

# Reflections on Real Estate

A Publication by Souza Realty & Development

Summer 2015

## Historic Property Rights Organization on Hiatus

by Jim Gwerder

Many of our readers remember the Contra Costa County Citizen's Land Alliance, a regional property rights group formed in the 1980's. Responding to multiple threats (including a proposed 20,000 acre reservoir acquisition project, a county-wide general plan update, a burgeoning environmental movement and associated regulations) a virtual who's who of landowners, ranchers and farmers from Martinez to Knightsen coalesced as a board of directors to educate, advocate and provide a voice for property owners in Contra Costa and surrounding areas. The goal of this

all-volunteer property rights watchdog organization was to influence decisions that could affect a large amount of land, and a small (compared to the population centers of the rest of the County) amount of honest, hard-working people.

For many years, Contra Costa County Citizen's Land Alliance (CCCCLA) held monthly board of director's meetings at Sylvia's Kitchen in Antioch. CCCCLA members were provided with newsletters, annual land use symposiums presenting guest speakers for pertinent issues and occasional political candidate forums, an annual bar-

beque/auction to meet and mingle with other CCCCLA members and elected officials, and special informational meetings for subjects that required immediate attention.

In an effort to affect public policy positively for property rights, CCCCLA directors became active on various county task forces, committees, and even the land trust created by Contra Costa County in the late 1990's. In addition, CCCCLA directors successfully participated in multijurisdictional planning efforts like various watershed plans, the

*see CCCCLA page 2*

## The CRE® 2015-16 Top Ten Issues Affecting Real Estate

by RealEstateRama

Demographic shifts – the impact of retiring Baby Boomers and the rise of the Millennial generation – will likely have the most significant impact on real estate near- and long-term, according to The Counselors of Real Estate®, which today released its official CRE® 2015-16 Top Ten Issues Affecting Real Estate, a list it compiles annually. Demographic shifts rose to the top of this year's list because of the sheer numbers of people and transactions involved in the evolving needs of both groups in coming years, and the far-reaching effect these will have on real estate across all sectors.

The announcement was made by Noah D. Shlaes, CRE, 2015 chair of The Counselors of Real Estate® — the invitation-only professional association for the industry's leading real estate advisors — during the opening address at

the National Association of Real Estate Editors (NAREE) conference in Miami. Mr. Shlaes is senior managing director, Global Corporate Services, Newmark Grubb Knight Frank.

Many of the issues on this year's list have strong interrelationships and affect multiple property sectors. Excess capital supply – funds largely flowing into U.S. real estate purchases from foreign institutional and private investors, and rising interest rates – which greatly impact activity in both the commercial and residential financing sectors, were ranked second and third on the list.

“This list reflects a higher degree of economic uncertainty than in years past,” Mr. Shlaes said. “Anticipation of rising interest rates, continued currency devaluation, and excess capital flowing into the United States are all on the

minds of our membership. Combine this with a growing wage gap and major changes in demographics, and we've got a lot to think about this year.”

The Counselors of Real Estate® organization is known for thought leadership, extraordinary professional reach (more than 50 real estate specialties are represented by its member experts) and objective identification of the issues and trends most likely to impact real estate now and in the future.

### THE CRE 2015-16 TOP TEN ISSUES AFFECTING REAL ESTATE

1. Demographic Shifts: Two key groups – large numbers of retiring “Baby Boomers” (born between 1946 –1964), and the next large population wave, the

*see Top Ten Issues page 3*

**CCCCLA continued**

Alameda-Contra Costa Biodiversity Working Group East County Pilot Study from the mid to late 1990's, and the East Contra Costa County Habitat Conservation Plan/ Natural Communities Conservation Plan formation hearings and planning process from the late 1990's through 2007.

The advocacy aspect of CCCCLA was achieved through meetings with decision makers from county ag commissioners to Members of Congress. In addition CCCCLA provided written comment and testimony on a multitude of local, county, regional, state and federal issues from local proposed "agricultural preserve" designations to state and federal endangered species habitat designations. There were many times that CCCCLA rallied its members to "pack the hearing chambers" and provide government leaders another voice to help with their decisions.

