

OUT OF STATE INVESTING 101
FOR CALIFORNIANS

Navigating Real Estate Markets Outside of California

THE INFORMED INVESTOR

Presented by **ANKUR CHADHA**

Host of the Informed Investor
& CEO of Foxtail Capital

DISCLAIMER

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AGENDA

01. Meet Ankur
02. Challenges of Investing in California & Outlook
03. Advantages of Out of State Investing
04. How to pick a market?
05 Top 5 states that people are moving to and why
06. Exploring markets
07. Where should I start?
08. Wrap up and Takeaways
09. Q&A



MEET ANKUR CHADHA



Ankur Chadha

Founder & CEO

THE INFORMED INVESTOR

FOXTAIL CAPITAL

About Ankur

- In the commercial real estate space since 2008.
- Transacted over $200MM worth of real estate and brings an abundance of transactional and management experience.
- Licensed real estate broker in the state of California (02163100).
- Built a $25MM personal portfolio of commercial real estate in the UK.
- Actively investing in Multifamily and Build-to-Rent assets specifically in growth markets across the sun-belt and mid-west.



Challenges of Investing in California & Future Outlook

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CHALLENGES INVESTING IN CALIFORNIA

- High Price to Rent Ratio
- Regulatory Environment
- Housing Market Volatility
- Political Uncertainty

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FUTURE OUTLOOK FOR CALIFORNIA

- Economic Growth
- Anti-Landlord Legislation
- Growth in alternative asset classes
- Widening of wealth gap

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The 4 Reasons to Invest Out of State

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REASON 1
DIVERSIFICATION
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REASON 2
LOWER BARRIER TO ENTRY
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REASON 3
HIGHER RENTAL YIELDS
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REASON 4
EXPOSURE TO GROWTH MARKETS
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How do you pick a market?

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WHAT ARE THE 2 THINGS THAT MATTER AS A LANDLORD?



Income Generated



Stability and growth of that income

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6 VITAL MARKET METRICS

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- Population Growth
- Job Growth
- Income Growth
- Industry Diversification
- Home Value Growth
- Crime Rate



The Top 5 States in Population Growth

2023 U.S Census Bureau

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5

NORTH CAROLINA

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4

IDAHO

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3

TEXAS

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2

FLORIDA

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1

SOUTH CAROLINA

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Exploring markets

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EXPLORING TEXAS

1. **Large Markets**

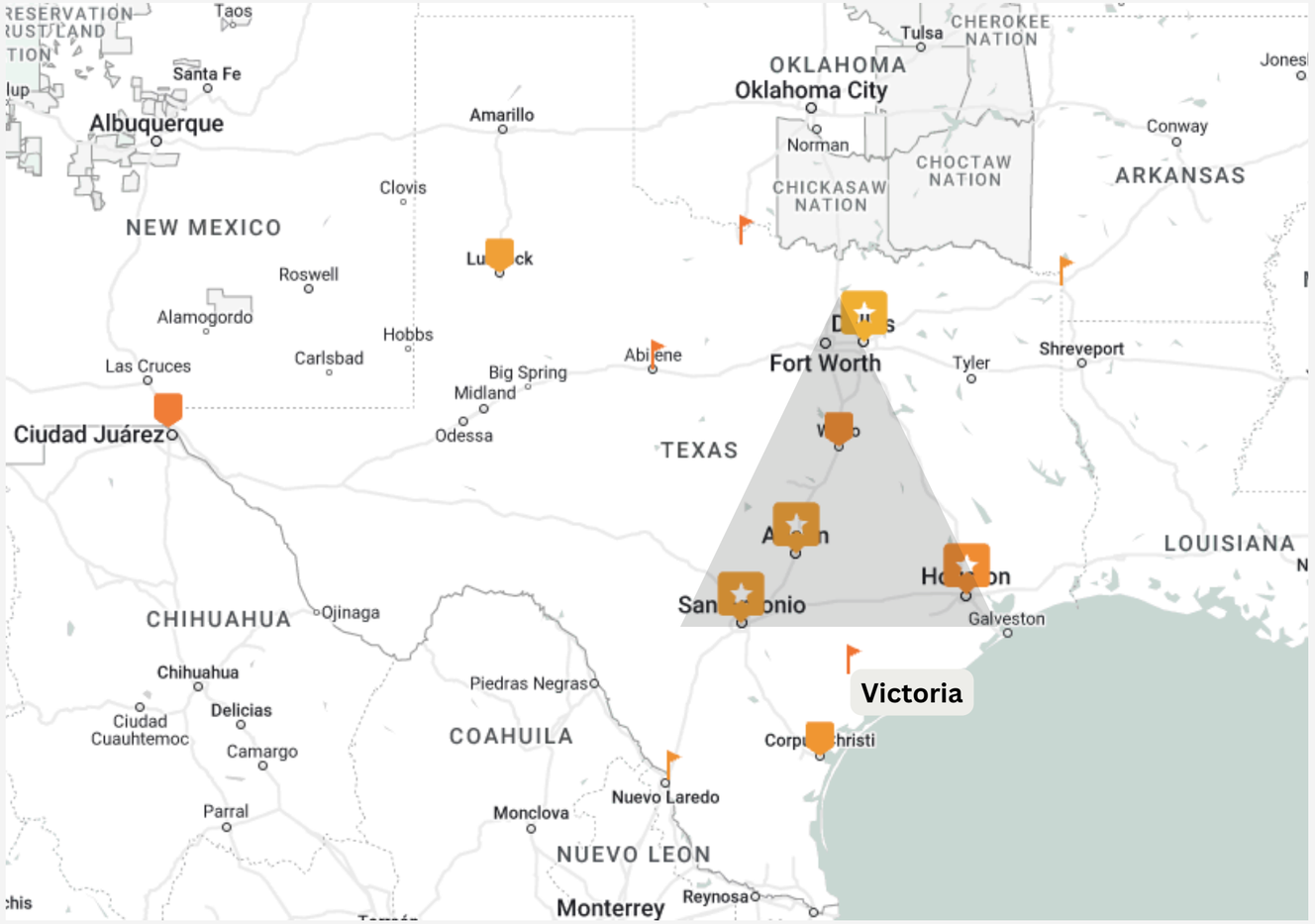
   Dallas-Fort Worth, Houston, Austin, San Antonio

