

## Preparing to Obtain a Commercial Loan

I am often asked by clients who are interested in purchasing a commercial property where they should start. I advise them to discuss any tax and financial implications with their accountant. The next step would be to work with a lender to determine the price point they can afford for a commercial purchase. The commercial loan requirements and process are much more stringent than a residential loan. I always warn my clients: if you think they have asked for everything but your first-born child, just wait - it may be coming!

Choosing a lender is important, and they can offer different programs, incentives, and rates. I typically suggest having initial discussions with a few lenders to figure out which one will be the best fit, provide the best terms, and is most responsive and helpful.

The next step would be submitting them your financial package. Some lenders request more initially than others. However, most lenders will need the following:

- Year to date company financial statements. This is typically a profit and loss statement and balance sheet.
- Last year's company financial statements if taxes have not been completed.
- Last 3 years of filed company tax returns.
- Last 3 years of personal filed tax returns.
- Last 6 months of company bank statements.
- Completed lender applications.

Once these are submitted to the lender, it will take them a week or so to review the information. They may come back with questions, especially if there was a significant change in your finances during any of the last three years. They would likely ask for a written explanation for that change.

## In This Issue

- Preparing to Obtain a Commercial Loan
- Industrial Real Estate is at Record Level Activity
- New Listing for Sale! Office Building in Sierra Madre

They may come back asking for additional information. One example would be if you own other companies or entities.

After that initial review has been completed, the lender should be able to give you an indication of the maximum price point you should purchase within. They can typically provide a letter of intent or sometimes called a letter of interest which would be submitted with a purchase offer on a building.

This will help your commercial Broker to find the right property in your price range to complete a successful purchase. If you have any questions on this process, please feel free to contact me at 626-358-8287.

**Current SBA 504  
Effective Rate for  
August 2021 is 2.59-2.86%**

## Industrial Real Estate is at Record Level Activity

The industrial real estate market in Los Angeles is the strongest in the country. This is mainly due to the two busiest ports in the country- Los Angeles and Long Beach. The Port of Los Angeles reported that between June 2020 and June 2021, it broke eight monthly records and experienced the top four individual months in its 114-year history. Import volumes for the first six months of the year were up 42.6% compared to the same time last year. This was due to a rise in e-commerce and consumer spending. However, it is causing issues with the ports

Struggling to keep up with the demand and the limited industrial supply throughout Los Angeles and the Inland Empire. The vacancy rate throughout Los Angeles is less than one percent in many areas of the large region. The Inland Empire is failing to meet the demand as well. Most of the activity in Quarter 2 has been lease renewals and investment purchases. The average rents have gone up dramatically increasing by twelve percent year over year in Quarter 2 of 2021. We do not see signs of this changing soon with consumer demand at a high and

Businesses are struggling to have enough stock on hand, deal with shipping delays and increased costs of shipping and logistics. Due to the demand for Asian imported goods, eastbound transpacific shipping rates have skyrocketed, creating a strong incentive for ocean carriers to refresh Asia's supply of empty shipping containers. California's non-manufactured goods shipments rose by almost twenty-three percent in the first half of 2021.

Source: Bisnow August 8, 2021 and Commercial Connect

### Office Building in Sierra Madre



321-331 W Sierra Madre Blvd.



Approx. 7,838 SF free-standing office building with bonus 1,368 SF basement not included in the square footage. Ample onsite parking- possible for medical, retail, general office or flex uses.

Open floor plan with a small and large conference room, 3 private offices, mezzanine area, restrooms on the first and second floor, kitchen and break room.

Excellent natural light throughout, exposed brick and attractive front façade. Located in the heart of town!

Excellent owner/user opportunity. Occupy 51% with SBA and lease out remainder for income. Take advantage of SBA incentives expiring 9/30.

*Linda Vidov (CA Broker Lic. #1715788)*

Linda specializes in commercial and industrial sales and leasing throughout the San Gabriel Valley. She has extensive knowledge in 1031 exchange transactions, investment opportunities, and market analysis. Feel free to contact Linda with any questions or requests for information.

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