THE PATHFINDER REPORT

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IN THIS ISSUE

CHARTING THE COURSE

Five Lessons in Resilience from The Old Man and the Sea

By Mitch Siegler, Senior Managing Director

The story of Santiago, the fisherman in Hemingway's *The Old Man and the Sea*, is one of resilience – toughness or the ability to recover quickly from difficulties. Santiago has unparalleled knowledge of the sea and his craft, which prepares him for an unimaginable string of hardship and misfortune. He has been unable to catch fish for 84 days and is dragged further out to sea where he sees storm clouds brewing. The marlin with which he struggles for three days is a remarkable test of his strength and endurance. Santiago catches the fish and straps it to his skiff though it's later eaten by sharks.

The book teaches many lessons, including perseverance, the importance of being prepared and how character helps us endure hardships and overcome obstacles. Investors also face challenges, though not of the sort faced by the Old Man. Yet preparation and character are no less important to investors than they were to Santiago. And taking steps to increase resilience are key to success in both the open ocean and the markets.

An economic storm is brewing. We all see the headlines and are disturbed by rising interest rates, 40-year-high inflation, and escalating layoffs. We feel the pinch of inflation when we visit the grocery store and the gas station and worry about the other shoe dropping.

We face strong economic headwinds today: High inflation, slowing growth and a possible recession – all playing a role in the substantial declines in the value of our IRA and 401(k) retirement accounts this past year. In the face of storms, we batten down the hatches, protect sensitive and vulnerable equipment, tread carefully and hold on tight.

While it's possible to take steps to prepare just before the storm arrives, it's far preferable to make sure your boat is seaworthy, and your home's roof is water-tight long before the rains and heavy winds arrive. Storms are inevitable and bad things do happen. Some make it through unphased while others are decimated. Those who are exceptionally well prepared and well insured are more resilient.

Five Ways an Investor Can Build Resilience

There are numerous tools for increasing one's resilience. Among them are reading the landscape, stacking the deck in your favor, creating adequate cash reserves, taking a 'belt and suspenders' approach and contingency planning.

1. **Reading the Landscape** – The Old Man knew enough to monitor the weather and maintain his boat before heading out to sea. Great investors have humility and usually don't try to build a strategy around market timing, but they carefully consider portfolio construction and diversification and are not afraid to weight their portfolio with assets that are lined up well for upcoming market conditions. For example, technology stocks generally outperform in bull markets and investors can find shelter in consumer non-durables during downturns. Many investors enjoy success by rotating out of one and into another as market cycles change. We've long espoused our belief that multifamily (apartment) investing, because of a major housing shortage, is a strategy for all seasons and is a particularly resilient asset class when the economy experiences a downdraft. That doesn't mean we don't step on the accelerator at some points in the cycle and tap the brake pedal at other times. Multifamily is also an excellent inflation hedge because of the shorter duration lease terms (typically a year or less). And, multifamily lends itself to attractive, long-term financing. Those are among the reasons investing in multifamily is all we do. Having greater focus makes you a stronger investor and making sure your investment strategy is properly aligned with the times and those that might be coming sets you up for success. A well-constructed and properly diversified portfolio, discussed further below, is also a powerful tool.

2. **Stack the Deck in Your Favor** – Astute investors often follow the old saw, invest in what you know. Some friends have made a killing in the options market, but we're not experts and have long avoided that sort of trading. At Pathfinder, we've done deep research and have years of experience in six western U.S. markets which are rapidly growing and severely housing constrained. We could venture elsewhere but we believe building on our existing base of knowledge and experience provides us with a margin

of safety. When you have deep knowledge and experience about a few things, we believe you have an advantage, and the deck is stacked in your favor.

Diversification can be another strategy for stacking the deck in your favor. Several friends whose comfortable retirements are assured bought Apple stock early on and never missed a beat when that position grew to 80% of their portfolio value – but that level of portfolio concentration is not for us! We believe in diversification and have long held that a diversified fund with several properties in various cities balances out short-term issues at one property or swings in a particular city. And because multifamily investment performance is not historically highly correlated with returns from traditional investments (equities and fixed income), we believe that apartments deserve a place in an investor's diversified portfolio.

