



Equus Completes the Sale of Madison Overland Park in Overland Park, KS During the Quarter

During the quarter, Equus Capital Partners, Ltd. ("Equus"), completed the disposition of Madison Overland Park, a 200-unit garden-style multi-family community located in the desirable Overland Park market of Kansas City, Kansas. The sale was made on behalf of Equus Investment Partnership XI, L.P. ("Fund XI"), a discretionary equity fund managed by Equus.

Jeff Stingley of CBRE represented the seller in the transaction.

Madison Overland Park includes a total of 17.5 acres resulting in a low density of 11.4 units per acre. The townhome-style community includes a mixture of two- and three-bedroom apartment units. The property is unique in that 100% of the units are townhome style and 98% of the units feature attached garages with direct unit entry. While some competitive properties in the submarket feature select floor plans that are either townhome style or

have attached garages, no competitor to Madison Overland Park features 100% townhomes with almost 100% direct access garages. Since its acquisition in 2019, Equus completed a \$2.7M capital improvement program which included new exterior paint, an expanded clubhouse, upgraded fitness center, and an improved dog park, in addition to interior unit-renovations. The unit renovations consisted of a "green" component focusing on water conservation and energy efficiency.

Amenities at the property include a community clubhouse, fitness center, dog park, swimming pool, and on-site playground.

Madison Overland Park is located in a residential neighborhood within the Johnson County multifamily submarket of the Kansas City MSA. The property sits just off Metcalf Avenue and is less than one mile from Interstate 69, which provides direct access to major job centers within Overland

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The Year Ahead



Daniel M. DiLella
President and CEO

Real estate investment managers and their investors have spent a great deal of this past year anticipating Federal Reserve action and assessing the impact of those actions not only on portfolio valuations, but also on transaction activity. The near record decline in transaction activity has not helped in owners' efforts to grow values and realize profits as price discovery remained elusive. The run up in interest rates has caused a reduction in distributions to investors, despite generally favorable asset fundamentals.

One must question if rates are now near or soon to settle into a more normal range. Note that over the past 60 years, the 10-year Treasury has averaged 5.3% and for 2/3rds of that period (late 1960's – 2008) was at or above the average. Only since the GFC has the 10-year been consistently below the average. We learned that these exceptionally low rates over stimulate the economy, accelerate asset appreciation, and encourage higher leverage and increased risk taking.

As the Fed continues to evaluate the direction of interest rates for 2024, employment data has become a key metric to watch. Despite each month's BLS release meeting or exceeding expectations, prior months are consistently revised downward, and one must wonder not if, but when, the economy will reflect the impact of those repeated revisions. The market continues to believe this will translate into rate cuts in the 1st half of the year, but the Fed, being a bit more dovish, seems to suggest later

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A Year In Review



Arthur P.
Pasquarella, COO

We are pleased to report that our commercial asset management staff completed 721 leases totaling over 5.7 million square-feet in 2023. During the 4th quarter, our team completed

224 leases totaling over 1.5 million square-feet. The 2023 leases represent an aggregate lease value of more than \$402 million in rent (with new leasing representing 54% of the total volume). We thank the many leasing agents from around the country who work closely with us in achieving this sizable activity.

Despite a slowed nationwide capital market environment, we completed more than \$77 million in acquisitions during the year while completing \$255 million in sales (based on purchase prices) comprised of 3 commercial and 2 multi-family properties, as well as 5 land parcels during the year from our fund and development portfolios.

Our development teams remained active this past year in commencing, advancing and completing construction on more than 1.3 million square feet of industrial, retail, hotel and office space in addition to completing 652 apartment units. In addition, they continue to advance land development approvals for future multi-family and industrial projects across multiple states in the mid-Atlantic region.

Our Capital Markets department was very busy again during 2023, closing more than \$150 million in new financings while managing all the regular activity concomitant within our \$4.0B debt portfolio.

Our acquisition focus in early 2024 is on value-add industrial and multi-family opportunities across the country.

Best wishes for a happy and healthy New Year. ■

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rather than earlier.

On the asset front, investors can expect 2024 to be a year in which owners will continue to experience downward pressure on NOI as rental rate increases continue to slow and operating expenses, particularly real estate taxes and insurance, continue to rise. On the rental front, rates are beginning to feel the impact of both lower demand and additional deliveries particularly in the industrial sector and more specifically, in several sunbelt markets, where so much construction activity had been centered. Construction starts for both sectors have declined substantially which should lead to a more balanced supply-demand condition over the next few years. In addition, multi-family demand continues to benefit from the run up in home mortgage rates and lack of supply due to sellers' reluctance to give up lower rate mortgages.

