Audio: Welcome to the REI Diamonds Show with Dan Breslin, your source for Real Estate Investment Jewels of Wisdom.

Dan Breslin: Jacob Vanderslice, welcome back to the REI Diamond Show. How are you doing today?

Jacob Vanderslice: Dan, good to see you again.

Dan: Yeah, we left off, I think we probably published around April or May. I think we recorded around maybe the end of March, the middle of March, or somewhere like that.

Jacob: Yeah.

Dan: This is a pretty quick return, right? 6 months later, here we are. I don't recall if we did it when we were on the call live recording or when we were spending some time before or after the episode, but we were talking about a fund you had set up for self-storage that had a pretty big dry powder dollar amount looking to allocate. I think my comment was, "Do you think you can actually allocate that?" I think that might be a good place to start so you can divulge the details as you see fit there and some adjustments to the playbook for VanWest going forward to get us started.

Jacob: Yeah, well, hopefully, six months ago my answer was the same as it is now. Because we could start to feel the shift back then. We had targeted a pretty large equity allocation when we launched this in January of 2022, which might as well have been 10 years ago relative to the history of the real estate market. Not much has changed, but we'll end up closing the fund with 11 assets, just over 80 million in total capitalization leverage in the low 60s. We love the assets we've bought. We started acquiring in April 2022, and our last acquisition was in June of this year, so we're raising our final round of capital. We're going to close out the fund by 1231. Really, the reason for that is, first of all, we're a closed-ended fund, and we've been open for a little while. Secondly, deal flows have substantially diminished. The bid asks spread is still very wide. It's been widening, it feels like the last year or so. Sellers are just not transacting and you're not seeing as many deals come to market. Buyers are having a harder time making their assumptions work, just give them what the interest rate environment has done. Bank financing is more difficult to get. You've got this incrementally declining transaction volume, and I think it's going to just continue through the end of the year and we'll see what 2024 looks like, but I think there's going to be some opportunity coming up.

Dan: For further context around the storage assets, storage can be 10 to 20,000 square feet, which is equivalent to like a handful of garages that some guy popped up on the back of his industrial a lot there. We could be up to 300,000 square feet built on 3 or 4 floors, something like the Extra Space publicly traded model where they went ground up new construction to the tune of like $25 million per asset.

Jacob: Yeah.

Dan: Can you give us an idea of maybe where you fit into that spectrum of the acquisition?

Jacob: Yeah, we run that gamut. Our average net runable square footage in our portfolio is just under 60,000 square feet. We do have a project that we're building in Denver that we just broke ground on, that's going to be about $25 million in total project cost, just over a thousand units. We've done deals in the last 18 months or so that we're as small as $3 million in total project cost, so everywhere in between. The multi-story climate control deals, we don't do as often because you can really only do those in markets with really high barriers to entry and very high rents to support that cost basis. So we don't do many of those, but we've got one in Denver like I mentioned, started on that we've been working on for two years now. We fit everywhere in between everything you just described, depending on the market.

Dan: Okay, I think when I was looking into some research on the market, something like 50 to 55,000 storage facilities are in existence. They've been building, I don't know how many square feet. I think one of the things that some of my mentors have talked about is the overbuilding of storage and rent's starting to decline now, rents decline I think this time of year, right? They get hot as you come into the summer. There's rent growth, vacancy goes down, and occupancy goes up. Then, as you get into the fall, there are fewer moves and less tenant demand in there, so you'll see the rates fall off. Are you seeing anything more for September 2023 now in the storage space of declining rents beyond what is seasonal that has you concerned at all?

Jacob: Yeah, it's so sub-market dependent, right? It's the municipality of the municipality. On a macro basis though the larger REITs like Extra Space, CubeSmart, and Public are reporting same-store occupancy reductions of about 200 to 300 basis points. So they're going from the high 90s to mid-90s on their physical occupancy. They're also reporting about a 10% decline in street rates, which you're asking rates. So you're seeing a little bit of a softening from Q2 to Q2, and we'll see what the Q3 numbers look like. But you're seeing a softening from a historic increase in consumer demand during the years following COVID. Operators, including us, were reporting massive NOI growth, and massive revenue growth. Obviously, you can't have that double-digit trajectory in perpetuity. It's got to moderate back down. We're seeing more of a return to seasonality, which sort of went out the window before. You mentioned seasonality earlier. During 2021 and 2022, to a large degree, seasonality just didn't matter. Demand was just through the roof. Now, we're seeing a softening as the fall comes consumer demand calming down. We expect to see that through the winter. The other side of it though is even though the REITs are declining, our reporting declining occupancies and rents their Net Operating Income is still increased on a same-store basis year over year. It's the same thing with our portfolio. So we're still getting through top-line revenue increases and increasing NOI year over year. But the occupancy growth in the consumer demand is not where it was 12 months, 18 months ago.