3. **Cash is King** – Santiago had bait aboard as well as the tools and experience to create more bait, as required. That provided him with flexibility and allowed for extra time at sea. Investors in emerging companies often call a company's cash balance its "runway" and consider its length before investing. For both businesses and individual investors, cash liquidity is key during periods of volatility. Companies can build their liquidity by increasing the levels of cash/marketable securities on their balance sheets and putting lines of credit in place that they could tap if they're impacted by economic headwinds.

   Similarly, individual investors may need staying power to ride out the storm. They can achieve this with a cash cushion, a personal line of credit or a home equity credit line (effective tools irrespective of whether they're utilized), as examples. While many don't like holding cash in inflationary times, today one can earn 2-3% in Certificates of Deposit or Money Market accounts and a whopping 6.89% on government six-month Series I Bonds, though each person is capped at $15,000 on these.

Many companies with the foresight to raise more capital than they thought necessary several years ago weathered the pandemic and the famine in the capital markets that came in its wake. Those without that foresight suffered and today, only the better private companies can raise capital (other than on extremely onerous terms). It can make a huge difference to a company's survival chances in a famine (when orders are scarce, or supply chain issues upset production schedules) if their cash runway is 12 or 36 months. That can be the difference between death and survival.

Similarly, individual investors can use their cash liquidity or credit lines as a rainy-day fund and to take advantage of investment opportunities – which often present themselves during stormy periods. Those who use techniques like dollar cost averaging (buying additional stock when the share price plummets to reduce the average cost per share) need strong stomachs to buy more in the face of a declining share price – and that's where liquidity can help. At Pathfinder, we consider cash reserves when we eat, breathe and sleep. We want our properties and funds to have sufficient cash reserves. What if occupancy declines or rent growth slows? What if there's a need for an unplanned, major capital expenditure? We address these concerns with healthy cash reserves.

4. **Belt and Suspenders Approach** – Many used the low interest rate environment during the pandemic to refinance their home mortgages. They're sitting pretty with their 3% mortgages as compared with current rates above 7%. Until recently, it was cheaper to borrow with variable-rate loans than to use fixed-rate financing. Owing to our desire to sleep well at night, we generally use fixed-rate financing for our stabilized properties. Those loans are more expensive, but they serve as an insurance policy protecting us from rising interest rates. Today, our Pathfinder Income Fund has a dozen properties with seven- to ten-year, fixed rate loans with a weighted average borrowing cost of 3.2%. That's an extraordinary asset in a period of high inflation or when the economy looks poised for a downturn – we may be looking at both.

   Speaking of insurance, it's heartbreaking to hear stories of people who lost everything in a hurricane and to learn that their flood insurance lapsed, or they had inadequate property insurance coverage. Some of our Pathfinder properties reside in earthquake zones. Lenders typically require borrowers to maintain adequate property insurance, but earthquake riders are generally not required. Nonetheless, we generally buy them anyway as our investors will be mildly annoyed about an additional $10,000-$20,000 annual insurance expense but would be extremely perturbed if an earthquake destroyed a property. Fixed rate and longer-term loans, like plenty of insurance are hedges. They come at a cost but depending on your attitude about risk may be worthwhile. Wearing both a belt and suspenders won't win any fashion awards but you're unlikely to be caught with your pants down!

5. **Contingency Planning** – Scenario planning and sensitivity analysis are terrific – we have plenty of experience with these types of approaches. They help you envision scenarios in the future and consider ways to prepare for them. But all the "What if?" analysis in the world won't help you when the day of reckoning arrives. We'd rather absorb higher insurance premiums to gain a better night's sleep. We also don't like the feeling in the pits of our stomach when the loan statements arrive showing higher interest rates and monthly payment amounts. And perish the thought of telling our investors about our need for an unplanned capital call or that the regularly scheduled quarterly distribution will be reduced or delayed. Contingency planning helps one set the stage for playing it safe.

In volatile, turbulent periods, it's harder to look around the bend to see what might be coming. How many more rounds of interest rate hikes are ahead? Is the bear market in stocks ending or just getting started?