On the valuation front, of course the office sector will continue to experience the largest impact from increasing cap rates, poor leasing activity and declining rental rates. Where office demand exists, it will be flight to quality in amenitized locations. Notwithstanding the market pundit's fixation on converting office buildings to residential, several challenges will prevent large-scale market improvement from such efforts, not

the least of which includes physical and locational challenges. We will however remain "under-demolished" for some time. In the end, many owners will have to adjust their valuations to these realities and investors should expect it to be painful.

Industrial and multi-family valuations, while they may experience some softness in the short run, are poised to hold up better. While debt maturities will create acquisition opportunities, sellers so far have demonstrated restraint when pricing falls below expectations. These sectors are more plagued by short run supply and demand imbalances such that as interest rates stabilize or even begin to fall again, transaction activity and prices should recover and 2024 should see evidence of this as the year progresses.

All this points toward the fact that attractive opportunities will present themselves and as was seen in many past cycles, patient, well-capitalized investors will be rewarded. Equus, under its tenured leadership, direct operator model, presence in multiple US markets and access to capital, is well positioned to capitalize on those in 2024.

As always, thank you for your support and best wishes for a happy and prosperous New Year. ■

New Hires

Equus Management Company AZ , LLC
Scottsdale/Tucson, AZ Office
Christina Iames, *Assistant Property Manager*

BPG Management Company, L.P.
Newtown Square, PA Office
Michelle McCullough, *Assistant Property Manager*

Equus Management Company AZ , LLC
Scottsdale/Tucson, AZ Office
Courtney M. Waterbury, *Accounts Payable Specialist*

BPG Management Company - NC , LLC
Raleigh, NC Office
Heidi Richards, *Senior Property Accountant*

Equus Management Company AZ , LLC
Scottsdale/Tucson, AZ Office
Maria Burgio, *Property Manager*

Promotions

Equus Capital Partners, Ltd.
Newtown Square, PA Office
Joseph Felici, Sr. *Vice President, Director of Asset Management*

Madison Apartment Group, L.P.
Newtown Square, PA Office
Andrew Holloway, *Chief Operating Officer*

Equus Capital Partners, Ltd.
Newtown Square, PA Office
Maxwell Newman, *Asset Manager*

Equus Capital Partners, Ltd.
Newtown Square, PA Office
Howard Patent, *Chief Financial Officer*

Equus Capital Partners, Ltd.
Newtown Square, PA Office
Ethan Samuel, *Asset Manager*

Equus Capital Partners, Ltd.
Newtown Square, PA Office
Kevin Weimer, Sr. *Vice President, Chief Accounting Officer*

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Park as well as others throughout the MSA. The property sits adjacent to the Blue Valley Recreational Center, a community center open to the public, which offers a fitness center, athletic facility, camps, and a variety of youth and adult sports leagues. The property is in close proximity to several retail centers consisting of both national and local restaurants and retailers including Lifetime Fitness, Sprouts Farmers Market, Ulta Beauty, REI, First Watch, Chipotle, Noodles & Company, and many others.

“The differentiated townhouse-style product in a growing submarket allowed us to stand-out in the marketplace,” commented Andrew Holloway, Vice President of Equus who, along with Christopher Locatelli, Senior Vice President, oversaw the transaction for the firm. “With our sound operating ability and business plan execution, the property has performed well, and we are able to realize another strong overall return for our investors in 2023.” ■

Development Update

Madison Prickett Preserve



Madison Prickett Preserve Lower Makefield, PA

During the quarter, Equus continued construction of this 200-unit luxury apartment community located at the interchange of Route 332 and Interstate 295 in Bucks County, PA. The community is being built on 14.8 acres of land and will consist of nine 2 and 3-story garden style apartment buildings and a community center. The community amenities include a two-story 8,000 SF clubhouse with a leasing office, 24-hour fitness center, a private dining space with outdoor patio, café, game and sports lounge, and a business center with meeting rooms and private work offices. The exterior courtyard includes a

resort-style pool, outdoor kitchens with dining area, TV lounges and a dog park. Storage lockers, as well as 32 private garages are also available within some of the buildings and with direct electric car charging available in each. The exterior finishes are a combination of Hardie-Plank siding and stone veneer. The unit interiors consist of high-end finishes with open, spacious floorplans, 9-foot ceilings, luxury cabinets, natural stone countertops with ceramic backsplashes, GE stainless steel Energy Star appliances, 5-Burner gas ranges, modern pendant lighting, programmable thermostats, ceramic tile flooring in bathrooms, walk-through

closets, and full-size washer/dryers.

