

NEWSLETTER

THE TRUTH

"There is " the engineered" and "the magic"....life is somewhere in the middle."

M. MCCONAUGHEY

TURNING THE PAGE

That firm hand on the shoulder not allowing you to freely move. Restraining you. A sense of not being able to lean around the corner. Recognize in that moment that you are in fact here....and something is holding you (has a hold of you) More importantly WHY?

Accepting that this "thing" has been holding you. Holding on to you for dear life. Holding on to the past. The ideal first step....in that moment..... is to acknowledge it. Acknowledge that it's been preventing you from getting to the magic. Its not about forgetting the past. You are made up of all that it has offered.

It's about keeping the lessons and moving. Not a wallowing.....more of an acknowledgment, a bit of reconciliation for what it was, while simultaneously moving forward. The lessons have already been imprinted. Man.....were there ever some lessons. Moving forward without worrying about what's going to happen. That appears to be the trick.

Trust is often referred to as a person or thing in which confidence is placed. Turns out, developing the ability to live and let go....trust....is a requirement to move. Be assured that is exactly where the magic is. Smack in the middle of the trust. Just around the corner (without restraint). The next move will just happen....it really isn't complicated. Try and let it be..... It just is.

There is beauty in balance.....if you dwell, continue to focus on the past, you aren't balanced. Again, acknowledge it....you know its there, but you put one foot in front of the other in a direction. Trust the placement of the foot...one at a time. Life as we know it goes on....try to create balance.

It has taken a lot of reflection on the turmoil and pain that has been caused along my journey. There have been many lives lived to this point. Too many periods of contemplation to count.

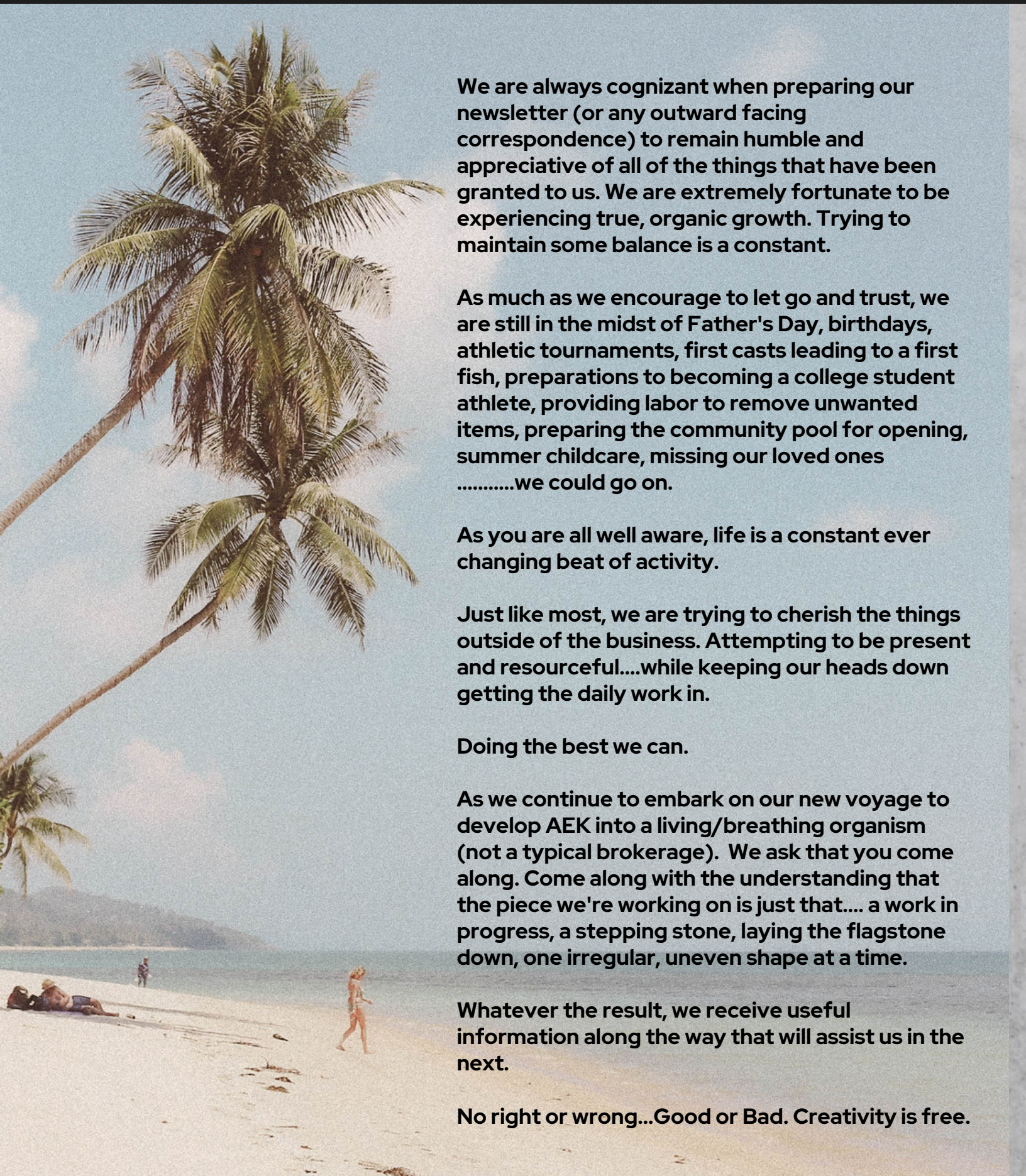
However (Finally) there is a point of having to shed the weight. Turning the page. Having both the acknowledgment and the compounding effect associated with the reflections (the imprinting of the lessons) allows for the emergence of clarity.

