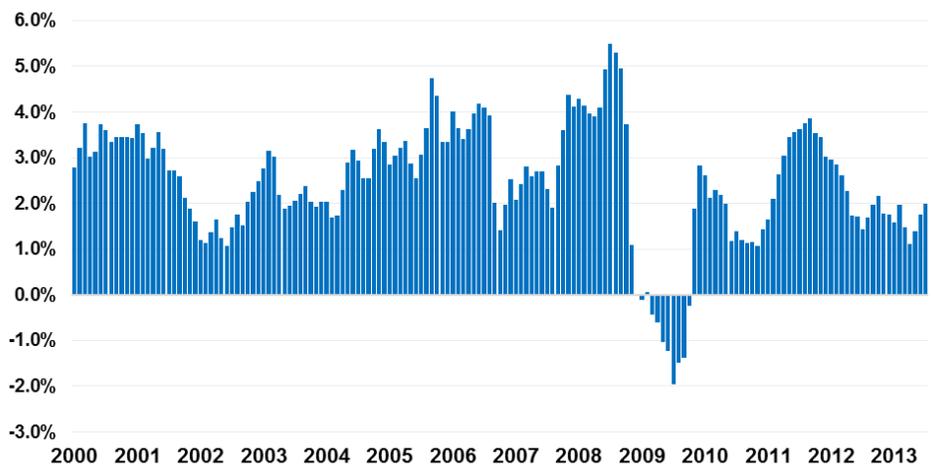


U.S. Consumer Price Index (CPI) 12 Month Change



www.FloatingPath.com

Source: U.S. Bureau of Labor Statistics

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Forecasting Future Inflation Rates

- Consumer prices have only raised 1.5-3% per year since 2008 despite huge increases to the monetary base.
- Commercial real estate price inflation has generally not occurred due to reduced lending.

The consumer price index (CPI) has yet to show any vast increases over the past years despite excess money being injected by the Fed. Inflation is caused by excessive amounts of money chasing limited goods and services. Since 2008, the Fed has increased the monetary base 279%. This defies normal economic policy of excessive money creating inflation. The Fed has kept short term rates

The current SBA 504 Effective Rate for October 2013 is 5.44 percent.

Low, manipulated long rates and conducted quantitative easing to stimulate the economy out of the recession. However, this has caused inflation to occur in the valuation of bonds, stocks and other assets. Banks have, in turn, focused on investing into federal debt as a pose to loaning to small businesses and consumers. This has allowed the government to maintain unsustainable amounts of budget deficits. The downfall will occur when the Fed finally raises the short and long term rates which is expected in early 2015. The Fed is also planning to phase out its \$85 Billion per month bond buying program which will likely have an effect on long term rates.

Source: Linneman Associates, Kiplinger.com and Forbes.com

Small Business Loans Surge in 2013

The Small Business Administration (SBA) provided more than \$29 Billion in loans in fiscal 2013 which ended September 30th. This includes lending from both the 7a and 504 loan programs. The majority came from the 7a program (\$18 billion) due to the end of a temporary program that allowed borrowers to refinance commercial mortgages through the 504

Loan program. Lending halted during the 16 days of the government shutdown. However, it is picking back up with over 1,900 loans approved as of October 25th following the shutdown. The loan numbers are still not as high as 2011 when SBA offered reduced fees and higher government guarantees to stimulate lending. However, this is a good

Sign for small businesses beginning to recover from the recession, experience growth and move the economy forward.

Source: BizJournals.com

Featured Property: Sold!



243-247 W. Maple Ave in Monrovia

- Business & Building Sold Together
- Sold to Experienced Auto Body operators with multiple locations
- +/-11,900 SF Building Situated on over 17K SF of Land.
- One Block Above Huntington Drive
- Fully Operating Body & Repair Shop with Spray Booth

Please feel free to contact me for a market analysis on your property.



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Linda focuses on commercial and investment properties at Top Commercial Realty in Monrovia. She specializes in office and industrial sales and leasing throughout the San Gabriel Valley. She has extensive knowledge in 1031 exchange transactions, investment opportunities, and market analysis. Feel free to contact Linda with any questions or requests for information.

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