

# Blackstone Renovations Inc.

## Fix & Flip Program: Joint Venture 2

### REIN's Economic Indicators

*Independent Canadian Real Estate Research Team says:*

***Calgary is in the process of rotating through the "recovery phase" of its real estate cycle (Q4/2021)***

Details: shows The Real Estate Investment Network (REIN) is a 30 year old established 3rd party Canadian research and investors educational services provider, and is an authority on Canadian real estate economics and investing strategies. Blackstone's management values REIN's research reports and tools, and has been a client member on/off over the years.

Here are REIN economic indicator graphics / tools that REIN uses to validate its own opinion that Calgary is in the process of rotating through the "recovery phase" of its real estate cycle (Q4/2021). The graphics / tools show fundamental principles of the real estate cycle, and the sequential 'cogs & gears' rotating as time ticks on by. Understanding 1) the real estate cycle, 2) which phase of the cycle a city is in at any given time, and 3) which real estate investing strategies to use during specific phases of the cycle – are keys to succeeding at real estate investing.

As of the fourth quarter in 2021, REIN states that now is a "GOOD" market cycle time to get involved with a Fix & Flip house project in Calgary, and that now is a "POSSIBLE" market cycle time to find/buy a Calgary foreclosure house, and that now is an "OPTIMAL" market cycle time to find/buy a Calgary vendor-take-back deal on a house.

In 2020 (Blackstone's most recent Fix & Flip house project), Blackstone was fortunate enough to use this REIN investing strategy to purchase an ugly foreclosure house in Parkland - which allowed for a big discount on the buy-side of the investment opportunity.

