

Business Seminars

Monrovia Business Seminar TBD

MADIA TECH LAUNCH

Alionyx Energy Systems
825 S Myrtle Ave, Monrovia
October 3, 2018, 6:30 to 8:30 p.m

Monrovia Kiwanis

Meets at the Monrovia Restaurant
Every Thursday 12-1:30 PM
President - Brian Deets

Duarte Kiwanis

Meets at Westminster Gardens
Every 3rd Tuesday 12-1:30 PM

How Interest Rates Impact Commercial Property Values

When the U.S. Prime Rate rose to 21.5% back in 1980, the cost of both buying commercial property and refinancing it became very expensive. This was not a good time for the economy, and the fact that interest rates were so high back then greatly reduced people's interest in buying commercial properties. In addition, our businesses being faced with higher interest rates at the time wasn't helping our economy either. It was a crazy time, and the prime rate rose from just 11% all the way up to 21.5% in just five months!



But then the prime rate began falling, and it continued to do so for decades, and this greatly assisted with the resurgence in real estate values beginning in the mid-1980s. Then by 1985 the prime rate had once again returned to being below 10%, and our real estate activity was firmly on the rise once again.

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Quotes for the Month

"Accept responsibility for your life. Know that it is you who will get you where you want to go, no one else." – Les Brown

"One of the most important keys to Success is having the discipline to do what you know you should do, even when you don't feel like doing it." – Unknown

"Good things come to those who wait... greater things come to those who get off their ass and do anything to make it happen." – Unknown

How Can Commercial Real Estate Investors Protect Their Property In The Digital Age?

Forbes Real Estate Council

With a growing number of employees working from home and 96% of people shopping online, protecting your commercial investment property is more important today than it has ever been.

Keeping commercial renters is becoming increasingly difficult, as more and more retailers shutter their doors to move toward an online profile. You need to think on a smaller scale and provide new ways to entice companies to stick with you even as times get lean for brick-and-mortar locations.

Twelve members of Forbes Real Estate Council share some of the ways commercial real estate investors can protect their properties in an age where a growing number of people shop online and work from home. Here's what they had to say:

See Page 2 Digital Age



So in keeping this in mind, how much do the changes in the interest rate impact the value of commercial properties? Well back in 1980, the rise in interest rates was so dramatic within such a short period of time, that this had a big impact on commercial property values. When you're looking at the interest rate almost doubling within five months, this alone will get many people to just sit on the sidelines and scratch their heads, wondering what the heck is going on.

But when interest rates change slowly over time, as they have within recent years, this can then have a less pronounced impact on overall property values. In addition, once the prime rate began falling in the 1980s, this overall trend then continued on for decades, exerting its own positive impact on our real estate market.

But the economy and the overall demand for commercial real estate come into play also, such that when demand is strong, and property values are rising, people will still want to buy commercial properties even when interest rates are rising.

However, in a real estate market where activity has been cooling down, and where people don't believe that they'll get the same level of appreciation anymore if they buy right now, any upward move in interest rates can then cool their desire to buy. Because when you're on the fence, and you'll now be faced with higher monthly payments if you buy, this can then eliminate your desire to buy altogether.

So lower interest rates can help stimulate more people to buy property, and higher interest rates can remove people's interest in buying, or at the minimum, this can then cause them to demand to buy at lower prices. But the overall trend in the real estate market, and whether or not the market is hot, can have an even greater impact on everyone's desire to buy.

1. Invest In Properties With Multiple Uses

I think it is important to invest in properties that have multiple uses. I own a strip mall with a grocery store, restaurant, coffee shop and office space. There will always be a need for certain commercial space. Investors get into trouble when they have a property with one user who has a very specific use. - Mark Ferguson, InvestFourMore

2. Position For The Small Footprint

Landlords are now faced with the end of the big-box comfort. Space in shopping centers must look toward smaller space offering. These must be geared toward strong specialty offerings and lifestyle uses. Traditional retailers will utilize space, just less. Making properties more tech capable helps immensely. Proper tenant clustering is paramount in the repositioning. Management keenness a is must. - Michael J. Polk, Polk Properties / Matrix Properties

