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THE CRISIS NO ONE IS TALKING ABOUT!

Greetings!

Much discussion has been had about the housing crisis for those living at the poverty line. The need is truly dire as the average apartment unit is now approximately \$1,300 a month in Atlanta. Affordability measurements indicate that rent/housing should be 30% of one's income. This would mean that the average income to rent the average apartment in Atlanta would be \$52,000 per year. Large retail employers in town include Kroger, Walmart, and others that pay minimum wage. The poverty line definition is an income of about \$25,100 per year for just above a family of 4, which makes \$697 a month for housing affordable.

Persons in Household	2018 Federal Poverty Level threshold 100% FPL	Hourly Rate (*)	Monthly Apartment Affordability
1	\$12,140	\$5.84	\$337
2	\$16,460	\$7.91	\$457
3	\$20,780	\$9.99	\$577
4	\$25,100	\$12.07	\$697
5	\$29,420	\$14.14	\$817
6	\$33,740	\$16.22	\$937
7	\$38,060	\$18.30	\$1,057
8	\$42,380	\$20.38	\$1,177

Cushman & Wakefield published a report that estimates the lack of affordable housing in Atlanta (affordable defined as those reachable for those who make 30-80% of Average median income) is 80,000 units. A study conducted by the Urban Land Institute and Bleakey Consulting suggest that the need will grow by 3,000 units per year. The cost to build a new apartment unit today is about \$160,000 which would need to command a rent north of \$1,100 per month to work in the private sector development market. This is for people, today to meet the need for affordable housing in Atlanta.

Market	Maximum Allowable Income 60% AMI (Low End of Range)	Maximum Allowable Income 140% AMI (High End of Range)	Maximum Allowable Gross Rents for 60% to 140% AMI	Applicable Household Demand*	Rent-Eligible Unit Supply**	Affordable Unit Deficit
Atlanta, GA	\$29,280	\$40,992	\$837 - \$1,953	202,881	122,528	80,353
Birmingham, AL	\$26,520	\$37,128	\$757 - \$1,767	48,232	9,852	38,380
Charlotte, NC	\$29,700	\$41,580	\$849 - \$1,981	129,073	42,136	86,937
Jackson, MS	\$26,160	\$36,624	\$747 - \$1,743	22,840	8,896	13,944
Louisville, KY	\$27,900	\$39,060	\$798 - \$1,862	51,820	3,334	48,486
Memphis, TN	\$25,200	\$35,280	\$720 - \$1,680	55,863	14,369	41,494
Nashville, TN	\$28,860	\$40,404	\$825 - \$1,925	100,844	37,626	63,218
New Orleans, LA	\$26,640	\$37,296	\$760 - \$1,774	53,844	16,473	37,371
Savannah, GA	\$27,300	\$38,220	\$780 - \$1,820	14,193	5,433	8,760

Source: CoStar, AXIOMetrics, Cushman & Wakefield, Novogradac & Company Rent & Income Limit Calculator, Jan 2018.
 Note: Maximum allowable incomes are based upon one-person HH; Rents are based upon IBR units and is a conservative estimate as these are gross rents including utilities.
 *This is a ballpark approximation based upon number of rents in closest income cohort that encompasses 60% to 140% AMI range for IBR units.
 **The number of existing studio and IBR units in the market with rents that fall within the maximum 60% to 140% AMI gross rent range for IBR units.

The Real Crisis that is Coming

The real crisis at hand are forty (40) million Baby Boomers who are approaching retirement years where they will no longer have a paycheck or may be ill equipped to hold a job. They are not prepared. The huge fund manager Blackrock did a survey of Boomers and have estimated that the average Boomer coming to 60 years of age has an average savings for retirement of \$136,200. Based on conservative metrics and actuarial tables, this would allow an income of \$9,129 per year in retirement. The average social security check will be approx. \$1,335/month or \$16,020 per year. The combined will allow \$25,129 per year in spending during retirement. If 30% of that income is dedicated to housing, then they can afford \$628/month. Where will they find this in Atlanta?

In summary - affordable housing is needed today for the working poor and in the very near future for the unemployed Boomer who will be unemployable and will struggle for housing along with rising healthcare costs.

Investment Profile of the Month

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DEFOORS HILL **Loft Offices**



What we liked:

- Creative Loft Office Design
- 100% leased asset with long term leases

- Trendy area

Why we did not pursue:

- Pricing - the trade at the end rivals the cost of a new high rise in Buckhead
- No connected amenities or retail
- Future Traffic Concerns

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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