CIBA Real Estate

# Commercial Newsletter

Monthly Newsletter for Owners and Tenants

Volume 6, Issue 5 | Visit our website at www.cibarealestate.com | May 2018

## Business Seminars

**Monrovia Business Seminar**
**TBD**

**MADIA TECH LAUNCH**
Wed., May 9, 6:30-8:00pm
612 S Marengo Ave., Alhambra
Shelley Sun
MAKEiT

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

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

## Quotes for the Month

A meeting is an event at which the minutes are kept and the hours are lost. – *Unknown*

You are not your resume, you are your work. – *Seth Godin*

You must be the change you wish to see in the world. – *Mahatma Gandh*

There's no shortage of remarkable ideas, what's missing is the will to execute them. – *Seth Godin*

# What Will Happen to Available Financing?

Having good financing available is a major supporting factor in maintaining solid commercial real estate values. Whenever our economy is recovering from an economic downturn, the increased ease with which borrowers can then obtain loans, when combined with being able to buy property with a lower down payment, helps to increase both the demand and the excitement within buyers to own more property, which then helps to support and drive prices upward.

Keeping this in mind, the real estate market has recovered nicely within so many different geographical areas since the last recession, and the ease with which good financing has been available has definitely supported this recovery.

So what does our crystal ball hold with respect to the future...and with the continuance of this good financing still being available? The good news is that the availability of good financing should continue on as long as the lenders believe that the future of the real estate market remains sound.

**See Financing Page 2**

# Moderate Economic Growth Continues as Consumers Pull Back On Spending, Companies Keep Investing

**MAY 01, 2018|CHRISTINE COOPER**

The U.S. economy notched a moderate gain in the first quarter of 2018. In its advance estimate, the Department of Commerce reports that gross domestic product (GDP) grew by an annualized rate of 2.3%, a drop from the 2.9% growth of the final quarter of 2017, but still better than the annual average achieved over the course of this lengthy expansion, which is now entering its 105th month.

The government cautions that these estimates are based on incomplete data and subject to revision. However, the path of year-over-year quarterly growth continues to accelerate and shows no real sign of faltering yet.

The leading contributor was private nonresidential investment, which grew by 6.1% annualized. It was the eighth-consecutive quarter of positive growth, contributing 0.8% to GDP growth. Investment in equipment and intellectual property accounted for more than half of that contribution. Healthy corporate earnings and the newly enacted tax reform allowing immediate and full depreciation of selected capital investment seem to be boosting investment in equipment. This is especially important for future growth as it portends increases in future productivity, lifting wages and profitability.

**See Economic Growth Page 2**

Economic Growth Continued Page 1

Consumers pulled back a bit after a robust fourth quarter last year. Consumer spending slowed to 1.1% annualized in the quarter, the slowest rate since second quarter 2013, and contributed 0.7% to overall GDP growth. While personal incomes were up, consumers chose to bank more of that income as the savings rate has been ticking up from the dismally low levels reached late last year.

Net trade eked out a positive contribution to GDP growth, with exports outstripping imports as weaker consumer spending reined in purchases from overseas.

As expected, the drawdown of inventories during the last quarter was reversed as businesses restocked their shelves in the first quarter of 2018, accounting for 0.4% of GDP growth.

Also on Friday, the Labor Department released its latest report of employment compensation costs to businesses. With a tightening labor market, expectations are for faster wage growth, although that has not yet been evident in the earnings reported alongside recent monthly employment numbers.

The Employment Cost Index reflects total compensation costs to firms, including both wages and benefits. This latest report shows a continuing acceleration of the cost indices for both wages and benefits. The wage index for private sector workers grew by 2.9% from a year earlier, the largest increase since 2008, while benefits increased by 2.6%.

The Federal Reserve's preferred measure for inflation is the price index for personal consumption expenditures excluding energy and food ("Core PCE"). This rose by 1.7% in the first quarter, still shy of the Fed's 2.0% target. But as more signs of wage growth appear, the probability of the FOMC voting for three more rate increases this year is rising.

