

# SIMON SAYS

## THE FUNNY MONEY DAYS ARE BACK

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### ...Spring being a tough act to follow... ...God created June...

#### The Funny Money Days are Back

On this 30th day in June of 2014, we reflect on how the market for commercial real estate is as robust as ever. The friendly forum of freelance ideal exchanges continues post ICSC. Investors and property trading practitioners across the board share consensus that the current climate is both a buyer and seller's playground. Rock bottom rates are hovering at historical lows for buyers to plug and play out attractive debt. Lender liquidity continues to loosen. The paper-pushing and order taking days of 2006 are no more. Yet CRE lending is as robust as it has been post capital markets meltdown...turned liquidity crisis...turned credit crunch. CAP rate compression is coasting due to constrained inventory following sluggish expansion plans for retailers in recent years. Secondary and small town USA markets are benefitting from the feeding frenzy due to less core asset availability, capturing the attention of both institutional and private players. Short term net leased deals suddenly have intimate appeal for near term upside. Blend and Extend for the shorter term leases is the trend. Until treasuries begin to taper towards an eventual uptick, the optimized ability to perform dispositions is tailor made for the times. Sellers looking to sell at the top and move equity can redeploy into larger income streams, better credit, more stabilized lease



term, stronger markets, and less management intensive holdings. Overall, the market slightly favors sellers as equity positions are exponentially higher today in contrast to years trailing. Notwithstanding, the perfect storm is real.

#### What This Means to You:

Do not sideline yourself. Whether sell, buy, or refi. Make moves in a move making cycle. Unless holding strategies are a must, then restructuring loans could be the next avenue to ascertain and assess. No matter what the undertaking this cycle could be our best for years to come. Most importantly, be location focused, more so than decades past. Treat your retailers like customers. Trust your instincts and use common sense, lock in a good rate and stop overthinking the deal.

Welcome to Simon Says. While being in the day to day trenches I continue to realize we all share one common thread: we seek to learn daily and evolve our practice. Simon Says will share the latest on the pulse of the market from clients, developers, property managers, and all industry participants from REITs to Underwriters to private investors. The end objective is to better understand the market and what to expect from the market moving forward. The goal of Simon Says is to share knowledge.



**SIMON JONNA**

Executive Vice President

**“Let’s go invent tomorrow  
instead of worrying about what  
happened yesterday.”**

**-Steve Jobs**



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