As it relates, to your comment about being overbuilt. Generally, we're seeing a decline in new construction starts, and the reasons for that are obvious, I think hard costs remain elevated. Debt and equity financing are more difficult to obtain than they've been historically. Municipalities are resistant to storage development. I see a good story for a reduced amount of new construction supply hanging the market in the next few years. But some markets are still overbuilt. Nashville's a good example. Nashville saw a lot of supply shock, a lot of operators built facilities there at the same time. You're seeing new developments slow down there and probably falling off a cliff and as those facilities fill up and stabilize, you might see another run of development. So Denver's the same story. Denver saw a big amount of supply shock in 2017, 2018, and 2019, a lot of facilities came online, rent suffered, occupancy suffered, and then it picked back up really starting in late 2022 going into this year. So it's all market-driven and sub-market-driven. It varies but generally, softens consumer demand but also reduces competition.

Dan: One of the things for my own business mindset, market selection, asset selection, this kind of thing, I spent a lot of time over the last two to three years. It's like, "Where does the opportunity exist?" We may mention this on our last episode, and I do talk about it a lot on the show, but you go back to like 2009, 2010, and 2011 and there were tons of REO properties. People could just go in, buy them on MLS fix flip them, and do their thing. Maybe some of that still existed from like 2011 to let's say 2018 or 2019, depending on where it was in the country. Probably not. Phoenix, less so Florida, more so in the Chicago market, you can still get deals, and all the way through 2021 and 2022, you could in Chicago in the right areas, but the market's moving, the market's changing throughout that whole period of time. It's like REOs then you could get some MLS deals. MLS deals very hard, if not impossible, to get your hands on in 2021-2022. Maybe some of that's back depending on where you're at in the country. But we're in like still in the most constrained housing market, certainly in my entire life. Which could be a good thing or a bad thing depending on which side of the table you are as a seller or buyer in any individual instance.

Storage felt like one of those, the market is moving in this direction and storage is this great opportunity, especially as you came through COVID and everybody, I don't know what they were doing. They were storing stuff and they were renting square footage from facilities. I think we're in a period of time where we have the retail commercial is having it stay in the sun as we speak, so occupancy is down, and rents are up. This is almost across the board in the entire country. Shopping center owners probably got zero calls until about two years ago, maybe a year ago from brokers and people wanting to represent and transact that product. I think zero is an exaggeration, but the market's moving in the same way that the market's moving away from office. Everyone's aware that there's a large fundamental cultural shift. Workers are refusing to come to the office, so there's less market for that. My point is, these markets are moving all the time and you got into storage over the last couple of years. Are you planning a new shift for 2024? Where do you think the market is going in 2024 now, that you're trying to get ahead of?

Jacob: Gosh, I wish I had any idea where it's going. One thing we're watching for that we have not really seen yet is we've seen this historic rapid rise in interest rates, right? They've gone up really high really fast, and asset valuations are not being reflective of that rise in the cost of capital. So you would think that with rates going up from zero to 5.5 at the federal funds rate, the cap rates would've substantially increased over the same time period. Well, they haven't, and I think the reason they haven't is there's a lack of pricing discovery, meaning there's a lack of transactions happening, and it's hard to get a broad-stroke valuation on what the world's doing when nothing is trading like the office. It's been written down it's way lower. Not a lot of office is transacting though. Banks aren't lending on office and the single-family market which I know you've been heavily in. The natural fundamentals of the rise in the 30-year fixed interest rate would suggest that we would see a decline in value, right? Homes become less affordable. A buyer can't afford the same purchasing power that they could a year or two ago. Values should go down. Well, values are not going down because of a lack of transaction activity, right?

Nobody wants to sell and pay off their 3% loan and borrow again at a 7%, once it's like a macro, job loss, or a divorce or something. So I guess what I'm trying to say here in a long-winded way is it's hard to figure out what's happening when there's so little transaction activity in the marketplace and really most asset classes.

