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## **THE SEARCH FOR YIELD - LOCAL REAL ESTATE AND GOOD CASH FLOW**

### **Greetings!**

The investment options for most investors seem to fall into three (3) investment categories:

1. **The Stock Market** - what a great run up the market has had since the great recession. Can the rally continue? Large cap. dividend returns may be 1-3% with anticipation of appreciation.

2. **Bond/Treasuries** - muni bonds are under scrutiny as interest rates rise and the T-Bill is at 2-2.3% as of this writing.

3. **Alternative Investments** - this encompasses a wide variety of products from hedge funds, private equity and real estate.

The majority of investors we are talking to are looking for consistent, repetitive returns that take the volatility out of the stock market yet will give a better return than bonds and government securities.

Warren Buffet is idolized as one of the smartest and successful investors of his time. He has advocated that a core principle to his philosophy on investing is that he wants to understand the products that drive revenue for his investments. His shares in Coke, IBM and others are predicated on his knowledge of the product and the demand for the product over the long term. It makes sense - invest in what you know.

**Local Real Estate** - we have not been surprised at the interest of local investors in some of the acquisitions we have made. If you live in a local market, and you shop at the same store each week, or drive to the same office market each day, then you are the expert in the dynamics of the real estate market and you are the barometer on the potential success of a particular investment. Location, location, location is the motto of

every great real estate investment. Local investor enthusiasm and buy-in confirms the validity of the location. Local investments bring the bonus of building customer loyalty for the tenants. What investor doesn't have a motivation to be a consumer for their very own tenants in the building they own?

**Scale of the Real Estate** - when the real estate investment volume gets over \$10 million, then the appetite for the investment typically goes outside of the market. Big money houses have to "place tens of millions" of dollars into investments each year. In simplistic terms, its easier to do this in a few large-scale properties, so, more money is chasing fewer large assets, driving up prices and lowering the returns. We see this in today's market as REITS and institutional investment with heavy overhead costs and lower yield. But in all fairness, their portfolios are spread out over several markets and product types so the risk can be smaller.

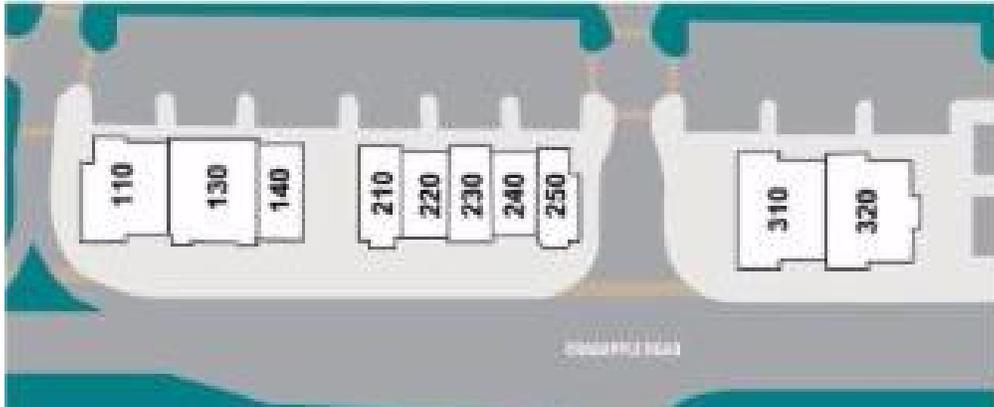
**Investing Locally** - who knows the forecasterd success of any market better than those who live in the market every day? This is true for asset managers as well as investors who understand the prospects for local success. We are amazed when the out of town investor comes in to a market that they do not know with the bravado of going against conventional wisdom. Sometime it works because of the foresight that limits the local markets, sometime not.

We witnessed this in the Atlanta Office market recently when a west coast developer came in the convert an office building into an apartment project. We were asked our opinion, but in vain, the group spent over 1 million dollars on plans that were not feasible.

Conclusion, sometime what is in your backyard can be the best investment you make simply because you understand what makes it work. This applies to whether you are investing in your business or in local real estate.

**Please Review TriStar's Investment Profile of the Month: Crabapple Station**

**Investment Profile of the Month**



**Crabapple Station Retail Center (3 building complex of 19,000 sf)  
City of Milton, GA**

**Pros:**

1. Good household demographics.
2. Located 1/8 mile from one of Georgia most sought after public schools.
3. Below Market Rents.
4. City of Milton Town Hall being built across the street.

**Cons:**

1. Poor Landscaping.
2. City covenants limiting signage.

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](mailto:dgibbs@tristarinvest.com)

Sincerely,

**TriStar Partners**

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