

## Business Seminars

### Monrovia Business Seminar

August 22, 2018  
Place and Time TBD

### MADIA TECH LAUNCH

No Summer Meetings

### Monrovia Kiwanis

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

### Duarte Kiwanis

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

## How Much Does Your Property Insurance Really Protect You?

Property insurance is something that we traditionally insist on having in place on commercial properties that we own. The thought of potentially sustaining major damage to one of our properties, and not being protected by insurance for the loss, would make most of us completely wince when thinking about it.



But what will your insurance company really pay you whenever you sustain a loss that you believe is fully covered by your insurance policy? We continually see ads and commercials telling us how much we can count on an insurance company to really be there and to do the right thing for us when we need them, but how much of what we hear around this is really true? There are stories we've sometimes heard over the years from friends and business associates, telling us the reality of what an insurance company really paid them to reimburse them for their loss, vs. what the person thought that they'd be paid by the insurance company instead

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## Quotes for the Month

"Impossible is just a big word thrown around by small men who find it easier to live in the world they've been given than to explore the power they have to change it. Impossible is not a fact. It's an opinion. Impossible is not a declaration. It's a dare. Impossible is potential. Impossible is temporary. Impossible is nothing." — **Muhammad Ali**

## Multifamily Sales On Pace of Reaching Record High for the Year

AUGUST 06, 2018 | JOHN DOHERTY

### CoStar Analysis Sees Continued Strong Absorption of New Units, Market Fundamentals Softening

Annual U.S. multifamily property sales are approaching a record in the face of a flood of new apartment construction and increasing home ownership, according to CoStar.

Market doomsayers may be confounded by how the new units are being quickly absorbed by renters, but demand remains unabated across the sector, CoStar's multifamily analysts predict in a presentation on the state of the market.

"The multifamily market continues to surprise market watchers," said Michael Cohen, director of advisory services for CoStar Portfolio Strategy, the company's advisory arm. "Expectations that supply would overwhelm demand, expectations that price growth would trail off, both appear to be contrary to what we're seeing today."

See Sales Page 2

While data from the second quarter confirms that rent growth has slowed in many markets and vacancy has inched up in places, apartment vacancy for the U.S. market as a whole actually declined 50 basis points in the second quarter, to just under 6 percent.

In addition, average apartment rents rose 3 percent compared to the second quarter of 2017, an increase in the year-over-year rate compared with the first quarter.

And the average apartment in the U.S. now rents for \$1,298 per month, according to CoStar. That's another increase from the first quarter, but still well below this cycle's peak of late 2015, when the average U.S. rent edged toward \$1,400 per month.

Taking stock of the second-quarter performance, CoStar's analysts tied the apartment sector's success to a favorable overall economic picture nationally: job growth is high and new households are forming quickly, both of which are driving demand for apartments.

But the multifamily market also benefits from some of the bad news in the economy. Increasing mortgage rates are keeping many renters from making the jump to home ownership, while a slowdown in single-family home construction has made it even more difficult for first-time home buyers, even as homeownership rates edged up slightly.

"This cycle, nearly every marginal household has been a renter household, bringing the home ownership rate down from 69 percent to 63 percent," said John Affleck, CoStar's director of analytics. "More recently, however, more and more new households have been buyers, and the home ownership rate has begun to rise, albeit slowly. Over the last two quarters, the home ownership rate has risen by just .1 percent, a slower pace than the last two years, and frankly, more slowly than we expected.

"So why aren't more people buying homes? Rising interest rates and aggressive pricing certainly matter. But are there actually any homes to buy?" he added.

On the capital markets side, investors have shown strong interest in the apartment sector. Many large institutional investors, including those outside the U.S., consider U.S. apartment markets to be a good, long-term investment, and have amassed billions to invest in properties.

Affleck also predicted the year-end total for apartment sales this year will match or exceed last year's total of just under \$180 billion in trades.

After all, the insurance companies are in business to turn a profit, but you need to understand what this means in terms of how much they'll really be paying you once you sustain a loss. With this in mind, earthquake insurance can be a prime example of where we can have a huge misconception about how much the insurance company will really be paying, whenever a claim is filed for earthquake damage. If you have a policy with a 15% deductible, for example, and it would cost \$500,000.00 to rebuild the entire building, you'll oftentimes need to pay for the first \$75,000.00 in damage done to the building by an earthquake. So if the building sustains \$75,000.00 in damage from an earthquake, you'll need to pay that entire amount, as the deductible is calculated as being 15% of the total replacement cost of the building.

Keeping this in mind, something you may want to do is to have a chat with the people in the claims department of your property insurance company, before you ever need to file a claim with them. Run different scenarios by them that could potentially happen to your building, and include scenarios where the building sustains both partial and total damage to it. Ask them questions like, "How much would I be required to pay out of pocket in this situation?", and "Are there any situations where I'd be required to pay more than my deductible to complete the total cost of the repairs?"

Because if there are any situations where the true cost of doing the repair work is \$200,000.00, but the insurance company says that according to their own internal calculations, they will only be paying based upon a cost of \$150,000.00 to complete the work, you will definitely want to know this beforehand, and then consider getting a new policy with a different insurance company.





