Commercial Investment Group

Issue #2 January 2010 7232 Balboa Avenue, Van Nuys, CA 91406

A NETWORKING MEETING

These meetings are designed for brokers and agents specializing in commercial real estate, and have been organized by Peter Divries, President and Dennis Dishaw, members of the Commercial Investment Group, who are pictured below. The restriction on pitching properties of $1,000,000 and over, is only done to save time. There is plenty of room on the table for flyers on all the properties, that can be picked up and taken back to the office and shared.

The Commercial Investment Group held its fourth Networking Meeting December 19th. .Some interesting news items were presented by the moderator, Dennis Dishaw. We see that unemployment figures for the last five weeks have leveled off. The FDIC re-

leveled off. The FDIC re-

ported commercial loan Defaults rose to 3.4% in the 3rd quarter. This was up from 2.8% in the 2nd quarter. Banks have repaid $116 Billion of TARP money through November. Both GM and B of A reported to repay additional funds in December. A private REIT is planning to capitalize on the recession by purchasing properties for their CMBS loan balance. This works for properties that were not highly leveraged originally. There was a discussion about the low values of most indexes in the market. The 12 MAT, 1 year CMT and 6 month LIBOR indexes currently range from 0.564% to 0.26%. Dennis suggested that for some borrowers, an ARM might be appropriate with these low rates.

These meetings will continue to be held on the second Wednesday of every month at the Encino Glen Golf Course Restaurant 16821 Burbank Bvd.

Dennis Dishaw, Peter Divries, Arnie Garfinkle. Bob Khalsa

INTEREST RATES FOR COMMERCIAL REAL ESTATE

Rates effective January 22, 2010

. *Arnie Garfinkel*

www.incomepropertylending.com

Index	Prime	C.O.F.I.	12 MAT	6 mo. LIBOR	30 yr Treasury	10 yr Treasury	7 yr Treasury	5 yr Treasury
Rate	3.25%	1.473%	0.758%	0.639%	4.10%	3.32%	2.98%	2.36%

SANTA CLARITA VALLEY

Commercial: Santa Clarita Valley's commercial real estate market has been impacted adversely to quite some extent as is the case in San Fernando Valley and other parts of Southern California. Very little inventory has been added to the market. A large number of refinances are expected in 2010; with lenders being extremely tight on lending, foreclosures can be expected. New projects are mostly on hold. Individual segments are summarized below.

Retail: Vacancy rates have risen dramatically as compared to the period from 2003 to 2007 when vacant spaces were rare to be found and when available, typically commanded a high leasing rate. Businesses which catered to residual income (furniture stores, party stores, etc) have been hit the most. In some cases even regional and credit tenants have downsized or closed shop. The effect has been more on larger spaces since the demand for

Industrial: This sector has seen large rise in vacancies, lowering of lease rates and better overall leasing terms to the lessees. Sellers are willing to carry and strike deals to effect sales. Sales through auctions have also started; in one case the minimum bid price was $99 SF. This is in an area where the sale price has generally been above $150/SF.

Office: Office properties have vacancy rates that are averaging close high teens. Vacancy rates are expected to rise further. The demand for smaller spaces (below 500 SF) is greater. The City, however, has limited availability of such SPACES.

Apartments: The leasing rates did not drop as was expected just prior to the recession. The rental The rental rates have been fairly steady and in some cases, even increased. Out of all commercial segments, apartments seem to be most stable. Of course, one must remember that the City does not have an over abundance of such properties. With foreclosures and short sales, the demand for rental housing has noticeably increased. Whether this situation will prevail in the future, remains to be seen.

Bob Khalsa, CCIM, MBA
President & Broker
United America Realty

Note: The article expresses only the opinion of the author. Readers are strongly advised to do their own research and investigation before arriving at any conclusions or making any decisions regarding commercial real estate in the Santa Clarita Valley

WHEN CAN YOU TOSS YOUR RECORDS?

The IRS says that you need to keep your records for three years. However, if you have short-changed the IRS, they may demand to see the records for the past six years. If you are accused of fraud, there is no statue of limitations. As far as the IRS is concerned, you are guilty until you prove your innocence. So you need to keep records to establish the truth.

Editor:: Pauline Tallent
818-998-3833
tallent@instanet.com

.

: . The rental rates have been fairly steady and in some cases, even increased. Out of all commercial segments, apartments seem to be the most stable. Off course one must remember that the City does not have an over abundance of such properties. With foreclosures and short sales, the demand for rental housing has noticeably increased. Whether this situation will prevail in the future, remains to be seen.