



Ed Collantes

“Your South San Francisco Commercial Real Estate Brokerage Expert”

A “GOOD NEWS” NEWSLETTER FULL OF FUN AND INTERESTING FACTS FOR YOU

APRIL 2015

Hello!

This issue of *Commercial Real Estate News* is being sent to you courtesy of

Edward A. Collantes, SIOR
BRE #00523983

It is my way of saying that you're important and that I truly value your business. Please feel free to pass this newsletter on to friends and business associates.

LEASE OR SALE

The opportunity to get top dollar for your commercial property is now. We know the marketplace!

Please contact Ed at 415-602-0055 or Edward@crcsfo.com for a confidential discussion.

Lease Deal for the Month

SSF Warehouse – Here is a great warehouse space for lease near SFO! 28,000sf with 7 docks! Call today for a private showing. Ed (415) 602-0055.

Off Market Deals (Buy or Sell Property)

As many know, I like to post information here about off market deals. If you are in a trade or looking to buy or sell a commercial property, the off market arena may be your best choice. Please contact me for more details today as I may have your next deal in my off market file.

Confidential Inquiries
offmarket@crcsfo.com
or Ed 415-602-0055

How Rising Interest Rates Will Impact Commercial Real Estate

We've been fortunate for more than 30 years because interest rates, in general, have been falling since the early 1980s. Before that moment in time when interest rates first began their slow descent, the prime rate was higher than 20%, and getting commercial real estate financing wasn't fun.

So for more than 30 years now we've enjoyed decreasing interest rates, making the loan payments on commercial real estate lower and lower, with some intermediate fluctuations along the way.

But the Chief Economist for the National Association of Realtors, Lawrence Yun, has predicted that interest rates on home loans will rise to about 6% or more by the end of 2016, and with this in mind we now need to take a look at what rising interest rates would mean for commercial real estate.

In short, rising interest rates would mean now having higher loan payments when refinancing, and when purchasing commercial real estate, too. As an example of this, let's say you were going to purchase a property and finance \$1,000,000.00 of the purchase price. In simple interest terms, if the interest rate was 7%, you'd be paying \$70,000.00 a year in interest. But if the interest rate were instead to rise to 9%, you'd now have \$90,000.00 in annual interest expense, an increase of 29% in your total out-of-pocket interest payments.

That's substantial.

Now let's look at what could then develop as a result of this...

Your total cash-on-cash spendable return on the property would go down because of the increased annual interest expense. With this in mind, this could create a bit of a stalemate between property sellers and buyers, as the sellers will still want the old price they could get before the increase in interest rates, and the buyers will then want the sellers to lower their prices because their spendable return will now be less at today's market cap rates.

So as long as neither party needs to buy or sell, we could definitely experience a readjustment period in pricing.

Now when you combine this with people facing higher interest rates on both their home and business loans, there will be a little bit more of a “squeeze” going on that could impact people's decisions on buying more property. So it's not just the simple effect of rising interest rates in commercial real estate that we're talking about, it's the compound effect of rising interest rates everywhere.

The good news, though, is that those times haven't arrived...yet...but they could be coming. The Chief Economist for the National Association of Realtors doesn't predict bad news for an Association that really wants to hear good news, unless he believes that he's got a very good reason.

So is it time to refinance your property right now? Is it time to consider selling your property at today's prices, before rising interest rates may cause buyers to then demand lower prices, to then compensate them for their lower overall rate of spendable return?

One of the greatest attributes of seasoned commercial real estate investors is they observe where the market is headed, then they take the appropriate action right now.

If you'd like to discuss what the best course of action will be for your commercial real estate needs right now, give me a call.



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From the desk of

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Tenant Duties at Lease Termination – Part 2 - In part 1, I detailed the risks a passive property owner could face at lease termination. However, a tenant could fall prey to serious problems as well. A well known attorney who represents a Fortune 500 company has seen landlords submit invoices in excess of \$1 million for restoration costs after a lease has expired and the tenant has vacated the space. For now, let's assume that these costs are legitimate. A tenant needs to be proactive by reading the lease language carefully and connect with the property owner prior to the lease expiration to get their input. This approach will give the tenant a leg up on correcting problems and help avoid any future surprises.

Please call Ed at (415) 602-0055 if you have any questions.

Are you looking to LEASE your commercial property? – We have pre-qualified tenants for your commercial property. We can get you the more money today than any other time. If you would like a free market evaluation, please contact Ed 415-602-0055 or Edward@crcsfo.com

But either way, there are some exciting changes impacting your property or for lease space and I recommend that you call me right now to learn exactly what these changes will be.

Have A Great Day!

Clearing Out a Family Home

The loss of a loved one is a very stressful experience, and that stress is only compounded if you are left with a house that needs to be cleared out.

In order for a house to be cleared, each and every room has to be sorted and gone through, with all trash disposed of in the appropriate manner, and family members being allowed to take any items that they desire. Unwanted leftover items that are not trash can then be donated or sold.

Get the help of friends and family to assist with clearing out the home. Bins or boxes can be used for sorting, and make sure you quickly box up old letters and photos that you'll want to keep.

You can then get nostalgic over them later on.

You can get the job done very quickly by paying a junk company to clean out the house, but this runs the risk of losing your family treasures. So make sure that you remove the family treasures and put them in a safe place first.