Resident move-ins have occurred for three of the nine buildings. The six under construction buildings remain to be delivered with roughly one building being delivered per month through early spring 2024.

To date, 113 units have been leased, with 60 units currently occupied. The additional 53 units are scheduled for move-ins between February and April 2024. More information on this community is available at www.madisonprickettpreserve.com. ■

Development Update



Madison West Elm Conshohocken, PA

400 West Elm, branded as "Madison West Elm", welcomed its first residents in early December 2023.

Completion of the building façade, final paving, landscaping, interior amenity spaces and pool area courtyard were complete as of January 2024.

The exterior finishes of the 348-unit, 14-story luxury apartment building include brick and metal panels. The unit interiors consist of high-end finishes with open, spacious floorplans, 9-foot ceilings, oversized windows, luxury cabinets, quartz countertops with ceramic backsplashes, GE stainless steel Energy Star appliances, 5-Burner Gas Ranges, with modern pendant lighting, programmable thermostats, ceramic tile flooring in bathrooms, walk-in/walk-through closets, and full-size washer/dryers.

The community amenities consist of 24-hour doorman access, a two-story clubhouse with a 24-hour fitness

center, bicycle lab, resident storage, resort-style pool with in-water seating and lap lane, outdoor kitchens with seating and TVs, outdoor lounge areas, an expansive business center with meeting rooms and work pods, a maker room for those who desire a space to create and collaborate, a reading lounge and café. The penthouse level resident lounge features a private dining room, a speakeasy, and wine tasting room all attached to the outdoor terrace overlooking the picturesque Schuylkill River below. The amenity spaces will include particularly unique features such as a roof top deck, featuring an outdoor lounge and 360° views as well as a Full Swing sports simulator which will enable fully interactive game play for over 13 sports. Assigned garage parking, car charging stations, and storage lockers will also be available.

More information on this community is available at www.madisonwestelm.com. ■

Development Update

*Build-To-Suit
PlyGem
Waynesboro, VA*



*Guilford Road
Greensboro, NC*



*Piper Road
Punta Gorda, FL*

Industrial Development of More Than 1,000,000 SF Underway/Completed

Equus signed a 315,000 SF Build to Suit lease with Northrop Grumman during the 4th quarter and immediately commenced sitework on the property located in Waynesboro, VA. This Northrop Grumman facility is expected to add 300 new jobs to the area and invest over \$200 million to increase capacity for manufacturing and testing advanced electronics and mission solutions for their customers. Sitework, construction of the building, and the interior fitout is expected to be completed in the Summer of 2025.

Just a few miles from Northrop Grumman, Equus completed during the 4th quarter the 400,000 SF Build to Suit for PlyGem Industries/ Cornerstone Building Brands, Inc. ("PlyGem"). PlyGem manufactures exterior home building products and then warehouses and distributes the finished products from their new facility.

Equus also completed two speculative warehouse distribution facilities during the 4th quarter.

The first, the I-40 Industrial Center at 100 Guilford College Road in Greensboro, NC, includes 340,750 SF with 36' clear height, 35 dock high doors fitout for immediate use, and utilities demised for multi-tenant needs. The location at the intersection of West Market Street and Guilford College Road provides users with immediate access to I-40 and I-73. The property's leasing agents are Will Henderson, Executive Vice President and Sam Haus, Senior Associate of CBRE-Triad.

The second, the Florida Gulf Coast 75 Logistics Center, includes a total of 378,000 SF with 32' clear height, over 300 employee parking spaces, and ventilation and insulation specs for air-conditioned ready space. Upon completion in December 2023, the first tenant took immediate occupancy of their 72,000 SF suite. The property's leasing agent is Dan Miller, Executive Vice President, Industrial and Land Services, Colliers International. ■

Equus would like to thank the following brokers and their firms for helping us lease 1,510,048 SF in the 4th Quarter 2023:

