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What's Old is New Again

Greetings!

Real estate markets are cyclical and if you look to the past you can find clues as to what will be coming next in each cycle. Take the "urban rage" that we are seeing in today's market. If it is built in a dense urban environment, whether apartment, retail or office, the investment dollars are pushing prices up and yields down. Absent of product and the fear of low yields, the heads begin to turn outward to suburbia as smart investors start to look for yield. The urban markets are now pricey. It wasn't so long ago in the 1970's that the United States saw a suburban flight in similar circumstances for avoidance of high taxes, congestion and a desire for a quieter life.

Take this from a consumer's view and some similarities emerge. Apartments rents are now very expensive, and Urban office rents are at all-time highs. As the millennial population begins to age and create families, they will have to make decisions on being in town and hip at \$2,000/month in rent or being frugal and moving to the suburbs where the same rent may now pay for a mortgage. As this occurs, corporate America will have more talent in the suburbs to choose from and consolidating in a suburban market will show even more savings as they try to enhance earnings through smart real estate plays.

Developers are now looking at new suburban apartment developments ahead of this trend and with the urban office market at record low vacancies, investors look at suburban office spaces at a significant discount to replacement cost. If urban, single story loft space is at \$22/sf NNN in Atlanta, is \$13-14/sf NNN in the suburban market a bargain? It certainly is relative to Class A multi-story prices that are now exceeding \$30/sf gross in the suburbs.

What are we doing to invest ahead of this trend?

Investment Profile of the Month:

Mansell Exchange office park in the strong North Fulton Office Market

TriStar recently closed on the remaining one-story buildings in the Mansell Exchange office park in the strong North Fulton Office Market. We have watched new residential development occurring in Alpharetta and we recognized this market to be the

Technology Hub of the South. Due to density pushing land prices up in this market, the high-quality loft offices we have purchased cannot be replicated. This uniqueness will serve the needs of technology community that values drive up offices, outdoor amenities and a creative look that can only be done in such structures.



What We Like About the Investment

- Economics of scale-we own building 100 and have room to grow our tenants.
- Unique Product- there is limited single-story product in this market.
- Price- 60% of replacement costs gives us a competitive edge.

We are in pursuit of several investments. If you are 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.

Sincerely,

TriStar Real Estate Investments

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