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U.S. Real Estate 2015- The Global Stage

Greetings!



TriStar joined 38,000 delegates from 74 countries in Munich the first week of October to get the pulse on the global real estate investment market. For those of you not familiar with Expo Real, it is the largest international real estate trade show in the world. We reported in 2014 that the global appetite for U.S. real estate is starting to gain momentum and that competition for properties was getting ready to get fiercer as more and more investors from the U.K, Switzerland, France, German, Russia, China and Canada turn their eye towards the emerging and still undervalued U.S. real estate market. Here were the key observations:

1.Trading Above Replacement:

The U.S. market has been trading deals below replacement cost since the collapse in 2007; however, the view is many core deals are starting to hit parity with replacement cost with some trading above replacement cost.The European investor is starting to take note and be more cautious about investing in U.S Core deals.

2.European Bank Deposits are still devaluing:

If you have your hard earned Euros deposited in a German bank, you are earning -.005% which is actually an increase over last years interest rate of -0.020%. Mathematically, this doesn't make sense but the European Central Bank interest rates are negative .005 basis point to keep inflation in check. What this means is that you PAY the bank \$.005/\$1.00 every year for the privilege to deposit your money. Not surprisingly, the Germans continue to pull their Euros and looking for happier hunting grounds to invest their money.

3.The Investment will Continue for Many Years:

While many German fund managers and investors understand the limited supply of good real estate investments in the U.S., they are still willing to take risk for the intermediate term. The European real estate market is even more overheated, thus the U.S. is still a good alternative.

4.Panic Over Syria:

Europe has struggled for years with immigration and they are getting a cram course on dealing with this issue as the wave of Syrian immigrants descends on their borders and crowd the cities. This was a common after-hours discussion with many colleagues over the perceived threat of these refugees who challenge the European homogeneity. The immediate impact is affordable housing and crime, but all the more reason to rethink the stability of U.S. real estate as a safe haven for investment and future immigration for middle and upper class Germans who are well aware of the EB-5 program which for a \$500,000 investment in the U.S., gives a green card to a family.

The U.S. real estate market has rebounded and returns continue to trend downward, but the Europeans demand for U.S. real estate continues to gain momentum. The banks are pushing the interest rates earned on deposits into the negative territory to squelch inflation, which is motivating depositors to rethink alternative investments. The unfolding tragedy of Syria is a new dynamic for many European countries and adding to the instability of the trading markets. We don't anticipate interest in U.S. real estate to slow down anytime soon. Stay tuned.

Please see our TriStar Investment Review of the month.

Investment Review of the Month

**Highwoods Tradeport Business Park
4245 International Parkway
Atlanta, GA 30354**



43K Value Add Office
73% leased across the highway from Porches' HQ
GSA is anchor Tenant

TriStar is seeking Investors for its current fund. Please call us at 404-698-3535 to
learn
more or email us at dgibbs@tristarinvest.com.

Sincerely,

TriStar Partners

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