

Business Seminars

Monrovia Business Seminar TBD

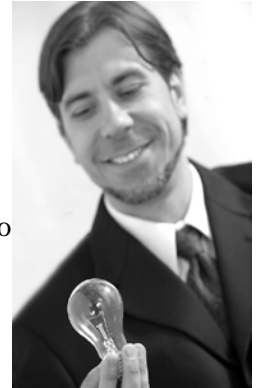
MADIA TECH LAUNCH
Wed., Mar. 14, 6:30-8:00pm
Tanner Research
Moving Your Business Out Of
The Garage

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

Preparing Your Property for Sale or Lease

One mistake that property owners often make is not preparing their property for the market properly before they begin selling or leasing it. As an example, most of us, if we were going to be selling our own car to the general public, would have it washed, cleaned, and vacuumed inside, and some of us would even have the car waxed or detailed, too. Because we know that people's first impression of the vehicle will go a long way towards stimulating their interest in buying it. In addition, we also understand that if people don't like the overall cleanliness of the car inside and out, that fewer people will become interested in buying it, and those who do become interested are likely to offer us less money for it.



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Quotes for the Month

Courage is being scared to death, but saddling up anyway.
~ John Wayne

A business has to be involving, it has to be fun, and it has to exercise your creative instincts.
~ Richard Branson

You were born to win, but to be a winner, you must plan to win, prepare to win, and expect to win. ~ Zig Ziglar

A business that makes nothing but money is a poor business. ~ Henry Ford

The successful warrior is the average man, with laser-like focus. ~ Bruce Lee

Feds See Increased CRE Lending Risk as Valuations Peak and Low Interest Rate Environment Comes to an End

MARCH 01, 2018 | MARK HESCHMEYER CoStar

Multifamily, Owner-Occupied Property Loan Delinquencies Reverse Course, Start Moving Up

New data and commentary from federal financial regulators are pointing to signs of increased risks in CRE lending.

Notably, the amount of delinquent multifamily and owner-occupied property loans on the books of U.S. banks increased in the fourth quarter of last year, according to statistics released this week by the Federal Deposit Insurance Corp. (FDIC).

And while the increases and total volumes are small, the uptick marks a change in the trend after multifamily delinquency levels hit the lowest mark ever recorded by the FDIC. The FDIC also reported a second quarterly increase in delinquencies for owner-occupied property loans, although by a low 0.4% to \$6.74 billion

The change in multifamily loan delinquency was more dramatic percentagewise, increasing 14.4% from the third quarter to the fourth quarter of 2017 to \$1.08 billion. That change in direction follows decreases of 4%, 8.1% and 9.8% over the first three quarters of 2017.

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The FDIC data follows the Federal Reserve's latest Monetary Policy Report that noted growing vulnerability in the commercial real estate sector.

"Valuation pressures continue to be elevated across a range of asset classes, including equities and commercial real estate," the Fed noted in its report.

"In a sign of increasing valuation pressures in commercial real estate markets, net operating income relative to property values (referred to as capitalization rates) have been declining relative to Treasury yields of comparable maturity for multifamily and industrial properties. While these spreads narrowed further from already low levels, they are wider than in 2007," the report noted.

FDIC chairman Martin J. Gruenberg this week said that the interest-rate environment and competitive lending conditions continue to pose challenges for many institutions.

"Some banks have responded by 'reaching for yield' through investing in higher-risk and longer-term assets," Gruenberg said. "Going forward, the industry must manage interest-rate risk, liquidity risk, and credit risk carefully to continue to grow on a long-run, sustainable path. These challenges facing the industry will remain a focus of supervisory attention."

Gruenberg earlier noted the challenge facing the FDIC is to preserve improvements in the capital and liquidity of U.S. banking institutions and to "continue the strong performance of banks during the post-crisis period and to position the banking system to weather the next, inevitable downturn.

"By many measures, stocks, bonds, and real estate are richly priced. Stock price-to-earnings ratios are at high levels, traditionally a cautionary sign to investors of a potential market correction," Gruenberg noted in the FDIC's recent 2017 annual report. "Bond maturities have lengthened, making their values more sensitive to a change in interest rates. As measured by capitalization rates, prices for commercial real estate are at high levels relative to the revenues the properties generate, again suggesting greater vulnerability to a correction."

Meanwhile, the total amount of commercial real estate loans held by U.S. banks and savings and loans continued to swell.

The total amount of CRE loans outstanding held by FDIC-insured institutions increased 1.2% to \$2.13 trillion at year-end from the third quarter. That compares to an increase of 1% from mid-year to third quarter, according to the FDIC.

The \$2.13 trillion year-end 2017 total CRE loans outstanding compares to \$1.63 trillion at the last peak of the CRE markets at the end of June 2007.

Total loan amounts outstanding increased in every category of CRE lending broken out by the FDIC.

Meanwhile, real estate lending by banks increased in some areas while moderating in others. Construction and development loan totals jumped by \$7.43 billion (2.2%) to \$339.7 billion. Owner-occupied CRE loans increased \$4.77 billion (0.9%) to \$530.3 billion. The rate of increase in both of those categories exceeded the rates of at which those categories grew on average last year.