The simmering....the beginnings of developing the Trust. Clearing the conscious....opening the subconscious....reaching a bit of "flow"...leads to experiencing some of the magic.

NOT YOUR TYPICAL BROKERAGE...

**THE WORLD ISN'T WAITING
FOR MORE OF THE SAME.**

R. RUBIN



We are always cognizant when preparing our newsletter (or any outward facing correspondence) to remain humble and appreciative of all of the things that have been granted to us. We are extremely fortunate to be experiencing true, organic growth. Trying to maintain some balance is a constant.

As much as we encourage to let go and trust, we are still in the midst of Father's Day, birthdays, athletic tournaments, first casts leading to a first fish, preparations to becoming a college student athlete, providing labor to remove unwanted items, preparing the community pool for opening, summer childcare, missing our loved oneswe could go on.

As you are all well aware, life is a constant ever changing beat of activity.

Just like most, we are trying to cherish the things outside of the business. Attempting to be present and resourceful....while keeping our heads down getting the daily work in.

Doing the best we can.

As we continue to embark on our new voyage to develop AEK into a living/breathing organism (not a typical brokerage). We ask that you come along. Come along with the understanding that the piece we're working on is just that.... a work in progress, a stepping stone, laying the flagstone down, one irregular, uneven shape at a time.

Whatever the result, we receive useful information along the way that will assist us in the next.

No right or wrong...Good or Bad. Creativity is free.

IN THE NEWS



Low Inventory is Pushing Home Prices in the Panhandle



Commercial Real Estate: How new bill will change the market.



Prologis agrees to years largest industrial property deal

STREET KNOWLEDGE

Office

Despite the sentiment, we continue to see demand locally. A lot of young, entrepreneurial based concepts that need some bit of physical presence. However, in conversations with office representatives in other/larger markets...it is as ugly as might have heard. Owners concessions that have already set a precedent are becoming real barriers. In order to obtain a viable tenant, owners are really having to open their checkbooks. Real "blood" has started to flow....it's no longer just a trickle. The reality that some of the most sophisticated and well capitalized organizations in the world have made decisions to "give the keys back" should provide insight as to where we are in the curve. Historically, they are early movers based on the data and intellect they possess. There is a reason in some instances they manage billions of dollars worth of assets. The groups that are in search of a financial reset (refinance) on these types of assets will continue to find it difficult to maneuver.