At Pathfinder, we wonder about the level of apartment rent growth next year. It's highly unlikely to be anywhere near as strong as it was last year. Will occupancies, at historically high levels, hold? Who knows? With storm clouds on the horizon, we're prioritizing occupancy and working even harder to hold onto our tenants, even if it means we sacrifice a bit on rent levels.

It's stormy out there and we're grateful for our blessings – including resilience. We wish you and yours a very Happy Thanksgiving.

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

A Few Musings from the Front Lines

By Lorne Polger, Senior Managing Director

The Apartment Sector's Insulation from The Cold of Winter

We've got some headwinds cooking. The overall economy is, depending on which economist you are following, either (i) in a recession; (ii) heading into a recession; (iii) gliding to a soft landing or (iv) floundering about with no clear signals on where it will land.

Interest rates have soared this year. The November 2 Fed rate hike brought the Fed funds rate up to almost 4%, from a low of near zero in March. The consensus estimate for peak Fed Funds rate is 4.50% to 4.75% in 2023. Some experts predict the rate could hit 5% in 2023 before trending down. And finally, inflation is still spiraling. You see it daily on your trips to the grocery store and gas station. You also see it more broadly in higher prices for building materials, airline fares, electricity and rent.

That said, recession doesn't necessarily result in doom in the apartment sector. Among the major commercial real estate food groups, multifamily remains a shining light. While there are some clouds on the horizon, and we expect a moderate pricing correction ahead, we also expect that several elements will continue to work in favor of rental housing, especially workforce housing.

Historically, for-sale housing affordability and multifamily vacancy rates have correlated. In the early 2000s, looser mortgage credit (remember those fog-a-mirror loans?) spurred an increase in home ownership, while affordability held steady. Multifamily vacancies rose during that time. The situation reversed in the early 2010s after the Great Financial Crisis when housing became more affordable, but fewer buyers were able to qualify for a mortgage. Amid this dynamic, multifamily vacancies declined, and rents increased. Today, as mortgage rates spiral, the pool of creditworthy homebuyers has shrunk. Reduced affordability in for-sale housing will likely bolster multifamily demand, providing a counterweight to the challenges multifamily investors face from a

weakening economy and a significant amount of new construction that has brought more apartment supply over the last few years.

As an affordability example, mortgage rates are set at approximately 3% above the Fed Funds rate. Earlier this year when the Fed Funds rate was near 0% and mortgage rates were near 3%, a buyer on a $2,500 budget could afford a $600,000 home. At a 6% mortgage rate, the same buyer could only afford a $420,000 home. At an 8% rate, that same buyer's budget is capped at $340,000. What a massive difference. There aren't too many homes for sale at those prices, at least in the markets that Pathfinder invests in. Those renters will continue to rent.

Consider also that we are going to see a significant reduction in apartment construction ahead. The rising costs of land, materials, labor, and interest rates are not working in the favor of developers. On top of that, banks have started to pull back from construction lending and we believe that process will accelerate. I attended a conference a few weeks back where several construction lenders mentioned to me that they were "pencils down" on new construction loans for the near future. If you are a lender, why take that sort of risk at this point in the cycle?

Another factor driving rental housing is that people may not need an office to work from or a brick-and-mortar retailer to buy from, but they still need a place to sleep. And if their pay is cut or their costs increase, they still have options to ratchet down their housing expense. Bottom line, we believe strongly that it remains better to invest in the Class B apartment space than the Class A space, where rents are much higher.

We believe that apartments will continue to offer a strong hedge against inflation. If you're operating in resilient markets (avoiding those with excess concentrations in tourism or economic drivers that are fickle, like capital goods manufacturing), have strong asset and property management teams and good lender relationships, multifamily investing should continue to offer solid risk-adjusted returns during turbulent times.

Fun Times for the Mega Banks

Speaking of lender relationships, we do most of our work with business banks and community banks. Admittedly, I'm also a customer at a couple of the megabanks, where I keep some personal checking accounts (primarily because I've been too lazy to close them and move the monies over to my primary banks). How these megabanks stay in business is a mystery to me.

"Welcome to our cramped seat, no meal, fight over the luggage space flight."

I've been a customer at one California megabank for almost 30 years. Their branch in La Jolla sits at a primary, high rent intersection, and is 5,000 square feet. I walked in on a recent Tuesday around noon. There were three employees there, all pretty much twiddling their thumbs. I was the only customer in the place, and you could have fired a cannon off without hitting anyone. Can't even imagine how their profits from that branch tie into their rents.

