

THE TREND!

California	
Median Price-SFH	Date
\$306,230	04/10
\$301,790	03/10
\$253,110	04/09
Sales change Prior Month -6.4%	
Sales change Prior Year -8.1%	
Sacramento	
Median Price - SFH	Date
\$188,100	04/10
\$183,330	03/10
\$167,340	04/09
Sales change Prior Month -11.5%	
Sales change Prior Year -15.3%	
Source C.A.R Research Dept.	

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Commercial, Triple Net Lease..Hot?

In 2009, we entered the Commercial Real Estate arena, with offerings similar to its residential counterpart, financing, sales and property management. As some of you may know, it is an area that is distinctively different from the residential aspects of the trade, with considerable difference centered on safety. Commercial real estate owners are generally deemed as sophisticated investors, and thus lack several protections afforded residential real estate purveyors.

In recent real estate market, commercial real estate has taken a huge hit and it is still sliding. However, smaller areas that house restaurants, gas stations, convenient and drug stores are doing well. These are properties that belong to ventures known as

Triple-net-lease properties. For investors, these are nice deals, since the tenant is responsible for maintenance, insurance and taxes. The investor is relieved of almost all responsibilities, but check collection of monthly or lease payments. Most of these investment properties are purchased through investor-partnerships or individually.

A recent Wall Street Journal article by M.P. McQueen, estimated that triple-net-lease properties are generating annual returns of as much as 12%. Another route to take advantage of this market is through publicly traded real estate investment trusts (REIT) that concentrate on these kinds of properties. These investments returned 16.9% during the first quarter.

Conversely, if you are a

tenant, you need to be aware of the cost associated with triple-net-lease, as you are solely responsible for all costs associated with leasing the property. In this tepid market, you can negotiate almost everything, if you have the appropriate information and advise. For instance, instead of triple-net-lease, you can negotiate for net lease (pay for maintenance and taxes) or double-net lease (pay some of maintenance, tax, insurance), or even percentage lease (minimum rent, plus percentage of sales) or even graduated lease which exhibits several flavors to mention here.

If you are a prospective tenant especially in Northern California, there could not be a better time to negotiate for a new rental space for your business, check with your commercial broker or contact us.

Al Som-Any, MBA, Broker

Bill Extend Anti-deficiency Protection for Consumers

A California Senate bill SB 1178 will extend anti-deficiency protection for consumers who have refinanced their original mortgage loans and are now facing foreclosure. This bill was sponsored by California Association of Realtors, (CAR). By refinancing a mortgage loan,

consumers automatically lose a legal protection and may be personally liable for the difference between the value of their foreclosed property and the amount they owe. The lenders differentiate both mortgages by referring to the original loan to purchase the property as “purchase money

mortgage”, which limits liability to the property, as against “refinance mortgage”, which even if the homeowner initiated it to lower an interest rate, even if it did not increase the principal significantly is unprotected. The bill will force lenders to use consistent standard in both lending scenarios.

Al Som-Any