Finally, CCCCLA directors provided direct advice and support to property owners in surrounding counties who were struggling to find a voice. As a result of this help, new and separate citizens land alliances were formed in both San Joaquin

and Solano Counties. One of the founding directors of San Joaquin County CLA (Richard Pombo) was elected to the United States Congress on a strong property rights platform.

CCCCLA did not endorse candidates or development projects. The board and members were from various political affiliations but the concept of constitutional property rights surpassed these boundaries so the organization remained active for much longer than the original coalescing issues.

A recent conversation with CCCCLA President Mike Vukelich indicated that the CCCCLA phone has not been ringing lately. It appears the time has come for CCCCLA to take a break. After serving as the secretary of the organization from 1989 through 2007, and on the board of directors since then, I am grateful for all of the good work CCCCLA was able to do and all of the relationships formed throughout the process. I am confident that if the need arises, CCCCLA will rise again.

*The original founding members of CCCCLA include Tony and Mike Souza. Mike Glazzy and Jim Gwerder are both long time-CCCCLA board members as well.*



*Reflections on Real Estate* is a publication by Souza Realty & Development. SR&D is a family-run real estate firm specializing in development, development consulting, land and commercial brokerage, and land valuation.

**PRESIDENT**

*Anthony F. Souza, CRE, FRICS*

**VICE PRESIDENT, DEVELOPMENT**

*A. Michael Souza, CRE, ALC*

**CHIEF FINANCIAL OFFICER**

*Jerrold Z. Schluer*

**VICE PRESIDENT, CONSULTING**

*James A. Gwerder*

**AG & COMMERCIAL BROKERAGE**

*Michael S. Glazzy*

**EXECUTIVE SUITES MANAGER**

*Lisa M. Cox*

**CONTROLLER**

*Pamela A. Tourtillott*

©2015

Souza Realty & Development  
105 East Tenth Street  
Tracy, CA 95376-4003  
Tel: (209) 835-8330  
Fax: (209) 832-8355  
www.souzard.com

# Recent Land & Ranch Sales

ALAMEDA CO.			CONTRA COSTA CO.		
AC.	PRICE		AC.	PRICE	
Cull Canyon Rd., Castro Valley	8.15	140,000	2210 Hoffman Ln., Byron	12.28	1,600,000
Sunnyslope Ave., Castro Valley	11.28	710,000	775 Silver Hills Dr., Brentwood	12.80	1,680,000
837 Kalthoff Common, Livermore	18.01	3,800,000	4500 Sellers Ave., Brentwood	13.25	900,000
1944 Three Oaks Dr., Pleasanton	20.00	1,200,000	4301 Willow Rd., Bethel Island	15.00	490,000
Vargas Rd., Fremont	20.03	1,110,000	775 Rancho La Boca Rd., Martinez	21.00	2,700,000
Crow Cyn Rd., Castro Valley	22.86	650,000	3500 Orwood Rd., Brentwood	21.00	605,000
3300 Dyer Rd., Livermore	29.25	903,000	5801 Bethel Island Rd., Oakley	25.25	180,000
Churchill Downs Ln., Livermore	36.00	5,000,000	825 Wirthman Ln., Clayton	41.04	530,000
7825 Crow Cyn Rd., Castro Valley	86.70	995,000	McClarren Rd., Brentwood	42.24	24,500,000
15282 Cull Cyn Rd., Castro Valley	100.02	2,400,000	5050 Alhambra Vly Rd., Martinez	44.37	525,100
Altamont Pass Rd., Livermore	110.70	262,500	Midland Dr., Danville	112.03	6,500,000
25226 Palomares Rd., Castro Vly	110.89	1,160,000	Morgan Territory Rd., Clayton	260.02	1,950,000
N. Livermore Ave., Livermore	142.38	2,500,000	<b>SANTA CLARA CO.</b>		
Kelso Rd., Livermore	152.70	2,000,000	16000 Del Puerto Cyn Rd.	41.39	53,500
Patterson Rass Rd., Livermore	155.76	1,200,000	52005 Mines Rd.	196.40	285,000
9782 S. Flynn Rd., Livermore	166.08	2,700,000	<b>STANISLAUS CO.</b>		
<b>CONTRA COSTA CO.</b>			13025 Del Puerto Cyn Rd.	93.20	270,000
Knox Rd., Lafayette	4.22	725,000	<b>TRACY AREA</b>		
Bragdon Way, Clayton	5.01	220,000	1700 E. Pescadero Ave.	19.46	2,100,000
2415 Diablo Lakes Ln., Diablo	5.04	1,000,000	26722 S. Hansen Rd.	37.47	488,000
160 Cunha Dr., Brentwood	6.58	650,000	31850 S. Chrisman Rd.	42.37	840,000
700 Silver Hills Dr., Byron	10.00	450,000	28201 S. Banta Rd.	44.21	975,000
Sunset Rd., Knightsen	10.14	295,000	33707 S. Koster Rd.	65.50	2,433,500
4310 Knightsen Ave., Oakley	10.29	250,000	26301 S. Hansen Rd.	67.04	2,275,000
1205 Taylor Rd., Bethel Island	10.44	366,000	W. 11th St. & Lammers Rd.	95.33	7,500,000
2450 Tule Ln., Oakley	10.73	410,000	Mountain House Pkwy	193.02	7,000,000
5280 Aspen Rd., Oakley	12.24	370,000	Von Sosten Rd. & I-205	661.71	17,250,000

