of the war. Quick math: gas prices have more than doubled in 18 months and more than half of that rise occurred before the first Russian shot had been fired. There are lots of reasons for that, including lower U.S. oil production and refining but you can't tell the gas price story without also telling the inflation story. That again.

**High Inflation** – Inflation bites when it hits people frequently and everywhere they turn. When prices for bread, eggs, milk and gasoline rise so much that it's obvious to everyone, that's inflation. When Kellogg's and Heinz maintain prices and shrink the contents of cereal boxes and ketchup bottles, that's inflation – hidden, beneath the surface. When home prices skyrocket and rents rise at unusually high levels, that's inflation. When WalMart, Target and Amazon bump wages by $2-$3/hour just so they can hire and retain staff, that's wage inflation. When restaurants can't hire enough cooks, busboys or wait staff or hotels can't hire enough housekeeping staff – even with large wage increases – that's inflation married to a labor shortage. Add in rising mortgage rates and credit card interest rates and sprinkle in hidden fees (our recent restaurant bills included kitchen appreciation fees, wellness fees and supply chain surcharges; recent Uber fares had temporary fuel surcharges, driver benefits and marketplace fees – whatever the heck those are!). Higher prices, smaller package sizes and hidden fees – now, that's inflation!

**Rising Interest Rates** – The Federal Reserve, which arrived a bit late to the party, has been moving aggressively since March to "take away the punchbowl." Diane Swonk, chief economist at Grant Thornton, LLP said it well: "The Fed's goal is for inflation not to become entrenched… It will be that much harder to derail later. You can't make the mistake of the 1970s. You must… bring demand down in a supply-constrained world, as painful as that may be." The Fed Funds rate is now 150 basis points higher than in March following three rate bumps of 25, 50 and 75 basis points. (A basis point is 1/100 of a percent.) Inflation has been building for more than a year and many economists and analysts have been critical of the Fed for its sloth-like moves at the start. But it's moved fast this year! As the Fed moves aggressively to catch-up and cool off inflation, it's becoming clear to many that the Fed's tools, which will certainly squelch demand, have questionable utility impacting supply chain challenges, labor shortages or the world oil market.




**Economic Slowdown** – Since unemployment peaked at 14.7% when the pandemic shut-down our economy in March 2020, job growth has been brisk and unemployment has trended steadily lower, hovering below 4% all year. The housing market, like the equity market, is often one of the first shoes to drop when the Fed begins tightening. New mortgage applications recently hit a 22-year low and leading publicly traded homebuilder stocks are trading at just 3-4 times forward earnings. Everybody's hoping for an economic "soft landing" (an economic slowdown that doesn't precipitate a recession) though warning signs abound and if we avoid a recession, it's likely to be by a whisker. The trilliondollar question: Can the Fed slow demand so it catches up with tight supply relatively quickly? And can they do so and bring about the elusive soft landing? Spoiler alert: of the Fed's previous 12 major tightening cycles since the 1950s, nine ended with recessions, per the *Wall Street Journal*. In a late June survey of economists, Goldman Sachs, JP Morgan Chase, Citicorp and Bank of America pegged the odds of a recession at 35%-50%. These predictions were nowhere to be seen just a few months ago.

**Deflating Asset Values** – Storm clouds began appearing last year as inflation took hold and speculative activity – like SPAC's and cryptocurrency – were among the first sectors to catch cold. Following soon behind were overpriced technology stocks, which fell hard, with many leading tech stocks down 50% or more. Those moves – investors essentially rotating out of crap into quality – precipitated a general decline in the stock market with both the technology-heavy NASDAQ and the broader S&P 500 index swooning more than 20% this year, plunging both into bear market territory. In the past few weeks, scads of retailers, including Wal Mart and Target, have reported excess inventories – another way of saying sales aren't where they'd like them to be. Their stocks have taken a beating, too with WMT 24% off its 52-week high and TGT down 45%. And it happened fast!

**Russia's Invasion of Ukraine** – Russia's invasion of Ukraine is downright awful on its face, but the bigger picture is that it may lead to the dawn of a new geopolitical order with a reinvigorated NATO, a need to boost U.S. defense spending and a renewed recognition of the geopolitical threat from China. Each of these has massive, long-term economic implications. In the short term, the invasion is greatly impacting commodity


prices, particularly for oil, wheat and fertilizer. Goldman Sachs' Commodity Index (GSCI) has risen 38% since the start of the year.

