

White Oak Station; A Valdosta Sensation!

It was an odd acquisition to discover right from the outset. We did not find out about it from any of the usual sources. We found White Oak Station on Realtor.com, and it was listed by a local broker who was not well known in commercial real estate circles by any means. But with its proximity to the communities which we already own.....and given that it was situated on "prime time" real estate, we just had to take a look.

Any time that we bid on an acquisition, we have a price range in mind, from low to high with regards to where we think we can acquire the property and where it will work for our model. It's not often that we can acquire a property closer to the bottom of that range than to the top. But when we closed on White Oak Station on April 30, 2023, we accomplished exactly that! The property, which is directly across the street from Valdosta State University was acquired for only \$1,875,000, and we consider this a real steal in this location and in this market.

The community is made up of two buildings, with 38 bedrooms and 38 bathrooms, and was built not all that long ago in 2010. The property is in very nice condition, and the white exterior just glistens on N. Oak Street.

But what we love the most is the opportunity to improve upon the marketing at the property. Actually, one of the things that gave us the idea to buy it in the first place was its' location right across the street from a bus station....hence the name of "White Oak Station." While looking at the property one day, at just the right moment and almost as if we were intended to buy the buildings, a local transit bus drove up and made the stop! In a location like that.....with an amenity like that.....we just knew that we had to try to buy it!

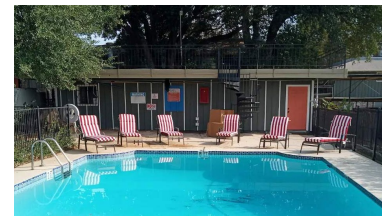
We're currently in the midst of considering what additional amenities we can add that will enhance value to our customers, who are all students. We can already offer use of the pool at

1700 Williams. And we may add bike rentals to our array of amenities! Add that to an already mid-nineties occupancy rate! ♦



Smack Dab Down the Middle!

It's an appropriate way to begin thinking about Chasseur's most recent acquisition for more reasons than one! The Flats at Oak Hill overlooks the prestigious Oak Hill Country Club, which is not just ANY



country club! From 1969 through 1994, it was home to the famous Texas Open, first won by Tom Watson! But in addition to this, the community is also situated smack dab in the middle of San Antonio's medical district! It is also 1.7 miles from the USAA world headquarters!

We closed on this acquisition on November 18, 2023, after lengthy negotiations that led to us acquiring the property for \$5.2M, significantly less than the \$5.9M that it was originally under contract for. The acquisitions price is only \$91K per unit, far below replacement cost, particularly in this location.

The property has many buildings which are situated around the sparkling swimming pool, and like Fondren Hill in Jackson, this is a layout that we favor when we can find it because it allows us to charge for pool views, and it also enables us to lease apartments based upon the picturesque setting.

Chasseur has a substantial \$400K capital improvement plan which is already in the works. We have already applied sealcoat and striping to all parking lots and road surfaces. We have also added new, attractive seating around the swimming pool. But much more on the exterior is yet to come! In the swimming pool area, we will be installing small, white Christmas lights in the large Cypress trees that give such an elegant look after dark.

But most of our improvement dollars will be spent on the unit interiors. The property consists of 38 one bedroom apartments, 15 two bedroom apartments, and 4 three bedroom apartments. The three bedroom apartments measure over 1,400 square feet, and all have wood burning fireplaces. Currently only 9 of the 57 units have washer/dryers. We plan to add stackable washers and dryers to all units, an improvement that by itself should enable us to increase rents by \$75 per month per unit! We're also planning an extensive kitchen and bath renovation program. With rents down the street as much as \$600 per month higher than our own, we feel we've got plenty of room to raise! ♦

RDM: The Times They Are A-Changin!!!

So as we close the books on the year, 2022, we find ourselves asking the usual questions. What kind of year was 2022? Where are we in this economy? And where are we headed from here in 2023?

The year 2022 will certainly go down as an interesting one and one in which we turned the corner on an economy in which we had seen many years of falling cap rates, increasing valuations, low interest rates, and rising sales prices. But beginning mid-2022, the most significant change was that to interest rates. Suddenly, for the first time in many years, there was disequilibrium in the marketplace. Sellers refused to concede that, in spite of rising debt service and falling net cash flows, their properties were not worth what they used to be. Buyers refused to increase their offers up to asking prices. Many deals already under contract unraveled, and transactions virtually came to a standstill.

Earlier in the year, Chasseur however had engaged in a geographic shift. Prior to the change in interest rates, we had concluded that our vision to create a portfolio based in South Georgia and in Northern Florida was not going to work. Florida prices did not allow us to purchase properties at a level which would allow us to pay a dividend. And the competition for properties in Southern Georgia was strong as well. In spite of this, we did acquire a dandy of a property in White Oak Station in Valdosta, but we understood that acquisition would be hard to replicate.

So we made the move into Texas markets, and began our investigation with a thorough search of the Dallas-Ft. Worth markets. We did place one property, The Victory Performance Center in Ft. Worth under contract. It was a mixed use community two miles away from Texas Christian University. However, the property failed to survive due diligence due to both physical attributes and also because the office market was more weak than we expected. We next moved on to examine a three property portfolio in Waco, Texas. We were the winners in the bidding for this portfolio. However, the California sellers finally took the two properties which we really wanted off the market, leaving us with only the least attractive opportunity, so in the end we declined.