Industrial/Flex

Larger users seem to be moving into a position of full blown control. Locally, there appears to be several larger sites that have been delivered or are in the process of being completed that are hungry for occupants. Owners have development commitments that have to be fulfilled and will continue to work hard at landing the "elephants". The smaller occupants (under 50k square feet) continue to be left on the side lines. We certainly understand the majority want to accommodate the elephants, but let's not forget the real heartbeat of the economy. We continue to receive inquiries for "small" operations looking to be in this market mainly due to the economic and occupancy pressures found in surrounding markets. We are still geographically in an advantageous position. A theme seems to be developing that is reminiscent of the first real housing push in our market prior to '08. "You can get the same model for a significantly lower price" With the increase in efficiency (remote work), people will continue to live **AND** set up their businesses in less congested, less expensive areas.

Multi-Family

Pricing seems to have leveled off...maybe has even given some of the "run" back. The capital stacks have changed. In some cases, more equity is being brought to the table. Bridge debt is available but at rates you certainly would have to find the perfect fit for. Viable, institutional assets remain elusive. We are in constant search for quality assets. The assumption that there will be some opportunities with projects not able to find the ability to recapitalize hasn't reached the critical period. Many local, regional and even some life co/agency debt options with 3-5 year terms are becoming more prevalent. This option will provide much relief with the hopes that rates will go lower over that same term allowing the borrowers to exit.

Retail

Small footprints!! We keep harping on this, but the entire landscape has changed. It has been morphing for many years (internet, COVID, etc..) Similarly to the other asset classes, we have experienced an influx of leasing interest from entrepreneurs from out of the immediate market looking for cheaper alternatives. They ALL have the means to generate new customers and sales from outside of their physical space.

COME SEE US.....

OUR DOORS ARE ALWAYS UP!!!

COMMERCIAL REAL ESTATE ECONOMICS

Source: CBRE Research Q2 2023

Any increase in commercial real estate investment volume will depend on several factors. Prices must fall a little more and offer higher initial yields to provide an attractive return over those available from bonds. A clear signal of the peak of the rate cycle is needed from inflation data and central bank statements, which we expect most likely will occur by the end of Q3. Finally, a reasonably clear view of improving real estate market fundamentals is required, which likely will come first in the multifamily and industrial sectors.

The U.S. multifamily sector has seen strong demand over the past 10 years but soon will see net absorption fall below completions. Although this will cause a sharp decline in rent growth, it will support the sector's long-term health. **Household economics continue to favor multifamily, with high mortgage rates further pushing people into rental housing.**

The main issue for real estate is the higher cost and reduced availability of debt capital. Values have already fallen and will be further pressured by a wave of maturing loans that were underwritten five years ago. Some of these loans will be extended but others will default.

Fight Against Inflation Continues

Although progress has been made in slowing inflation, the core Personal Consumption Expenditures (PCE) Price Index in the U.S. remains too high. While leading indicators suggest that core PCE will soon drop significantly, there is a chance that the Federal Reserve will continue to lift interest rates. A strong labor market continues to undermine the fight against inflation in both the U.S. and Europe, with unemployment at cyclical lows in both regions. Along with weak productivity growth, this has pushed up labor costs, meaning that the unemployment rate will need to increase to rein in inflation. **The challenge for the U.S. Federal Reserve and European Central Bank will be to engineer this scenario without causing a major recession.**

COMMERCIAL REAL ESTATE ECONOMICS CONTINUED...

The higher cost and limited availability of debt capital, along with uncertainty over property pricing, will weigh on commercial real estate investment activity across all regions in 2023, with CBRE expecting total global volume to fall by 26% before rebounding by 13% in 2024.

Looking Ahead

Forecasts for the next 12 months are highly uncertain. Expectations range from a neither-too-hot-nor-too-cold “Goldilocks Economy,” with inflation falling and the economy slowing but avoiding a recession, to a severe recession precipitated by collapsing commercial real estate prices.

Fundamentals are in reasonable shape, but all real estate sectors will see a period of weak demand and elevated supply that will erode rent growth.

Office will fare the worst, particularly in the U.S. where post-pandemic space utilization levels remain around 50%. The Asian office sector also will be impacted by high levels of new supply. The hotel sector should fare a little better because of demographics and pent-up travel demand. The main issue for real estate is the higher cost and reduced availability of debt capital. Values have already fallen and will be further pressured by a wave of maturing loans that were underwritten five years ago. Some of these loans will be extended but others will default **Our view is that the banking system is not under threat as in the Global Financial Crisis, but substantial losses will inhibit capital markets activity and value recovery.** Market distress will also be an opportunity for \$400 billion of uncommitted capital. Notwithstanding financial stress in the real estate sector, we believe this may be the most benign end to an economic cycle in 40 years.