Similar experience with another megabank. I am the trustee of a trust account held there and wanted to transfer the account from San Diego to Denver, where the trust beneficiary lives. I walked into the Denver branch on a beautiful Thursday afternoon. Everyone must have been out hiking that day; nary another customer to be found. I walked up to the nicely dressed teller and she asked if I had an appointment. "An appointment?" I replied as I looked around searching for signs of human life. "No, but I'm already a proud customer here at megabank!"

I explained what I needed to do (transfer an account within their system so that it would be domiciled in Denver). Her vacant stare did not give me great confidence. After a minute or two of fumbling around, she brought over the branch manager, who appeared to be somewhere in his early 20's and wore a suit more befitting a Cannes red carpet than a Denver bank. "I'm sorry sir, but we can't do that. You'll need to close that account and open a new one. And we only do that by appointment, so you'll need to book one online at *www.largestbankintheuniverse.com* and come back and see us then!" Alrighty. I've since closed that account and moved it to a community bank in Denver where a banker answers the phone and provides customer service… without an appointment.

The Joys of Business Travel

We've been back on the road for a while now at Pathfinder, touring our properties, meeting with brokers and attending conferences. That has also meant time in the skies. In a similar vein to the megabank experiences, customer service seems lost on the airlines. Delayed flights, smaller seats, rude flight attendants, and lost baggage are now the routine. My experience on a recent trip to D.C. suggested that the flight attendants were significantly more concerned about pushing the credit card application on you then they were in making sure your pre-made $17 "snack box" was delivered to the correct seat. And notwithstanding the fact that my weight has remained within a 5-pound range for the last ten years, I'm wondering why I can barely squeeze into a coach seat while knocking my seatmate's elbow off their perch every time I hit the return button on my laptop. Moreover, why did my credit card need to be "pre-approved" before I got on the flight to order a snack? Really? After I just spent $800 on a coach seat with 2" of legroom? Thank goodness I am only 5'7". Cannot imagine being a six-footer and cramming into one of those.

Thanksgiving Message

It is the time of season to give thanks, and we have plenty to give. To our investors, our service providers, the brokers and other professionals we work with. To our amazing staff, many of whom have been with us now for over a decade. And to our families and friends, who form the most meaningful parts of our lives. Enjoy the holidays and we look forward to seeing you in 2023.

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

Great Communication is Crucial in Baseball and in Investing

By Jeff Wurtz, Chief Financial Officer

October baseball was alive and well in San Diego. The Padres made the playoffs in a full season for the first time since 2006 and played at home in front of fans for the first time since 2006. (Sadly, the 2020 playoffs took place in front of cardboard cutouts). As a self-proclaimed baseball nerd, I watched a lot of games this year. But even the casual fan who only tuned in for a couple of playoff games would have noticed something different this year. 2022 will be known in baseball history as the year of the PitchCom.

PitchCom is a device that teams started using this year so catchers can transmit calls to pitchers instead of giving visual signs. The set-up is straightforward. Instead of the usual signs (one finger down for fastball, two for curveball, etc.), the catcher presses buttons on his wristband to communicate pitch type and location, which the pitcher hears through a receiver in his hat. Teams were able to tailor the messaging to their specific players, including varying between English, Spanish, Japanese and Korean. *(For some humor, you can look up some customized messages catchers programed into their PitchComs).*

As crucial as good communication is between a pitcher and a catcher, it may be even more essential between a fund sponsor and its investors. In general, good investor communication helps establish relationships and fosters a partnership environment. It educates and informs and elevates the investor's knowledge level, so they are a more astute investor.

At Pathfinder, we view our investors as our partners. This partnership is built on and sustained by effective communications. As co-partners, we make a conscious effort to understand an investor's perspective. We share information we would want to know, and in a way we would want it conveyed to us, if our positions were reversed. We provide timely and regular communications and when the news isn't good, we put it up front.

Effective communication is a North Star – founded on a set of principles and continually evolving and improved upon, as opposed to a finish line to be reached. While organizations constantly review and evaluate their investor communication efforts, there are a few things that should be constant in their approach. Their three North Star "Be's."

