

Inflation and Interest Rates

Common conversations these days among friends and business associates are the rising interest rates, high inflation rates and increased costs on goods and services. Inflation is over eight percent higher than last year. This has caused the interest rates to increase substantially especially the last two Fed meetings which raised the rates by 0.75% each meeting. Gas prices have increased to over \$6 per gallon in the Los Angeles area. In September we also saw the labor market slow down.

The World Trade Organization (WTO) has seen a reduction in trade. This decrease signals weakening demand which may help bring down price pressures by unblocking supply chains and reducing transport costs. It also means there is an increased risk that the global economy will contract. The WTO has also reduced its forecast for global economic growth in 2023 from 3.3% to 2.3%. This could further decrease if the Feds continue to increase interest rates so sharply.

This has resulted in a shift from container ships sitting off the coast waiting and backlogged to empty containers and canceled shipments. In October, Trans-Pacific shipping rates have plummeted roughly 75% from levels one year ago. The transportation industry is dealing with weaker demand as big retailers cancel orders with vendors and step-up efforts to cut inventories. Many retailers are sitting on excess inventory which they will have to sell at mark-downs.

“In the first week of October, one-third of previously announced capacity will be blanked and for the second week, it will be around half,” said Peter Sand, chief analyst at Xeneta, a company that covers ocean freight rate data analysis. “The downturn pace in recent weeks

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has been very fast and it looks like carriers misread the low volumes of a nonexistent peak season.”

Due to inflation continuing to remain high, experts forecast that the Fed will raise interest rates again at their next meeting another 0.75%. This is expected to continue to slow down the real estate market and reduce prices. This can be a great opportunity for buyers looking to take advantage of lower prices.

If you have questions on current market conditions, please feel free to contact me at 626-358-8287 or by email Linda@TopComRealty.com

Source: Wall Street Journal and CoStar Newsletter

**Effective Rate for SBA 504 For
October 2022 is 5.598-6.457%**

Business and Commercial Property Incentive Opportunities

The end of the year approaching can be a great time to evaluate ways to make your business and commercial property run more efficiently. Tax season approaching shortly thereafter is a good incentive to determine any cost-cutting strategies or improvements needed that could benefit your business and reduce your taxes.

Many utility companies, whether through a local municipality or private sector, offer incentives to upgrade lighting to LED as part of an energy conservation program.

This can reduce your electricity bill substantially each month. In addition, some cities offer programs to replace plumbing, such as toilets, to reduce water usage. They also offer turf replacement or changing the landscaping to drought-tolerant plants in exchange for a rebate towards the cost. These programs can be found by visiting your city's website or contacting its community development department.

Many cities have been allocated funds to assist businesses with employment opportunities and growth.

You can apply for business grants through the city that can be earmarked for improvements made to your business or commercial property, hiring more employees, credit toward permit costs with the city, etc. Your business must be located within that city typically, and you have to apply and provide required documentation. You can check availability of these programs by visiting your city's website or contacting the community development department. Many of our local cities and utility companies here in the San Gabriel Valley offer these programs and incentives.

New Listing for Sale!



9866 6th Street Rancho Cucamonga, CA

10,598 square foot free-standing industrial building situated on over 32K square feet of land.

Constructed in 2007 with minimum 22-foot clear height, dock loading with 2 positions, grade level loading, fenced yard, GSM rated sprinklers and skylights.

Two story offices with 2,558 SF with abundant natural light. Reception, private office, kitchenette, 2 restrooms with multiple stalls.

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

Call for more information and pricing.

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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