



# TRISTAR

REAL ESTATE INVESTMENT

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

October 1, 2019

## WHERE TO FIND THE BEST REAL ESTATE INVESTMENTS

The market moves fast, and sometimes as we review numerous opportunities for our investors, it makes sense to pull back and look to the fundamentals of investing by examining at the macro perspective behind each deal. It begins by evaluating where the growth in any market is headed and considering the drivers behind the growth. By way of example, here are drivers that have proven successful to many real estate investors:

**Population/Job Growth:** Where do people want to live, and where are the jobs available? On a national level, you can see the results of the Amazon HQ2 job move to the Northern Virginia market. That commitment of jobs has a tremendous trickle-down effect...more jobs create a need for housing, which requires supporting retail and increase in consumer spending. It also comes with a need for government infrastructure to accommodate the project, which in turn creates even more jobs, the need for roads, more schools...etc. Population growth can be tied to job growth but also can move on its own. Nationally, there is a migration effort for retirees (who are not working) to areas that support this lifestyle. States like Florida, Nevada and Arizona are seeing huge migrations of people who will not need office buildings but different residential living options and medical related real estate uses. In many cities, we are seeing the younger generation favor the excitement of urban living, with or without jobs. This trend is pulling both younger and older people to areas that have live/walk communities. Urban warehouses have come into favor and are being converted to loft apartments and offices. Those who saw this trend bought warehouses at \$40/sf and converted to different uses with prices north of \$300/sf when finished.

**Urban Planning, Public Roadways and Infrastructure:** In graduate school, the first lesson in urban planning was that wherever a subway station was planned or a new highway exit, development would occur with growth. Land speculators would leave urban planning meetings and make offers to local farmers who may not be aware of road changes coming or pending transit stops. On a short-term basis, they would option and flip to more seasoned, long-term developers. This was very prevalent in the 1980's and still exists today. Where do you look? Go to every county planning department, and they will have a long-term Master Plan. You can see what zoning planners anticipated in areas that don't currently allow this type of zoning. This is a long-term way of seeing where the governments want development but not necessarily where people want to go.

**New Housing Developments:** One of the biggest economic indicators for the economy is Housing Starts. The reason is that there are so many industries tied to new housing. With each new house comes the need for: appliances, mortgages, flooring and furniture to name a few things. It also creates a need for support services found in retail centers (grocery stores, fitness, nail salons, etc.). Where do developers want to build homes - where they can find cheap land, good access to employment centers and good schools.

**Tax Districts:** The Opportunity Zones created by the Investment in Opportunities Bill in 2017 seek to lure investment dollars into very troubled areas for beneficial tax treatment. In many areas, this lure fails to compensate for the risk associated with the investment. TAD's are tax allocation districts where governments are incentivizing people to move businesses or create jobs with the same idea. Abatement or deferral of real estate taxes can help create financial feasibility to kick off new projects. In some counties, TAD's have missed their purposes and still exist in areas that no longer need the benefit.

**Following the Competition:** Another great lesson in real estate investing is in watching the burger wars. McDonald's was known to spend a great deal of time selecting at key locations for its expanding burger empire years ago. Instead of reinventing the wheel, startup Burger King used a brilliant strategy of just going across the street from wherever a McDonald's was located. This isn't as easy as it seems today, as each market has certain saturation levels, and there may not be a need for as many burger chains as was in the 1960-80's.

**Where do we see Investment Value drivers?** Urban Suburbanism - we've preached this trend for years. What we enjoy about the urban areas will become too expensive and too congested, and users will go one more exit out to find the same product at cheaper prices. Take a look at our latest investment pursuit

**Please Review Investment Profile of the Month**

Deal Review of the Month:

## INTERSTATE NORTH OFFICE PARK 294 & 296





### **Drivers for Investment**

- Increasingly Dense area due to Braves Ball park relocation
- Live/ Walk Community located next to the Bob Callan trail that just opened on Rotten Wood Creek
- New Road alignment creating high visibility and a quasi-retail front to an old single-story office park
- Renovation to deliver urban loft product to a suburban location lacking such product

### **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

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**GREAT NEWS!**



On Thursday, October 3, 2019 TriStar/Star-C will participate in the "Reclaiming Vacant Properties Conference" sponsored by the Center for Community Progress. The session will take place from 1:30 pm - 3:00 pm. Our topic is below.

*"Transforming Failing Schools through Affordable Housing: A Public, Private and Philanthropic Effort"*

Public schools in America are failing, in part, due to student transiency. Students relocate out of schools because of rent increases or security issues, and parents move to find safer affordable housing. Some children will move several times in one school year. Teachers can't teach, children can't learn and communities fail. How can we create stability? The solution rests with apartment owners committed to keeping rents affordable and providing wrap around services in after school care, healthcare navigation and gardening - for free so that families can succeed. This is happening in Atlanta, Georgia where a creative alliance is using public, private and philanthropic capital with a long term commitment to stabilizing communities to forge change where it is needed most.

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