



TRISTAR

REAL ESTATE INVESTMENT

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REAL ESTATE AS IMPORTANT AS EVER FOR INVESTMENT PORTFOLIO

Greetings!

This is the time of year that many people meet with their financial advisors to determine the past performance and the projected outlook of their investments. Stocks, bonds and alternative investments represent a broad range of investment considerations, and commercial real estate falls under the alternative investment category. Let's review the good and bad of CRE as an investment:

The Good

1. Cash-flow- Whether retail, office, industrial or hospitality, cash-flow comes from rents that tenants pay. Some categories can be more risky than others. A Sears retail store today is far more risky than an Amazon distribution center. The location of the property and its desirability will indicate the likelihood of stable cash-flow and should be considered based on your investment goals and expertise with the asset.
2. Appreciation- Especially in an inflationary environment, hard assets like real estate have a tendency to fare better than most. Appreciation is as much about potential rent increases as it is about your cost basis relative to replacement cost. With construction costs going up in all categories, existing assets have a favorable appreciation outlook.

Tax Advantages - While different for everyone, the basics of depreciation and deductions lessen or defer the tax obligation of real estate investment assets and enhance yield potential. See your tax advisor for details

The negative of investing

1. Illiquid- Real estate is a long-term investment, and the longer you hold it, the better it usually performs. The contrarian approach is to try to time the markets, and this can become difficult without a trusty crystal ball.
2. Long Term in nature- As mentioned above, patience is what drive yields, and this isn't a fit for many investors.
3. Capital Intensive-Eventually, assets depreciate, and the owner must replace roofs, HVAC and other deteriorating parts. When budgeted correctly through asset management and through replacement reserves, any surprises are counteracted.

Deal Profile of the Month:

Safest - NNN Leased Credit Deal
Starbucks at 5% or less



- NNN leases - tenants responsible for all costs.
- Credit worthiness of tenant.
- Long term lease.

Risky - Land



- Usually no income other than modest income for timber harvest, crop revenue every few years.
- Ongoing expenses for taxes and insurance.
- Liability from trespassers and natural disasters.

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.

Sincerely,

TriStar Real Estate Investment

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