Be Consistent

Use apples-to-apples comparisons. Sometimes, metrics shared by an organization vary from one period to the next, making it difficult for investors to accurately gauge performance. Absolute rents, expressed in dollars, aren't that meaningful unless they're followed with period-over–period rent growth percentage. Similarly, it's not sufficient to disclose the amount of the bank loan on a property; we also want to share the key terms (fixed-rate or variable-rate, interest rate, remaining loan term, etc.). Ensuring that the same metrics are used consistently, and the information is comprehensive enables investors to better understand trends and generate trust.

At Pathfinder, we provide detailed quarterly reports for each of our funds outlining the status and performance of each fund property. Included in our reporting, we share investment acquisition cost, debt levels, and fair values, along with property occupancy rates and status of unit renovations (percentage of total units which have been renovated and magnitude of renovation premiums). As noted above, we share these metrics each quarter so investors can easily track progress and hold us accountable to the original business plans.

Be Transparent

Former HP CEO Meg Whitman says her favorite short motto is "Run to the fire." She figures if you've got a tough message to deliver, don't shrink from it. Address it head on, with a frank assessment of the issue, the reasons behind it, and what's being done to address it.

An effective communication strategy includes sharing the positives and the negatives with investors. Transparency is critical, and it's important to be realistic. If it's going to be three steps forward, and two steps back, go ahead and say so. This year, for example, interest rates have risen dramatically. Fortunately, most of our property loans were structured over a year ago and the vast majority are fixed-rate loans. We do have a few variable-rate loans on non-stabilized properties, and we report on these loans and the new, higher rates, to our investors.

As part of our efforts to be transparent, we audit each of our funds annually and share those audit reports with investors. Additionally, we re-value fund portfolio quarterly and report investor values to advisors and custodians. We also created the Pathfinder investor portal to provide investors with direct access, 24/7, to their Pathfinder investment details (contributions, distributions, values, etc.) as well as historical fund reporting and tax documents, all found in a single, secure location.

Be Clear

Former N.Y. Yankees manager Casey Stengel famously said, "I'll give you a definite maybe." Too often, investor communication resembles a word salad rather than a crisp, clear message. Messages are filled with abbreviations, acronyms, jargon and confusing phrases like "notwithstanding to the contrary."

SEC Chairman Arthur Levitt championed "plain English" writing in the 1990s. He argued that simpler financial disclosures would help investors make more informed decisions. Warren Buffet wrote in the introduction to the SEC's "Plain English Handbook", published in 1998, describing how he writes his famous shareholder letters. "I pretend that I'm talking to my sisters," he said. Meaning that he aims to make the letter understandable as well as informative, free of jargon.

What a great test. A trap companies can fall into is to assume too much knowledge by their target audience. We have found that investors welcome an honest, straightforward story – they don't want to be sold to, and they don't want to be spun to.

Final Thought: Be Quick to Respond

First, be quick to respond to changes in the market. The best companies quickly assess the impact of any potential changes in the market and proactively communicate it to their stakeholders. Having been founded in 2006 anticipation of the Great Financial Crisis, successfully navigated the Covid pandemic and now adjusting in the face of economic uncertainty, we feel strongly about explaining the context behind the changes we're seeing, having a strong point of view about what to do about them and being an open book with our investors.

Second, be quick to respond to investor inquiries. We take great pride in knowing that many of our investors are invested in multiple Pathfinder funds and have referred friends and family members as investors. We understand that with each investment, they considered their experience with Pathfinder and chose us over other investment alternatives. We are grateful for each of these investment decisions and do not take them for granted. We view each investor inquiry as an opportunity to strengthen an existing relationship and to become better co-partners together.

Follow Your North Star

Film composer John Powell said, "communication works for those who work at it." As we are purposeful in our efforts to Be Consistent, Be Transparent, and Be Clear, we can better connect with our investors and strengthen our relationships. It's important work and work that is worth doing right. While not all organizations are perfect in their communication efforts, they should strive to be. We'll let our North Star and principles guide us.

