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Sponsored: Walton Global to Continue Playing Lead Role in Land Acquisition, Sales Markets

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While the 2023 real estate market was ruled by fluctuating interest rates and economic uncertainty, things are certainly brighter as we look ahead to the new year. For starters, the Federal Reserve's interest rate has held steady, and the 30-year fixed mortgage rate halted and even begun to decline. Anticipated rate cuts in 2024 will drive further declines. Although each real estate sector differs – and will have varied patterns of recovery – mortgage rates are undoubtedly the most important index to follow when deciphering where the real estate market is headed in 2024 due to its direct impact on affordability, sales prices, and overall construction patterns.

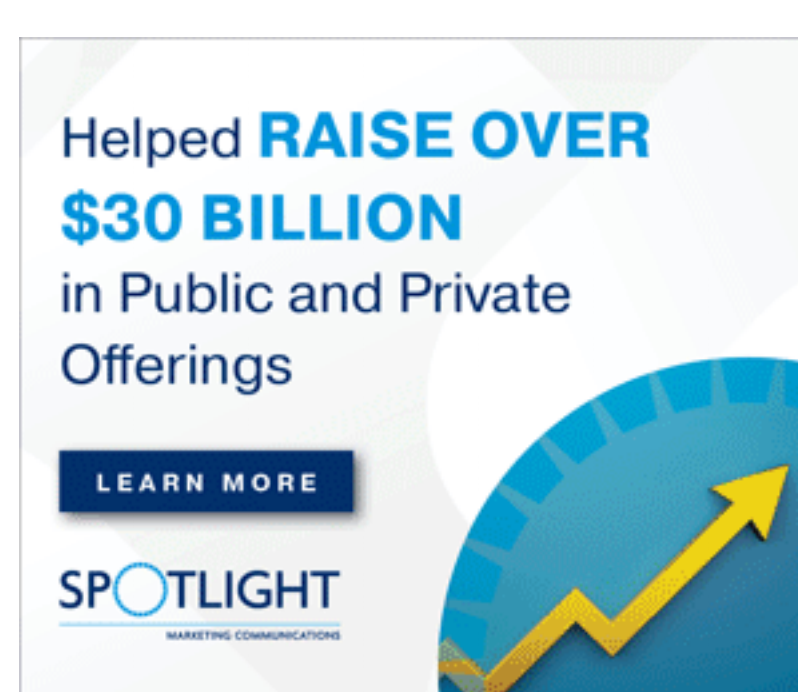
Commercial and Industrial Real Estate



The commercial real estate landscape is likely to experience ongoing challenges, particularly in cities deemed high cost and high value. Over the last year, this sector has faced significant headwinds, mainly due to the surge of work-from-home and hybrid work models that have resulted in unprecedented office vacancy levels across the United States.

Corporate downsizing and companies migrating operations to more cost-effective regions have further compounded the issue, which is evident in the National Association of Realtors' data revealing a record-high vacancy rate of 13.1% in Q2 2023, compared to pre-pandemic levels of around 9.5%. Elevated vacancy rates will continue to pose challenges for property owners, potentially triggering foreclosures in financing or refinancing projects due to diminished property values and rising interest rates.

As for industrial real estate, this sector is expected to stabilize in 2024. Data centers, logistics hubs, distribution centers, warehouses, and high-tech manufacturing properties are expected to continue experiencing ongoing demand, while both federal and local governments are pushing incentives for projects that will create job growth. However, because of the high interest rates and significant price associated with holding non-developed assets, cost will be the main factor industrial developers will consider in 2024.



One trend we expect to continue in 2024 involves both institutional and private investors redirecting their investments from commercial to residential sectors. This strategic shift in portfolios reflects a migration away from sectors perceived as higher risk – particularly the office sector. Investors are increasingly realizing the potential benefits and stability offered by residential investments, and Walton Global's focus on the land behind these investments is key to supporting home building across the nation.

Residential Real Estate

For homebuilders, lower mortgage rates are expected to attract a larger pool of buyers, including those returning to the market, which will strengthen the overall demand for housing this year. Similarly, historically low inventory levels coupled with increasing pent-up demand will continue to drive growth and stability within the housing market.

The challenge of affordability remains, however, as current homeowners are likely to hold onto their properties, benefiting from historically low mortgage rates of around 4%. This trend will continue to restrict housing supply, which in turn contributes to the upward pressure on home prices. However, the key to unwinding the affordability challenge lies within new home sales, and homebuilders offering rate buydowns and closing cost incentives will continue to benefit. Walton Global remains committed to working together with America's top homebuilders to locate land supply that eventually leads to the construction of new homes across the country.

In 2023, we observed homebuilders start to adapt their product lines to focus on smaller and more affordable homes, and we expect this trend to continue throughout 2024 as well. This includes constructing homes that range from 500-1,000 square feet, with plans to build a significant quantity of these compact homes that are priced between \$150,000 and \$175,000.

What's most notable with this shift is that the construction timeline has significantly shortened. Builders are now completing projects in as little as 70 days compared to construction that used to last nearly 10 months at a time. This accelerated development pace is a response to the pressing need for increased housing supply, aligning with the consistently growing demand for housing.

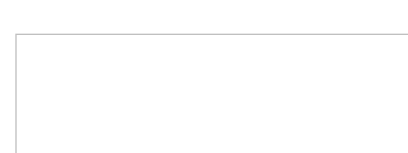
Throughout 2024, Walton Global will maintain a significant role as a leading participant in the land acquisition and sales market. Our strategic focus revolves around providing mid- to long-term "just-in-time" land inventory to top national and regional homebuilders in markets situated within premier paths of growth.

About Walton Global

Walton Global is a privately owned land asset management and real estate investment company focused on pre-development land in the path of growth. Founded in 1979, Walton currently manages \$3.37 billion of real estate assets on behalf of investors from more than 83 countries. Walton has more than 90,000 acres of land under ownership, management, and administration in the United States and Canada. For more information, please visit walton.com or [LinkedIn](https://www.linkedin.com/company/walton-global).

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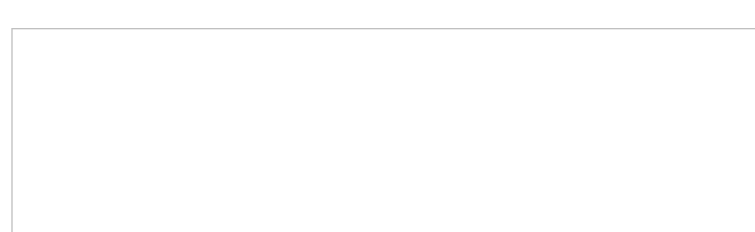


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