What's frustrating for many is the magnitude of these moves and the speed with which each has burst upon the scene. To make matters worse, many folks think pressures have been building in each of these areas for a while and policymakers who should have spotted the trends long ago and acted on them sooner simply weren't on top of it.

We're living in a fast-paced world where change happens in a big way and lightening fast. Since there's not a whole lot any of us can do about that, relax a bit and enjoy your summer.

*Mitch Siegler is Senior Managing Director of Pathfinder Partners. Prior to co-founding Pathfinder in 2006, Mitch founded and served as CEO of several companies and was a partner with an investment banking and venture capital firm. He can be reached at msiegler@pathfinderfunds.com.*

# FINDING YOUR PATH

## *Told You So*

*By Lorne Polger, Senior Managing Director*

Here at Pathfinder, we've been barking about a looming crisis with inflation for over a year now. We didn't believe the statements from the Federal Reserve Governors back in early 2021 that inflation was "transitory." That made no sense. The government had injected *trillions* of dollars into the system through a variety of programs (stimulus checks, Paycheck Protection Program loans, debt forgiveness programs, loan deferrals, etc.) in an unprecedented fashion. When money is plentiful, and the cost of borrowing is at historic lows (remember mortgage rates in the 2's? That was just last year!!), inflation was, to us, a foregone conclusion. This is not to suggest that a policy of low interest rates and other economic stimulus were not the correct things to do during the heart of the pandemic; we were in unchartered territory and things could have been much worse without those measures. Instead, we've been suggesting that the Fed was very slow to react to what was an apparent and significant uptick in prices that began more than a year ago and continues now. Many pundits forecast elevated levels of inflation at year-end, even well into 2023.

For many of the same reasons, I called a peak in single-family home pricing back in March. Since that time, mortgage applications have fallen by 28% from their peak, new home sales are down by 17% and housing starts have dropped by 13%. I believe pricing may be the next shoe to drop.

Notwithstanding our current sticker shocks over gas, groceries and just about everything else, this is not the Great Recession, version 2.0. The underlying inflation drivers now are very different from those behind the surge in real estate prices that occurred in the mid-2000s. Back then, a bubble in house prices was inflated by a rapid expansion in mortgage debt facilitated by lax regulation and sloppy underwriting. When the bubble burst, overleveraged homeowners quickly found themselves with negative equity and forced selling created a rapid downward spiral.

It's different today. There is less leverage in today's housing market. Household debt as a share of income increased sharply between 2000 and 2007, but we returned to more normal levels after the Great Recession and the household debt numbers have been relatively stable since. Meanwhile, regulations and oversight instituted after the last crisis means that banks are now in better shape. Fog a mirror loans? Long since in the rear-view mirror. We're not going to see the banking failures that we saw in the early '90s and 2009-2010. (Full disclosure, I'm on the board of directors of a San Diego-based community bank.)

That said, looking in the rear-view mirror, did the government stimulate too much, too quickly? Possibly. When the government was throwing free money from the sky, virtually everyone was taking it. That turbo-charged business and consumer spending. On the other hand, it probably wasn't just monetary supply that caused the rapid increase in inflation that began in early 2021. Pandemic-related supply chain challenges and labor shortages contributed. This year's war in Ukraine and additional Covid lockdowns in China certainly have not helped, as both events have contributed to lingering supply chain issues and cost increases.

At a macro level, what are some of the implications of a rapid increase in inflation and a corresponding rapid rise in interest rates? Well, we're starting to see them over the last few weeks. Certainly, corporate and personal spending retracts as borrowing costs increase and folks get squeezed. I expect we will see some increases in unemployment as companies begin to "trimm the fat" as profits get leaned out. On the consumer side, most essential spending is likely to be maintained, but discretionary spending will suffer. It's harder to take that family vacation or even go for dinner and a movie with $5/gallon gasoline ($6+/gallon in California).

**How has rapid inflation impacted the multifamily business?**

Well, there have been both positives and negatives.