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ZEITGEIST – SIGN OF THE TIMES

Hybrid Work and Real Estate

Prior to the pandemic, the number of hybrid workers – workers who work parttime from home and parttime in the office – had been doubling every 15 years. Since March 2020, the number has tripled, the equivalent of 50 years of change in just two years. A 2021 randomized study by Stanford Professor Nick Bloom – who has been researching working from home since 2014 – found that hybrid workers were 8% more productive than fulltime office workers and less likely to quit. Managers, many of whom were initially reluctant to adopt hybrid work, are now incorporating hybrid work into their long-term strategic plans.

One effect of this trend is a reduction in the need for office space and a corresponding increase in the need for home-office space. According to brokerage firm JLL, office leasing in major cities was down 40% in the third quarter of 2022 from pre-pandemic levels. A recent analysis by NYU and Columbia University, aptly titled *"Work from Home and the Office Real Estate Apocalypse"*, estimates that U.S. office values could fall 40% (or $453 billion) as a result of remote work.

The decline in office occupancy is also affecting retail sales, especially in central business districts, where lease revenues for retail properties are falling. The decline in office and retail values will eventually affect tax revenue. In New York City, for example, 53% of the City's 2020 budget came from real estate taxes and 24% from office and retail property taxes. As both sectors decline, the resulting fiscal hole will need to be filled through a reduction in services or increase in tax rates, potentially exacerbating the already fledgling demand for urban office space.

On the other hand, many apartments are now functioning as parttime offices, increasing the demand for housing by hybrid workers. Similarly, hybrid work played a role in the record home price appreciation experienced over the past two years with some experts attributing up to 50% of the appreciation to work from home demand.

The future of office demand is intimately dependent on the future of U.S. companies' work-from-home policies. The beneficiaries will likely continue to be suburban apartment owners and homeowners, whose properties will see increased demand as workers spend more time at home and are willing to live further from the office.

Roommates on the Rise, Historic Rent Growth Slows

As the U.S. eased out pandemic-related lockdowns in 2021, renters returned to urban markets in droves, causing an unprecedented spike in rental housing demand. The increased demand pushed rents up 25% over the past two years. Many renters were priced out and forced to seek alternative solutions including roommates and moving in with family.

A recent UBS poll found that 18% of renters stated that they lived rent free with friends or family during the past six months. According to a *Pew Research* study, one in four young adults lived with their parents or another older family member in 2021, the largest share in more than 50 years. The proportion was higher, about 33%, for those without college degrees. And the surge in roommate demand is not limited to young renters – *SpareRoom* documents that the number of seniors and baby boomers living with roommates is growing at twice the pace of any other group.

This trend, combined with ongoing inflation, has recently slowed the previously red-hot rental market, with demand hitting a two-year low in the third quarter of 2022. Vacancy rates also increased 8%, from 5.1% to 5.5%, between the second and third quarter. As a result, multifamily operators are adjusting their business plans and reducing rents – or keeping them flat – to shore up occupancy as they approach the slower winter season.

TRAILBLAZING: CREEKSIDE APARTMENTS, VISTA (SAN DIEGO), CA

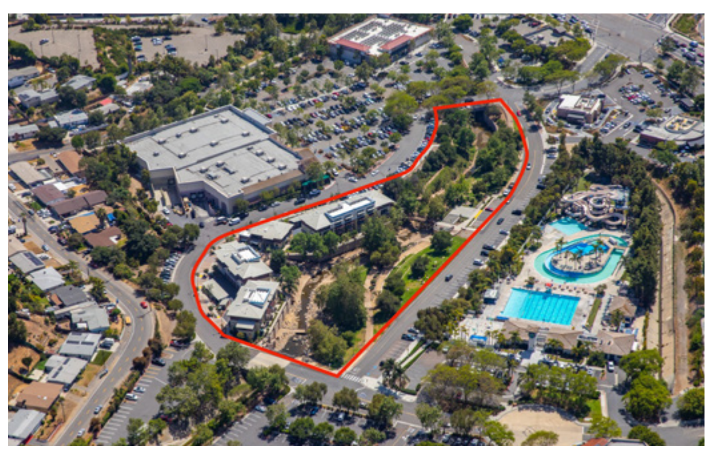
"Eventually, all things merge into one, and a river runs through it."

