

THE SIXTEENTH ANNUAL

# TAYLOR JOHNSON REAL ESTATE TRENDS REPORT

+ Commercial Edition

# TREND 4: SO MUCH CASH, SO LITTLE TIME

*In a stark contrast to the 2007 recession, private equity and real estate investment firms have been stockpiling cash during this latest period of market volatility. That's likely to change in 2022, however, as investors look to deploy all that capital while the cost of borrowing remains low. And while some are sticking with asset classes that have flourished during the pandemic, others are giving sectors like retail and hospitality another look.*

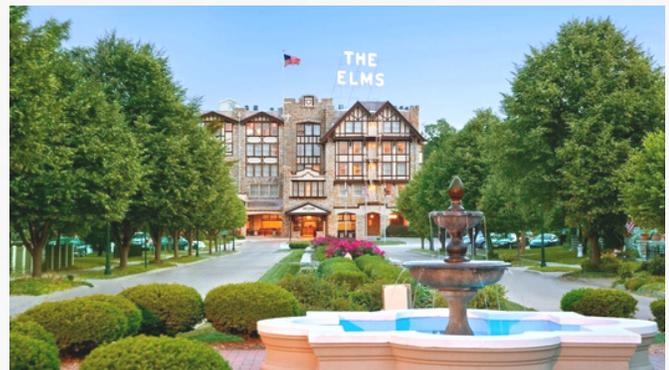
**CRG**, a Chicago-based national real estate investment and development firm, has created a new investment fund that gives qualified individual investors access to the burgeoning industrial real estate space — a segment that has typically been reserved for large institutional investors. The company's U.S. Logistics Fund II (USLF II) will develop a projected \$1.5 billion of new industrial properties, such as state-of-the-art distribution facilities to help companies fulfill e-commerce demand, across key U.S. logistics markets over the next three years.

USLF II is open to high-net-worth individuals, family offices, wealth management advisers and other accredited investors. Additionally, CRG is strategically targeting investments from women and persons of color, setting a goal of 10% investment from groups that have not previously received equal access to investment opportunities.



Aware of the strong appetite for multifamily development in markets like Tampa and Milwaukee, **Wingspan Development Group** had a hunch the launch of its first fund in 2021 would be well received. It was right. The firm's WDG GP Fund, targeting general partner-like returns of 15%-20% annually over five years, quickly raised \$11.7 million from private investors. The WDG GP fund is participating in the capital stack of three current projects: NICHE at North Hyde Park near the University of Tampa (pictured); HUB13 in Oak Creek, Wis.; and The Ruby at Brookfield Square in Brookfield, Wis. Based on this success, Wingspan is exploring the launch of a second fund in 2022.

Mark Perkowski, vice president with **Draper and Kramer, Incorporated's** Commercial Finance Group, notes a number of asset classes impacted by the pandemic have proven to be resilient and will be a focus for investors in 2022 – with some shifts. The hotel sector is one example, as lenders that typically preferred flagged hotels driven by corporate travelers now favor boutique resorts and extended-stay properties that performed particularly well during the pandemic. "I also expect to see more capital available for financing retail centers," Perkowski said. "Lenders saw which retail properties remained successful through the lows of the pandemic and are now ready to pursue deals in this sector that they wouldn't have 12 months ago." Pictured: The Elms Hotel and Spa, a Hyatt Destination Hotel near Kansas City, Mo.



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