During the April-through-June 2015 period, San Joaquin County's median-priced home of nearly \$286,000 was affordable to only 37 percent of county households, down from 39 percent in the first three months of the year and 40 percent in spring of 2014. A household income of \$52,550 was needed to afford the monthly payment of \$1,440, including taxes and insurance, on the median home.

*California Association of Realtors*

# Available Properties



**±1,425 SQ. FT. TURNKEY MEDICAL SUITE FOR LEASE**  
**1530 BESSIE AVENUE SUITE 105, TRACY**  
**\$3,000/MONTH GROSS**  
**INCLUDES FOUR EXAM ROOMS WITH SINKS; NEAR TRACY HOSPITAL**



**±3,514 SQ. FT. OF INDUSTRIAL SPACE FOR SUBLEASE**  
**4100 COMMERCIAL DRIVE SUITE A, TRACY**  
**\$0.65/SQ. FT. GROSS**  
**INCLUDES ±900 SQ. FT. OF OFFICE SPACE; ONE ROLLUP DOOR**



**±158 ACRES OF RANCH LAND FOR SALE**  
**16980 TESLA ROAD, LIVERMORE**  
**\$495,000**  
**ACROSS THE STREET FROM CARNEGIE SVRA; IN WILLIAMSON ACT**



**±181 ACRES OF RANCH LAND FOR SALE**  
**MARCIEL ROAD, LIVERMORE**  
**\$1,400,000**  
**ROLLING PASTURE NEAR DANVILLE & SAN RAMON; IN WILLIAMSON ACT**

## Top Ten Issues continued

Millennials (born between 1980 – 2000) — will have the greatest impact on real estate through the lifestyles they choose in coming years. This casts a spotlight on housing in all its forms: for seniors, the homes in which they choose to age-in-place, downsized homes, senior communities or assisted living; for Millennials, the decision to buy or postpone buying, and location most often being driven by amenities, such as urban walkable communities. The real estate and service sectors targeting each group are adapting, too – medical facilities, retail, office and entertainment venues, to name a few; as well as infrastructure and distribution. Overall, demographic shifts will drive decisions across virtually all real estate sectors this year and for the foreseeable

future.