# Economic Fundamentals

## Rental Market

## Property Market

No Gross Domestic Product Growth

Growing Unemployment

Population Decline

Decreased Rental Demand

Increased Vacancies

Decreased Rents

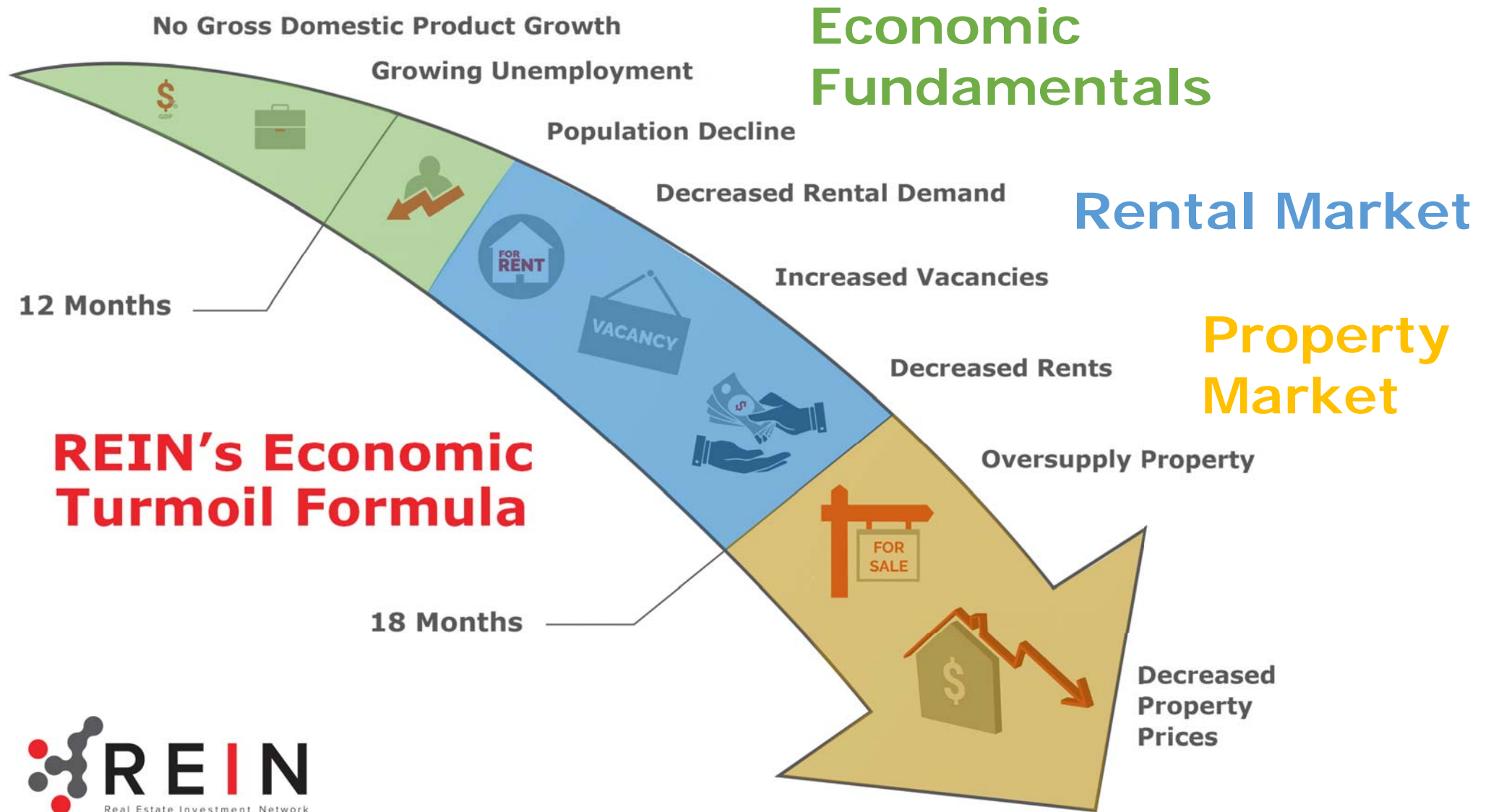
Oversupply Property

Decreased Property Prices

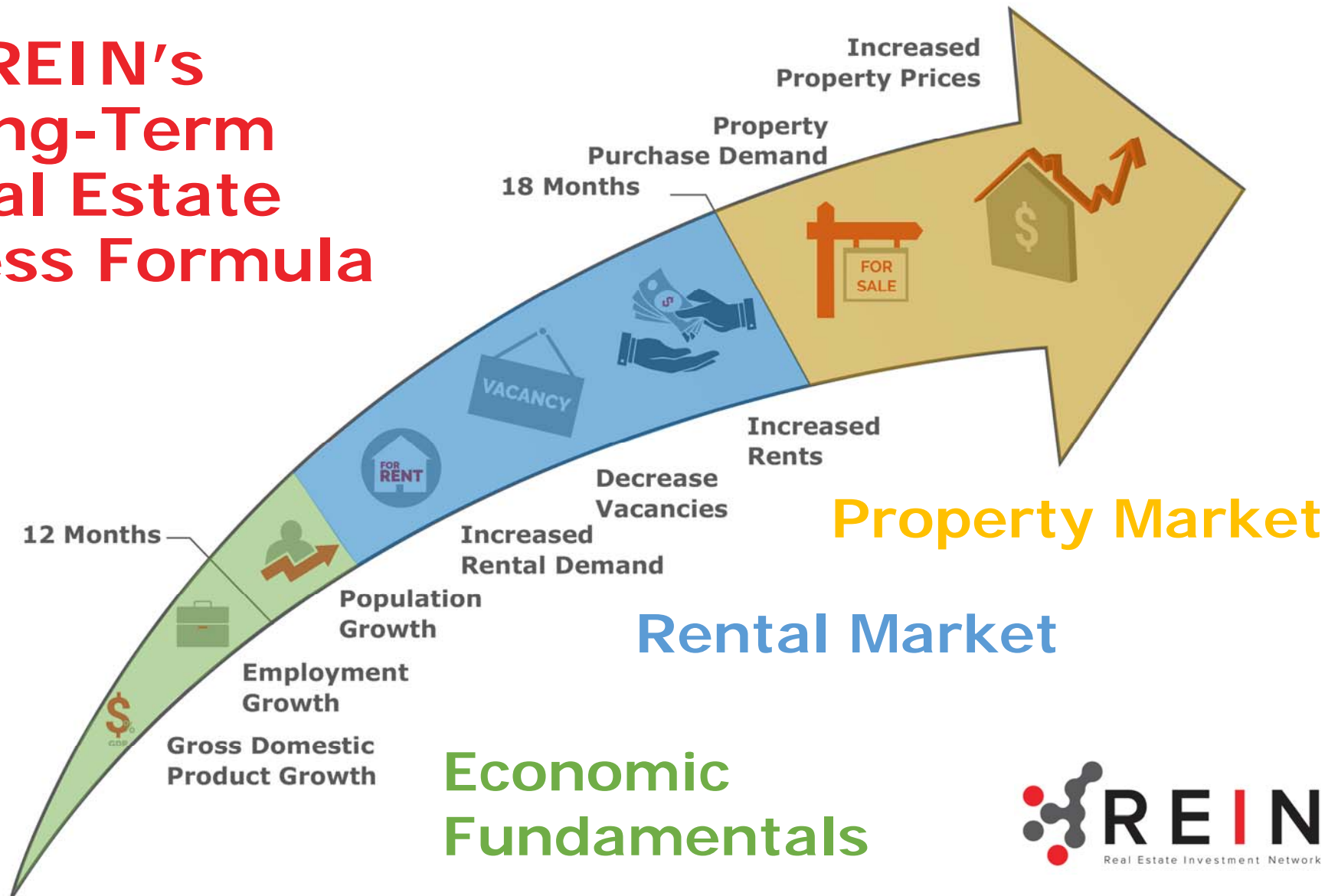
12 Months

18 Months

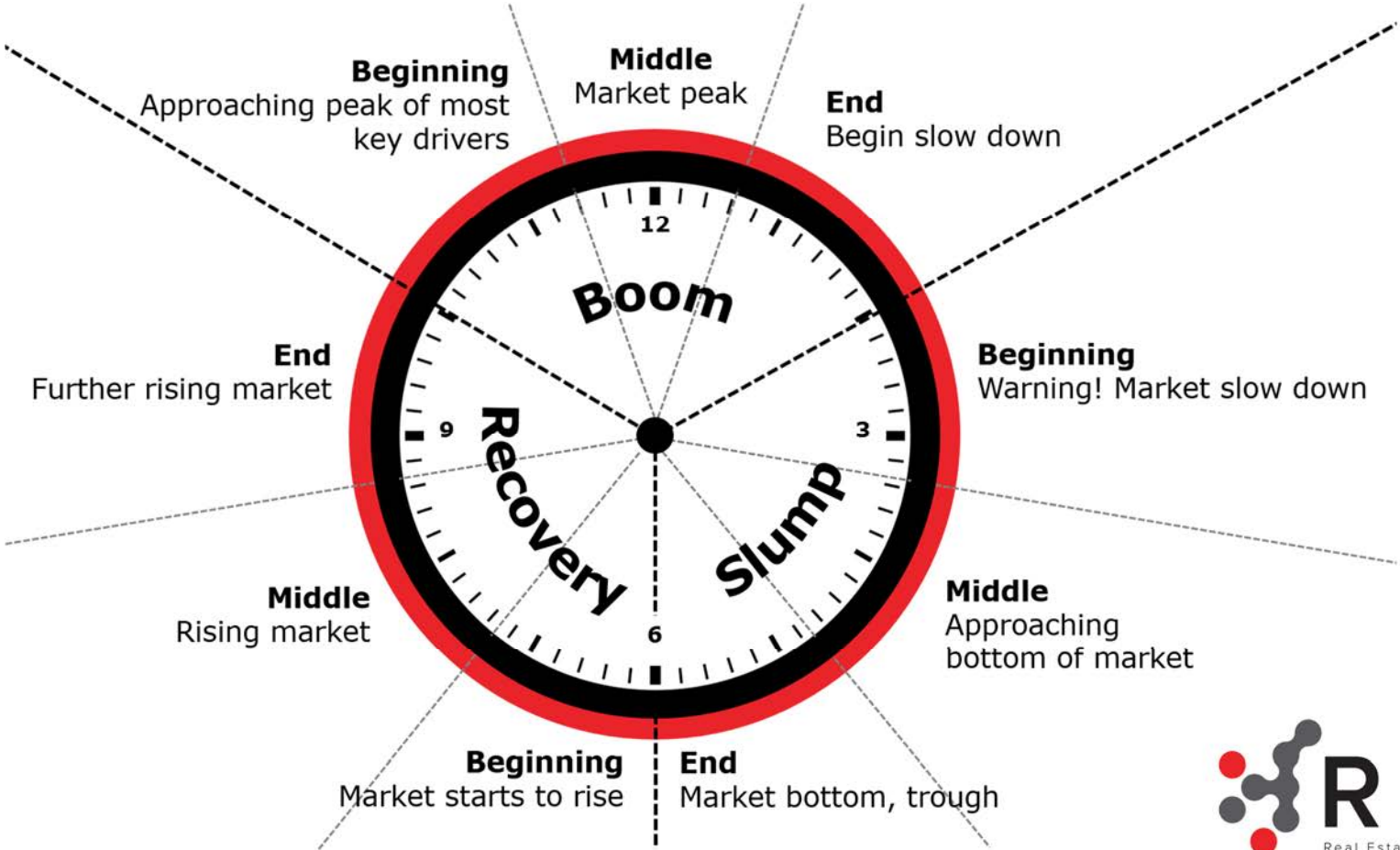
# REIN's Economic Turmoil Formula



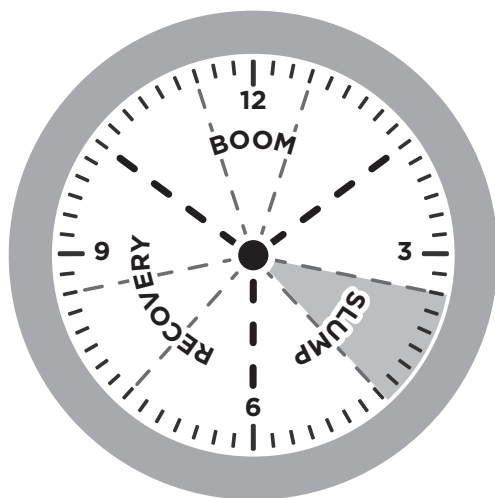
# REIN's Long-Term Real Estate Success Formula



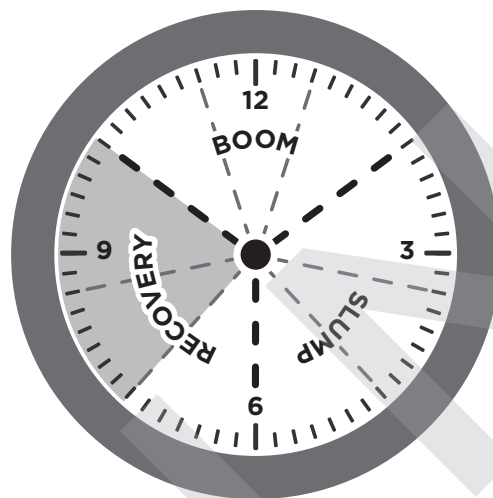