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

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



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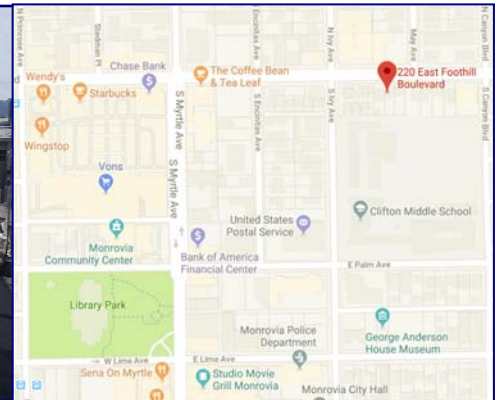
830 S. Myrtle Ave.  
Monrovia, CA 91016  
626.303.1818 Office  
626.303.1758 Fax  
www.cibarealestate.com

## Rare Small Freestanding Office Available For Sale

### Property Highlights

- Approximately 1,680 Square Foot Office on 5,363 Square Feet of Land.
- Excellent Location on Busy Foothill Blvd (20,690 Daily Car Count).
- Walk to Old Town Monrovia and All Amenities.
- Perfect for a General Office Use (Accounting, Insurance, Attorney).
- Perfect for an Owner User, was Split into Two Units.
- Easy Access to 210, 605 & 10 Freeways.
- Zoned for High Density Residential.
- For Sale. Asking Price \$675,000.
- This is a Trust Sale With No Court Confirmation Required

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



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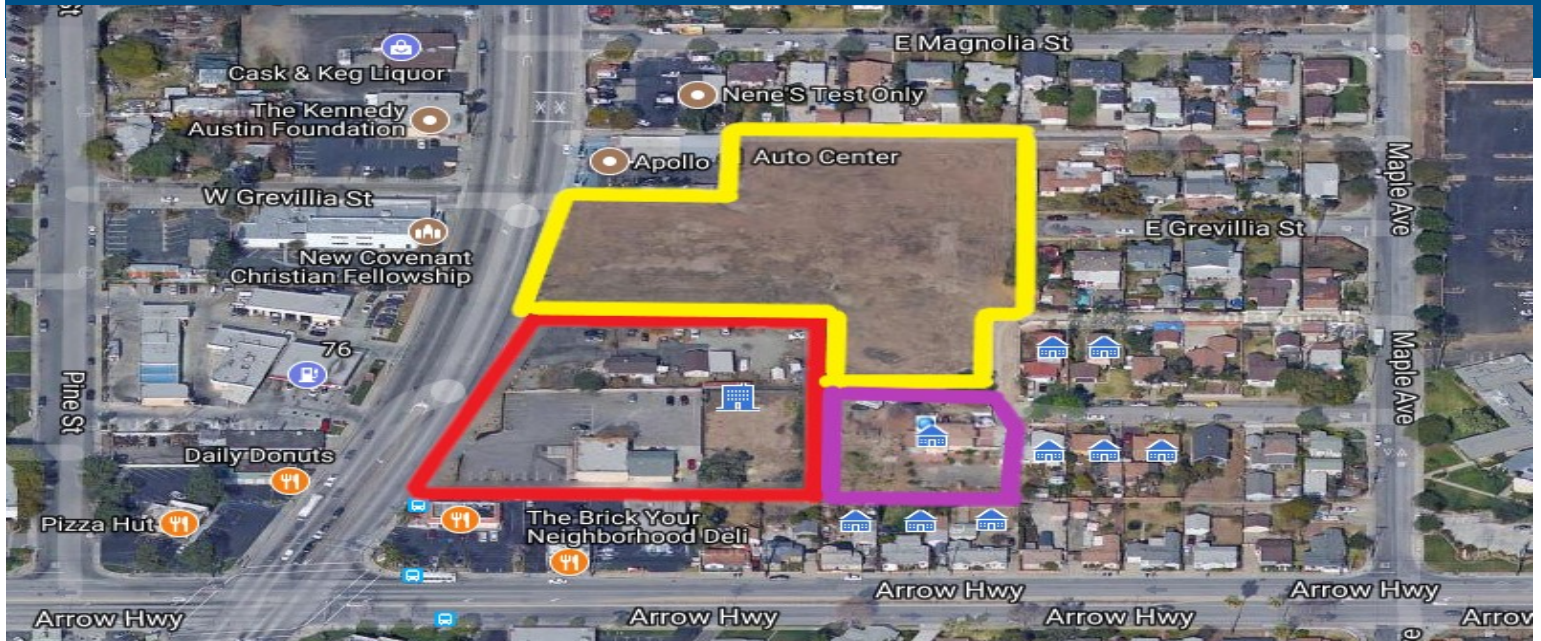






# For Sale

2380 and 3408 Garey Ave., Pomona



Please call for more  
Information.

Alfredo Mejia  
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626-841-0599  
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cibare.com

Shown by appointment only.  
Please call listing office to  
schedule an appointment.  
626-841-0599

## Property Highlights:

- Developable site almost on Main and Main
- An Approx. 78,540 SF of Land (Parcel# 8366014036, 033, 032, 031) **Red**
- Possible expansion of 27,190 (Parcel # 8366014039) **Purple**
- Additional expansion **Yellow**
- Up to 70 units per acre
- 1/4 mile to new GoldLine Station
- Easy Access to 210, 605 & 10 Freeways.
- Zoned—Transit Oriented District: Neighborhood and S Overlay
- Sales Price TBD



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