



AirburstCapital

A COMPREHENSIVE GUIDE TO
AIRBURST CAPITAL'S
INVESTMENT STRATEGIES



RUDY V STEFANITSIS



| INTRODUCTION

Investing in real estate can be an effective way to build wealth and achieve financial freedom. However, it can be challenging to do it alone, especially when it comes to larger commercial properties. Pooling capital with other investors is a smart way to mitigate risks, increase returns, and scale your real estate investment portfolio. In this e book, we'll explore the basics of commercial real estate investments, including common terms, and how pooling capital can help you achieve prosperity.

| COMMERCIAL REAL ESTATE BASICS

— *Before we dive into the benefits of pooling capital, let's review some of the most commonly used terms in commercial real estate investing:*

CAPITALIZATION RATE (CAP RATE)

The capitalization rate or "cap rate" is a critical metric in commercial real estate investing. It provides an indication of the return that a commercial real estate investor can expect in an all-cash purchase and can be used to compare the price of one property to another. The cap rate is calculated as Net Operating Income (see term #2 below) divided by the property's asking price, and the result is expressed as a percentage.

For example, a property with \$100,000 in Net Operating Income and an asking price of \$1 million has a cap rate of $(\$100,000 / \$1 \text{ Million}) 10\%$. Put another way, if an investor purchased this property with \$1 million in cash and earned \$100,000 in the first year, they would earn a return of 10%.



NET OPERATING INCOME (NOI)

Unlike residential real estate, which is valued on comparable sales, commercial real estate is valued based on the amount of "Net Operating Income" or "NOI" that a property produces. Net Operating Income is calculated as a property's Gross Potential Rent; less operating expenses, and it is expressed as a dollar figure.

For example, if a property produces \$250,000 in Gross Potential Rent and has \$150,000 in operating expenses, the resulting Net Operating Income is \$100,000. To estimate value, a Cap Rate can be applied to NOI. For example, if a 10% Cap Rate is applied to \$100,000 in NOI, the resulting value estimate is ($\$100,000 / 10\%$) \$1,000,000.

INTERNAL RATE OF RETURN (IRR)

The Internal Rate of Return is another return metric that provides an investor with a property's annual compound rate of return. Mathematically, it is the discount rate that sets the Net Present Value of all future cash flows equal to zero. In other words, it is the rate of return that makes the present value of a property's cash flows equal to its initial investment.

DEPRECIATION

Depreciation is an accounting concept that allows a commercial property owner to "expense" a portion of the property's value each year to account for its physical deterioration. This expense is used to offset a property's rental income and reduce its overall tax liability



MARKET VALUE

A property's "Market Value" is the price that it could be bought or sold for on the open market in an arm's length transaction. In commercial real estate transactions, a property's market value is impacted by a variety of factors such as supply and demand, length and stability of the income stream, interest rates, job creation, and location.

CONCLUSION

Pooling capital for real estate investments can be a powerful tool for investors at all levels of experience. By levelling the expertise and resources of their partners, investors can mitigate risk, gain exposure to different markets and asset classes, and achieve greater returns. If you're interested in learning more about how pooling capital can help you achieve your investment goals, consider contacting Airburst Capital LLC. Our team of experienced real estate professionals can work with you to develop a customized investment strategy that aligns with your needs and objectives. We can also help you identify investment opportunities and connect you with other investors who share your investment goals.



To learn more about our services and how we can help you achieve prosperity through real estate investing.

PLEASE CONTACT:

Email: info@airburstcapital.com

Website: www.airburstcapital.com

Call: 614-452-3349

We look forward to hearing from you and helping you achieve your real estate investment goals



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Are you looking for a low-stress, low-maintenance way to invest in real estate? Passive investing in real estate may be the answer. In this e Book, you'll learn why passive real estate investments are a smart choice for many investors, including the potential for stable cash flow, diversification, and low fees.

But that's not all – we'll also explore the many benefits of investing in opportunity zones, designated areas across the United States that offer tax incentives for real estate investment. With this comprehensive guide, you'll be able to confidently navigate the world of passive investing in real estate and make informed decisions about your portfolio.

Inside this e Book, you'll find:

An overview of passive investing in real estate and why it's a smart choice for investors

Different types of passive real estate investments, including REITs, crowd funding platforms, and private equity funds

The benefits of investing in opportunity zones and how to take advantage of tax incentives

Strategies for diversifying your portfolio and managing risk

And much more!



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