



TRISTAR

REAL ESTATE INVESTMENT

www.tristarinvest.com

February 3, 2020

IN ADMIRATION OF YOU, MY COLLEAGUES!!

I attended a dinner this month hosted as an economic forecast by one of the large brokerage houses. The great news is that the US economy is forecasted to be healthy, commercial real estate investing is in a good place to be and Atlanta is one of the top places to be in real estate. One of my colleagues at the dinner pulled me aside and told me that he really enjoys this monthly blog and that my insights seem to be "spot on" - Thanks to those of you who appreciate these opinions. There is nothing more complimentary than the admiration of peers who you think are smarter than you are.

The discussion turned into what is in favor in the investment community? As one friend put it, "we are all hunting unicorns," referencing the difficulty of finding investments that are worthwhile and that meet our investment criteria. Another at the dinner table indicated his pressure of placing money. His company is vertically integrated, and their in-house broker dealer affiliate is raising \$20 million a month to invest. I could see his consternation and the pressure of "placing money" behind the push of his money-raising army. At this institutional level of investing, you have to give the money back if you don't invest in a certain period of time. The salespeople raising the money don't like this potential concept, but I've never asked if they have to give back the commissions. I stand in admiration of my larger counterparts and what I see as an awesome machine. I can appreciate that he has a tremendous dilemma.

The "big boys" (as I humbly refer to my associates last night) experience much pressure and scrutiny. Reining in millions of dollars a week, searching for the investments to put them to work, and keeping true to the proforma that you have created for your investors are not easy tasks. The people that they represent hide behind an asset manager, a fund manager and institutions that have the money of individuals. These are the same individuals we see at TriStar, but we actually interact with them day in and day out. Scrutiny of your work is often easier when it is removed by six degrees of separation. TriStar on the other hand has purposely remained small, and the scrutiny we face is over drinks and in the community, where our investors will ask "how is the portfolio doing?"....that's pressure...when you look your investors right in the eyes and bear the weight of their opinions. We aren't complaining, and once again, I stand in admiration of my colleagues, who feel tremendous pressure as well.

The grass is always greener on the other side, isn't it? Over dinner, one person at my table talked about a \$150 million dollar deal she just did in the Carolinas. Being from that area, I went deep on the area, the asset and the strategy. I complimented her on what I think was a good investment. The subject turned to our most recent deal closing

(see below) and what we did and our strategies. While much smaller, she understood that the benefit to TriStar's investors was felt more clearly by our company. She understands that being small, we are able to move more nimbly and produce by investing "below the institutional radar." Sometimes, the larger guys are hampered because "the battleship is slow to turn." The kudos were paid back to us because of the uniqueness of our model.

I still stand in admiration of my colleagues. The admiration will go to the grass, which always seems greener on the other side....but I know we are on the right side of the fence in the game where we want to play!!

Please Review Investment Profile of the Month

Deal Review of the Month:

Interstate North Office Park

(Before)



(After)



We purchased a 50% vacant asset, and days from closing, we solidified favorable conditions for a long-term surgical tenant, which boosted the property to 95% occupancy, three years ahead of lease up schedule.

Above is the before and rendering of the "after." We purchased the property with 100% equity and will place very conservative debt on the property, giving about 80% of the original equity back to investors and generating long-term cash flow that will throw off double digit returns.

"We found the Unicorn!!!"

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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