TOP HOTEL BUYERS
(PROJECTED ACQUISITIONS FOR 2013)

BUYER	VOLUME	DETAILS
Summit Hotel Properties	$415M	Has an upper upscale focus; could acquire more portfolios and single assets, although unlikely this year
Carey Watermark Investors	$400M	Acquires full- and limited-service hotels and mixed-use properties in urban and destination markets nationwide
Host Hotels & Resorts	$400M	Luxury and full-service buyer acquires nationwide
Chesapeake Lodging Trust	$331M	Targets upscale hotels in the top 25 markets, and will selectively consider premium limited-service hotels
Apple REIT Ten	$300M	Buys full- and limited-service keys in primary and secondary markets
RLJ Lodging Trust	$200M-plus	Seeks full-service hotels in urban infill markets
Hersha Hospitality Trust	$225M	Buys limited- and full-service hotels and plans further expansion into South Florida and Southern California
Ashford Hospitality Trust	$100M	Buys upper upscale hotels and spins off Ashford Hospitality Prime
Sunstone Hotel Investors	$60M	Acquires upscale, upper upscale and luxury hotels for a value-added strategy

Other buyers to watch: Kimpton Hotel & Restaurant Group, with $500M for primary and secondary markets; DiamondRock Hospitality, which bought more than $500M during 2012; Dow Hotel Group, with a $100M acquisitions goal for 2013; La Salle Hotel Properties, with $50M of volume since January, plus: DeBartolo Development, Hospitality Properties Trust, Noble Investment Group, Pebblebrook Hotel Trust, SoTHERLY Hotels, Supertel Hospitality and Starwood Distressed Opportunity Fund X.

MANUFACTURED HOUSING DEALS IN THE OFFING...

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Those markets could expand an existing portfolio in Delaware, Maryland, North Carolina and Pennsylvania. The investors plan to build their 20-property portfolio with one property acquisition at a time with three- and four-star communities, for a value-added and recapitalization strategy that's part of a broader, diversified $450M acquisitions goal for the year. Dealmakers work with $150M of remaining cash for additional MHCs, apartments, industrial office and retail buildings for its current FCP Fund II. The company aims to acquire another $450M of properties during 2014.

Emphasizing the Mid-Atlantic region, FCP could encounter Hometown America in Delaware and Maryland, and UMH Properties in North Carolina and Pennsylvania. Another buyer, CSRA affiliate Capital Square Communities (CSC) looks towards a second MHC purchase this year and focuses on the Southeast, for its goal of buying 1,000 sites in coming months; dealmakers have contracted or acquired more than 600 sites so far this year.

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MANUFACTURED HOUSING DEALS IN THE OFFING...

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Look for interest in both stabilized and value-added communities — with two to four stars — throughout Georgia, North Carolina and South Carolina, in addition to exclusive senior-oriented communities in Florida and along the Gulf Coast.

Another East Coast buyer, Athena Real Estate, works toward a $25M-goal for MHC and self-storage acquisitions. Athena will show additional interest in Florida's senior-oriented MHCs. It will buy MHCs typically priced within a $2M to $7M range.

The top two public REITs also plan action in the segment. Expect competition from single-family housing buyers in Sun Belt states to strengthen **Equity LifeStyles Properties'** (ELS) desire for stabilized MHCs in urban and fast-growing areas. Count on dealmakers to seek out stabilized submarkets where The Blackstone Group, Colony Capital and other single-family buyers haven't bought up properties to convert into rentals that could lure MHC residents away. ELS has booked $100M-plus of YTD acquisitions — exceeding 2012 deal volume four-fold. More buys of stabilized properties are likely, particularly in Arizona, California and Nevada. Second-largest REIT **Sun Communities** should continue its RV park expansion this year but could scoop up a few MHCs by December. The REIT works with a $600M credit line and should be on the hunt for stabilized MHCs in and beyond key markets of Colorado, Florida, Michigan and Texas. It has acquired more than $300M of mostly RV parks in the Midwest and Northeast since 2012.

APARTMENT REITs BUY DESPITE FOCUS ON DEVELOPMENT, SALES

The top three public apartment REITs leave plenty room for acquisitions despite a major focus on development and sales. **Equity Residential, AvalonBay Communities** and **UDR** will play up buys of land for development, dip into joint ventures in rebounding markets and, potentially, pursue fee-simple buys. Straight-ahead buys are the least likely of the three scenarios, given buyers' propensity for urban and suburban development in primary markets. Average 4% to 5% cap rates for existing properties make little sense when compared to 6.5%-plus cap rates on development projects. Although interest from core buyers has decreased since late 2012, count on institutional buyers Invesco, Goldman Sachs, Greystar and Sares-Regis Group to at least scan REIT product up for sale.

REITs haven't entirely turned their back on buys. Equity Residential has $500M that could be used for acquisitions. Deals will be tough to justify in Washington, D.C., where supply/demand fault lines have widened due to sequestration. New construction has declined. Equity Residential is among companies that will face competition as fresh construction meets waning demand in coming quarters. That short-term trend will be viewed as a road bump on the construction highway — highlighted by Equity Residential's decision to keep a former Archstone land parcel for future development; company-wide, an estimated $1.5B of new development is on the boards this year.

