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OCTOBER 27, 2015

Great Minds Think Alike

Not sure if you saw it the other day in the *Wall Street Journal* but Sam Zell, one of the largest private REIT (real estate investment trust) operators in the nation, is calling the top of this market like he did in 2007 and bailing out on his garden style suburban apartments.

He is getting out of the suburban market, which he thinks is being overbuilt in favor of downtown urban centers. This is where the millennials are moving. Correspondingly, this is where much of the new job creation is occurring. Success breeds success: The greater the population growth, the greater the opportunity for new restaurants, bars, clubs, etc., all the things that make 'downtown' exciting.

The point here is that much of the robust performance the multifamily sector has enjoyed since the crash is urban-centric. This is augmented by the fact that the more densely populated any area is, the less space there is for development purposes.

We have been telling our clients for over a year now, this is the best hedge possible against the current market top. There are no cheap assets left. Unfettered money creation by the world's central bankers has put paid to that. The best you can do is 'fort up' in what may be the

last asset class to fall. Given 'millennials' strong preference for urban living, the difficulty incumbent in new, competitive development downtown and the need of business to locate their offices in downtown locations to access the skills of the 20-35 age group, this is a safe bet.

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