First, we've seen a significant increase in rents. Our lease renewal increases and "trade outs" (that is, the increase in rent for an existing unit between the previous tenant and the new tenant) since the beginning of the year are some of the largest we've ever seen. There are a few factors at play here in addition to inflation. Although lots of apartment buildings have been built in the past decade, the majority have been Class A product, which


will typically command a 30-40% premium in rent over Pathfinder's Class B properties. And in the markets that we invest in, the housing stock is significantly undersupplied, for both rental and for-sale housing. That has led to continuing increases in both occupancy and pricing (remember the old supply/demand equation…). We've stayed in the Class B space for along time now, and we continue to believe that the sector offers our investors among the best risk-adjusted returns.

Second, we've seen meaningful wage growth in our markets. Residents of the cities in which we operate can generally afford today's Class B apartment rents.

Third, the significant increase in mortgage rates (from a low in the high 2's, to a recent high in the low 6's, now in the low 5's) means fewer renters will leave to purchase a home, either because they can't qualify for the mortgage, can't afford the increase in their housing costs and/or they can't come up with the required hefty down payment.

Fourth, chaos creates opportunities. We believed in that mantra when we started the company back in 2006 and we remain firm believers in it now. The dislocation in the capital markets has resulted in a steep drop off in apartment sales during the last few months. The higher-leverage debt fund lenders have all but left the market, leaving low-leverage bank and agency lenders the primary sources for debt capital today. Many traders and buyers used the higher-leverage debt fund capital to make their acquisitions pencil during the past few years. Thankfully, we stuck to our principles and did not reach to the sky to make deals work, but that wasn't the case with some very active buyers in the market. I've always had a pretty good nose for deals, and I'm starting to smell some things cooking in the kitchen now. It may not be today or tomorrow, but there definitely will be some opportunities arising out of these inflationary times.

Don't get me wrong, there are some headwinds too. Inflation can work well if the expense side of the ledger remains steady (i.e., fixed rate debt – the loan payment is often the largest expense line item). If your interest rate floats and your rate jumps over the course of a year or two, it won't be pretty. We've been good at stabilizing our other costs as well, but it's an ongoing effort and inflation means higher electricity, insurance and payroll costs.

The current market volatility has also made it more difficult to predict the future trends. That makes it more difficult to plan future sales and acquisitions.

It's also not a great time to sell properties. Many buyers are sitting on the sidelines waiting for the markets to calm down, the recent spike in interest rates to be digested and stability and predictability to return to markets. Less buy-side competition and lower transaction volumes generally mean lower pricing.

We've always been patient at Pathfinder. Our long-term fixed rate loans on our properties have allowed us to take the long view and ride through any bumps in the road along the way. Our properties are full, rent growth is extremely strong and we have long runways with five to ten years remaining on our loan terms.

We believe that today's volatility may create tomorrow's buying opportunities. We also believe that there may be a time in the not-too-distant future to take advantage of some opportunistic acquisitions that will come our way, especially given our reputation in the marketplace as a credible buyer.

We told you a year ago that the government's spending in '20-'21 was likely to bring about inflation. But we're also telling you now that this is a good time to be calm and shortly it may be a good time to be an opportunistic buyer. It has not been a fun time to gas up your car or buy groceries. But it's a pretty darn good time to own or invest in apartment buildings. We think this is a good time for our company and our investors.

*Lorne Polger is Senior Managing Director of Pathfinder Partners. Prior to co-founding Pathfinder in 2006, Lorne was a partner with a leading San Diego law firm, where he headed the Real Estate, Land Use and Environmental Law group. He can be reached at lpolger@pathfinderfunds.com.*

# GUEST FEATURE

## *Will My Daughter Own a Home?*

*Matt Quinn, Vice President, Asset Manager*

My wife and I just had our first child. A daughter. She's precious. And while I used to be thinking about surf trips, now I'm thinking about elementary school (our neighborhood public elementary school is free, no brainer!) and college (I hear they pay you to go to trade school, easy call!).

I've also been thinking about homeownership and the likelihood that in 20 or 30 years she'll be able to buy a home in San Diego. Going strictly by the data for an "average" person – a household making the average income for a region compared with the average mortgage for a single-family home – the answer is likely no. The median home price in San Diego is $925,000 and the average household income is $113,000, so the math doesn't work. Okay, we live in an expensive city so maybe she can buy in a nearby area and occasionally drive to see her old man? The median price in Riverside is $640,000 and the average income is $90,000, another no. Okay, maybe Orange County? Maybe Irvine? No. No. Geez. Maybe across the border in Baja California, Mexico? Wait, those numbers might work! She could own in Baja! Never mind – you must be Mexican to own real estate in Mexico. Scratch that.