The big REIT could spend its cool half-billion on land and buildings in the hot markets of Denver, San Francisco and Seattle through 2014. Those deals will follow this year's plans to sell $4B of real estate and exit Atlanta; Phoenix; Jacksonville, Fla.; and Tacoma, Wash., and reduce footprints in Maryland, Southern California and South Florida.

In Denver, UDR could encounter Equity Residential if it follows up with more transactions there with MetLife. The REIT didn't pencil any buys but swapped interests for ownership stakes in Denver and in San Diego, Calif. — two core markets where UDR is underinvested. Expect more interest in urban submarkets, consistent with UDR dealmakers' work in primary markets. UDR plans $1.3B of new development and has another $100M worth of sales to work out. As it meets a $250M divestment goal for the year, expect to see the company sell off California assets in Sacramento and the Monterey Peninsula.

AvalonBay Communities will buy $100M of, as yet, unidentified properties. Those buys could involve unentitled land since the buyer will take entitlement risk for lower per s.f. pricing. Count on action in its top markets of Seattle and Northern California or slowly rebounding Southern California. Dealmakers reach the halfway mark targeting $900M of sales this year. It has $6B of new construction in the pipeline.

DEALMAKER DATABANK

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DEALMAKER DATABANK

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BUYERS IN BRIEF...

► **Inland Real Estate Corp. (IREC)** will target $300M in retail buys this year and next. The REIT looks for investment grade NNN retailers in power centers and grocery-anchored centers in major metro markets. While traditionally Midwest-focused, IREC will also consider acquisitions in the top two markets in Florida, Georgia, the Carolinas and Tennessee, respectively. Frequent retailers include Family Dollar, Walgreen's and Kohl's, which Inland will sign to a primary 10-year lease. Deals start at $5M with the preferred cap rate ranging 6.5 to 7.5%.

► **PREIT** will utilize $450M in recently closed common stock offerings to finance $250M in enclosed mall buys during 2014, as well as this year. The REIT's home turf in the Philadelphia metro area will be of keen interest, including a $59.6M building it purchased earlier this year — which is adjacent to two other PREIT-owned properties. Outside of Philly, PREIT looks for sites in primary in secondary markets throughout the eastern half of the U.S. exceeding 500,000 s.f. with sales psf of $300. Deals start at $20M; redevelopment projects, adjoining parcels and vacant land will also be considered.

► **Hager Pacific Properties** will have a $50M acquisitions purse in 2014 for industrial, neighborhood shopping centers, single-tenant industrial and single-tenant retail acquisitions in Los Angeles and Orange Counties, priced from $3M to $150M. The investor, which has acquired $20M of properties so far this year, aims to wrap up 2013 with $50M of acquisitions. Managing Partner **Robert Neal** and Chief Investment Officer **Jason Schirn** will lead the charge.

► **Brauvin Real Estate** dealmakers, aiming for another $25M of purchases by December and up to $100M of buys during 2014, can be expected to buy both investment and noninvestment grade buildings leased to various retail tenants nationwide.

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BUYERS IN BRIEF...

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Recently Brauvin scooped a five-property portfolio of Cheddar's casual dining restaurants in Missouri and Texas; attracting Brauvin to the private, nonrated tenant was a long-term lease and attractive profitability and sales. Acquisitions staff **Eric Saltzman, Marc Lewensohn, Drew McElligott** and **Kyle Rockey** will typically acquire about 6% of properties they evaluate and underwrite. They and other Brauvin staff will acquire for the company's 17th fund, likely until late 2014; a successor fund is expected to commence acquisitions in early 2015. The buyer plans to wrap up 2013 with $75M of acquisitions.

▶ AEI Fund Management moves closer to $100M-plus of single-tenant acquisitions in the office, medical office and retail segments nationwide. Properties occupied by investment and noninvestment grade tenants with minimum seven-year lease terms are on the radar. Acquisitions past $50M of YTD activity will be balanced by a steady stream of dispositions. Count on **Marni Nygard, Ian Harrison** and **Kyle Hagen** to be among staff seeking additional purchases that typically range from $2M to $10M.

▶ With $100M for acquisitions, look for **Columbia Pacific Income Fund**'s interest in apartments, senior housing, land for development and retail nationwide, particularly in the Northeast and West Coast. Count on the buyer to use about $60M for senior housing acquisitions, with the remaining 40% split between apartments, senior housing and retail. The opportunistic private buyer and developer will acquire two- to three-acre sites. It has acquired senior housing from $100K to $130K per unit at 9% cap rates. The company also has a targeted $150M debt fund called Columbia Pacific Income Fund I.

▶ **Titan SenQuest** has $100M for independent and assisted living in the Midwest, South, Southwest and nationwide. Deals will follow recent action in Texas. Managing Partner **Doug Allen** will be among Titan Senquest dealmakers approving acquisitions.

▶ **Grosvenor Fund Management** aims for $500M of acquisitions in coming months, as the company targets independent- and assisted-living, plus Dementia Care/Alzheimer's properties and medical office buildings nationwide. Dealmakers including Chief Investment Officer **Charles Waters**, will evaluate deals for the Philadelphia-based concern. The investor will acquire properties through all-cash to seller, equity investments and recapitalizations.

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