

Business Seminars

Monrovia Business Seminar

March 15, 2017 11:30 AM
John Morin Auctions
145 E. Walnut Monrovia

MADIA TECH LAUNCH

Meets at Jake's Road House
March 14, 2017 6:30-8:30 PM
Matias Monges, Appihours

Monrovia Kiwanis

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

Duarte Kiwanis

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

Why Overpricing Your Property Can Be Fatal

Oftentimes owners can believe that overpricing their property when they first put it on the market can be a good idea. They can sometimes begin thinking, "Why not just ask for a lot more money than I can expect to get?", but this can then create problems...



When a property first comes on the market, it gets a lot of attention from the people who have been looking for this exact same kind of property. They know what's currently on the market, they've seen the properties that are the most suitable ones for them, but they haven't found the right property at the right price yet. So as a result, they're looking for the next property that comes onto the market that has the exact same features that they're interested in.

So when a property comes onto the market that has these features, normally there will be interest from a number of different parties as long as the property is fairly priced...meaning that the property is priced at fair market value, or either slightly below or above fair market value. But why would you ever want to price your property slightly below fair market value? Well, if the market is hot, and properties like yours are in short supply, this can then create a bidding war between the interested parties. They can swoop in like sharks who are taking the bait, and then they'll compete to outbid their competitors, getting wrapped-up in a frenzy that can deliver you a much better price, similar to what happens once people begin bidding against each other at auctions.

See Overpricing Page 3

Quotes for the Month

Why join the navy if you can be a pirate? Steve Jobs

The problem with the rat race is that even if you win, you're still a rat. Lilly Tomlin

We have paralysis by analysis. N/A

Get the right people on the bus and in the right seat. Jim Collins

The only place success comes before work is in the dictionary. Vidal Sassoon

Struggling shopping malls let high schools, doctors move in where Penney's used to be

MarketWatch Tonya Garcia

Beneath some positive stats, shopping malls are facing serious problems that threaten their health, including a shift to non-retail tenants and forecasted rent declines, according to Wells Fargo analysts.

Wells Fargo stresses a need to look deeper at high mall occupancy rates. Occupancy for the fourth quarter of 2016 was 93.6%, near the 93.3% for all of 2015, according to data from the National Council of Real Estate Investment Fiduciaries, cited by the International Council of Shopping Centers. However, the type of tenants many malls have is shifting to a lower-quality occupant for the overall health of the retail-focused mall, the analysts said.

"[F]or example, there are far more 'mom-and-pop' stores, and some malls have repurposed space for non-retail uses such as doctor's offices, town libraries and even a high school," Wells Fargo said in the report published Sunday. "Mom-and-pop" retail in a mall setting may generally be seen as a more-vulnerable long-term tenant and less of a traffic pusher without big-name brand backing.



The annual base rent for malls at the national level was \$27.30 per square foot in 2016, up 1.4% from 2015, according to the International Council of Shopping Centers. But that doesn't take into account the impact of long-term leases.

“For example, a 10-year lease that is renewed in 2017 might be at a lower rent than a similar renewal from 2016, but it usually still represents an increase over the original lease from 10 years earlier,” the note said. “Thus, it will take a few years before the rent ‘waterfall’ begins to show declines in mall rents overall.”

Malls have been feeling the pain of the shift from in-store shopping to e-commerce. The latest numbers from the business data and analytics company NPD Group shows that e-commerce sales rose to 19% of total apparel sales in 2016, up from 11% in 2011.

Embed

“Online’s continued growth has come at the expense of in-store sales, affecting the more traditional apparel department, national chain, and specialty channels,” NPD wrote in a Monday report.

Stores across the retail spectrum are closing doors as part of a business transformation to better compete in a multi-platform shopping world, from Macy’s Inc. (M) to J.C. Penney Co. Inc. (JCP) to Crocs Inc. (CROX) , which just announced about 160 store closures by the end of 2018 in its latest earnings report.

“We’d also note that the number of store closures in 2016 (3,500) actually represents a multi-year low (peaked at 7,000 in both 2001 and 2008), but the difference is the size of the stores that are now being shuttered (big, high-volume boxes such as department stores),” Wells Fargo wrote.

While some of the blame for the e-commerce shift can be placed on consumer preference, another part of it is the in-store experience. Retailers have failed to give shoppers a reason to show up.

“There appears to be a portion of the real estate industry that views store-traffic declines as a self-inflicted issue for retailers (at least partially) due to a lack of investment in the store fleets,” said Wells Fargo. “We believe there is a kernel of truth here, as the few retailers that are performing well in the brick-and-mortar channel (like Coach Inc. (COH) , Foot Locker Inc. (FL)) have been investing in store renovations/upgrades to make for a more compelling store experience.”

Investing in store associates could also help. Retail experts interviewed by MarketWatch in October said associates need to be “brand experts” with the ability to handle in-store as well as digital sales in order to keep up with customers who are armed with information gathered online prior to a store visit. Higher wages can help retailers retain happy, productive workers.

