

RealAlt Insights

www.RealAltinvestments.com

May 2025

In the News

Providing investors with current news, information and facts on passive real estate investing

Insights from the NAIOP Breakfast Panel: Navigating the Evolving Real Estate Landscape

Our team recently attended a Commercial Real Estate Development Association (NAIOP) breakfast panel event and gained valuable **insights** into the current and future state of the real estate market. Here's a quick rundown of the key takeaways:

Rental Market on the Rise

Get ready for some significant changes in the rental market! **Experts predict the rental supply deficit will double in the next decade, largely due to the recent lack of new construction starts.** This will lead to a **drastic rise in rental rates** beginning in mid 2027-late 2029, indicating a tightening market for renters and **potential opportunities for investors in purpose-built rentals.**

Condo Market Dynamics

The condo market continues to see an influx of new units, with completions extending into early to mid-2026. This **excess supply will likely put further downward pressure on the industry.** However, not all condo units are created equal. The panel emphasized the importance of looking at **unit size and layout. Larger, more livable units (700 sq ft and up) are showing much better absorption and stability,** while smaller units are experiencing excess supply and higher volatility.

The Pivot to Purpose-Built Rentals (PBRs)

Given the challenges in the condo market, many developers are exploring a pivot to **purpose-built rental towers.** This shift isn't without its hurdles. PBRs demand **significantly more upfront equity,** making it a "balance sheet game." This is further complicated by institutional capital often finding **better risk-adjusted returns in other markets like the USA and Europe.** As a result, developers are increasingly turning to **private investor markets and investment advisor networks** to raise capital. With equity being tight, developers will need to be "brave" and **bet on significant rental rate increases in 2028 and beyond** to make these projects viable.

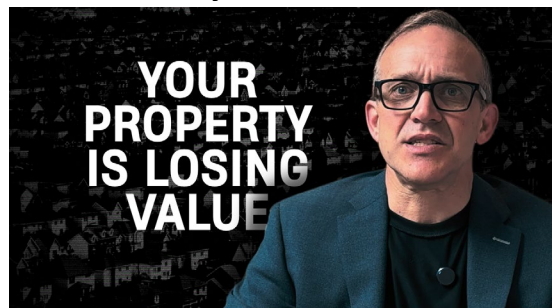
These insights highlight the evolving dynamics of the real estate market, with a clear shift towards a stronger rental sector and a more discerning condo market. We'll continue to monitor these trends and keep you informed.

On YouTube

Come on a site visit with our CEO Brian Dorr!



Why High LTV Mortgages are Failing Buyers in 2025



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Psychology of Investing



Real Estate Offers a Sense of Tangibility and Control (Even Passively)

Unlike stocks or mutual funds, real estate feels *real* — it's physical, visible, and grounded. Even in passive investing, people often feel emotionally connected to real estate because they can see the asset and imagine its utility or value. This perception reduces anxiety and increases trust in the investment.

 **Psychological Insight:** The **endowment effect** explains why people value physical or familiar assets more — real estate often “feels” safer than paper-based investments.

Real Estate: The “Income + Appreciation” Dual Trigger

Real estate appeals to both *growth* and *income*-oriented investors. It promises:

- Ongoing passive income (distributions)
- Long-term appreciation (property value or portfolio NAV)

This dual appeal activates two motivational systems:

- Security:** Regular income builds confidence and financial stability.
- Opportunity:** Appreciation satisfies the human drive for progress and gain.

 **Psychological Insight:** This taps into the **approach-avoidance conflict** — investors want upside but fear volatility.

Passive real estate hits both desires.

RealAlt® Facts

Number of Loans

RealAlt currently diversifies its portfolio across 14 distinct loans throughout Ontario. We're actively growing our number of loans to increase liquidity, lower risk while maintaining our strong returns.



14
Active
Loans

*Series AA, Gross distribution, annualized returns as of March 2025. Past performance does not necessarily predict future performance. Read the Offering memorandum for all RealAlt investment details



[Book a 15 min call to find out more](#)

Invest with RealAlt® Investments today.

Monthly distribution; 9.72% annualized returns* as of March 2025