The rate of increase for the two other categories -- other nonresidential and multifamily -- were below the rates of at which those categories grew on average last year. Other nonresidential CRE increased \$8.66 billion (1%) to \$860.7 billion. And multifamily increased the least, \$3.73 billion (0.9%) to \$404.1 billion.



But when it comes to selling or leasing commercial properties, many owners don't feel the same way. They often don't want to spend the money to fix up their property cosmetically and have it appear clean both inside and out, and at the same time they often expect their prospects to envision the condition of the property as it ideally could be...as if this work had already been completed. In addition, unfortunately, sometimes these owners will also expect a price for their property that reflects what the property would sell or lease for in this ideal condition.

We're all affected by our first impressions of things, and whenever people are buying or leasing commercial real estate, they're often making one of the most important financial decisions of their lifetime. So their first impression of a property will oftentimes determine whether or not they'll become interested in looking at the property in even greater detail. With this in mind, and especially whenever you're in a market when more properties are competing for fewer buyers and lessees, when a property looks and shows better than the others, it's going to get more attention and oftentimes more offers, assuming that it's reasonably priced.

In addition, when selling a property, you'll want to make sure that any potential problems that could interfere with the sale are taken care of before you ever put your property on the market. As an example, you'll want to make sure that any environmental problems are identified and taken care of ahead of time, and that any problems that may exist on the property's title report are removed and taken care of in advance also. Because if you're right in the middle of a sale to a buyer and there are environmental problems that still need to be resolved, it will be easy for the buyer to begin thinking that maybe this property really isn't for them. In addition, if there are old documents that are still recorded against the property or conditions that need to be removed from the title report, your buyer can begin questioning their desire to still buy the property when more time is deemed necessary to try and resolve these problems.

So when you're about to put your property on the market, make sure that it shows clean both inside and out, and also make sure that any environmental and title problems are both discovered and resolved ahead of time.

Guidelines For Helping Struggling Employees

Let's face it: Some employees simply don't realize that they're not doing their jobs well. You've got to tell them the truth without shattering their self-confidence.

Here are some tips:

- Be prepared for resistance. Don't be surprised to hear employees overestimate the quality of their work. Illustrate your case with evidence, such as mistakes the employee has made on projects, missed deadlines, and miscommunication.
- Show them examples of good work. Establish concrete, clear expectations of the level of quality that you seek in the work that the employee does.
- Focus on measurable performance. Set benchmarks that you'd like the employee to achieve by certain deadlines. Come up with a schedule that you both agree on, and make sure you include time for periodic updates that allow both of you the chance to discuss the employee's performance.
- Offer training. If you want an employee to improve, make certain that he or she has the means for shaping up. Give them permission to get more training

How To Become More Creative On The Job

Businesses don't grow and thrive doing the same thing over and over again. You've got to innovate: Find new ideas for products, services, employee benefits, and the like. Otherwise, you'll stagnate and wither away. Boost your creativity, on your own and in your team, by paying attention to these guidelines:

- Schedule time for creativity. Research suggests that we're more creative when our mood is positive. Pay attention to your mood throughout the day and the week (keep a log if that helps), and set aside some time to generate and explore ideas when you're feeling good.
- Seek diversity. When brainstorming with others, mix up your team. Include people from departments you don't normally work with. The more variety you've got, the greater range of ideas you'll be able to choose from.
- Think in metaphors. Get past the literal. Train yourself to stretch your perceptions of your operations, products, and strategies. How is your organization like a school bake sale, for example? How is cutting back on expenses like going on a diet? You'll see connections and generate ideas that would never have occurred to you.





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

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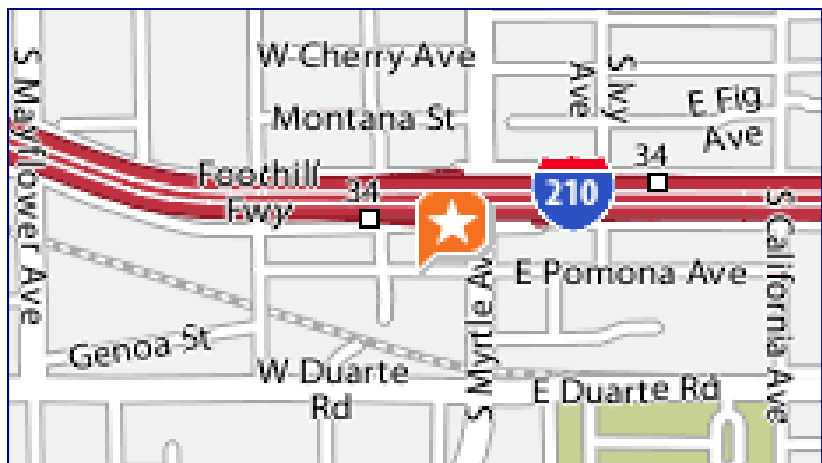
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Industrial Unit Available For Sale

Property Highlights

- Approx. 1,867 SF Commercial Condominium
- Located in a Business Park Commonly Known as Hamby Park
- Approximately 16 Foot Ceiling Height
- Located In Gold Line Station Area
- Close to Myrtle Ave. & All Amenities
- Easy Access to 210, 605 & 10 Freeways
- Zoned M1
- Sale Price: \$615,000
- Virtual Tour: <https://tinyurl.com/y9xwqhpq>

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