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THE BEST DEALS EVER: *A View from the Inside*

Everyone has heard the stories of how one got “lucky” on an investment or opportunity, and one always asks – how did they get that “deal” ...you know the one that doubled, tripled their money overnight. As a humble witness and participant in some of these stories, I can share a few common elements that these “opportunities” have in common.

Timing

Many deals that are memorable came because the seller had to move quickly and were willing to compromise on what might be considered a fair deal for the seller for what ended up being a great deal for the buyer. One deal that comes to mind occurred at the end of a year – the seller of a large office park, per an investor mandate and tax reasons, had to sell or face huge tax issues, devalued stock and potential legal liabilities if they did not have the assets off their books. The realization of this needed action came after an audit completed on December 1 with a need to close prior to the end of the year. In this short time frame, financing was not an option. The seller needed a swift, all cash buyer, and the deal had to be made attractive for everyone to spend their holidays making this happen. To save embarrassment, the deal was quietly passed around from executive to executive in the space until it came upon a friend of mine. The result – the seller agreed to sell on what was a 10% cash on cash return guaranteed by the corporate seller for three years, and if the buyer could not lease and sell for a 20% return, the seller would guarantee to a strike price after three years to buy it back at what would amount to a 25% return. Having a good legal team and \$50 million of cash made the deal happen. Timing is everything.

Capital

We saw above that the ability to act quickly finds the deal, but the fastest closer with all cash and no contingency wins every time. Having “powder dry” at the right time helps. In “normal times,” in our real estate acquisition world, one would typically go under contract with earnest money (deposit) that would be held until you have completed due diligence and then your money would become nonrefundable if you chose to move forward toward closing a deal. Today, from apartments to residential housing, the winner is the one who puts cash on the barrelhead on day one. The apartment market is seeing numerous purchasers in the same price range...the one who wins is the one willing to take the risk that there is nothing wrong with the property and puts up \$25,000 to \$100,000 nonrefundable to win the chance at going through due diligence. The skills necessary to make these calls and the approval of capital sources changes the game as to who wins a deal in a competitive market... very frustrating.

Yep – It’s who you know, the Inner Circle

Ever heard of the “pocket listing?” It’s the residential realtor who knows the nicest house in the neighborhood and knows what the seller would “let it go for.” They guard this secret with their life, and they know who the ideal buyer is. Let’s face it, for homes north of \$10 million, there is a limited buyer pool. And these buyers have entered the market quietly due to their wealth/celebrity status. The majority of the priciest houses in Atlanta never come to the market. Why? – the hassle of home invasion tours and indifference. If they get their price, they’ll move, and at this level, money isn’t always the driver in the purchase or the sale.

At TriStar, we are in those for commercial and multifamily properties, and knowing when there is a “deal to be had” and even in our circles, we aren’t the only lions with timing, capital and connections the circle.

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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