In 2024, what we're looking for is there's going to be a wave of debt maturities and various asset classes. There are debt maturities every year, right? It's nothing new. But what's new about this is those loans that were at 3% or 4% are going to mature. That buyer's going to have to sell or refinance and if they're going to refinance, they're going to borrow it at 6.5% or 7%. So what will that do to values? What will that do to purchasing power? I think in all asset classes there's going to be some opportunity going into not, maybe not going into, but during 2024 there's going to be some pain out there. I don't think it's going to be necessarily macro pain like it was in 2008, where everything's on sale and the wheels totally come off the bus. But there's going to be a lot of sellers, a lot of operators, multifamily self-storage that made irrational underwriting assumptions and the deals they bought in say, 2021 and get irresponsible debt. They are going to have a maturity problem and a cash flow problem. That equates to opportunity, so we'll see. Hopefully, we're not on the wrong side of that.

Dan: Do you have any action items that you and your team are taking to build out infrastructure to see that deal flow that comes through as we expect to come distressed? Do you have some things you're doing to make that happen?

Jacob: Yeah, we track a lot of the deals that we've looked at and we haven't bought. We're really good at not closing, right? We look at a lot of deals and buy very few. In 2022, we looked at 900, we modeled maybe 250 and we closed on 800. So we've got all these deals in our database and we're watching them come back occasionally, where a broker will call us up and say, "I know you guys offered on this last year. My guy bought it, but they're willing to let it go for close to their basis," and we just can't even get close to getting there. So we're watching these. We have an acquisitions team of four full-time teammates in our office here. All they're doing is talking to brokers and running financial models. So we're not really doing anything differently to possibly take advantage of this wave, not wave, but some additional distress that's coming. We're just looking for deals like we always have been and, and tracking them.

Dan: I have a deal, I have an offer in right now, it hasn't been turned down. He turned down my initial cash offer, meaning net cash for closing for 3.95 million. I submitted at the same time a 4.5 million with a $750,000 holdback, seller holdback at 4% interest only for 5 years. It's a property that I would buy at roughly a 5.5 to a 6 cap, but I feel like his rents are 40% to 50% low. By the time everything goes my way, I probably in $500 to $700,000 in CapEx to get to somewhere around a 7 million valuation with Rose Glasses' 7.8 to 8 million valuation. So I increased my offer because he had multiple offers that made mine look terrible. I increased my offer to $1 million seller holdback 4% interest for 5 years interest only and $4 million cash at closing. So his total net, if I ride that seller's finance for 5 years and then stabilize and then cash him out would be 5.2 million for the building he has listed at 5.5 million right now. I have an indication that the other offers on the table are in the 4.6 range. So that was like my creative method of getting some cheaper money than bringing a million dollars in investor money in. I'm not doing a raise that would be like a deal. I would just buy and keep it in my own portfolio, like an IRA in a sense. So I don't have to meet hurdles, I'm under no pressure, and I would probably keep the thing forever if I do win that deal. Do you guys consider any alternate seller finance, or creative strategies of that nature as you guys are looking at these deals?

Jacob: Yeah, well, sometimes terms can make a not-so-attractive deal and do a really attractive deal if you get the right terms, right? We rarely do seller financing on storage deals. The reason for that is there is generally an existing loan in place, and as I'm sure you know, it's really tough to do a seller carry of some kind when there was an existing senior debt desk to be paid off at closing. The one time that we did it was on acquisition on the South Side of Chicago. South of Chicago, Blue Island, Illinois. We still own the deal. I think we closed on that in late 2019 and that was very similar to your deal with higher leverage but it was a 5-year fixed interest only at 4%. Then, we ended up refinancing that as part of a portfolio alone back about a year and a half ago or so. But yeah, the seller carries are really creative ways to get deals done, and I like the way you delivered that. Your guy's getting much higher proceeds when you include that $40,000 a year in interest over five years, right?

Dan: That's right.

Jacob: [crosstalk] to come, yeah.

Dan: That's right. We'll see, I haven't won that. So it's still one of those fantasy deals that I have the offer in that I'm less in love with every day. That goes by

Jacob: Yeah, deals are definitely not getting easier or better. They're generally getting harder and they're getting a little bit worse.

Dan: Yeah, I'm going to go with for my 2024. I love the single-family houses, right? We have offers on 20 or 30-acre parcels, things of that nature in and around the Atlanta, Georgia market, and with those, we would be doing the entitlement process and then selling them to Lennar or one of the large home builders.

Jacob: Yeah.

