



ABOVE 8
CAPITAL



PG. 2

Read about Above 8 Capital's recently completed project, Hayes Hideout and SFH Renovation in Hudson Wisconsin.

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Learn more about Above 8 Capital's current redevelopment project in Ashford, WA.

PG. 4

Let's talk market and where we think 2023 is going.

Q1 NEWS FROM ABOVE 8 CAPITAL

ACQUISITIONS, RENOVATIONS, FUTURE DEVELOPMENT, & YOUTUBE CHANNEL LAUNCH

Q1 was characterized by bringing our first acquisitions to their completion and putting them in to operation. Hayes Hideout began short term rental operations in Washington State in January while renovations and a long term lease were put complete on the single-family home acquisition in Wisconsin.

Q1 was also filled with structuring for projects and acquisitions that kick off in Q2. This includes a new construction STR in Lutsen Minnesota as well as initial site planning and engineering for a redeveloping of an ageing mobile home park just outside Mt. Rainier National Park. Read more about the redevelopment below and check in with the team as this project progresses.

Finally, we launched additional social channels including @above8capital on Twitter and a YouTube channel where we will share our thoughts and projects. We are investors, not content creators but our goal is continuing to share knowledge and some behind the scenes!

HAYES HIDEOUT

LP FUNDED SHORT TERM RENTAL, ASHFORD WA

Hayes Hideout was an LP driven off-market acquisition in November 2022. Immediately following acquisition, major renovations began with an addition of 105 square feet of living space, new electrical, custom cedar soaking hot tub, and EV charger.

The project completed in January 2023 and has since hosted 21 reservations. To date, the property has booked over \$15k in gross revenue, validating the product remains in demand amidst a slowing short term rental market.

The Final Numbers:

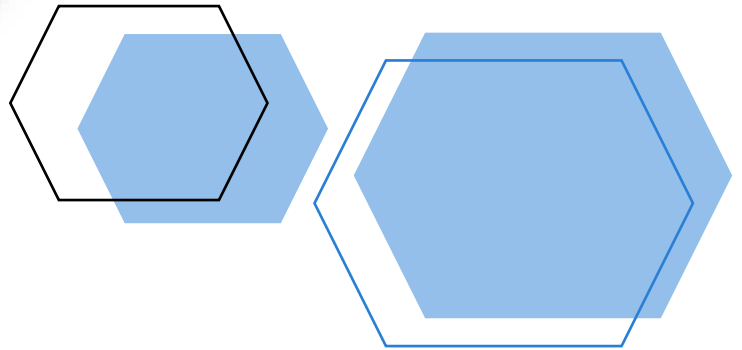
Acquisition: \$163k

Renovation: \$29k

STR Set Up: \$12k

Post Renovation BPO: \$440,000

[View Listing](#)



SFH RENOVATION IN HUDSON, WI

GOING BEYOND COSMETIC REPAIRS

Located in Hudson Wisconsin, this single-family home was acquired in October 2022 and completed a full gut renovation at the beginning of March 2023. Renovation included a complete rewire of the home, all new plumbing, new kitchen, flooring, and a from scratch rebuild of the basement.

The western Wisconsin market remains strong with a shortage of inventory both in rentals and home listings. Although volume of sales has decreased significantly, prices continue to hold strong. The General Partners signed a one-year lease with tenants and will consider liquidation of the asset in 12-18 months.

The Numbers:

Acquisition: \$220k Renovation: \$74k Monthly Rent: \$2370



[Watch our first YouTube installment detailing the full costs and timeline to this renovation.](#)

TAHOMA CENTER

A UNIQUE COMBINATION OF LIVING, LODGING, AND COMMERCIAL SPACE.

Tahoma Center is an integrated redevelopment strategy of an existing asset owned by the General Partners of Above 8 Capital.

Located just 5 miles from the main gate to Mt. Rainier National Park, this commercially zoned mobile home park offers a unique opportunity to shock a rural market that see over two million visitors per year.

Above 8 Capital began the initial capital raise for the project in early March with a target funding date of 30 April 2023.



PHASED REDEVELOPMENT

A RESPONSIVE PLAN FOR SHIFTING MARKETS

The proposed development plan capitalizes on the fact the subject property is a stable, income producing, mobile home park. Generating \$78k in annual rental revenue with a 28% operating expense margin, the asset provides a hedge against potential obstacles to the long-term development plan.

Additionally, the proposed redevelopment plan is designed to be executed in phases that allow the general partners to respond to changing economic conditions or engineering constraints.

Overall, the project seeks to build 12 long term residential townhomes, 7 lodging accommodations to be operated as short-term rentals, and roughly 5900 sq ft of commercial space that is capable of housing tenants such as a brewery, public market vendors, and coffee/café.

This three-income approach provides additional hedges against shifting economics and the way in which the subject parcels are being organized allow for severability of residential dwellings for maximized profit as well as asset protection.

Contact Luke or Jackson to learn more about the project.





MARKET OUTLOOK

THE WHIPLASH CONTINUES

As we sit here close to the end of March 2023, across the board we still lack clarity on where we think the economy and the real estate market will go near term. Just days off the ninth-rate hike since March 2022, the Federal Reserve remains fully committed to driving down inflation through slowing the economy. With the benchmark now sitting at 4.88% we are approaching what the FED has described as their target benchmarks before easing, potentially indicating we will see a pause in rate hikes or at least smaller hikes in the following quarters.

Although we have certainly seen some cause for concern with the recent bank runs and failures of major banking institutions like Silicon Valley Bank, the economy and banking system in general appears to be fairly stable. Despite major tech layoffs, the jobs reports remain strong, outpacing expectations, and consumer spending has not seen a major decline. Additionally, we have seen the inverted yield curve indicator suggesting a pending recession, however, with the current mix of indicators there is a strong possibility that if a text-book recession is upon us, it is likely to be a soft recession.

Locally, the markets we invest in continue to show stability. Velocity of transactions in Western Wisconsin and North Carolina have slowed significantly, but there has been little decline in home pricing due to a large shortage in inventory. Northwest Arkansas has seen stable inventory and slight increase in the median home price continuing to indicate that the NWA region, anchored by Walmart operations, is primed to weather any pending storm well.

Short term rental operations in the markets we operate in have seen roughly a 40% decline in travel velocity across the market. However, our brand of properties has only seen roughly a 18% decline in occupancy year over year, while average daily rates remain within 10% of all time highs. These patterns certainly suggest that travel seasonality is coming back into play as the post pandemic travel demand wanes and consumers become more conscious of their spending habits. However, with the launch of Hayes Hideout, we have seen that there still remains significant demand for high-end smaller accommodations. This product type appears to be inline with traveler demand looking for accommodations that are convenient and priced correctly for their budgets. This will continue to drive our investing strategy for short term rentals in the Washington and Northern Minnesota markets we invest in.

In all, the General Partners at Above 8 Capital recognize the economy and real estate markets are facing near term headwinds that will decrease near term cash flow and profitability. However, we continue to see this as a moment in the economic cycle that presents opportunities for acquisitions and new construction that can be fostered by declining prices and contractor availability as consumers look to put off projects due to budget. We will continue to monitor direction of the economy closely and adjust development plans accordingly in order to maximize this period of uncertainty in the markets.