2. Excess Capital Supply: Funds continue to flow from outside the U.S. to purchase U.S. real estate. The supply is driven by economies that have high savings rates, a shortage of mature financial markets and few safe assets. The investment rate is approaching record highs, presenting the potential for pressure on investments in the future. While investment in major cities continues, some non-gateway and edge cities are also experiencing higher levels of investment. Multifamily continues to be very attractive, but investment is not limited to commercial property — residential investment is on the rise, as another form of the secure, transparent asset class that makes U.S. real estate particularly attractive to investors across the globe.

3. Rising Interest Rates: Interest rates

have been at near-historic lows – and the general view is that they will stay that way, for a while longer. But savvy investors and homebuyers alike are preparing for rising rates. When it happens, it will devalue future cash flows, thereby devaluing assets. An interest rate rise could spur short-term commercial development and slow home sales. Rising rates will cause higher mortgage payments, thereby decreasing homebuyers' choices. But if Millennials jump in and buy before interest rates rise too far, it could create a second wind for the residential market.

*In this issue of Reflections on Real Estate we've explored three of the top ten issues affecting real estate. In subsequent issues, we will explore the remaining seven.*

*Tony and Mike Souza are members of The Counselors of Real Estate®. Tony was Chairman of the Board for the organization in 2007.*

**SPECIALIZING IN**

- Farms & Ranches
- Transitional Land
- Commercial
- Industrial
- Development
- Consulting
- Valuation

We are converting our news-  
letter to an electronic-only  
format. Please send an email  
to [mglazzy@souzard.com](mailto:mglazzy@souzard.com) or  
call (209) 835-8330 to receive  
it by email. Thank you!

## Interest Rates

By Rich Davidson

With China's recent move to weaken its currency, US Government bonds have been rallying and the 10 year treasury is trading at the lowest level since May 29th (yields fall as prices rise). Since inflation fears have been reduced with the uncertain global outlook, longer term treasuries look more attractive to investors.

All of our lenders continue to show active interest in making new loans and there remains a lot of liquidity in the lending market. Our correspondent life insurance companies remain quite active and are best suited to fixed rate deals for 10 years and longer. They typically price their loans over the corresponding US Treasury and typically lock the rate at application. Our correspondent CMBS lenders remain very active as well and they are pricing over the 10 year Swaps. However, the recent

volatility in the global markets, as well as recent reaction from B piece buyers, have caused a widening in the spreads they are currently quoting.

Please call if I can be of any assistance or answer any questions.

### RECENT CLOSINGS

- \$6 million Multi-property Pooled

- Loan (Sacramento)
- \$2.6 million Industrial (Sacramento)
- \$2.4 million Retail (East Bay)

*Richard E. Davidson, Director  
Barry S. Slatt Mortgage Company  
Burlingame, CA  
Tel 650-342-6755 x 214  
[rdavidson@slatt.com](mailto:rdavidson@slatt.com)  
[www.slatt.com](http://www.slatt.com)*

### KEY INTEREST RATES & INDICES August 11, 2015

INDEX	CURRENT RATE	5 MONTH CHANGE	NOTES
Bank Prime	3.25%	None	
1 Yr. Treasury	0.37%	+0.10%	
5 Yr. Treasury	1.53%	+0.05%	
10 Yr. Treasury	2.15%	+0.17%	
30 Yr. Treasury	2.81%	+0.27%	
LIBOR (1 Mo.)	0.19%	+0.02%	
LIBOR (6 Mo.)	0.49%	+0.11%	
LIBOR (1 Yr.)	0.83%	+0.15%	
Mortgage WSJ	3.95%	+0.02%	30 year fixed rate
Jumbo WSJ	4.37%	-0.05%	
12 Month Treasury Average	0.20%	+0.06%	T average
11th District Cost of Funds	0.66%	-0.04%	Fund Cost
Federal Funds Rate	0.25%	None	
Dow Jones Industrial Avg.	17,403	-2.36% YTD	
Gold \$/oz	1,108	-6.44% YTD	
Euro	\$1.10	\$ up 10% YTD	
Crude Oil \$/barrel	43.08	-19% YTD	