Dan: We have offers in on some smaller ones, which we're very close to INK right now, where it would be a very similar kind of a thing. We'd get our project designed entitled and construction drawings approved, and then bring in a developer to put the shovel on the ground. All of that is coming from a place of wanting to make a ding if you will, in the housing shortage as long as that exists, right? So right now we have the lowest amount of listings in the markets that I operate, historically that we've ever had since I started operating in any of these markets. I'm amazed at the prices that stuff sells for, but then I remind myself, Jacob, the single-family home doesn't have to model out on VanWest deal spreadsheets, right?

Jacob: Yeah.

Dan: This is the person that got the new job in Denver, and it's like for the right house in the right location, there's almost a detachment from reality and price, right? People somehow are being underwritten and are affording these prices. So I'm bullish on single family houses. I'm not bullish on making poor-quality decisions or improving or getting stuck in a deal. You can still do bad deals in single family, but I'm bullish on single-family as we go into this still historically high-interest rate period. And I think we're in the early innings of it, to your point, maybe it shakes out in 2024, maybe 2025, and it starts to feel a little more reasonable. But I also am considering this third possibility that I'm not happy about, and that is if the interest rates are so high that they can't build new products. The development cycle slows so much. But the demand still is here, if the demand is still here because of something like a demographic wave of millennials who just came into high-earning power years, right? 35 to 45, 30 to 40-year-old men and women across the United States are making a lot more money than they did in the last decade.

That buying power could be a big problem for inflation. I don't know if I'm completely convinced that a quarter or a half a basis point, yeah, the fed hike is all that could potentially be in store. If I was going to rank that risk of seeing something like 8% or 9% interest rates, or God forbid hitting 10%, I think we are looking at the perfect storm with the slowdown in the development cycle where it wouldn't be out of reality for us to see 9% or 10% interest rates if the inflation just can't cool down. I think it's a 90% chance that everything's going to blow over, and we're all hoping that. But the homes are where I'm still confident in placing my bet because people will still pay maybe not quite the values that we have on the table today, 9% or 10% mortgages. But it's amazing to see how many people including myself, are paying up for a 7.25% interest rate on a home. So it's shocking, right?

Jacob: Yeah, I was at a real estate conference over the weekend with quite a few sharp investors, but also some economists that spoke, and I'm sure you've been to plenty of these yourself. But this guy was an ex-Wells Fargo economist. He is a talking head here and there in the different networks. He talked for a long time about the interest rate environment and the general conclusion is we're going to be higher for longer, so we're not going to see a reduction in the federal funds rate anytime soon. But his theory is we were going to peak at another, either we're already peaked or we have another quarter or a half point to go on top of that. But he thought the Fed was going to have to give up on their 2% inflation target and that they would give up on that. He thought the damage they would have to do to get that last 5 or 10-yard line finish to get it back down to 2, would be very different than the damage they've done so far. Maybe going from zero to 5.5 has been painful, 4 to 5.5 was painful. He thought going from 5.5, 6 or 7 would be extremely painful for the country to digest. So this is all reading tea leaves, we're all making predictions and we're always wrong. But higher for longer is what the man's telling us. Maybe they're going to accept a lower rate of inflation who knows, but I certainly don't expect we should see any interest rate reductions in the next 16 to 18 months.

Dan: Yeah, I a hundred percent agree and you're right, it would be a Black Swan event on the scale of what happened with COVID. It would be at that level of shock to the system, I think if they came out at 0.75, right? So was it 75 basis points above? Is that 75 basis points above where they're at today? I think if they go over that quarter to a half threshold, we're all going to be literally in shock and it will probably seize everything up, at such another level. I notice my own general bullishness is always peaking through the summer, right? It goes along with self-storage rental rates. As we go into this time of year right now is okay, right? In September, as we get into

October and pass Halloween, everything I have on the market, and we might have 20 or 30 houses on the market at any given time. When that starts to really slow to and crawl going through the wintertime, it's natural. It happens every year. It's seasonal. This is just the nature of how the real estate markets have cycled through all the time. But all of a sudden, I feel like I did last November again, in the wintertime. It's like, "Oh, my gosh, everything's going." The wheels are falling off. I don't know if it's going to recover again in the spring. Then, once again in the spring, the activity starts, and humanity gets back to business again. Do you have any comment or similar emotional seasonal bullishness versus bearishness yourself, I wonder?

