

Hoff & Leigh's Weekend Market Report

Hoff & Leigh, Inc.

Leasing, Sales, Management, Buyer or Tenant Representation
4445 Northpark Drive, Suite 200
Colorado Springs, CO USA 80907
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All Market Average Office Building Sale Price PSF = \$102.20

We are currently tracking 91 office buildings for sale.
This is 883,196 square feet, which represents a total market value of \$90,262,414.

All Market Average Industrial Building Sale Price PSF = \$100.58

We are currently tracking 62 industrial buildings for sale.
This is 776,103 square feet, which represents a total market value of \$78,058,156.

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Tim's Market Report

I had coffee with Mr. Bad Banker again this past week; you know the one – last week he told me “it was certainly the end of the earth”. Why I met with him again, I’ll never know. I guess I’m a glutton for punishment. He reiterated his belief to me this week when he said, in his quiet but commanding & condescending voice, “The big houses (then I wondered who the “big houses” were) said that we should expect a 5 year time-line to recovery. The smart money is bailing-out of commercial real estate for the foreseeable future unless they’re very patient.” Fiddlesticks!

I’ll grant that the big houses (the big boys; the big shots;) may feel that way, and in fact, institutional-grade investment property may have a long time to recovery, but “our forte is local folk” and I’m here to tell-ya, that while the local market’s not robust, it ain’t the end of the earth.

And to my point, I was asked to provide some advice to a friend who is considering buying property on a multi-generational basis for a large non-profit. She wanted to know if we were at the bottom of the market or “should they wait-to-buy?” “Dang”, I thought, “If your time-line’s 100 years, who cares?” It seems to me that the people who care about micro-managing the market are traders and speculators; not investors who have well located property situated to weather-the-storm.

I told her, “A smart guy once told me that all real estate transactions happen because of 1) fear or; 2) greed.” Want to tell where the market is? How do you feel? How you feel will tell you exactly where the market is. Afraid it’s going to go down? Then you’re a Seller. Greedy that you’re missing the bus? Then you’re a buyer. Like most stuff in life, it’s that simple.

Then I got the latest information from the assessor’s office. According to their report, 18 commercial buildings sold in February. Their combined square feet were 382,144 and they had a total value of \$20,799,200. That’s an average sale per building of \$1,155,511. In those sales were 3 of those “institutional-type” sales that aren’t supposed to happen for 5 years. Hmm

Now, most of you know that our company cut-its-teeth on, and does more deals in Class B & C buildings than our competitors. We currently enjoy about a 36% market share in our space – I know; thank you! That’d be called, “There ain’t no magic at 4:00 o’clock in the morning!” (4:00 o’clock is where you find hard work & elbow grease!) We’re the guys who handle the bottom 80% of the market. So, as I noodled over the assessor’s numbers, I did a little calculating of my own. If you take away the 3 institutional sales, the story’s dramatically different. In reality, “our market” sold 15 buildings totaling 61,585 square feet in February. Their total sales value was \$10,499,200 (about ½ the assessor’s reported total), which is an average price per building of \$699,946. Hmm . . .

So, how’s the market? One answer comes from Virgil McCormick who always told me, “Figures lie & liars figure.” How’s the market? What numbers do you want to believe? Are you fearful or greedy?

And from the candidate’s desk; last week was a whirl. I’ve continued my process of meeting individuals & small groups; so if you or your small group would like to meet to “discuss the issues” let me know. I started asking for support and campaign contributions. (Unfortunately, it’ll cost a lot to run this campaign and yes, it’s OK to say you support my candidacy and it’s OK to send contributions! You can go to www.TimforMayor.com to learn more.

I met several folks from around the state including the Executive Director of the Colorado Municipal League (Sam Mamet) and Mayor Hutchinson from Ft. Collins. Seems like common sense that our city should be linked with like-minded folks up and down the front-range. That linkage can create unexplored opportunities for collaborative cultural and business ventures which could cost little and provide great benefit. Over the course of the next several weeks, I hope to meet Pueblo’s, and other leaders along the lower Arkansas River Valley with whom we share many common interests.

I received a short-course in Budgeting for Outcomes. That we don’t seem to do this now seems a little nutty. I’ve read that currently, our process is “input budgeting” where we add-up all the wants and desires of each department and then try to raise revenue to pay for everything. That process produced an expected \$33,000,000 shortfall in the next budget cycle and leads to the idea of tax increases; and I learned that we have

(approximately) a \$50 million unfunded health insurance liability for retirees and I learned that we have (approximately) a \$65 million unfunded retirement liability. I learned about article XI of the city charter, paragraph 11-30, which states “All municipal elections shall be non-partisan.”

And I was asked several times last week to make campaign promises. So finally, succumbing to your requests, in typical politician-style, here you go: “If elected, I promise to do the following 3 things: 1) conduct the symphony; 2) be the Grand Marshal in a parade; and 3) learn to line-dance!” Frankly, that’s about the best I can do with a straight face.

Seriously, it’s my contention that one of our problems is we expect too much from our elected leaders. “Honest” elected leaders don’t have wands sufficiently filled with magic to solve individual problems. We should expect our leaders to lead; we should expect our leaders to ask big questions, think big thoughts and lead the bureaucracy out of the way so the invisible hand of Adam Smith can do what it does. That’s the only magic we need. Oh, and maybe some of that stuff you get at 4:00 o’clock in the morning.

Have a profitable week.

Tim Leigh

Tim Leigh
Hoff & Leigh Commercial Real Estate