



# TRISTAR

REAL ESTATE INVESTMENT

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

November 1, 2019

## Economic Outlook 2020

We had the good fortune to attend an economic outlook breakfast with Atlanta's own world-renowned economist, Dr. Rajeev Dhawan, to hear his thoughts on the 2020 economy. With full credit to Georgia State and Dr. Dhawan, here are relevant take-a-ways from his office.

**Election Year Woes** - History has shown that the economy is affected by US election year battles. Corporations in charge of billions in capital spending, typically will slow their spending as they wait to understand if the results might have negative consequences on their companies. This will put a damper on expansion/growth in 2020, not necessarily because we are at the end of an economic cycle.

**Consumer Spending and the Self-fulfilling Prophecy** - Consumer spending drives the US economy. When 401K's are doing well and people have jobs, they will spend and the world goes 'round. When people see cautions, when TV broadcasters continually talk about the end of the economic boom, consumers begin to worry, spending slows and what was low unemployment and moderate growth turns negative as the consumer reels in their habits and creates a recession that wasn't in the making until worry set in. The recession may be our own doing.

**Economic Disparity** - Fifty (50%) percent of new jobs added in Georgia during the first quarter of the year were in the sectors of 1) Leisure and hospitality, 2) Retail and 3) Construction. The wages in these areas do not correlate to housing affordability with the surge of all the new apartments being developed. Translation: every major city is going through a housing affordability crisis that will not be solved through new development. The job growth is in sectors that perpetuate poverty and the affordable housing crisis. The disconnect between wages and affordable housing is creating heartburn for municipalities. Read some stories about the homelessness problem in San Francisco and project this crisis on to other cities, including Atlanta.

**The Federal Reserve** - With growth slowing, our economist sees 5-6 tax cuts in the next year with the Federal Rate going to 1-1.25% percent. The GDP forecast is an optimistic 2.0%, if the Fed cuts accordingly. The driver seems to be the Ten-Year Treasury note. In an effort to avoid an inverted yield curve, the Fed will be motivated to cut the short-term rates when the longer-term rate drops. Why would the 10-year rate drop? This is occurring with the interest of the world's economies chasing yield in the United States. It is not unusual to think that if the German 10-year Bund is negative -0.372% that investors would be giddy with a 1.75% T-Bill with the safety of the United States behind it. In addition, the Fed may be prompted to help companies in the United States as they battle the effects of a trade war that sees no end in sight.

**What to do now if you are a real estate investor?**

Please Review Investment Profile of the Month

Deal Review of the Month:

## Property Refinance - Current Investor Strategy



### Drivers for Investment

- Refinanced when Ten Year Treasury was at 1.45%
- Dropped Interest Rate approximately 1.25%
- Paid down loan balance to 50%
- Pulling some loan proceeds for Capital Items

### 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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**TRISTAR NEWS**

**JOIN US FOR TSU - TRISTAR UNIVERSITY!**



Come to TriStar University on November 7th to learn how to transform communities and education using affordable housing, innovative financial strategies and public/private partnerships.

**Cost: \$75**

**Date: Thursday November 7, 2019**

**Time: 8 a.m. - 12 p.m.**

**Where: 732 Joseph E. Lowery Blvd NW, Atlanta, GA  
30318**

***Continental Breakfast Will Be Served***

**>>REGISTER NOW<<**

**Event Objectives:**

- To show landlords, governmental and community leaders how to turn around blighted communities through affordable housing, education, healthcare.
- To present models and "best practices" in community building by stabilizing schools through rehabbing blighted apartments;
- To help understand financial tools to address community stabilization.

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