SOUTHERN EDGE
CAPITAL

What Operators Who Survived Multiple Cycles Do Differently

Why Disciplined Execution, Not Market Timing, Separates Sponsors Who Endure

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Co-Founder and CEO, Tony Raimondo, has operated through good cycles and down cycles, and has performed well through all of them. He bought his first building at 19 years old in the South Bronx and has operated in this business, in one form or another, for nearly four decades. Most sponsors active today have not been tested across multiple cycles like this. Some have only operated in a market that went up. For investors evaluating a sponsor relationship that may span a decade or more, that distinction is paramount.

1040 Boynton Avenue, Bronx, NY

The instinct in this industry is to talk about cycles in the abstract: rates, supply, absorption, the macro forces that move a market from expansion to contraction and back again. Those forces matter, and we track them closely. But the more useful question for an investor doing real diligence is not what happened to the market. It's what the operator did while it was happening. Markets move on their own timeline, indifferent to anyone's underwriting model.

What separates the operators who are still standing after multiple cycles from the ones who quietly disappeared is not foresight. It's discipline that did not bend when conditions did.

Discipline Is Invisible Until It Isn't

In a strong market, almost every operator looks credible. As the saying goes, “a rising tide lifts all boats”. Rents are rising, occupancy is high, and the spreadsheet works regardless of how carefully it was built. That environment hides the difference between disciplined underwriting and optimistic underwriting. It is only when conditions tighten, when rate environments shift, when supply outpaces absorption, or when an external shock hits the broader economy, that the difference becomes visible.

The operator who built conservative assumptions into the deal from day one keeps performing. The operator who needed the optimistic case to be true starts making decisions under pressure, often at the expense of the investors who trusted them with capital.

This is the lens through which we believe every sponsor relationship should be evaluated, and it is the lens we apply to our own track record.

Calculated Patience, Not Forced Activity

One of the clearest signals of operating discipline has nothing to do with what an operator buys. It is what they refuse to buy, and when.

After acquiring The Landings at Southpoint and The Landings at Parkview in 2016 and 2017, we executed our business plan on both assets: repositioned, stabilized, and exited in mid-2022, with Southpoint delivering a 46.5% IRR and a 7.9x equity multiple over a five-year hold, and Parkview delivering a 78.5% IRR and an 11.2x equity multiple over four years. Two full-cycle exits, both validated by results.

The Landings at Parkview | 68 units acquired off-market in 2017 and sold in 2022

What we did next is the part that matters more for this conversation. The pricing environment that followed those dispositions no longer supported our underwriting thresholds. Cap rates had compressed, basis had moved, and the deals being marketed did not pencil at the conservative assumptions we underwrite to. So we waited. We did not deploy capital into deals that did not meet our return targets simply because capital was available to deploy. That is a meaningfully different posture than most of the market took during that same window, when transaction volume across the multifamily sector remained elevated well past the point that fundamentals justified it.

We did not stay on the sidelines indefinitely. When an off-market opportunity surfaced in late 2022 that did meet our strict underwriting criteria, Lofts at Baymeadows, 103 units in Jacksonville, we moved on it decisively. Every other opportunity we evaluated in that window, we passed on. That is the distinction worth sitting with. Patience is not the same as hesitation, and activity is not the same as conviction. An operator who has been through enough cycles knows the difference, and is willing to act on it even when it means standing still while others are transacting.

For an investor vetting a sponsor relationship, this pattern is more revealing than almost anything in a pitch deck. A sponsor who only buys is optimizing for deal volume. A sponsor who buys, holds, exits, and is willing to sit out an entire window when the math does not work is optimizing for the outcome the investor actually cares about.

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A Pattern of Performance

COVID is the most recent example of a stress test the broader multifamily industry faced, and it is worth being direct about how we performed through it. During COVID, a significant number of multifamily operators suspended distributions. We did not. We kept sending checks, on schedule, throughout a period when many sponsors could not say the same. That outcome traced directly back to conservative assumptions built into the deal before the market turned, and to direct operational control that let us adjust expenses and leasing strategy in real time rather than waiting on a third-party management company to act.

But COVID was not the first test, and treating it as the only proof point doesn't tell the full story. Tony's operating career began decades before Southern Edge Capital existed, managing properties in the South Bronx through genuinely difficult conditions: navigating New York City courts and building departments, collecting rent door-to-door, keeping century-old buildings like 1045 Boynton Avenue functioning under the full weight of an unforgiving regulatory environment. Operating through that environment over several decades means operating through more than one full real estate cycle, including the 2008 financial crisis and its aftermath.

The instinct that kept those buildings performing when conditions were difficult is the same instinct that kept distributions flowing during COVID. It did not appear in 2020. It was already there, tested repeatedly, long before it became a line in an investor deck. This is the pattern we want investors to actually see, not the individual data points in isolation. The operating discipline that shows up at Southern Edge Capital today is not new. It is not a strategy adopted in response to a single difficult period. It is the same approach applied consistently across multiple decades and multiple market environments, which is precisely why it has held up every time it has been tested.

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What This Means for Northeast Florida Today

We bring this up now because the Jacksonville and greater Northeast Florida multifamily market is at a moment that rewards exactly this kind of discipline.

After several years of elevated new supply working its way through the market, the pace of deliveries is slowing, and the conditions that have made this cycle difficult for less disciplined operators are beginning to ease. That is precisely the environment where the distinction we have been describing throughout this article starts to matter most. The operators who stayed disciplined through the difficult years, who did not chase deals that did not meet their underwriting standards simply to stay active, are the ones in position to act decisively as the market turns. The operators who stretched their assumptions to make deals work during the supply wave are the ones now managing the consequences of that decision.

We have been here before. We watched Jacksonville's fundamentals align in 2016, well before institutional capital had fully priced in the opportunity. We believe a similar alignment is taking shape again. That read is not a prediction about where rents or cap rates land next quarter. It is an observation about where the discipline we have practiced for decades tends to pay off most, at the exact point in the cycle when patience is hardest to maintain and most operators have already abandoned it.

The Real Test Is Consistency, Not Prediction

None of this is an argument that we, or anyone, can reliably predict where a market is headed. We have never claimed that, and we are skeptical of any sponsor who does. The argument is narrower and more important for an investor to evaluate: operators who survive multiple cycles are not the ones who called the top or the bottom correctly. They are the ones who operated the same way regardless of what the market was doing. Conservative assumptions in the underwriting. Direct operational control over leasing, expenses, and capital execution. The discipline to pass on deals that do not meet strict criteria, even when capital is sitting idle and the rest of the market is transacting.

That consistency is what should give an investor confidence, not because it guarantees a specific outcome on the next deal, but because it is observable, verifiable, and has now been demonstrated across decades, across geographies, and across broader market conditions. When the next down cycle arrives, and it will, the question worth asking of any sponsor is the same one we ask of ourselves on every deal: if conditions turn difficult tomorrow, has this operator already proven they know how to handle it, or are they about to find out for the first time.

We have already found out. More than once.

Interested in connecting with us?

CONTACT

Adam Scrivener
Managing Director, Investor Relations
adam@southernedgecapital.com
(904) 874-3302

www.southernedgecapital.com

Southern Edge Capital acquires and repositions multifamily communities in high growth Southeast markets, creating value through a vertically integrated platform driven by operational execution rather than market appreciation.