In the second half of the year however, we finally found our strike zone in Southern Texas. In November we acquired the 57 unit Flats at Oak Hill, which is located right in the heart of the medical center. In December, we placed the 55 unit Woodlake Villas under contract. It's situated on the Northeast side of town and the all concrete buildings remind us of Arizona in Texas! And we already have our third investment lined up in our queue for end of Q1.

In 2023, we expect to have a very fruitful year in acquisitions. Geographically, we have identified San Antonio and Houston as wonderful cities in which to make purchases at prices that will accommodate dividends as well as asset appreciation. We expect the competition in bidding to be less challenging. Sellers have become more reasonable in the terms that they are offering. And now mortgage rates are even beginning to soften. Add it all up and we now find ourselves in the most attractive environment for growth in a long time! ♦



*Robert M. Dominy
Chief Executive Officer*

“We were committed to the mission...and we made it happen!”



Woodlake Villas Condo Style Investment!!

On January 3rd, 2023, Chasseur Realty Investors placed the 55 unit Woodlake Villas in San Antonio, Texas, under contract for \$7.150M. The property involves the assumption of a Freddie Mac SBL loan, therefore this property will take a while to close, and that will probably occur around April 30th.

The property, which is being acquired far below replacement cost, is set in a master planned development and is in very good physical condition. The property, which was constructed in 1987, features an attractive mix of 17 one bedroom apartments, 32 two bedroom, two bath apartments, and 6 extremely spacious three bedroom, two bath apartments. The three bedroom units are 1,434 square feet! All apartments have washer & dryer connections, and they also all have wood burning fireplaces.

While the property is already in fine physical condition, Chasseur is prepared to kick off a \$270K capital improvement program. Most of the improvements will be directed toward unit interiors, as we will be upgrading all kitchens and baths with granite countertops, a crowd pleaser in the apartment rental community. However, we will also be sealing, patching and striping all road surfaces and parking lots. And if we find it feasible, we may also install a swimming pool in this community in a city known for its long, hot summers. In looking at the big picture, we expect that by enhancing a few popular amenities, we should be able to cause rents to pop and Woodlake's valuation to be on the rise! ♦



Valdosta Student Housing Set to Explode!

We've been very confident in our investments in Valdosta, Georgia, a community of 70,000 characterized by hanging Spanish moss and which reeks with Southern charm. Our communities are in great physical condition, and they fit into one box that Chasseur insists upon: they are on pieces of real estate that one could only classify as "A+."

But it's quite alright to be lucky as well as good when it comes to the field of real estate investing! We already knew that the 478 bed Langdon Hall would be torn down by 2024, thus reducing supply within the student market place. But we got an additional bonus in December when we found that the date for closure had been moved up to January 31, 2023!

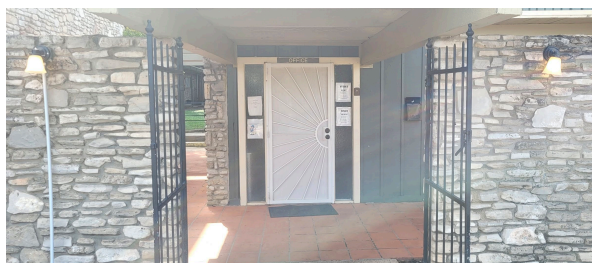
As if that wasn't enough to put a smile on our face, in January we also got the news that our largest competitor, Blanton Commons, had been acquired by a new purchaser who is converting the property completely to conventional housing by July 31, 2023! This just may leave Chasseur Realty Investors, LLC, as the largest owner of student housing in town!

In the summer of 2022, we had our first crack at rent increases and we were successful in achieving the 10% price increase which we had projected. However, with all that is changing around us.... it appears that another round of increases may be achievable in the summer leasing period just ahead!! ♦



Chasseur Operations Moves to San Antonio

It's been almost 200 years since Santa Ana sent his troops pell mell over the walls of the Alamo. So we thought that it was now safe....even prudent to relocate our back office operations to the city of San Antonio. It's the location where we have made our two most recent investments, and it's not far from our other primary target market of Houston!



Consolidation brings with it many efficiencies that we have strived to achieve for a considerable period of time. It saves time....dollars....and improves upon communications from the accounting office to the field. And with the change of venue, we've also hired a new San Antonio based controller as well as a new staff accountant to assist on day to day activities. The change in home office will also improve our mail delivery service, since mail from Valdosta takes an additional day in delivery because everything has to go through Tallahassee first!

The office will be located at The Flats at Oak Hill. So if your future dividend checks and quarterly reports come with a return address with a zip code of 78229, you will now know why! ♦

At Chasseur, we consistently outperform!

