



Ed Collantes

"Your South San Francisco Commercial Real Estate Brokerage Expert"

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

FEBRUARY 2016

## 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.

## Commercial Property Listings WANTED

*I am an experienced commercial broker in your area with in depth market knowledge and a track record of successful deals. Today, the value of your property is at an all time high and I can get you top dollar.*

Please contact Ed at 415-602-0055 or [Edward@crcsfo.com](mailto:Edward@crcsfo.com) for a confidential discussion.

## Off Market Deals

**HAVE:** I have a hotel site (100 to 150 rooms) in north San Mateo County. Need qualified owner/user to entitle and purchase this site.

**NEED:** Two qualified buyers for 15,000 SF to 25,000 SF office industrial buildings in SSF.

**NEED:** Investor needs to purchase a commercial property in SSF to complete his trade. All cash or owner carry back is okay. \$2 million to \$4 million price range.

**We have off market opportunities for buyers. Please contact me to pre-qualify and learn more.**

**Confidential Inquiries**  
[offmarket@crcsfo.com](mailto:offmarket@crcsfo.com) or Ed 415-602-0055

## Cap Rates, Cash Flow, and Cash-On-Cash Return

If you're not familiar with the above three investment terms that relate to commercial real estate, here's an explanation of them. These are terms that investors will oftentimes utilize when evaluating potential commercial real estate investments, when deciding whether or not they'll invest in them.



The first term, "cap rate", is a very simple term to understand. The cap rate is simply the net income of the property divided by its purchase price. So, for example, if there was a property that you were considering buying at a price of \$1,000,000.00, and the annual net income on the property was \$80,000.00, the cap rate would be 8%.

The cap rate is a basic measure of the return on investment for a property, and if you'll be paying all cash, this is the only one of these three terms mentioned above that you'll be utilizing. The other two terms, "cash flow" and "cash-on-cash return", only are utilized when you'll be getting financing to complete your purchase.

Cap rates will vary depending on how hot the real estate market is at any given moment in time, and when the market is hotter the cap rates will tend to be lower, as more people become interested in buying and the overall demand to purchase properties increases. Conversely, when the market cools off, owners will oftentimes need to sell their properties at a higher cap rate, because the number of interested buyers will typically be lower, and the current economic conditions will then cause the remaining buyers to demand better prices.

Then the second term, "cash flow", means how much cash the property will generate annually for you after all expenses are taken into consideration, including all of your loan payments. So in the same example that we gave above, if for the \$1,000,000.00 property the annual loan payments on it were \$60,000.00, the annual cash flow on the property would then be \$20,000.00, based upon the property's annual net income of \$80,000.00.

Then in putting all of this together, investors will then want to know the "cash-on-cash return", which is the annual cash flow divided by the down payment for the property. So in continuing on with the same example, if you had made a down payment of \$300,000.00 to purchase the property, with the annual cash flow now having been determined to be \$20,000.00, your cash-on-cash return would now be \$20,000.00 divided by \$300,000.00, or 6.67%.

So all three of these investment terms will often be utilized by commercial real estate investors whenever they're buying property and getting financing. In addition, whenever the cap rate rises for a specific property with all other things still being equal, the cash flow and the cash-on-cash return for the property will rise, too.

So all of this then ties together between the purchase price, the down payment, the net income, the interest rate, and the monthly loan payments to be paid on the loan. If interest rates were to rise, the cap rate would still remain the same, but the cash flow would diminish because of the higher total annual loan payments now being made on the property. In addition, when something like this happens, all-cash buyers can now end up in the driver's seat, because their competitors who needed financing to purchase can't make the potential investment pencil out for them as well anymore at the new, higher interest rates, and they'll lose interest in buying.

If you have any questions about this, or if you have any questions about investing in commercial real estate, please give me a call.

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From the desk of

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### Winston Manor Shopping Center, SSF SOLD (Under the Radar)

In January 2015, ROIC acquired Winston Manor for \$20.5 million. The shopping center is approximately 50,000 square feet and is anchored by Grocery Outlet Supermarket, a Northern California-based grocer. The property is located in South San Francisco, California and is currently 100% leased.

### Record Prices for Industrial Properties

132 Starlite Street, SSF is a small industrial building (3,000sf) on a 8,700 sf lot. With only 10 to 11 foot clear height and non-ADA compliant offices, it would seem like its asking price of \$303 per square foot was on the high end. This was proven not to be the case as there were no less than 3 offers received with the highest offer being \$344 per square foot (a 13.5% increase)!

With proper exposure and a marketing plan to encourage multiple offers, a seller will receive TOP DOLLAR for their commercial/industrial property. Please contact Ed today at (415) 602-0055 for a free review of your commercial property as I bring over 25 years of quality commercial real estate expertise to advise you!

Have a great day!

[Edward@crcsfo.com](mailto:Edward@crcsfo.com)

## Giving a Longer Life To Social Media Posts

The lifespan of social media posts tends to relate to the kind of platform that they're made on. Twitter posts tend to have the shortest lifespan of just eight hours, while Facebook posts tend to endure for around three and a half hours.



But posts on Pinterest have a much longer lifespan--of up to as much as three months!

If you still want to make use of Facebook and Twitter but would like to find a way to extend the lifespan of the posts you make on those social media sites, one good tip is to keep on reposting elsewhere for the coming days, weeks, and even months. You can also repost older content that remains relevant and not time-specific. If you do decide to republish some of what you consider to be "evergreen" content, it is also a good idea to republish the ones that were particularly well-performing the first time...such as the case studies that were the most downloaded, your most compelling information, and the posts that were the ones most searched for.