Jacob: Well, yeah, you might remember. I can't remember if the last time we talked, you mentioned this, but single-family residential was our primary line of business for over 10 years. We really didn't get out of it until 2020. We've been in it for a long time, and we were doing a long side of our storage business. We've had plenty of seasons in our single-family lives where the market just shuts off for a while and you get concerned. I remember like July of 2019 or something like that, or August, Denver just went lights out and then late fall, all of our deals were on the market, started showings and they started going our contract again. The seasonality in storage is a little bit similar sometimes you don't know why you see an increase in demand or a reduction in demand. We had a pretty light August, but September's been really good so far. We're almost a month in when we're recording this. We'll see how many more move-outs we get in the last few days of the month here. But yeah, my confidence in the business and the economy can ebb and flow based on what I'm seeing in my own portfolio, right or wrong. If we have one deal with a bunch of move-outs, it probably doesn't mean much, but it can get you more, "Oh, that's not good. What else is going to happen?" Yeah, it's being an entrepreneur and a real estate operator, it's hard to always balance seeing the forest through the trees while having your nose in the weeds too much too.

Dan: Yeah, I guess you're right. It's paying too close attention to the noise. I'm always hesitant, we see something like the foreclosure rate tick from like 1% to 1.5%. Would it be at the beginning of a hockey stick or did it just make a little bit of noise and then it's 1.6 and then it's back down to 1.1 three months after that? You see what happened in history with Charts. If we look at the real estate prices, let's say from 2007, 2008, 2009, 2010, 2011, 2012, and 2013, 2013 is when I believe it was the national median home price took a turn and started to trend back upward. So it's like, "Are we now at that point?" I think the median home price, if I'm not mistaken, was 400,000 even peaked in the Atlanta MSA, and then it went to like 398,000 peak in this last 12-month cycle that we just went through. I believe it was either July or August of 2023. That $2000 dip in the median home price, is it noise or is it the beginning of a trend? Right? We don't really know that going forward. Again, I come back to what is there, it's got to be 300 million or 400 million people, something like that in the country, right? At least, I don't know the population statistics. But man, that's a lot of people that are going to have to go to bed tonight, eat dinner tonight, wake up tomorrow, and probably go to work most of them somewhere, right? So business is going to continue. It's not necessarily going to fall off a cliff. Humanity needs to be served, and we're here to do that.

Jacob: Yes, the world goes on, transactions happen, people get new jobs, they lose their jobs, they get married, they get divorced, they have kids, they have kids move out. Populations are inherently mobile and life changes drive single-family demand and they drive storage demand too.

Dan: We have a lot of listeners, Jacob, who are probably in the single-family space. I know you came from a volume, single-family investor kind of a thing. What advice would you give to somebody who is still flipping houses? Maybe they're doing 8 or 10 a year. Maybe they have rental properties, maybe it's 10, maybe it's 20. If this was your brother-in-law, let's say, what would be your advice to him or her if it was a sister-in-law this time of year? Where we're at in the economy and where we're at in the cycle?

Jacob: Well, there's never a good time to buy. There's never a bad time to buy. They're just good deals and there are bad deals. There are deals with risk-adjusted returns and without. One of the reasons we shifted gears from our single-family business is in retrospect, we were being overly transactional, meaning we were buying, making better, and selling over and over and over again. One of the many mistakes that we made in our real estate careers specifically in single-family residential is we held on to very few of the deals that we did as long-term rentals. So my advice would be as challenging as this environment is, to peel away deals that you intend to hold in perpetuity in this environment with interest rates, they may not cashflow but owning these things for the long haul and enjoying the benefits of depreciation, eventual appreciation, paying down principle balances, and then monetizing that at some point, in the future for your retirement. You can't do that if you're selling everything you buy, six months later. I think the trick to wealth among many things is the accumulation and the holding of hard assets that produce cash flow. So don't sell everything you do.

Dan: I'd agree with that and the listeners, I'm sure. Hear me go back and forth on that live on the show. Sometimes I hate all my rentals and I want to sell them as quickly as possible. Then, other times I'm thankful and grateful that I kept them and looking at them through the lens of the current time, right? 2023, I'm amazed at how high the rents are compared to what they were when I bought them. I knew they were a little light and all my apartment deals that I own, the rents were a little light, and my intentions were like, "Man, if I could just do the renovations and get them to market this thing will be phenomenal." Well, a lot of the units are almost at market and I didn't even do the renovation. It was just raising rents and the tenants stayed there and now, I'm still below market, right? So they were at the market when I underwrote the deal. Yeah, powerful place to put yourself in a position. I saw on somebody on Twitter, I think the guy's name was Josh guy from Philadelphia, and he was saying he's studying Steven Schwartzman Blackstone. He said, "I'm pulling apart the business model." What it seems is that the power of the business model is to situate yourself in a place where there's this recurring income that also produces fees. So it's the asset management fees, it's find the next one, it's the property management fees and to be able to build that business on top of the real estate itself seems to be one of Blackstone's superpowers there.