**U.S. Homeownership: Yesterday, Today and Tomorrow**

The U.S homeownership rate grew significantly over the past century before beginning to decline in 2006. In 1900, the rate was 47% and grew somewhat steadily through the post-WWII period (supported by the G.I. Bill) until it peaked in 2006 at 69%. Homeownership has declined during the past 15 years to approximately 65% today. According to a recent study by the *Urban Institute*, homeownership is expected to continue to fall to 62% by 2040. And in the West, the homeownership rate, lower because of prices well above the national average, will likely be even lower in the future. Through 2040, the number of new renters is expected to be twice that of new homeowners.

**Contributing Factors**

So how did we get here? The homeownership conundrum starts with a drastic supply problem and is exacerbated by demographic trends – Gen-X, millennials and Gen-Z have been delaying marriage and family formation and the rate of each is well below rates for Baby Boomers. Younger people today also value mobility and can increasingly work from home, allowing them to live anywhere. So, they're more inclined to rent than to buy.


Economics play a big role too. In many cities in the west, it costs 30-50% more to own than to rent. Sure, there are tax benefits to owning but it's generally more expensive, even on an after-tax basis, in the more expensive cities like San Francisco, Los Angeles, Seattle and San Diego.

Other contributing factors include increases in investor home purchases, second homes purchases and short-term rental conversions. But the primary reason is lack of supply, pure and simple. The solution for high home prices is increased supply of homes. But, that's hard in areas with little buildable land. And inflation and higher costs of building materials and construction labor make that challenge even greater. And in areas where home prices are high, you don't need to look far to find NIMBYism (not in my backyard) – efforts on the part of local community members to oppose any new projects in their neighborhoods. Environmental lawsuits, parking restrictions and height limits combine to crimp supply.

During the pandemic, many young people crashed in their parents' basements. Today, they're once again forming new households. We're simply not building enough homes to keep pace with household formation, especially in the West – and we haven't done so for decades. A recent study by the *National Association of*

*Realtors* put the number of immediately needed housing units nationwide at 5,500,000 while a 2021 Freddie Mac study pegged it at 3,800,000. Big picture, we need another four to six million homes – good luck with that. The West's housing affordability index in April was 88 and anything under 100 means owning a home is unaffordable for someone making the median household income.

**Who Can Afford to Buy?**

In general, unless you're special (you earn more than the average person) or you're incredibly handy (allowing for you to find that rare screaming deal on that amazing fixer-upper), you likely can't buy a home in the western U.S. today. And if you are special, and you're in the market to buy a house, you're probably competing against other very special investors who often pay all-cash with quick closing periods. We've been selling our entry-level rental homes and receiving five to ten offers this spring was pretty typical. The market has cooled a bit with the increase in interest rates but it's been a seller's market (and tough for first-time buyers) for a while.

**The Role of Investor Purchases**

In the first quarter of 2022, investor home purchases represented 28% of single-family home sales in the U.S. and 74% of those purchases were made by smaller groups ranging from wealthy individuals to Airbnb investors. Much has been made in the media about groups like Blackstone's Invitation Homes gobbling up homes like Godzilla at Thanksgiving but the data suggests that the vast majority of single-family home investors are smaller investors. Further compounding the issue is the secondary home market, which caught fire during the Covid-19 pandemic and saw an 80% jump in 2020 and remained 50% above pre-pandemic levels through February 2022.

**What is my Daughter to do?**

Realistically, future generations – especially those who want to live in desirable locations – will need to accept that they may be renters in perpetuity. Luckily, what they lose in home equity they gain in lifestyle flexibility, reduced maintenance requirements and access to neighborhoods they could otherwise not afford as a buyer. We're already seeing this change amongst the Millennial and Z generations, as their idea of the American dream shifts from owning a suburban home with a white picket fence to renting in a cool, walkable neighborhood. And with the previously mentioned supply challenges continuing to gain steam, I suspect the trend of renting will do the same. The flip side is the headwinds facing homeownership are tailwinds for multifamily, benefiting Pathfinder and our investors.

