

## Protecting Your Commercial Property Investment

Purchasing a commercial property is a substantial undertaking, especially if it is your first purchase. It is important to protect that investment from liability that can occur with commercial properties. This is the case whether you occupy the property yourself or lease it to a commercial tenant.

The title the property is kept under is important. Many people put it under their corporation, especially if they are running their business from it. However, this puts the property under the liability of the corporate business operations. If the company were to be sued, the judgment could go against the building. Therefore, most of my clients' accountants recommend they open a new Limited Liability Partnership (LLC). This is an entity that is filed with the State of California and is a more protective separate entity you can put the title under so that it is not subject to the liability of your company or under your personal name. This does require you to file a separate tax return for this entity and requires a minimum \$800 per year tax with the state. However, it gives you diversification of your assets and helps to keep the property from liability.

If you occupy the property for your business, you would then create a lease from your LLC to the corporation and pay the rent between the entities. This can also provide additional tax benefits which you should discuss with your accountant. If you lease the property to a tenant, you want to ensure the tenant has a liability insurance policy to insure their business operations and business/personal property inside the premises. It is important that the tenant lists the entity you hold title under as additionally insured. Furthermore, you should receive renewals for the insurance annually to let you know the policy is renewed for another year.

### In This Issue

- Protecting Your Commercial Property Investment
- First Quarter 2022 Market Overview
- New Listing for Sale in Los Angeles

It is important to revisit your insurance policy if you have made any upgrades or changes to your property. You want to ensure the insured value is sufficient if there was damage or destruction in order to be able to reconstruct the property. Also, remodels can help the insurance policy to be more affordable if plumbing, electrical, HVAC or the roof was upgraded or replaced within the last five years. Adding a fire alarm, security systems and cameras can also help the insurance cost because it reduces the potential for theft.

It is important to consult your accountant or lawyer for financial and legal matters pertaining to your property. Please feel free to contact me if you have any questions on the commercial market and value of your property at 626-358-8287 or [Linda@TopComRealty.com](mailto:Linda@TopComRealty.com).

**Effective Rate for SBA 504 For  
May 2022 is 4.922-5.13%**

## First Quarter 2022 Market Overview

The vacancy rate for the greater Los Angeles Industrial market has plummeted further to only about 0.5 percent in the first quarter. The average asking rent has increased an estimated twenty percent at \$1.38 per square foot (PSF) on a NNN basis. There is currently just over 40 million square feet under construction.

In the San Gabriel Valley, the industrial vacancy rate dropped to 0.6 per cent in the first quarter. The average asking rent increased to \$1.41 PSF on a NNN basis. There is

Currently just under 2.5 million square feet under construction. A large development site in Irwindale that is underway dramatically increased that figure from previous quarters.

The vacancy rate for the greater Los Angeles office market held steady at 19 percent. Leasing activity is beginning to increase mainly fueled by media, tech, entertainment and social media companies. Lease rates have not seen a dramatic decrease, as landlords have favored providing other incentives such as

Tenant improvements, rent abatement or a combination thereof.

The San Gabriel Valley office market has seen a slight decrease in the vacancy rate from the fourteen percent range down to about eleven percent. The average rate for class A space is estimated at \$2.75 PSF and \$2.36 PSF for class B space. Creative space with open floor plans have been the preference in the market and many older office spaces are getting reinvented to meet the demand.

Source: CoStar newsletter and LA Business Journal April 25, 2022

### New Listing for Sale!



3401 E. Olympic Blvd Los Angeles, CA

3,464 SF free-standing industrial building on a corner location with good visibility- First time on the market!

One 10'x10' partial dock high door on the west side of the building and double-wide 20'x12' grade-level loading door in the rear of the building.

Large parking lot in the back of the building with ample parking.

Clear height 13', foil insulation, skylights with security bars and HVAC distributed in warehouse area.

Excellent owner/user opportunity. Take advantage of low SBA rates with only 10-15% down payment.

*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.



**Top Commercial Realty**

100 W. Lemon Ave Suite 101 Monrovia, CA 91016  
O: 626.358.8287 C: 626.399.3715 F: 626.605.5003

E-Mail: [Linda@TopComRealty.com](mailto:Linda@TopComRealty.com) • [www.TopComRealty.com](http://www.TopComRealty.com)