## Facebook Safety Tips

There are seemingly endless opportunities to create, collaborate, and explore on the internet, but to get the most from these opportunities it is crucial to ensure that you stay secure and safe, and Facebook is no exception.

The good news is Facebook provides plenty of ways in which people can do just that. Of vital importance if you have a Facebook account is to perform a Privacy Checkup. There is a small symbol of a lock on your Facebook feed's right hand corner; click on this symbol and a drop down menu will appear, at the top of which will be "Privacy Checkup". Click on the small blue dinosaur symbol, and you will be given a walkthrough of the main three tools you can use to manage who is allowed to look at your apps, your posts, and your profile. You can also manage what you share and with whom. In addition, you can enable your posts to be seen by everyone, or just by your friends or certain groups. You can even choose what to do for each individual post if you wish, too.

## Learn Horseback Riding

Many people like the idea of learning how to ride a horse, but if you really want to take the plunge and learn how to actually do it, there are a few tips that can get you started on the right path.

One good tip is simply to find a good instructor. Any instructor who has made a career out of teaching riders and handling horses knows how to develop a good rider, so ask around, consult with any friends you may have who ride horses, and even use the internet to conduct your research.

Good boots are an essential for new horseback riders. You should always be wearing proper footwear if you intend to go anywhere near a barn. Find a durable riding boot that will guard you against all eventualities, and wear a helmet.

Once you have begun riding, do not allow yourself to become pigeonholed into one style too soon. Be open to attempting different styles of riding. Accept the fact that you will fall off the horse – because even experienced riders do so occasionally – and the important thing to then focus on is getting right back on again.

## Tips for Workplace Happiness

Being happy at work is crucial to your overall sense of happiness, as no one wants to feel like they're doing worthless tasks, or are trapped in a dead-end job.

The good news is that it's not that difficult to keep your work day focused on the good stuff, and ensure you are happier at work.

One good tip is to measure your successes, not just by your wins, but by your effort as well.

Just trying to do something to further your goals and your career can make you happier, even if you are not always successful; keep a checklist of everything that you have done, and focus on the small victories.

Another good tip is to listen to or read things that will be able to inspire you. Listen to podcasts relating to your interests, or motivational talks at your desk, or even during your commute.

It is also a good idea to break up the inevitable 'busy work' with different tasks, such as brainstorming new projects, connecting with potential contacts on social media, or reading an industry-related article.



## How To Stop Emotional Eating

Emotional eating is the term for when we use comfort food to deal with emotional states such as sadness, depression, or even happiness.

Of course the downside is that emotional eating is often unhealthy, particularly if it becomes a regular thing.

Rather than abandon your comfort food entirely, however, you just need to start paying more attention to mindful eating.

One good tip is to distract your mind. If you feel depressed or stressed, distract yourself not through emotional eating but with other methods such as listening to music, or performing some other activity like reading, painting, or exercising.

Another important piece of advice is for when you actually do eat, which is to enjoy and savor every bite rather than just wolfing your food down.

This is also more likely to prevent you from overeating by making you feel full even faster.

You should also make a point to try and only eat when you are hungry, rather than doing so in response to emotional situations.



## Planning An Overseas Family Vacation

If you are planning to go on an overseas vacation with your family, there are a number of tips you might want to take under consideration that can help you to make the trip as stress-free and successful as it can possibly be.

One good tip is to avoid the more Americanized aspects in your destination, and try to go a bit more local.

It might be an idea to – if at all possible – take your vacation during the off-season so that there will be fewer other tourists, and it is also a good idea to use local transportation whenever possible, and to chat with local shopkeepers.

Another good tip is to check with the State Department, your family doctor, and the CDC for health tips specific to the region you are traveling to, as well as advisories and any vaccinations or medications you might require.

Gather information about safety precautions you can take if you are traveling to countries with health considerations.

You can also pack light and leave the gadgets at home so you have more time to appreciate the overseas experience.



## How To Run a Multicultural Meeting

If you are trying to run a meeting that is comprised of individuals from different cultures, you will need to take into consideration the different approaches and needs of your colleagues.

Fortunately, there are some good tips that can help you to make certain your multicultural meeting will go smoothly.

It is important to keep cultural differences in mind. Learn all that you are able to about those people you are collaborating with and the culture from which they come from, in order to make small adjustments in your management style to achieve the best results.

Setting expectations is also a good idea. It is important to have established norms and protocols at the very start of meetings to allow you to rein in some people, while enabling others to get out of their comfort zone.

Flexibility can also be useful. If group meetings are being made particularly tricky because of cultural differences, try to solicit the opinions of co-workers in a different venue, and offer them alternative means of providing feedback.



## Tips For Those With Empty Nests

Parents whose adult children leave home are often left with mixed emotions and need to begin to look to the future, which includes making new financial choices.

Parents need to get used to thinking about themselves again, instead of their kids, and to start asking serious questions about their future plans, including work, holidays, and retirement.

With this in mind, setting financial goals is an excellent idea.

These goals can include finally paying off that mortgage in a measurable timeframe, working out how much money you will need to live on after you retire, and using any excess money you may have that may once have gone for school fees and sporting activities, to reduce your debt or just add to your savings.

In the event that your adult kids decide to move back home, or indeed simply never leave, then if they are working it is only fair and proper to charge them rent. After all, they're now adults.