*Matt Quinn is Vice President at Pathfinder Partners, focusing on asset management activities. Prior to joining Pathfinder in 2009, Matt worked with a San Diego-based firm which consulted on mergers and acquisitions and with the Wealth Management division of a California regional bank. He can be reached at mquinn@pathfinderfunds.com.*

# ZEITGEIST – SIGN OF THE TIMES

**Multifamily Pandemic Report Card**

The past two years have been a rollercoaster for multifamily owners and investors. When the pandemic began in March 2020, fundamentals were solid but lockdowns negatively impacted many owners' bottom lines. The recovery in 2021 was strong and those tailwinds continue – though the impact of inflation and rising interest rates creates uncertainty in 2022. A more detailed review is below.

**2020 – C- to B- (depending on the market and property type):** When Covid-19 hit in 2020, the future of the multifamily industry was uncertain at best, and downright scary, at worst. Landlords – or housing providers as we prefer to be called – juggled tenants who were unable or unwilling to work (and pay rent) and various federal, state and local eviction moratoria. While real estate sectors like retail and hospitality suffered due to stay-at-home orders which boosted internet shopping and depressed travel, the impacts were not nearly as severe for multifamily housing. An increased renter appreciation for their home – which often doubled as a workplace and sometimes a school – coupled with stimulus packages like the CARES Act (which pumped trillions of dollars into consumers' pockets), buoyed the multifamily industry early in the pandemic while many sectors of the economy suffered or stagnated.

As 2020 progressed, the multifamily industry experienced unprecedented renter migration as renters relocated from denser urban-core markets to lower density (and sometimes more affordable) suburban and secondary markets. Even with these changing migration patterns and an ongoing federal eviction moratorium, data provided by the *National Multifamily Housing Council* showed rent collections dipped just 0.1%-3.1%, depending on the asset class. Class-B properties, otherwise known as workforce housing, outperformed other multifamily asset classes while lower cost Class-C properties saw higher delinquency and more expensive Class-A properties struggled with vacancy.

**2021 – B+:** As the pandemic rolled into 2021, both primary and secondary U.S. markets recorded historic rent growth. According to a *Zumper* study on 2021 rents, New York City – the country's premier primary market – saw 32% rent growth after rents fell 12% in 2020. Phoenix, one of the hottest secondary markets, saw 23% rent growth after 5% growth in 2020. Tertiary markets like Boise and Bakersfield, previously under the radar for many multifamily investors, saw rents rise 25% and 21%, respectively, while rent growth nationwide was 11%.


**2022 – A:** Despite the best efforts of the Federal Reserve to fight back the highest inflation in 40 years, economic tailwinds continue to propel strong multifamily fundamentals. According to a recent *Yardi Matrix* report, nationwide rent growth year-over-year through May was 14%, extremely high by historical standards. The largest increases were posted in Florida with Miami, Orlando and Tampa jumping 22%-24% while western markets like San Diego and Phoenix continued to outperform the national average with rent growth of 21% each. Meanwhile, homeownership continues to be pushed beyond the reach of many Americans – especially in more desirable cities – as home price appreciation runs at double digits and mortgage interest rates rise sharply. These expensive homes are further solidifying demand for multifamily housing.

All in all, we'd say the industry gets good marks for its performance during the pandemic and while we expect rent growth to moderate, we think the positive fundamentals will continue.

**Record Unaffordability in the U.S. Housing Market**

The U.S. for-sale housing affordability index fell to 102 in May, edging dangerously close to 100, which is considered unaffordable. The index was 145 just six months ago. Record high pricing coupled with rising interest rates made May the most expensive month to buy a home since July 2006. The typical monthly mortgage payment was $1,842 in May, up from $1,220 in May 2021, a 51% increase in just a year. This is the result of a 20% rise in home prices during the past year coupled with a doubling of mortgage rates from around 3% this spring to above 6% in June. While mortgage rates have lowered in recent weeks, experts believe affordability is likely to continue to worsen as demand exceeds available inventory and home price appreciation outpaces wage growth. Markets are betting on a .50% to .75% increase in the Federal Funds rate in July, which will also move mortgage rates higher.

On the supply side, active listings in June were down 53% from June 2019 levels, the last comparable pre-pandemic year. As homes become less affordable, many buyers have dropped out of the market creating less competition and a slowdown in buyer traffic and overall sales activity. And the remaining buyers, who are facing drastically higher interest rates, are readjusting their budgets. Typically, when home affordability falls, more people choose to rent.

