



Black Swan Advisors

Phone 949 351 3943 Email cjm@blackswanadvisors.net Fax 949 760 0130
Cell 949 351 3943

P.O. Box 11179, Newport Beach, Cal. 92658

**Fly-over Country is the #1 Choice location of
Non Traded Reits (NTRs) for new Real Estate Investments**
**Black Swan Advisors Releases New Study of
Population and Job Growth Rates in Target States**

Newport Beach, Ca. December 15, 2016. Black Swan Advisors (BSA), long known for its in-depth review of the financial condition of the home building industry, has recently completed a similar study of the Non Traded REIT Industry (NTRs). As part of that NTR Study (Study 1), BSA has reviewed the population and job growth records for those states which are at the heart of the investment strategies by many of the NTRs. This report constitutes Study 2 and should be used in conjunction with better understanding Study 1. These 2 Studies support the conclusion that Fly-Over Country is a very attractive target location for new real estate investments. BSA is using these studies as the core of its guidance to clients interested in making new investments in NTRs and to the current shareholders of those NTRs looking for an exit strategy.

Part of the investment strategy of NTRs has been to acquire projects in faster growing states with much lower acquisition costs (higher capitalization rates) so that higher dividends could be paid to shareholders. BSA has acquired population and job growth statistics from the Bureau of Labor Statistics for the period 2010 thru 2015, the latest data available. From the various property data available in the 10Ks and other public filings of the NTRs we have been able to identify the most frequently chosen state markets (target states), which led BSA to formulate the attached chart.

This chart demonstrates the following for the 5 year time period referenced:

1. The top 15 target states experienced a 5.71% growth in population while the lower 20 target states (including California, New York, Illinois, Connecticut, etc.) experienced a 2.6% growth in population over the same time period.

2. The size of the labor force in the top 15 states grew at a rate of 3.3% while the lowest 20 states had a 1.3% growth rate. This confirms that the growth in population is made up of well educated, willing to work employees of all types and ages. People are moving to these states for new, high paying jobs.

Given the significant differences in these growth rates these trends are well in hand and are unlikely to change direction for the foreseeable future. Demographic trends do not turn on a dime. What is important here is that not only are people and jobs moving, but so are politics and money. 70% of all states now have a majority of GOP control of the 2 state houses, the governorships, and federal positions such as congressman and senators.

As reported in Study 1, the evidence suggests that this population movement is inspired by several very real economic conditions as follows:

1. Better job opportunities as provided in Right to Work states
2. Lower costs of living across the full spread of these states
3. Lower combined tax rates, including a combination of income taxes, estate taxes, property taxes, sales taxes, and others as applicable.
4. A much lower level of regulatory control by legislatures
5. Balanced budgets in many of these states, indicating that future tax rates are unlikely to rise as much in the other states

In summary, NTRs have been investing in faster growing states with more stable politics in place. Hence the state GDP of each of these states should grow at a faster rate than the US rate, currently at 1.2 to 1.5% per annum.

Based on these 2 Studies, BSA has identified a number of strong new opportunities to invest in NTRs. Interested parties should contact BSA for further discussions regarding these opportunities.

On a very limited basis, BSA may be able to assist existing retail shareholders with liquidation or other investment strategies. See Study 1 for further supporting evidence.

The BSA Studies are not publicly available, and may only be accessed as a client of BSA. For additional information, contact;

Charles J. McLaughlin
President
cjm@blackswanadvisors.net

Analysis of Population and Employment Trends 2010 thru 2015

Executive Summary

Group 1

Group 2

Group 3

Group #

Population				
2010	2015	% Change		
108,724,221	115,906,888	5.71%		
59,235,992	60,668,320	3.67%		
143,905,602	147,645,566	2.60%		
1	Arizona	6,392,017	6,828,065	6.82%
1	Florida	18,801,310	20,271,272	7.82%
1	Georgia	9,687,653	10,214,860	5.44%
1	Indiana	6,483,802	6,619,680	2.10%
1	Iowa	3,046,355	3,123,899	2.55%
1	Nebraska	1,826,341	1,896,190	3.82%
1	Nevada	2,700,551	2,890,845	7.05%
1	North Carolina	9,535,483	10,042,802	5.32%
1	Oregon	3,831,074	4,028,977	5.17%
1	South Carolina	4,625,364	4,896,146	5.85%
1	South Dakota	814,180	858,469	5.44%
1	Tennessee	6,346,105	6,600,299	4.01%
1	Texas	25,145,561	27,469,114	9.24%
1	Utah	2,763,885	2,995,919	8.40%
1	Washington	6,724,540	7,170,351	6.63%