2. **Mid-Sized Markets**

   Waco, Corpus Christi, El Paso.

3. **Small Markets**

   Victoria, Wichita Falls, Texarkana, Laredo, Abilene.



MARKET METRICS

Victoria, TX



3.95% Median Household Income Annual Growth (since 2013)

8.7% Median Household Value (since 2018)

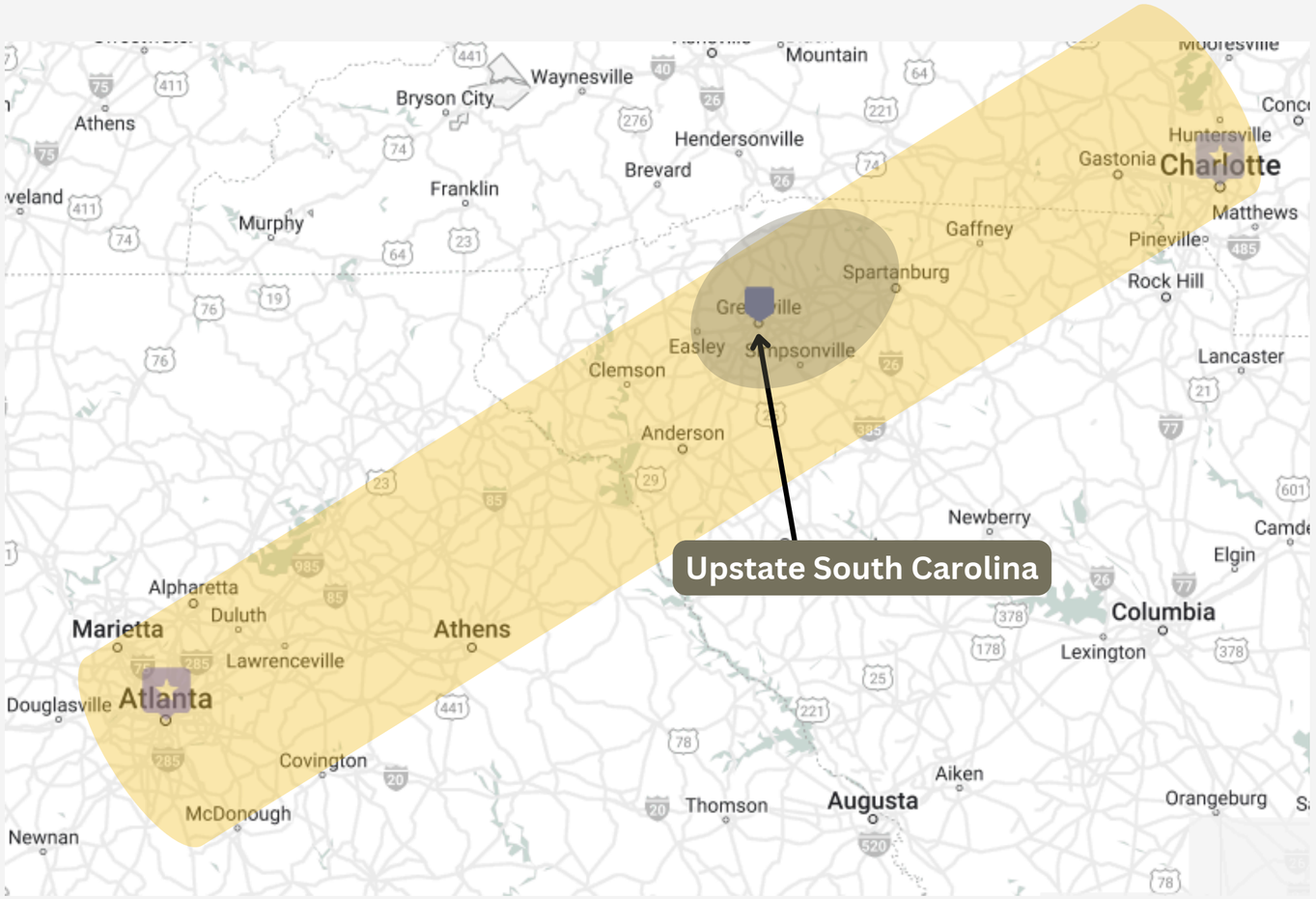
316 Lower av. crime rate compared with US av. and TX av. (2017)