3. Be Flexible And Adaptable

As with any industry, it is important to adapt to change. Commercial real estate investors should be prepared to repurpose buildings, and always try to find the most relevant tenants to occupy their spaces to insure a tenant will thrive, be happy and stay in the lease longer. Traditional retail may be suffering in the internet era, but this makes way for new ideas like pop-up shops, co-working spaces and even made-for-Instagram museums. - Beatrice de Jong, Open Listings (YC W15)

4. Pay Attention To Condition And Market

With any property, owners that maintain and update the space have a better chance to stay competitive and avoid vacancy. Also, the management company and/or owner needs to monitor market conditions and needs. Many commercial spaces require repurposing: co-working spaces and other creative ideas can make your property stand out to businesses big and small. - Brian Lawton, Property Revival Realty



5. Create An Experience

Shopping online is purely transactional, as there is no embedded experience other than fewer clicks and nice graphics. People will leave their home for the purpose of a memorable experience that elevates and gives value beyond just the price of the transaction. Bonus: If the experience is good enough, the velocity at which it can go viral through social media platforms is at an all-time high. - BJ Turner, Dunleer

6. Move To Multifamily Properties

They can start liquidating all of their commercial holdings and move their money into multifamily properties. There are just too many companies taking over the space like Amazon to compete. It's not worth the risk of holding on. People will always need a roof over their head, so commercial investors are better off moving their money to multifamily assets. - Engelo Rumora, List'n Sell Realty

7. Determine Highest And Best Use

It's the question of highest and best use. In NYC, for example, there are currently plenty of opportunities to invest in hotels (admittedly, this would require certain sizable initial capital and partnerships), restaurant spaces, day spa offices, fitness club premises, doctor offices, dental offices, veterinarian offices, community facilities, etc. Mixed use townhouses will allow commercial use. - Elliot Bogod, Broadway Realty

8. Stay Relevant

This may apply to all commercial investors at some level, but specifically for retail developers and landlords, clients of mine who stay flexible and keep their properties in conditions that support retail trends have enjoyed success with higher rents, forward-thinking retailers and a stronger customer base. Providing physical infrastructure and operational flexibility sets the property and the retailer up for success. - Tiffini Connell, West Coast Commercial Realty

9. Reconfigure Your Tenant Base

Retail landlords can add in-line tenants that don't compete with Amazon (aka hair salons, gyms, restaurants, etc.). Not always the most attractive tenants, but until we start trusting robots with scissors near our heads, the salon business should be in good shape. Office town landlords should focus on tenants in high-growth sectors that can't execute their fast-paced strategy with the majority of their employees working remotely. - Brad Johnson, EVERGREEN

10. Create Community And Belonging

CRE investors can protect their properties in an age where digital trends are shifting how we live, work and shop by differentiating their building brand by centering it around meaningful community experiences that create community and belonging. A building brand focused around shared, local experiences and deepening connections with neighbors through enabling technology commands a premium. - Benjamin Pleat, Doorbell Communities

11. Be Creative In Your Product Offering

Commercial real estate investors must become more creative in their product offering. The old days of renting out for office use or walk-in retail is quickly fading away. Look at concepts such as WeWork that offer shared office space (which millennials seem to be flocking to) or look at setting up micro storage facilities — which will be more in demand with the growth of Amazon businesses. - Ali Jamal, Stablegold Hospitality

12. Invest In Industrial Properties

Investing in industrial warehousing is a hedge against the online world. Products have to be stored somewhere — even if it's not on traditional retail shelves. If you already own retail properties, see if you can change the mix of tenants to include restaurants or entertainment concepts that will continue to drive traffic. - Chris Powers, Fort Capital, LP





152 W. Pomona Ave., Monrovia, CA 91016

- Approximately 1,867 SF Commercial Condominium
- Located in a Business Park Commonly Known as Hamby Park
- Located In Gold Line Station Area



220-222 E. Foothill Blvd, Monrovia, CA 91016

- Approximately 1,680 SF Office
- Walk to Old Town Monrovia and All Amenities.
- Perfect for an Owner User, was Split into Two Units



1938 S. Myrtle Ave., Monrovia, CA 91016

- Approximately 5,000 SF Building
- Zoned Light Manufacturing.
- Lab Uses Permitted.