Jacob: Recurring revenue streams are the best kinds of revenue streams. Because you don't have to buy or sell something to make that income stream. Those are nice to have.

Dan: Yeah, that's what the real estate is, right? So I'm in that transactional business. We've done 230 or so houses this year. They're very transactional and we're working to get to the finish line. There's a much larger check at the end, ideally on the deals we make a profit than on my best rental house that's rented out. But the thing about the rental houses is, I've owned them for 8 or 9 years and I haven't been to them, looked at them, there's been a few repairs, but like, I don't know that I've ever even saw some of those houses that I own. They've produced that monthly income every single month.

Jacob: Yeah, if you're making $40,000, perfects and flip, and I'll talk out both sides of my mouth too. If you're making $40,000 first per flip not including taxes and whatnot, that's a lot of years of cash flow on a single-family rental, right? That's a lot of years. So if you look at it through those two data points, it doesn't make sense to hold as rentals, right? Just buy everything, flip it, make $40,000, and build up a bunch of cash. But both work, there's a time and a place for both. One is an active income quickly strategy, and the other one is a build wealth slowly strategy.

Dan: A friend of mine, and I won't name his name, he has about 130 million in retail properties, I believe. I know it's a hundred. I think he's trying to get it up to 200 or something. Nine figures, a hundred million plus in real estate and he buys these deals that are completely stabilized and they're like on the market and they're retail deals. These are not the deals because he's doing it out of his own bankroll. This is all he does. But these are not the deals that, it's a 5 to 7-year cycle where you get in, you stabilize it, you sell it, and you mow your $2 million off the top of your commercial deal, you pay out your investors and you keep it moving. His face lights up with glee when he's talking about his mortgage paydown, right? You're talking $70 million in mortgages on a hundred million dollars in real estate, like simple quick math. Year one, year two in yam schedule, he's probably talking about a million to $2 million a year in mortgage paydown across that whole portfolio, depending on where he's at in the cycle.

Jacob: Yep.

Dan: Wow.

Jacob: Yeah.

Dan: I guess when you get to the scale and the larger deals, like the mortgage paydown, becomes really interesting, but in the beginning it's like, "Flip that house, give me the 40 grand, let me keep it moving, and on to the next one."

Jacob: Yeah, more mortgage payout's a beautiful thing. But the problem with it is you can't monetize that equity you've created without either refinancing the mortgage or selling the property, right? There's no way you can get to it during the whole period. It's there, you're looking at your loan balance every month on your bank portal and you're seeing it bleed away. It's cool knowing your tenants paid for that, but you can't touch it. That's the only problem with amortization, right? You can't get to it.

Dan: Yeah, for me, I feel like it's almost helpful to not be able to get to it because I don't want to be like tempted to run another marketing campaign.

Jacob: Oh, that's why I like real estate. Because all my money's stuck. I can't go do something stupid with it. It's stuck in properties. Yeah.

Dan: Yeah, exactly.

Jacob: Agreed, yes.

Dan: What else do we have looking forward to 2024? Where are we here?

Jacob: I think we're going to see some market clarity also. We're finally going to have some visibility into what's happening out there in the commercial real estate space. We're going to see more transactions trading. As I mentioned a few minutes ago we are seeing very little deal flow right now. Deal flow is really tough to come by and I think it's going to increase going into maybe by the time Q2 hits, I would say we're going to be seeing more transactions.

Dan: Yeah, What are looking for? What ask would you make of the audience here?

Jacob: I ask the audience. Gosh, if you have a good storage deal, we'd love to hear about it. Happy to pay you a fee. Especially, anything that's off-market, we're hungry for deal flow. That's about it. Yeah, bring us deals, then we'll pay it for them.

Dan: All right. What's the best way for listeners to get in touch?

Jacob: Folks can email me at jacob@vanwestpartners.com. Hit me on LinkedIn, Jacob Vanderslice, or they can go to our website vanwestpartners.com.

Dan: All right, cool. Well, hey, I appreciate the second follow-up here. Interesting time in the economy. Cool to see that you guys are preparing for the shift and we'll have to catch up again soon.

Jacob: Survive to 25, right?

Dan: I like it.

Jacob: Yeah. Well, good to see you.

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