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Commercial Real Estate Notebook

A group of large commercial real estate firms, including landlords and property managers, have decided that if the city of Ontario wins, all these companies win.

With that in mind, they have banded together to form OntarioHQ. Companies, including some that might ordinarily compete to get the same prospective tenant to move to their office building, will be working together to convince this tenant to move to any Ontario office building. Ontario is the largest center for office properties in Inland Southern California.

The OntarioHQ roster includes CIP Real Estate/Guggenheim Real Estate, RREEF, Transwestern, The Hileman Co./Pacific Coast Capital Partners and Unire Real Estate Group.

Ontario has a confluence of major freeways, an airport and some of the best shopping options in San Bernardino and Riverside counties. It also is a city with a proven track record for supporting businesses. All of the above will be part of the pitches OntarioHQ will be making. It sounds a lot like a very specialized, very focused chamber of commerce.

Prospective office tenants who are looking for a spacious office, three minutes from a major airport, five minutes from Ontario Mills and offering a great, sixth-floor view of Mount Baldy can log on to OntarioHQ.com.

DCT Industrial Trust, a Denver-based commercial real estate firm that has acquired several Inland properties this year, recently bought a 67,000-square-foot building in on Colombard Court in Fontana for \$4.5 million.

In a statement, DCT said that the deal makes sense for them. For one thing, the purchase price is an estimated 25 percent less than what the company estimates the replacement cost of the distribution center would be. That means that if DCT had a new building that size built, it would cost about \$5.5 million.

It's also 100 percent leased to a single tenant. So, in the first year of DCT's ownership it will generate a 7.9 percent cash yield and a positive number for a landlord. These days a property that is already generating is a big plus.

DCT's Southern California industrial portfolio is now up to 22 buildings and 4.5 million square feet.

For the better part of a year, experts have been suggesting that the people who took out loans to build commercial properties would run into delinquency problems.

The California Mortgage Bankers Association has information that supports that. The group's quarterly report found that delinquencies have doubled over the last quarter. In April, May and June, 1.26 percent of loans had problems that involved being two or more payments behind.

In the first quarter 0.63 percent of loans were delinquent, and in the second quarter of 2009 it was 0.26 percent.

The CMBA survey covers 16 companies and includes some \$53.7 billion in properties.

There are a total of 27 delinquent commercial real estate loans out there, but three of them, totaling more than \$347 million, account for more than half of the delinquent amount. One of them is a retail property in Riverside County that is carrying a \$178 million loans. The other two are offices, in Orange and Alameda counties.

Commercial real estate firm Voit Real Estate Services will add a quarterly report on Inland Southern California office activity to its list of reports, according to a statement.

Voit currently releases numerous quarterly market updates, including one on the Inland industrial market. It is also beefing up its coverage of several other markets, including Phoenix, Sacramento and central Los Angeles.

Other commercial property firms that issue quarterly reports on the Inland area are Grubb & Ellis and Colliers International, and both are considered fairly authoritative.

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