Historical Same Store NOI Increases		
Year	Increase	Comments
1995	15.5%	10,000 unit Mid-Atlantic Portfolio, Winthrop
1996	10.6%	4,500 unit East Coast Portfolio, GDC
1997	14.1%	4,500 unit East Coast Portfolio, GDC
1998		Split Year, two different companies
1999	25.4%	3,300 East Coast Portfolio, PRG Real Estate
2000	4.2%	4,000 East Coast U.S. Portfolio, PRG, Real Estate
2001	4.6%	5,000 Eastern U.S. Portfolio, PRG Real Estate
2002	7.4%	6,000 Eastern U.S. Portfolio, PRG Real Estate
2003	4.4%	7,000 Eastern U.S. Portfolio, PRG Real Estate
2004	3.5%	8,000 Eastern U.S. Portfolio, PRG Real Estate
2005	7.8%	9,000 Eastern U.S. Portfolio, PRG Real Estate
2006	4.4%	10,000 unit Eastern U.S. Portfolio, PRG Real Estate
2007	6.3%	11,000 unit Eastern U.S. Portfolio, PRG Real Estate
2008	-2.4%	12,300 unit Eastern U.S. Portfolio, PRG Real Estate
2009		Split Year, two different companies
2010	10.6%	Privately Held Eastern U.S. Portfolio
2011	10.5%	Privately Held Eastern U.S. Portfolio
2012	11.3%	Privately Held Eastern U.S. Portfolio
2014	17.6%	Southeastern portfolio in AL and GA
2015	11.2%	Southeastern portfolio in AL and GA
2016	2.2%	Southeastern portfolio in AL and GA
2017	18.7%	Chasseur Realty Investors, LLC
2018	8.3%	Chasseur Realty Investors, LLC
2019	4.6%	Chasseur Realty Investors, LLC
2020	14.1%	Chasseur Realty Investors, LLC
2021	13.0%	Chasseur Realty Investors, LLC
2022		Almost Entirely New Portfolio
Avg.	9.5%	



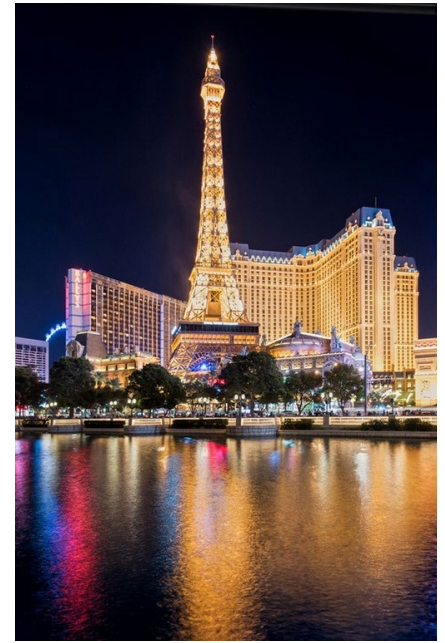
Fondren Hill Surges to High 90's Occupancy in Q4!

If property management and multifamily investment was easy, anyone could do it. And of course it isn't and they can't. The year 2022 was challenging for us at Fondren Hill. The Jackson area was hit by floods, with no direct effect on Fondren Hill but it did cause the city's water system to fail. To this day, the city water is still not drinkable. That has raised costs for businesses in the city. If natural disasters were not enough to dampen our spirits, the Covid rental assistance expired, causing many renters relying upon public assistance to vacate their apartment homes, either on their own or through eviction court proceedings.

But in October Sherika Jones joined Chasseur as property

Viva Las Vegas!

Each year, over 5,000 multifamily real estate professionals gather with varying areas of expertise in debt, equity and in property offerings in meetings which last several days and which are regarded as the starting gun to the new year. For many years, these meetings alternated between East Coast and West, between Boca Raton and Palm Springs. More recently, and as the convention grew, they alternated between San Diego and Orlando. However, on January 31st the meetings will open in their new home, Las Vegas, which can handle any size convention and which is where it is expected that they will be held every year.



Chasseur plans to attend and what we have on our mind is properties available for acquisition! We already have one in San Antonio in our gun sights for the end of first quarter. However, we are always very cognizant of the need to keep the pipe line filled with opportunities in advance of wanting to close upon them. By planning in advance, we avail ourselves to the widest variety of acquisition candidates well in advance of deciding to strike!

San Antonio and Houston are our primary markets, but we are also more than willing to stray off the beaten track to other second tier markets such as Waco, Corpus Christi and Killeen! ♦

manager. She is a marketing and leasing expert. Under her guidance, the community finished the year with a 97% occupancy rate! Total revenue increased sharply in the fourth quarter, as did the property's Net Cash Flow." The higher occupancy rate also gave us the opportunity to start to increase market rents once again, as well as ancillary income! What's more, she and her crack maintenance supervisor Jeffrey also directed a capital improvement program in house and saved approximately 60% of the expense! Their efforts in completing lender required repairs will most certainly lead to increased profitability in 2023!

If that's not enough to give you cause for optimism, just remember: we still sit on top of one of the best pieces of real estate for multifamily that we have ever seen! And our window for rent increases relative to our next door neighbor still allow plenty of room to draft the competition!! ♦

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Next Issue:

Chasseur strikes gold with another San Antonio investment, and looks to overturn stones in our target investment triangle of San Antonio-Austin-Houston!



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