For that, we can thank the changes to the economy wrought by the pandemic and the low-growth, low-inflation period of 2009 to 2019 that prevented the buildup of leverage in the consumer and business sectors. **Relative to previous recessions, private-sector financial balances are in good shape, which is why the expected recession will be moderate and relatively short.** Close to \$1.5 trillion of US commercial real estate debt will come due for repayment before the end of 2025, according to a recent estimation from Morgan Stanley.

With that gigantic debt looming, borrowers reacted in different ways. Some choose to pretend and extend and look for bridge financing, and some seem to have adopted the position that a new reality is here, and they need to face it.

DOLLAR GENERAL & SERVPRO



FEATURE PROPERTY

DOLLAR GENERAL

- 9,100 SF
- 13 YEAR Lease
- \$99,500 Annual Rent

SERVPRO

- 3,600 SF
- 3 Year Lease
- \$31,500 Annual Rent

FOR SALE



WESEL PLAZA -END CAP RETAIL

- 1,300 SF END CAP AVAILABLE
- LOCATED IN HAGERSTOWN'S MOST SOUGHT AFTER RETAIL AREA
- JOIN HARBOR FREIGHT TOOLS, MARINER FINANCE, AND PHO VIET



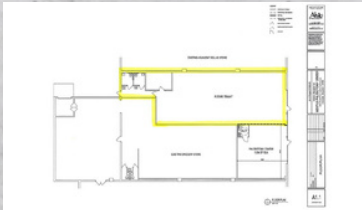
HUNTERS GREEN PARKWAY -FLEX SPACE/STORAGE

- 5,000 SF
- BUILD TO SUIT



RAILWAY LANE CENTER -RETAIL SPACE FOR LEASE

- 1,800 SF IN LINE RETAIL
- JOIN SARDI'S, UNI URGENT CARE, CRAB 99, ENTERPRISE, SHERWIN WILLIAMS, AND ONE MAIN
- LOCATED IMMEDIATELY OFF I-81 AND HALFWAY BLVD



HANCOCK SHOPPING CENTER -RETAIL

- 2,791 +/- SF
- HANCOCK'S PREMIER RETAIL DESTINATION. (THIS IS THE ONLY LARGE SHOPPING CENTER IN HANCOCK)-10,000 VISITORS WEEKLY
- JOIN: MERITUS, FOOD LION, REEDS PHARMACY, FAMILY DOLLAR, VALLEY HEALTH, SUNOCO, M&T BANK



412 N POTOMAC STREET -OFFICE/RETAIL

- 1500 +/- SF
- PRIVATE ENTRANCE
- PRIVATE PARKING
- FLEXIBLE TERMS



WILLIAMSPORT MD -SITE FOR SALE

- 2.32AC +/-
- IMMEDIATE INTERSTATE EXIT VISIBILITY
- ZONED: GC GENERAL COMMERCIAL
- RT 81 (NEAR RT 11) EXIT = 64,310 ADT
- VA AVE (RT 11) = 15,552 ADT



**44 N POTOMAC STREET
-STUDIO/PROFESSIONAL OFFICE**

- OFFICE/STUDIOS
- STARTING AT \$249/MO
- UTILITIES INCLUDED!



**1101 OPAL COURT
-MEDICAL/OFFICE**

- FLEXIBLE TERMS
- HIGH GROWTH AREA
- 1600 SF
- 2600 SF



**GRINDSTONE HILL & FREDERICK DR
-INDUSTRIAL FLEX-BTS/SALE**

- UP TO 50,000 SF AVAILABLE - 6 ACRES
- OWNER WILL CONSIDER SALE OF ENTITLED LAND OR BUILD TO SUIT
- SITE PLAN FULLY APPROVED AND READY TO BUILD
- IMMEDIATE ACCESS TO I-81