4.38% Annual Rental Growth

6.3% Population Growth (since 2000)

EXPLORING “CHAR-LANTA”

- The Atlanta-Charlotte economic zone generates **$1 trillion** of economic activity per year.
- **Megaregion** anchored by Atlanta, Greenville and Charlotte.
- 1 of 12 **regional powerhouses** that drive the U.S economy.
- The Upstate region on South Carolina is **8.7% below the U.S average cost of living**.
- **143%** increase in available **jobs** in South Carolina over last 10 years.



KEY METRICS

Greenville, South Carolina



27% Population Growth (since 2000)

73% Median Household Income Growth (annual, since 2000)

246% Median Household Value (since 2000)

302 Lower av. crime rate compared with US av. and SC av. (2017)

2.4% Job Growth Last 12 months

NOTABLE EMPLOYERS IN UPSTATE REGION



WHY ARE COMPANIES MOVING HERE?

1. **BUSINESS FRIENDLY REGULATIONS**
2. **LOWER COSTS**
3. **LARGE POOL OF SKILLED WORKERS**



Asset Classes

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1



SINGLE FAMILY

2



MULTIFAMILY

3



BUILD-TO RENT

4



COMMERCIAL

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Where shall I start?

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FACTORS TO CONSIDER

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- Time
- Investment Goals
- Appetite for Risk
- Capital to invest
- Real Estate Knowledge
- Hands on/hands off?

10 STEP ACTION PLAN: HANDS ON

1. **Shortlist 2-3 markets** and analyze based on metrics.
2. Finalize and choose **ONE** market.
3. Choose your **asset class**.
4. Find **5 brokers** in the market and schedule area **tour via a zoom call**.
5. Understand the nuances of the different **neighborhoods**.
6. Find 3 local **property managers** - this is KEY.
7. **Fly out for 2-3 days** and meet property manager and broker.
8. Finalize size, price and location criteria.
9. Work out **financing** with debt brokers, etc.
10. Learn **underwriting** and start submitting **offers**.

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ACTION PLAN: HANDS OFF

1. Find an investor who is **already investing** in those markets and who brings on **passive investors.**
2. **Understand** how they have selected their markets, their asset class of choice and what their investment thesis is in general.
3. **Learn** how they **underwrite their investments**.
4. Evaluate them by their **experience, knowledge** and **track record.**
5. Learn the basic **terminology** and investor 101.
6. Review their **offerings** and ask questions.
7. Find the right offering and **invest**.

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Wrap Up and Takeaways

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SUMMARY

- Challenges investing in California
- Advantages of investing out of state
- Important Market Metrics
- Top 5 Growth States
- Explored markets
- Analyzing goals and circumstances
- Hands on vs. Hands off investing action plan

Q&A

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