Civilian labor force				
2010	2015	% Change		
53,308,600	55,465,377	3.30%		
30,107,200	30,179,360	1.98%		
71,146,500	72,091,256	1.33%		
1	Arizona	3,172,000	3,140,681	-0.99%
1	Florida	9,217,400	9,626,928	4.44%
1	Georgia	4,674,900	4,751,156	1.63%
1	Indiana	3,122,900	3,265,809	4.58%
1	Iowa	1,674,100	1,698,924	1.48%
1	Nebraska	978,500	1,012,994	3.53%
1	Nevada	1,359,400	1,426,505	4.94%
1	North Carolina	4,512,300	4,760,061	5.49%
1	Oregon	1,961,200	1,968,239	0.36%
1	South Carolina	2,142,800	2,251,141	5.06%
1	South Dakota	443,000	452,700	2.19%
1	Tennessee	3,028,500	3,051,138	0.75%
1	Texas	12,133,300	13,055,864	7.60%
1	Utah	1,350,700	1,465,433	8.49%
1	Washington	3,537,600	3,537,804	0.01%

Unemployed					
2010	2015	2015 Un Rate	% Change		
5,105,500	2,829,136				
2,779,000	1,382,675				
6,935,300	4,010,083				
1	Arizona	305,800	187,924	5.98%	-38.55%
1	Florida	1,058,200	504,045	5.24%	-52.37%
1	Georgia	460,900	270,457	5.69%	-41.32%
1	Indiana	318,300	150,702	4.61%	-52.65%
1	Iowa	113,300	61,628	3.63%	-45.61%
1	Nebraska	46,200	30,408	3.00%	-34.18%
1	Nevada	194,800	95,748	6.71%	-50.85%
1	North Carolina	442,600	273,088	5.74%	-38.30%
1	Oregon	207,400	114,701	5.83%	-44.70%
1	South Carolina	230,300	129,098	5.73%	-43.94%
1	South Dakota	19,600	14,317	3.16%	-26.95%
1	Tennessee	295,200	172,144	5.64%	-41.69%
1	Texas	999,200	574,865	4.40%	-42.47%
1	Utah	97,900	51,930	3.54%	-46.96%
1	Washington	315,800	198,081	5.60%	-37.28%

Group 1 Totals :

108,724,221	115,906,888	5.71%
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53,308,600	55,465,377	3.30%
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5,105,500	2,829,136	5.10%	-42.52%
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2	Colorado	5,029,196	5,456,574	8.50%
2	Idaho	1,567,582	1,654,930	5.57%
2	Kansas	2,853,118	2,911,641	2.05%
2	Kentucky	4,339,367	4,425,092	1.98%
2	Michigan	9,883,640	9,922,576	0.39%
2	Minnesota	5,303,925	5,489,594	3.50%
2	Missouri	5,988,927	6,083,672	1.58%
2	New Mexico	2,059,179	2,085,109	1.26%
2	North Dakota	672,591	756,927	12.54%
2	Ohio	11,536,504	11,613,423	0.67%
2	Oklahoma	3,751,351	3,911,338	4.26%
2	Wisconsin	5,686,986	5,771,337	1.48%
2	Wyoming	563,626	586,107	3.99%

2010	2015	% Change
2,655,900	2,819,790	6.17%
756,900	797,897	5.42%
1,493,100	1,497,240	0.28%
2,064,300	1,941,580	-5.94%
4,846,000	4,737,323	-2.24%
2,958,100	3,011,741	1.81%
2,983,900	3,112,609	4.31%
956,200	917,930	-4.00%
368,300	413,275	12.21%
5,941,900	5,689,966	-4.24%
1,761,100	1,843,616	4.69%
3,030,500	3,090,117	1.97%
291,000	306,276	5.25%

2010	2015	% Change
213,800	107,033	3.80%
66,800	33,282	4.17%
96,900	61,466	4.11%
203,800	102,549	5.28%
636,600	247,132	5.22%
202,900	108,025	3.59%
273,300	150,391	4.83%
78,300	60,231	6.56%
13,400	11,337	2.74%
614,100	267,248	4.70%
121,600	79,975	4.34%
237,900	140,938	4.56%
19,600	13,068	4.27%