**1125 OPAL COURT
-OFFICE**

- 2832+/-SF
- NEWLY RENOVATED
- GROUND FLOOR SUITE
- PRIVATE - ADA BATHROOM



**686 PENNSYLVANIA AVE
-INDUSTRIAL/CREATIVE SPACE**

- ZONED IR (INDUSTRIAL RESTRICTED)
- BUILT TO SUIT
- 2,000-18,000 SF



**13331 PENNSYLVANIA AVE
-FLEX SPACE**

- 8,800 +/- SF
- HIGHLY VISIBLE
- AVERAGE 15,500 ADT
- AMPLE PARKING
- 3 PHASE ELECTRICAL



**580 NORTHERN AVE
-PROFESSIONAL OFFICE**

- GREAT LOCATION
- AMPLE PARKING
- 3,500 SF



**830 BEAVER CREEK RD- FOR LEASE
-CONTRACTOR YARD W/OFFICE**

- ACRES OF AVAILABLE LAYDOWN SPACE
- 3 BED/ 1 BATH HOUSE, FRESHLY RENOVATED
- 20'X40' SHOW W/ 14'X12' DOOR
- ZONED HI
- GREAT LIVE/WORK SCENARIO



**145 W CHURCH STREET- FOR SALE
-LAUNDROMAT/REAL ESTATE**

- REAL ESTATE INCLUDED
- AMPLE PARKING
- CASH FLOW
- TURN KEY OPERATION



**22309 OLD GEORGETOWN ROAD
FOR SALE
-ICE CREAM BUSINESS /REAL ESTATE**

- 1.2 ACRES
- PRIME LOCATION
- ZONED BG



**1120 PROFESSIONAL COURT
-MEDICAL/OFFICE**

- GROUND FLOOR ACCESS
- UP TO 7,500 SF
- FLEXIBLE TERMS
- HIGHLY VISIBLE



**100 CHARLES STREET
PROFESSIONAL OFFICE**

- ZONED IR (INDUSTRIAL RESTRICTED)
- 3 BAY GARAGE
- 3000 SF GARAGE SPACE
- 3 PHASE POWER



**SMITHSBURG- CORNER
LAND LEASE OR BUILD TO
SUIT**

- WANTED: C-STORE/RETAIL
- HIGH TRAFFIC
- FOUR WAY LIGHTED INTERSECTION
- GROWING COMMUNITY
- FLEXIBLE LEASE TERMS



**CRESSLER PLAZA,
RETAIL/OFFICE**

- 2,500 - 12,000 SF AVAILABLE
- 2 PAD SITES
- 435+/- PARKING SPACES
- LOCATED AT A FOUR WAY SIGNALIZED INTERSECTION



**CURRENT
AVAILABILITY**

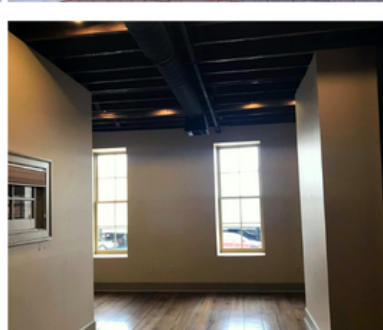
**BEAUTIFULLY RESTORED
OFFICE SPACES**

**359 SF
346 SF**

**4,186 SF IN SCHINDEL
ROHRER BUILDING**



**DOWNTOWN
OFFICE
SPACE
AVAILABLE**





AEK Real Estate

is focused on providing Sales/Leasing services in the tri-state region. We have been operating in various capacities within the Real Estate industry since 2002.

We aren't a traditional Real Estate firm.

We appreciate the fact that your circumstances are unique and can insert ourselves as you see fit. We are here to help. Give us a call or stop by!

Our doors are always up!



THE SPOTLIGHT COMMUNITY INSIGHTS

ARE YOU AWARE THAT THERE REALLY IS AN "UNDERGROUND" NETWORK OF BUSINESSES AND COMMUNITY CENTRIC DEAL MAKERS THAT PROVIDE THE OXYGEN TO THE GREATER HAGERSTOWN LUNGS. OUR GOAL WITH THIS SECTION WILL BE TO UNCOVER THEIR MISSIONS... WHAT IS THEIR PURPOSE....THEIR "WHY"



RECENT TRANSACTIONS

Leased - 1500 +/- SF - 6 year Lease- AEK Tenant & Landlord Representation

Sold - SFH-Investment-AEK Seller Representation

Sold - SFH-New Construction-AEK Buyer/Builder Representation