

Economists Predict Steady Growth Ahead for Commercial Market

A study recently completed by economists from The Urban Land Institute, CoStar and Ernest & Young predicts solid returns for US commercial real estate investors as well as moderate growth. This would strengthen the market over the course of the next three years.

There has been steady price and rent growth which has made economists optimistic but also remain cautious and aware of risks. The risks arise from current global economic issues such as equities market sell-off, drop in oil prices and anxiety over global economic growth.

Some key results from the economists studies included:

Commercial property transaction volume will grow, although at a declining rate, and exceed 2006 volume, which was the second highest pre-recession annual volume, by 2016 to \$445 billion.

Commercial property prices are expected to increase by 10% in 2014. Price increases will then moderate to 6% in 2015 and 5% in 2016.

Vacancy rates are expected to fall modestly for office, retail and industrial properties and rise slightly for apartments. Hotel occupancy rates are expected to continue improving.

In This Issue

- Economists Predict Steady Growth Ahead for Commercial Market
- Documentary Transfer Tax Changes
- Featured Property: For Lease

Institutional real estate assets are expected to provide total returns of 11% in 2014, moderating to 8.5% annually by 2016.

Rents are expected to increase for the four major property types in 2014, ranging from a growth rate of 2% for retail up to 4% for industrial. Rent increases for all property types are projected to rise by 3% in 2016, with the exception of [office space](#), which is predicted to increase by 4%.

CMBS issuance, which increased nearly 80% in 2013, is expected to continue a more moderate annual growth pace, increasing another 43% by 2016.

Source: CoStar Advisor Newsletter 10/9/2014

**Current SBA 504 Rate for
October 2014 is 4.81%**

Documentary Transfer Tax Changes

AB 1888 goes into effect January 1, 2015 which will make documentary transfer tax fees no longer private information. The Documentary Transfer Tax Act authorizes the board of supervisors of a county or city and county to impose a tax with

respect to specified instruments that transfer specified interests in real property. At the time of recording, there will now have to be a signed declaration with the amount of the tax due and location of the property on the face of the document or

separate paper affixed to the document.

Source: Fidelity National Title Co.

Featured Property: For Lease



14,490 SF Office and Fully HVAC Warehouse
907 S. Magnolia Avenue Monrovia, CA 91016

Approx +/-8K SF office space and +/-6K SF of fully air-conditioned warehouse/flex space.

Dock High Loading, Fenced Yard with 32 parking spaces.

Office area includes reception, waiting area, large conference room, interior offices, executive offices, kitchen, break room, supply room, restrooms with shower, bull-pen area and personal gym.

Two blocks north of Huntington Drive, close to Old Town, Restaurant Row & both 210 and 605 freeway access.



Linda Vidov-Elkaim (CA Broker Lic. #1715788)

Linda specializes in commercial 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.

Top Commercial Realty
Affiliated with Provenio Realty

100 W. Lemon Ave Suite 101 Monrovia, CA 91016
O: 626.340.2270 C: 626.399.3715 F: 626.605.5003
E-Mail: Linda@TopComRealty.com • www.TopComRealty.com