# TRAILBLAZING: ECHO RIDGE, DENVER, CO

*"Thoughtful and Balanced Living"*

In June 1959, 15,000 people came to view five model homes ten miles north of downtown Denver in a new community called "North Glen". The property was Colorado's largest master-planned community and prices ranged from $12,000 to $30,000. The project was dubbed "the most perfectly planned community in America" by *Life* magazine. Today, 40,000 people call the City of Northglenn home and the median home price is $505,000.

Last winter, our team visited Echo Ridge, a 168-unit apartment community in the heart of Northglenn. The area is thoughtfully planned with small neighborhoods, accessible schools, convenient shopping, well-located employment centers and outdoor recreation galore. Residents have access to big city amenities while living a quieter, more suburban lifestyle. Pathfinder Income Fund acquired Echo Ridge in April 2021.

*Echo Ridge – Pool Area*

Echo Ridge, built in 1999, is a low-density property on 7.8 acres which includes one- and two-bedroom apartments averaging 895 square feet – large by typical apartment standards. The apartments feature vinyl plank flooring, air conditioning, walk-in closets, in-unit washers and dryers and a private patio or balcony. Select units have fireplaces, upgraded finishes and views of the Rocky Mountains. The property offers a swimming pool, outdoor patio/grill area, fitness center, clubhouse lounge and business center.

The seller had completed $2,000,000 in capital improvements including interior apartment renovations, upgrades to common area amenities, exterior and common area painting and correction of deferred maintenance items. We are continuing interior renovations with a higher level of finishes and installing a smart home package, including keyless door locks, Nest® thermostats and smart outlets, all which can be controlled by your smartphone. Last year, we further improved the common areas with a new resident package

*Echo Ridge – Clubhouse Lounge*

*Echo Ridge – Outdoor Patio and BBQ Area*

locker system, dog park, upgraded pool furniture and an enhancement of the clubhouse with a new color scheme and décor. Our residents are enjoying the convenience of their new smart home features and their pets are loving the new dog park.

Our residents have convenient access to the City's "Greenway Trail System" which includes 35 miles of off-street walking and biking paths that connect to other major trail systems throughout the Denver metro area. Northglenn has come a long way since the build-out of its first model homes and we're thrilled to be a part of the City's history and growth.

## *Northglenn, CO: Did you know?*

Just two miles south of Echo Ridge is the **Northglenn Marketplace**, a public/private redevelopment project between Hutensky Capital Partners, who purchased the property in 2018, and the Northglenn Urban Renewal Authority. Their goal is to rebrand, improve and reinvigorate the center while retaining existing tenants and attracting new ones. The project features over 600,000 square feet of retail, restaurant and service tenants and a luxury 12-screen movie theater. This summer, Prost Brewing Company announced plans to bring their corporate headquarters and largest beer garden to the marketplace.

# NOTABLES AND QUOTABLES

*Commitment*

*"It was character that got us out of bed, commitment that moved us into action and discipline that enabled us to follow through."*

- Zig Ziglar, *American Author*

*"Motivation is what gets you started. Commitment is what keeps you going."*

- Jim Rohn, *American Entrepreneur*

*"Most of the important things in the world have been accomplished by people who have kept on trying when there seemed to be no hope at all."*

- Dale Carnegie, *American Entrepreneur*

*"Until one is committed, there is hesitancy, the chance to draw back, always ineffectiveness."*

- William Hutchison Murray, *Scottish Writer*

*"Commitment is what transforms a promise into a reality."*

- Abraham Lincoln, *American President*

*"Desire is the key to motivation, but it's determination and commitment to an unrelenting pursuit of your goal – a commitment to excellence – that will enable you to attain the success you seek."*

- Mario Andretti, *Italian/American Racecar Driver*

*"Don't be confused by what looks like luck to you. Lucky people don't make successful people; people who completely commit themselves to success seem to get lucky in life."*

- Grant Cardone, *American Writer*

*"Commitment is that turning point in your life when you seize the moment to alter your destiny."*

- Denis Waitley, *Motivational Speaker*

*"There are only two options regarding commitment: you're either in or you're out. There's no such thing as life in-between."*

- Pat Riley, *Professional Basketball Coach*

*"Most people fail, not because of lack of desire, but because of lack of commitment."*

- Vince Lombardi, *American Football Coach*

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