Travel Tech Tips

Technology can be incorporated into traveling, whether you are heading off for business or pleasure, as a way to make your trip both easier and a lot more fun. With this in mind, it has never been easier to act as your own travel agent.

Technology can assist you to plan out your entire trip from beginning to end, with the likes of airline reservations, hotel stays, and automobile rentals being easy to secure in under an hour by using any of your technological devices. Cars, flights, and hotels can be booked on the website of each company, or you can look for the best deals on such sites as Expedia, Kayak, or Travelocity.

You can also be prepared for what the weather will be like at your destination by downloading apps from sites like WeatherBug, AcuWeather, or The Weather Channel, to make sure you keep up-to-date on the climate conditions. You can pack according to the weather, plan out your day-to-day itineraries, and even anticipate possible travel delays because of severe weather warnings.

Boost Your Inspiration

Many of us can become bored, sluggish, or drained at times and in need of a push to help us lift our mood and raise our spirits. The good news is there are some easy ways to go about doing this.

One good tip is to begin writing a gratitude diary. Every day, write down a list of at least five different things that you are grateful for.

You can avoid getting caught up obsessing about the things you don't have by focusing on your appreciation for the things you do have. You might want to change your appearance, either by getting a new haircut, or by getting some new clothes.

A new look can go a long way towards lifting your spirits and getting you out of a funk. Another helpful piece of advice is to listen to some upbeat music, too.

Music can have a surprising impact on our emotions and on our general mood, and if you are already feeling down, avoid depressing songs and try some more up-tempo tunes to put you in a much better frame of mind.

Nutrition Advice For Healthy Children

Food for toddlers has been the source of controversy lately, with studies showing that many such foods contain high levels of sugar and sodium. But the good news is that there are some things parents can do to make sure their little ones maintain a healthy diet.



One good suggestion is to encourage your toddler to eat up their vegetables and fruits in the form of snacks by having these foods cut up into more appealing bite-sized proportions.

It is also a good idea to check the nutritional labels of any snacks you intend to serve your toddler and not to make any assumptions that just because a snack looks healthy, this automatically means that it is healthy. In addition, children below the age of four should not be having over four teaspoons of sugar, or consume more than fourteen hundred calories in a day.

Another good idea is to add melted cheese or fruit to the likes of homemade pancakes, plain rice cakes, or popcorn for snacks instead of just relying on bread sticks or boxed crackers.

Language Learning Tips

There is a common belief that learning a new language is much more difficult for adults than it is for children, yet studies have shown that the opposite is really true.



The biggest problem people encounter is having unrealistic expectations as to how quickly they should be able to become fluent in a new language, and then they give up when they fail to meet those expectations.

In truth, it takes at least a full year for most adults to be able to learn a new language. Learning fifty new words in a week – say, by labeling items in your home with their name in the other language, and leaving them there until you have memorized the terms in the new language – is more than enough to get you well on your way to having learned a new language in the space of one year.

Another good tip is to play with the order of words. Unlike English, many languages swap around words, numbers, and phrases in a manner that will likely drive you crazy if you try to equate it with English grammar.

Instead, play with the words in different orders in order to get familiar with this new style of language, and then check this with your instructor or with your course material for accuracy.

Tips To Avoid a Fire

Fires in the home can start unexpectedly, and often end in terrible tragedy. To prevent such a disaster occurring in your family home, there are a number of things you can do and precautions you can take.



Every home should be equipped with several working smoke detectors, as well as carbon monoxide detectors that are placed in various spots such as the living room, kitchen, hallways, and bedrooms.

Before you leave a room, you should make sure that you have turned off any and all open flames, such as candles.

You should also conduct a regular check of all electrical outlets, appliances, and lamps to make sure there are no overloaded circuits or frayed or broken wires.

If you have a fireplace in your home, it should be checked annually by a certified expert, as fires can be caused by broken bricks, bird, and other animal nests, or by a build-up of soot.

Healthy Eating Ideas

Daily routine is the key to overall health, including diet. In order to maintain a healthy lifestyle, people should pick whole grains, vegetables, and fruits to eat, as well as choose dairy options that are fat free, or at least lower in fat.



Time should also be taken to exercise as much as possible, while also staying aware of the size of the portions of the meals you're consuming.

With portions that are larger than necessary, even low calorie food options can end up becoming a problem. Keeping this in mind, there are numerous benefits to eating right, including a lower risk of Type 2 diabetes and heart disease, lower cholesterol and blood pressure, and even the possibility of preventing some forms of cancer.

One good piece of advice is to look for recipes that have fresh ingredients in them.

You don't necessarily have to make certain types of food off-limits altogether in your diet, but simply limit the amount and size of the portions of them that you're eating.

Finance Tips For New Parents



In all the excitement of welcoming a new baby into the family, it's important not to forget about the financial costs of becoming a parent.

It is vital to be financially ready for the arrival of your new baby.

Healthcare costs before your newborn even exits the hospital can be pricey, even more so if it is a complicated birth, and that is just the beginning.

New parents should, therefore, begin planning a budget early on, and then make sure they stick to it.

That budget can then serve as a reference point and a guide to assist parents to manage their money, and to be able to make any changes when they're needed.

Cutting out frivolous expenses, such as eating out and buying luxury goods, can also be crucial.

Creating future savings for your new baby is also a good idea, with the help of your close friends and family members.

Any excessive debt also needs to be dealt with before the arrival of your new baby, so having it completely paid off, or at least having do-able payment plans established, is paramount.