

#### **JUNE BLOG**



## INCREASED BUILDING COSTS AND THE EFFECTS OF INFLATION

If you've been to a hardware store lately or gotten a quote from a contractor, you've probably noticed—everything costs more. Inflation has affected nearly every aspect of our lives, from groceries to gas, and, yes, real estate as well. Whether you're investing in property yourself or passively through a platform like Lukrom's iFund, inflation has changed the way we need to think about our money.

But here's the thing: real estate may still hold its ground—and in many ways, it may shine during inflationary times. Rising rents and increasing property values can work in your favor if you're a property owner or investor. You may be able to borrow against your equity, grow your portfolio, and help preserve your purchasing power in ways that stocks or savings accounts may not be able to match.

That's why real estate continues to be one of the most effective tools for longterm financial confidence. It's not immune to inflation or economic cycles, but as we have historically seen, it may offer leverage, and resilience. Whether you're hands-on or investing passively. understanding this market helps you take advantage of its benefits—today and for the future

### WHY BUILDING AND RENOVATION COSTS ARE THROUGH THE ROOF

Ever wonder why that home renovation quote made your jaw drop? Or why contractors are booked out for months? You're not imagining it—building and renovation costs have surged, and there's a perfect storm behind it.

First, the basics: materials such as lumber, steel, and concrete are more expensive now. Global supply chains are still untangling from the chaos of the pandemic, and construction demand skyrocketed just as production slowed. Fewer materials + more projects = higher costs.

Then there's shipping and fuel—both more expensive now, which adds to the price of every beam, nail, and slab of cement.

But the real kicker? Labor. Skilled tradespeople are in short supply. Many people left the workforce during the pandemic, and the pipeline of new talent has not yet caught up. That means longer waits, higher rates, and tighter schedules.

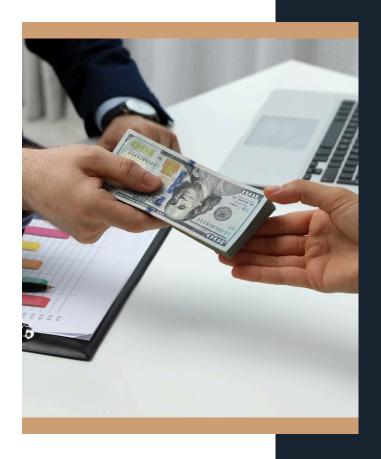
For investors, this isn't just a trend—it's a reality check. Planning ahead, budgeting smarter, and understanding these cost drivers may make or break your next deal.



## HOW TO NAVIGATE RISING COSTS AS AN INVESTOR

If you're hands-on—buying or renovating properties—now's the time to sharpen your strategy to help preserve those hard-earned profits. Think of it like planning a road trip with unexpected detours: build a conservative budget and add extra time to your timeline. That way, if material costs spike or labor gets delayed, you're not caught off guard (and you don't end up stranded with a half-finished kitchen remodel).

Location matters too. Target neighborhoods with strong comps and solid demand so you're not holding onto a property longer than necessary.









But what if you want the upside of real estate without the stress of swinging hammers or chasing down contractors?

That's where Lukrom's iFund comes in—it is our goal to help you grow your wealth passively through private real estate lending. We strive to provide steady, real estate-backed preferred returns without you ever lifting a finger on the physical aspects of real estate.

At Lukrom, we invest millions of our own capital first—helping to absorb losses before our investors may. That's right, our "first-loss" stance means we shoulder that risk first so you don't have to.

We strive to provide you with consistent monthly income—without the hands-on approach and heavy lifting.



#### WHY REAL ESTATE MAY STAY STRONG— EVEN WHEN INFLATION HITS HARD

Let's be real—inflation doesn't play favorites. It eats away at your purchasing power, slows returns, and throws uncertainty into almost every investment category. Traded stocks may get shaky. Savings accounts may lag behind. But real estate? That's where we believe the story may shift.

When the cost of living rises, so may the value of real estate. Rent prices may climb, property values may increase, and investors who own quality tangible assets often find themselves not just surviving inflation—but using it to their advantage. Unlike traded stocks, real estate isn't as much at the mercy of market volatility or news cycles. You may have more control over the outcome, which may include setting your rental prices, choosing when to refinance, improving a property's value, and determining the best time to sell.

But here's what we feel truly sets us apart: you don't have to navigate this alone.

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Our team brings deep experience in private real estate lending, hands-on market insight, and a track record of helping investors grow and preserve their capital potential—especially during uncertain times. We don't just offer opportunities—we guide you every step of the way with transparency, strategy, and "first-loss protection" built into our portfolio of real estate loans.

# IF YOU'RE READY TO TAKE CONTROL OF YOUR FINANCIAL FUTURE, WE'RE HERE TO HELP YOU DO IT—WITH CONFIDENCE.

Potential cash flows/returns/appreciation are not guaranteed and could be lower than anticipated. There is no guarantee that the Sponsor will meet its objectives.

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