Any impact of the Tax Cuts and Jobs Act (TCJA) on consumers has so far been muted. However, the fiscal stimulus, which is still in the pipeline, as well as growing budget deficits are certain to put upward pressure on interest rates even in the absence of proactive Fed policy. It remains to be seen how firms will respond to expectations of a higher cost of capital, and how consumers react to higher household debt burdens.

It seems that we are enjoying, for now, a Goldilocks economic environment-not too hot and not too cold, a balancing act to be sure.

Financing Continued Page 1

So right now, while many markets are experiencing sustained levels of value with their commercial real estate, the pace of buyer activity in many areas has slowed, as buyers seem to be wondering whether or not they should still be paying today's prices.

However, as long as the economy and the job market remain good, today's real estate values can still remain solid. But at the same time, the lenders, to a certain degree, need to keep a watchful eye on where they believe the real estate market may be headed, and not just focus on where the market is right now.

With this in mind, the amount of available financing should still remain good as long as there are no new warning signs appearing on the radar screen, indicating that there may be a negative turn coming within the economy. In addition, this can be dealt with differently by the various lenders, as the ones that got bailed out the last time may just figure that the same money will be made available to them once again, and these lenders may still remain more aggressive with their lending.

Putting this all together, one thing remains true...the level of available financing with good terms for borrowers will probably not get better than it is right now, within this particular economic cycle.

So if you're thinking of buying or refinancing, and getting good terms on your loan is very important to you, you may want to take action sooner...rather than later. With this in mind, and in knowing that interest rates are now on the rise, it will probably be some time before we see interest rates become lower once again.

# FOR LEASE

## 407 W. Chestnut Ave., Monrovia, 91016



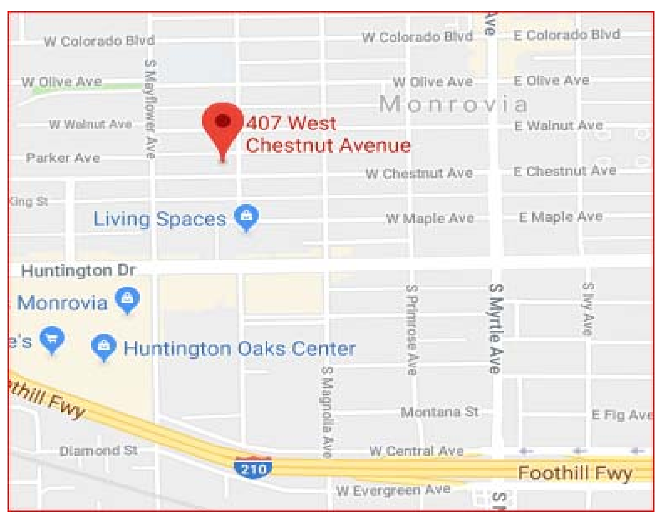
**Filippo Fanara**
**Broker Principal**
**BRE License 01198019**
**filippo@cibare.com**
**626.255.1124**

**830 S. Myrtle Ave.**
**Monrovia, CA 91016**
**Ph 626.303.1818**
**Fax 626.303.1758**
**cibarealestate.com**


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

## Property Highlights

- Asking $1.20/PSF IG
- Industrial Warehouse Available For Lease
- Office Area 485 SF, 2 Restrooms
- Approx. 4,700 SF Building on an Approx. 8,647 SF Lot
- Ground Level Roll Up Door is H10' X W12'
- Electrical: 2 Meters
  - 400 Amps, 120/240 3 Phase
  - 200 Amps Single Phase
- Great Industrial Neighborhood
- Ample Parking in Rear Private Gated Yard
- Close to Old Town Monrovia
- 12 Ft. Minimum Clear Height

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

# FOR LEASE 2122 S. Myrtle Ave, Monrovia, CA 91016


## Property Highlights

- Lease Price is $1.10 PSF MG
- Industrial Building For Lease
- Approximately 2,697 SF Industrial Building Located on an Approximately 6,077 SF Lot (1/2 the total lot of 12,154)
- Located on Busy Myrtle Ave.
- Minutes From Old Town Monrovia & All Amenities
- Close to Gold Line Station
- Power 400AMP 3 Ph. 4 wire /Well Distributed
- Clear Height 12Ft.
- GL Door 10 x 10
- Available June 1


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