“With retailers already facing secularly declining brick-and-mortar traffic, employee satisfaction is becoming an even more important weapon to stabilize economic models at physical stores,” wrote UBS in a note published Friday. Analysts say retailers can “harness the near-term lift to employee satisfaction from wage raises” to create “more engaged sales forces, higher employee productivity, and lower turnover costs.”

“We think there’s a link between companies receiving high employee satisfaction scores and companies that have built reputations for superior customer service,” UBS said.

Among the companies that consistently score high marks for employee satisfaction are Costco Wholesale Corp. (COST) and Starbucks Corp. (SBUX) [Wal-Mart](#) Stores Inc. (WMT) , Lowe’s Cos. (LOW) , and L Brands Inc. (LB) are among the names that experienced the biggest increases in compensation satisfaction.



Conversely, pricing your property just a little above market value can still be OK, because most everyone understands that there's going to be some negotiation involved before the final price is agreed upon. However, pricing your property way above market can end up turning people's stomachs, and have them think that you're outlandishly selfish, or maybe even crazy, and then this can have them not even want to begin negotiations with you. Then your property can get a stigma around it, sit on the market for quite some time, and you will have completely blown your opportunity to generate all of the initial excitement around it.

But then even if over time you begin to get more reasonable on your price, you will have lost all of your original ideal prospects, because they've now purchased the properties that they were looking for, and your broker will be out there trying to convince people that, despite the fact that your property has been overpriced for months now, you really are a reasonable person, and you're now willing to negotiate a deal at fair market value. So by not pricing your property fairly in the very beginning, you're now in the position of having to convince people that they really should be interested in negotiating with you.

This isn't the position that you want to be in, so whenever you're putting your property on the market, make sure that you price it in a manner that will get people excited about buying it!

1703 S. Magnolia Ave., Monrovia



Gina Fanara
Associate
DRE 01805710
626.818.3283 Cell
gina@cibare.com

Filippo Fanara
Broker Principal
DE Lic. 01198019
626.255.1124 Cell
filippo@cibare.com

830 S Myrtle
Monrovia, CA 91016
626.303.1818 Office

626.303.1758 Fax

www.cibare.com



FEATURES

- **Approx. 2,470 SF Industrial Building Available For Lease**
- **Stand Alone Building With Several Offices and Indoor Garage**
- **Located Near Railway**
- **Easy Access to 210 & 605 Freeways**
- **Minutes From Old Town Monrovia & All Amenities**
- **Lease Price is \$1.25 / PSF**





Your business deserves a great property.
With service to match.

1323 S. Shamrock Ave., Monrovia, CA 91016



Alfredo Mejia
DRE Lic. 01340251
626.841.0599 Cell
alfredo@cibare.com

Brian Deets
DRE Lic. 01800743
626.244.4743 Cell
brian@cibare.com

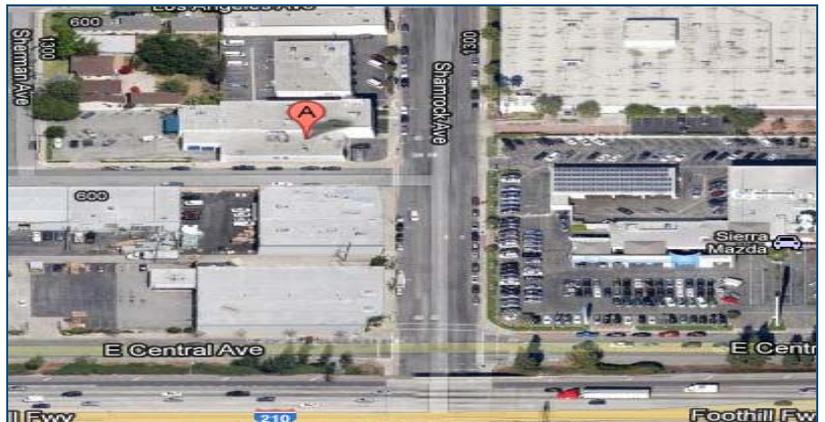
830 S. Myrtle Ave.
Monrovia, CA 91016
626.303.1818 Office
626.303.1758 Fax
www.cibare.com

Industrial Building For Lease

Property Highlights

- An Approx. 15,888 SF Industrial Building For Lease
- Building Can Be Split Into Two Units (5,400 SF & 10,488 SF)
- Asking Lease Rate is .95 PSF
- Warehouse Is Air-Conditioned.
- Property Has Secure/Fenced Parking Lot.
- Close to Myrtle Ave. & All Amenities
- Easy Access to 210, 605 & 10 Freeways
- Zoned M1

Shown by appointment only. Please
call listing office to
schedule an appointment.



Like Us on Facebook! Follow Us on Twitter!

