



# TRISTAR

REAL ESTATE INVESTMENT

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

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## WHERE TO INVEST IN REAL ESTATE TODAY - 3 Areas You May Not Have Thought Of

Supply and demand drive all economic successes and failures. This is the first concept you are taught in economics and business school. So where are we dramatically under-supplied, or where is there demand surging past current supply? It is not where you may think.

**1. Hotel Debt-** COVID-19 has had a dramatic effect on the hotel industry. Some hotels will be going into foreclosure, and the ideal place to take advantage of this downturn is buying hotel notes and hoping for a foreclosure. This is not for the faint of heart and certainly requires expertise that is uncommon...institutional capital is needed on a large scale. A word of caution - while resorts will once again flourish with people in need of escape, will corporate travel ever be the same with the discovery of Zoom conference calls? Discussion with one executive road warrior indicates that the need for travel to meet with investors, Wall Street or to see the local management team is becoming obsolete. How much convention space and hotels are needed in a virtual future?

**2. Data Centers-** Everyone is moving to the cloud, and with everyone uploading photos and corporate files to the cloud comes need for storage...massive need for storage. Historically, much like hotels, Data Centers were not viewed as a real estate play but an operational play housed in a real estate asset. Truthfully, the value of the real estate is dwarfed by the cost of the infrastructure that goes into the concrete box shells that house farms of servers to store the world's data. Atlanta is home to one of the largest data center hubs in the country mainly because of the intricate fiber optic network that was installed years ago. As a side note, data centers are also some of the most difficult places to find. They are purposely non-descript, concrete bunkers surrounded by tremendous HVAC units for cooling...no windows and not many employees. And certainly, no signs. Windward Parkway that runs under GA 400 has a large, concrete-encased conduit that ensures that no backhoe will accidentally hit the fiber serving the data hubs for some of the largest companies in America. See Digital Realty Trust and Equinix as places to research.

**3. Cell Towers-** "5G", heard of this yet? The speed of the internet so fast that streaming videos will be at lightning speed with no downtime, no buffering and anywhere the network is located. How is this technology going to be routed? Cell towers. Cell tower developers build towers all around the country on long term ground leases and lease space back to telecom companies who rent space on their towers for long term commitments. Unlike office tenants who may relocate every few years or apartment tenants who may lose a job and can't pay rent, cell towers have some of the biggest companies in the world as tenants, and those tenants need those well-placed

towers to expand their networks. Can you hear me now?

## **View our Deal Profile of The Month**

### Deal Profile of the Month:



Tristar owns land in one of our funds and was approached by Dollar General who would like us to build a store for them on a pad site in front of a shopping center.

#### **What We like**

- We bought the land at a good price and they will value it at 3x what we allocated to the cost.
- Dollar General is one of a handful of retailers who thrives and grows in recessions or economic booms. See their stock!!
- The investment community loves to own these assets and will pay a 6.25- 6.5% cap on net income for a 15-year lease.
- We will build this at a rent to cost of 7.5-8.0%

#### **What We Don't Like**

- That we only have one Dollar General opportunity

### **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

