

# SIMON SAYS

## THE HEARTLAND GATHERING

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9.22.2014

**... Take One In Chicago Complete...  
...Take Two in Two Weeks from Now...**

### The Heartland Gathering

Our team, known as The Jonna Group, places a concerted framework of focus on annual industry road shows. Routine ICSC events place us in Chicago, New York, and several others, to include the ReCon show in Vegas. Our recent trip to Chicago last Friday on September 19th entailed a company based road show, a gathering of roughly 20 M&M offices for the latest meet and greet roundup of market recap. This event is in advance of the upcoming ICSC Chicago Deal Making show in October. Following the continental breakfast the conference took shape with opening comments from the M&M president/CEO followed by the Chief Strategy Officer and subsequent interactive senior panels on the atmospheric climate of commercial real estate. The following anecdotal abridged version of the conference can be abstracted as follows:



- The U.S. is still the global standard for flight to safety in the investment arena
- An impressive recovery is progressively underway for housing/commercial real estate
- REITS are on the cutting edge of property operations/management capabilities; active buyers & developers
- The sensitivity factor for interest rates next year can affect REIT thresholds for aggressive offers/applied underwriting
- Commercial Real Estate is realizing steady gains; Yield profiles of 5-6% or better have attracted more investors
- Construction is limited -making way for increased occupancies & rising rental rates; Best time to sell assets at the top of their cycle
- The list of expanding retailers is quantifying as expansion is relatively strong and making more inroads
- Shopping center sales are up; Creating more CAP rate compression for power centers/stabilized strips with credit tenants
- Financing is fluid & fiercely competitive between commercial banks/ credit unions/life insurance companies/CMBS (subject to borrower needs)

### What This Means to You:

The Q4 season is a precursor to positioning your pipeline for the start of next year in Q1. Try to assess what deals are to be sold or acquired year end or alternatively in 2015 based on market metrics. The flurry of deal making is prevalent and the upcoming ICSC shows in both Chicago this October and New York this December are not to be missed if you plan to monetize your road-map to this modern day real estate renaissance.

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

*Someone is sitting in the shade today because someone planted a tree a long time ago.*

*-Warren Buffett*



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