# REIN's Real Estate Cycle Clock



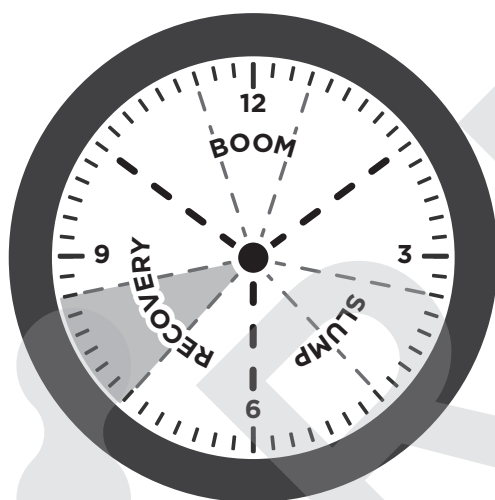
# Real Estate Cycle Update for Calgary



**MARCH 2021**



**JULY 2021**



**AUGUST 2021**

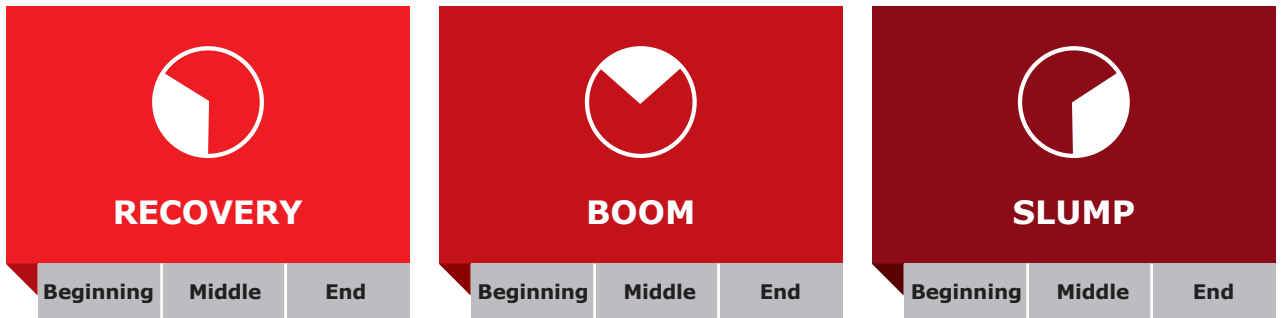


**SEPTEMBER 2021**

March 2021	July 2021	August 2021	September 2021
Middle-of-slump	Middle-to-end-recovery	Middle-of-recovery	<b>Middle-of-recovery</b>

Watch for the market to shift to the next phase of the cycle. Watch for the GDP for Calgary, keeping in mind that increases in oil prices have a direct impact on employment and household income. Interprovincial migration levels continue to shift as COVID-19 super-charged the movement of Canadians to British Columbia and Atlantic Canada. Most of the movement came from exits out of Ontario and Alberta. When migration levels start to trend upward, this, along with shifts in GDP, will lead to the beginning of the boom phase. Rents should increase as immigration levels does, thus boosting demand, and a return to pre-pandemic levels is expected. Real estate listings are currently increasing, but demand and absorption need to keep up in order for the market to shift to the next phase of the cycle.

