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REAL ESTATE INVESTMENT

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Special Purpose Real Estate - Innovative Stories for Large Returns

Greetings!

The Super Bowl is in Atlanta, with all the pomp and circumstance that come with such a big event. Money is flowing, and it reminds the writer of stories surrounding unique, special purpose real estate and details that outline the unique nature and special ways of looking at real estate beyond the major food groups associated with conventional real estate investing. Here are some stories that highlight Special Purpose real estate. By definition, Special Purpose real estate is a real estate investment where the use of the real estate is unique in nature and requiring a degree of specialty in review of the investment.

Special Event Space- the Olympic Games came to Atlanta in 1996. A young and aspiring real estate developer bought a class c warehouse a year before the opening of the games along a road which was a direct path from the major hotels downtown to one of the main Olympic attractions. For a price of \$350,000, he acquired a 20,000 sf single story warehouse which at the time was a fair market trade for an empty building. Unaware of the "Olympic Impact", the aspiring young developer was approached by a broker representing a major shoe company less than 4 months later and offered him \$1.25 million, nearly four (4x) times the market appraised value for this asset. Why? The corporate executive who made the purchase was not in the real estate department...it was done by the marketing department. From their perspective, the large brick wall facing the main road was a free billboard along a major walkway to the stadium. The price for comparable billboard space during the Olympics was costly. In addition, they could use the vacant warehouse as a staging/party facility that was close to Olympic village to entertain clients and employees. In total, the cost savings alone from conference room, meeting hall and advertising space far outweighed the price of the building and even if they dumped it after the Olympics for \$0 dollars- they were still saving tremendous money relative to billboard and meeting facilities. Genius!! Yes - there are many who have picked up on this model and make a profession out of this.

There is a parking lot across from the entrance to Augusta National that is used for one week out of the year for entertaining at the Masters golf tournament. They erect a two-story party palace and charge insane fees. They made their money hands over fist from buying this ½ acre over 20 years ago, and it is only used one time a year.

Telecommunications- cell towers and Data/Switches - In the Dot Com era, access to "long lines" was important for those companies that wanted fast data access through high speed fiber. These were usually located next to rail road tracks. "Switch Stations" run by major telephony companies were in little, nondescript warehouses, and their infrastructure costs required them to have very long leases. When the real estate world learned about this, they charged rents that were over market. So, you may have a 10,000 sf warehouse getting \$10.00/sf rents and then one small corner of 3,000 sf getting \$40/sf.

Also, cell towers came along to connect the world via cell phones. Even in the middle of nowhere, telecom companies seek small plots of land with long term leases to erect cell towers to connect their world. Today, there are companies who buy these long terms leases and help small land owners to monetizes these cell towers if landlords don't want to collect \$250/month for 20 years.

There are many ways to make returns in real estate beyond the everyday trade. Thinking creatively and understanding highest and best use of property is a way to capitalize on wonderful opportunities.

Deal Profile of the Month: Special Purpose Use



Special Purpose Use
Airport in Georgia
\$7 million

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

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