– Norman Maclean, Scottish-American Author, *A River Runs Through It*

In 2015, we toured a vacant parcel in Vista, a city in north San Diego County known for its mild climate, rolling hills and proximity to the Pacific Ocean. The site was in the Vista Village Retail Center, surrounded by a natural creek and walkable to light rail, a Frazier Farms grocery and numerous restaurants and retailers. The site represented a rare, off-market opportunity to redevelop the land into a medium-density apartment community that would benefit from a rare combination of adjacent natural space and proximity to high-end retail. Today, the site is home to Creekside Apartments, a 2019-vintage, 41-unit apartment community.

We purchased the property, with a development partner, from the successor to the Vista Redevelopment Agency. The closing was contingent on re-entitling the site from retail to residential, which allowed us to mitigate entitlement risk and shave 18 months off our holding

Before – Vacant Land



After – Creekside Apartment Community

period during the entitlement process. We purchased the property in late 2016 and completed construction in January 2019. In April 2020, the property was transferred to Pathfinder's Income Fund as a long-term, stabilized apartment property.

Creekside includes a mix of studios, one- and two-bedroom apartments averaging 786 square feet.

Creekside Outdoor Lounge

Apartments feature full- sized washer/dryers, vinyl plank flooring, modern kitchens and baths, private patios or balconies and garages. Community amenities include a resident clubhouse and outdoor firepit lounge. The property was built near the Vista Village Creek and most units enjoy creek views.

Creekside is in downtown Vista, seven miles east of San Diego's north county beaches, 40 miles north of downtown San Diego and easily accessible to several major freeways. Residents can walk to the Vista Village shopping center, which features dozens of retailers, a Cinepolis movie theater, a Crunch Fitness and a Wave water park.

Creekside revitalized a vacant parcel in an urban, infill area and provides much needed middle-income housing to the community. As we look back on our three-year endeavor to develop the property – replete with too many to count City Council, community planning group and related meetings and hearings – we take pride in having created a community that offers our residents the ability to live, work, shop and play all in one location.

San Diego County: Did you know?

San Diego County is 140,000 housing units short of meeting its current housing needs. The region has been in a housing crisis for decades and is now the most unaffordable place to live in the country. The latest *OJO Labs* unaffordability report saw San Diego bypass San Francisco to become the nation's least affordable metro (based on the relationship of median home prices to median household incomes).

The majority of San Diego's new housing developments are higher-end, and little middle-income housing is being built. Moderate-income earners, those making between 80% and 150% of San Diego's median income, often struggle to find housing options within their budgets. These are our community's policemen, firefighters, nurses,

medical technicians and teachers. Creekside Apartments (and other similar infill projects) help fill this mid-tier housing need and are a critical element of San Diego's current and future housing supply.

NOTABLES AND QUOTABLES

"Resilience"

"Do not judge me by my success, judge me by how many times I fell down and got back up again."

- Nelson Mandela, *Former South African President*

"Life doesn't get easier or more forgiving, we get stronger and more resilient."

- Steve Maraboli, *American Author*

"If you can't fly then run, if you can't run then walk, if you can't walk then crawl, but whatever you do you have to keep moving forward."

- Dr. Martin Luther King Jr., *American Social Activist*

"Out of suffering have emerged the strongest souls; the most massive characters are seared with scars."

- Kahlil Gibran, *American Poet*

"The difference between a strong man and a weak one is that the former does not give up after a defeat."

- Woodrow Wilson, *American President*

"Persistence and resilience only come from having been given the chance to work through difficult problems."

- Gever Tully, *American Author*

"Resilience is knowing that you are the only one that has the power and the responsibility to pick yourself up."

- Mary Holloway, *English Olympian*

"Resilience is very different than being numb. Resilience means you experience, you feel, you fail, you hurt. You fall. But, you keep going."

- Yasmin Mogahed, *American Educator*

"Resilience or hardiness is the ability to adapt to new circumstances when life presents the unpredictable."

- Salvatore R. Maddi, *American Psychologist*

"Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time."

- Thomas Edison, *American Inventor*

IMPORTANT DISCLOSURES

Please add msiegler@pathfinderfunds.com to your address book to ensure you keep receiving our notifications.