# Real Estate Cycle Investment Tactics Table



TACTIC									
<b>BUY AND HOLD</b>	GOOD	GOOD	GOOD	POSSIBLE	TRICKY	AVOID	POSSIBLE	GOOD	OPTIMAL
<b>RENT TO OWN</b>	GOOD	OPTIMAL	TRICKY	GOOD	TRICKY	AVOID	TRICKY	POSSIBLE	GOOD
<b>FIX AND FLIP</b>	POSSIBLE	GOOD	GOOD	OPTIMAL	GOOD	TRICKY	AVOID	TRICKY	POSSIBLE
<b>FIX, FLIP, REFINANCE</b>	AVOID	TRICKY	POSSIBLE	GOOD	OPTIMAL	OPTIMAL	POSSIBLE	TRICKY	AVOID
<b>AGREEMENT FOR SALE (BUY)</b>	GOOD	OPTIMAL	OPTIMAL	GOOD	GOOD	AVOID	TRICKY	POSSIBLE	GOOD
<b>AGREEMENT FOR SALE (SELL)</b>	TRICKY	AVOID	AVOID	TRICKY	TRICKY	OPTIMAL	GOOD	POSSIBLE	TRICKY
<b>OPTION TO PURCHASE (ENTRANCE)</b>	GOOD	GOOD	GOOD	GOOD	GOOD	GOOD	GOOD	GOOD	GOOD
<b>ASSIGNMENT</b>	TRICKY	TRICKY	POSSIBLE	POSSIBLE	GOOD	OPTIMAL	AVOID	AVOID	AVOID
<b>FORECLOSURE (AVAILABILITY)</b>	GOOD	POSSIBLE	TRICKY	TRICKY	TRICKY	TRICKY	POSSIBLE	GOOD	OPTIMAL
<b>VENDOR TAKE BACK (BUY)</b>	OPTIMAL	OPTIMAL	OPTIMAL	OPTIMAL	OPTIMAL	OPTIMAL	OPTIMAL	OPTIMAL	OPTIMAL
<b>VENDOR TAKE BACK (SELL)</b>	POSSIBLE	POSSIBLE	POSSIBLE	POSSIBLE	POSSIBLE	OPTIMAL	OPTIMAL	GOOD	GOOD

## LEGEND

Avoid	Tricky	Possible	Good	Optimal
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REIN's Real Estate Cycle Scorecard										
Key Drivers	Current Trend	Recovery			Boom			Slump		
		Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
<b>DEMOGRAPHIC</b>										
Net Migration		+	+	+	+	P	-	-	T	+
Vacancy Rates		-	-	-	-	-	T	+	P	-
Employment		+	+	+	+	+	P	-	-	T
Housing Construction		+	+	+	+	+	P	-	-	T
First-Time Home Buyers		+	+	+	+	P	-	-	-	T
<b>MARKET</b>										
Real Estate ROI		+	P	-	-	-	-	-	T	+
Rents		+	+	+	+	P	-	-	-	T
Incomes		+	+	+	+	+	P	-	-	T
Real Estate Finance Availability		+	+	+	+	+	P	-	-	T
GDP		+	+	+	P	-	-	-	T	+
Real Estate Values		+	+	+	+	+	+	P	-	T
Real Estate Affordability		T	+	+	+	+	+	P	-	-
<b>INDICATORS</b>										
Numbers of Days on Market		-	-	-	-	-	T	+	+	P
Revitalization		T	+	+	+	+	P	-	-	-
Real Estate Listings		-	-	-	-	T	+	+	+	P
Real Estate Sales		+	+	+	+	+	P	-	-	T
<b>TOTAL MATCHES</b>										

Key	
P	Peak, when a key driver is at its highest point, just before it begins to decline
T	Trough, when a key driver is at its lowest point, just before it begins to rise
+	Increase in key driver
-	Decrease in key driver
ROI	Return on Investment