2010	2015	2015 Un Rate	% Change
213,800	107,033	3.80%	-49.94%
66,800	33,282	4.17%	-50.18%
96,900	61,466	4.11%	-36.57%
203,800	102,549	5.28%	-49.68%
636,600	247,132	5.22%	-61.18%
202,900	108,025	3.59%	-46.76%
273,300	150,391	4.83%	-44.97%
78,300	60,231	6.56%	-23.08%
13,400	11,337	2.74%	-15.40%
614,100	267,248	4.70%	-56.48%
121,600	79,975	4.34%	-34.23%
237,900	140,938	4.56%	-40.76%
19,600	13,068	4.27%	-33.33%

Group 2 Totals :

59,235,992	60,668,320	3.67%
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30,107,200	30,179,360	1.98%
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2,779,000	1,382,675	4.58%	-41.73%
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	<u>2010</u>	<u>2015</u>	<u>% Change</u>	<u>2010</u>	<u>2015</u>	<u>% Change</u>	<u>2010</u>	<u>2015</u>		<u>% Change</u>
3 Alabama	4,779,736	4,858,979	1.66%	2,096,200	2,141,536	2.16%	202,300	130,098	6.07%	-35.69%
3 Alaska	710,231	738,432	3.97%	363,200	363,563	0.10%	27,900	23,539	6.47%	-15.63%
3 Arkansas	2,915,918	2,978,204	2.14%	1,345,300	1,330,447	-1.10%	99,100	68,990	5.19%	-30.38%
3 California	37,253,956	39,144,818	5.08%	18,267,500	18,955,931	3.77%	2,250,200	1,161,495	6.13%	-48.38%
3 Connecticut	3,574,097	3,590,886	0.47%	1,878,500	1,885,820	0.39%	167,400	101,540	5.38%	-39.34%
3 Delaware	897,934	945,934	5.35%	422,700	467,792	10.67%	35,400	22,863	4.89%	-35.42%
3 Hawaii	1,360,301	1,431,603	5.24%	634,800	677,326	6.70%	40,400	24,086	3.56%	-40.38%
3 Illinois	12,830,632	12,859,995	0.23%	6,630,100	6,504,396	-1.90%	683,300	375,802	5.78%	-45.00%
3 Louisiana	4,533,372	4,670,724	3.03%	2,094,500	2,154,532	2.87%	150,300	131,188	6.09%	-12.72%
3 Maine	1,328,361	1,329,328	0.07%	694,900	679,474	-2.22%	56,200	29,722	4.37%	-47.11%
3 Maryland	5,773,552	6,006,401	4.03%	2,948,600	3,148,359	6.77%	209,900	160,397	5.09%	-23.58%
3 Massachusetts	6,547,629	6,794,422	3.77%	3,479,400	3,571,103	2.64%	312,000	172,799	4.84%	-44.62%
3 Mississippi	2,967,297	2,992,333	0.84%	1,298,800	1,271,860	-2.07%	140,200	80,342	6.32%	-42.69%
3 Montana	989,415	1,032,949	4.40%	498,300	523,048	4.97%	36,500	21,437	4.10%	-41.27%
3 New Hampshire	1,316,470	1,330,608	1.07%	739,600	742,047	0.33%	42,800	25,121	3.39%	-41.31%
3 New Jersey	8,791,894	8,958,013	1.89%	4,529,600	4,536,526	0.15%	439,500	247,546	5.46%	-43.68%
3 New York	19,378,102	19,795,791	2.16%	9,659,600	9,682,650	0.24%	796,000	495,362	5.12%	-37.77%
3 Pennsylvania	12,702,379	12,802,503	0.79%	6,395,800	6,423,256	0.43%	593,000	322,068	5.01%	-45.69%
3 Rhode Island	3,722,000	3,474,182	-6.66%	573,800	555,429	-3.20%	68,300	32,660	5.88%	-52.18%
3 Vermont	1,052,567	1,056,298	0.35%	356,800	344,235	-3.52%	21,300	12,700	3.69%	-40.38%
3 Virginia	625,741	626,042	0.05%	4,171,800	4,222,201	1.21%	289,700	181,381	4.30%	-37.39%
3 West Virginia	8,001,024	8,382,993	4.77%	776,200	785,126	1.15%	66,400	54,405	6.93%	-18.06%
3 Puerto Rico	1,852,994	1,844,128	-0.48%	1,290,500	1,124,599	-12.86%	207,200	134,542	11.96%	-35.07%
Group 3 Totals :	143,905,602	147,645,566	2.60%	71,146,500	72,091,256	1.33%	6,935,300	4,010,083	5.56%	-42.18%
GRAND TOTALS:	311,865,815	324,220,774	3.96%	154,562,300	157,735,993	2.05%	14,819,800	8,221,894	5.21%	-44.52%

Data US Dept of Labor Statistics
Analytics By
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