▶ Avison Young (IL)	Fred Ishler
▶ Axiom Advisory Group LLC (MI)	Kyle A. McGuire
▶ Broadstreet Partners (SC)	Ryan Koop and John Parker
▶ CBII (TX)	Tom Clark
▶ CBRE (AZ)	John Grady
▶ CBRE (MD)	Kevin O'Neil and Jared Ross
▶ CBRE (MN)	Gerald Driesen and Brian Wasserman
▶ CBRE (PA)	Searcy Ferguson, Tyler Kopen, and Mike Maloney
▶ CBRE (TX)	Cori Duckworth, Lauren Napper, and Trey Smith
▶ CBRE (TX)	Fletcher Cordell, Michael Dudley, and Jackie Marshall
▶ Citywide Commercial Real Estate (AZ)	Todd Hamilton, Jack Scanlan, Adam Shteir, and Scott Wiley
▶ Colliers International (AZ)	Alex Kas-Marogi
▶ Colliers International (IL)	Dave Florent
▶ Colliers International (NC)	Ryan James Toland
▶ Colliers International (TX)	Jon Lindenberger
▶ Colliers International (VA)	Lang Williams
▶ Commercial Retail Advisors (AZ)	Craig Finrock
▶ CPI (AZ)	David Bean, Cory Breinholt, Keith Clark, Darin Edwards, and Cory Sposi
▶ Cresa (AZ)	Cody Folts
▶ Cresa-Cushman (TX)	Carlo Brignardello and Jordan Mannisto
▶ Cushman & Wakefield (AZ)	Leo Biedermann
▶ Cushman & Wakefield (CA)	Jee-Young Tscha
▶ Cushman & Wakefield (DC)	Michael Katcher and John Skolnik
▶ Cushman & Wakefield (IL)	Jordan Rovito and John Shannon
▶ Cushman & Wakefield (MD)	Elizabeth DeRose, Gwen Fraker, Peter Rosan, Steven Taylor, and Megan Williams
▶ Cushman & Wakefield (PA)	Gina Brennan and John Shelly
▶ Cushman & Wakefield Thalhimer (VA)	Ellis Colthorpe
▶ Diehl Partners (MN)	Cory Miller
▶ Foundry Commercial LLC (NC)	Jeffrey James Stephens
▶ G&E Real Estate/Newmark (MD)	Brian Kruger
▶ Howard Garrett & Company (GA)	Howard Garrett
▶ Jameson Commercial (IL)	Steven Goldstein
▶ Jones Lang Lasalle (FL)	Peter Johnston, Yuri Quispe, and Peter Sheridan
▶ Jones Lang Lasalle (IL)	Matt Schiffer
▶ Jones Lang Lasalle (MN)	Jon Dahl, Jessica Maidl, and Brent Robertson
▶ Jones Lang Lasalle (NC)	Perry Major
▶ Jones Lang Lasalle (TX)	Cribb Altman, Lindsay Brown, Christian Canion, David Holland, Eliza Klein, Matt Pruitt, and Angela Watford
▶ KLNB (MD)	Austin Eber
▶ Lee & Associates Raleigh Durham, LLC (NC)	Hunter Leigh Stewart
▶ LightPoint Real Estate Partners Georgia (GA)	Kelly Edge
▶ Mohr Partners, Inc. (FL)	Erik Walker Schwetje
▶ NAI Brannen Goddard (GA)	Mike Berens and Logan Haner
▶ NAI Horizon (AZ)	Dylan Whitwer
▶ NAI Robert Lynn (TX)	Justin Utay
▶ NAI Tri Properties (NC)	Ryan Martin Gaylord
▶ Newmark (AZ)	Chase Gabriel
▶ Newmark (PA)	Neil Brazitis and Sid Smith
▶ Newmark (TX)	Tristan Stalker
▶ PICOR Commercial Real Estate Services (AZ)	Alex Demeroutis, Rob Glaser, Dave Hammack, Paul Hooker, Andrew Keim, Tara Kernen, and Kameron Norwood
▶ Property Resources, LLC (NC)	William Joseph Sossaman
▶ Rich Young Company (TX)	Rich Young
▶ ROCKCAP Co. (TX)	Grant Henson
▶ Savills (CA)	David Gordon
▶ Savills (TX)	Kyle Kelley
▶ Stream Realty (TX)	William Carpenter and Woody Hillyer
▶ The Genau Group Realty Advisors (DC)	Fletcher Gill
▶ TP Triangle, LLC (NC)	John Zachary Miller
▶ Transwestern (TX)	David Holland, Eliza Klein and Angela Watford
▶ Whirlygig Properties, LLC (AZ)	Jeff Parker
▶ Xite Realty, LLC (TX)	Santee Hathaway

Equus Capital Partners, Ltd.® is one of the nation's leading private real estate investment managers. Equus' diversified portfolio consists of office, multi-family, R&D, and industrial properties located throughout the United States.

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