



# TRISTAR

## REAL ESTATE INVESTMENT

[www.tristarinvest.com](http://www.tristarinvest.com)

July 3, 2019

## EDUCATIONAL SYSTEM'S IMPACT ON REAL ESTATE

Leadership Atlanta's impact on this writer concluded with a universal observation that many problems of every community are directly tied to education or the lack thereof. Poverty, housing, healthcare and numerous other systemic and recurring challenges are tied to the education system. It then naturally brings to question how the education system impacts the real estate investment world.

**Educational System's Source of Revenue** - Real Estate Taxes - when you look at the single biggest spend in a municipal budget you will see the public-school system at the heart of the biggest line item. The annual millage rate for education in the City of Atlanta is approximately 22 mils or just under 1% of the total value of your property. So much money is being spent from your real estate ownership and investments on our public education system. How is your money being allocated? You should be concerned on how this is being spent, because it will impact our future.

**Educational System's Location** - there is a direct correlation to the best schools and the highest per- capital income and housing prices. Simply put, people who want the best education for their children flock to the best public school districts. The cities with best public school systems have the highest real estate prices and wealth. Some of the MSA's with the best public schools are in Northern Virginia (home to new Amazon HQ); Dallas, Texas, and Seattle, Washington. A little closer to home, look at the change in the housing prices in the East Lake area since the opening of the Drew Charter School, which is one of the best in the state. One would have a difficult time refuting the sustained success of these areas of the country over the past few decades in terms of job growth and economic prosperity. If you are a housing developer/investor, this is a core principle- build in areas with the best schools. We did a study of the average home prices of the top three elementary schools in Georgia compared to the bottom three elementary schools, and the average home price in the best school districts was a multiple of ten times the value of the average home price in the lower performing schools.

**Educational System's Cost (College)** -some jobs created, and salaries obtained from many degrees do not justify the investment in post-secondary degrees, yet college degrees are blindly sought out as the answer to prosperity (whatever happened to "shop" and vocational schools?). The result is a heavy debt load by young professional entering the workforce. What are the results to real estate? Student debt loads that are causing:

- Lower Home-ownership - lack of credit and available down payments to purchase homes
- Higher Demand for Apartments - due to lack of ability to own
- Delay of family formation - debt loads make bringing a family into the world more costly

Housing is a key economic indicator of the health of an economy. The multiplier effect of home ownership and family formation can't be overstated. You buy a house, you furnish the house, you have forced savings to pay for the debt, and you build wealth, start families and communities are created that come with home ownership.

When working efficiently, the Education System leads students to a foundation of knowledge that is demanded by the economy for productivity (jobs). That demand from the economy may be for surgeons or for plumbers. If the educational systems aren't focused on the needs of future employers, then the price of education and the cost to real estate and the economy will continue to be inefficient.

## Deal Review of the Month:

### **Chamber Street Retail**

### **Downtown Woodstock, GA**



<b>What We Liked</b>	<b>What We Didn't like</b>
Urban Mixed-Use Community	Required Loan Assumption
Strong Tenants	Majority of leases expire at date of loan maturity
Condo Community, not apartments	Urban Parking challenges

## Are You an Investor?

We are in pursuit of several investments. If you are an accredited investor and want to be considered for one of these offerings, please reach out to us. Call us today to learn more at 404-698-3535 or [dgibbs@tristarinvest.com](mailto:dgibbs@tristarinvest.com).

Sincerely,

TriStar Real Estate Investment

Visit us on the web! | [www.tristarinvest.com](http://www.tristarinvest.com)

