



BOOTS ON THE GROUND

The InvestCore team has just returned from the annual International Council of Shopping Centers (ICSC) Texas Conference & Deal Making event in Dallas, where the overall atmosphere was encouraging, however the cold, wet weather put a damper on our ICSC planned Top Golf outing. With approx. 4,250 attendees roaming the halls at the Kay Baily Hutchinson Convention Center, the day and a half conference was quite busy for those of us who were scheduling micro-meetings at the regional deal making event. InvestCore spent time visiting with local developers, driving future development sites and talking with tenants about their 2018 expansion plans.

Our takeaway: Most are cautiously optimistic about the immediate future. Retail brick and mortar isn't dying, it's evolving. Tenants are hyper-focused on growing strategically. Investors are increasingly cautious and most are seeking internet-resistant tenant(s).

The Front Lines

Management heavy apartment owners look to lighten their load and convert to triple nets

High housing prices in the west continue to influence people to rent versus own, driving down multi-family vacancy rates. With new construction lagging, a simple lesson in supply and demand will tell you that landlords are in the driver's seat. Stable income, low vacancy and forecast rent growth are keeping the multi-family capitalization rates at historically low levels. Many landlords, especially those who profited from the incredible appreciation seen here in California over the past 30 years, are finding that at this stage of their life they would prefer passive income over active management. The appeal of "Mailbox Money" via triple net investment versus the midnight calls about leaky toilets has been keeping us busy. Even with low cap rates in the retail NNN market, many owners benefit from income growth because of the difference between multi-family and retail cap rates.

We have several clients in various stages of their 1031 Exchanges. If you have been considering a sale or have an off-market opportunity, please contact us to discuss further.

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News You Can Use

A few fun facts you can share at the dinner table

- ➔ Dunkin' Donuts continues its west coast expansion with a new multi-store development agreement for nine new Northern California locations.
- ➔ Walgreens has announced that it will be closing 600 stores as it completes a \$4.38 billion deal to buy nearly 2,000 from rival Rite Aid. Many of these store closings will begin next spring and be completed over an 18-month period.
- ➔ Arby's has signed a new development agreement to build 25 new restaurants in the Chicagoland area over the next five years.

Tenant Profile: Whataburger



It's only appropriate that we highlight Whataburger this month since we're just returning from Texas.

- ➔ *The regional cult favorite operates 806 stores serving casual breakfast, lunch and dinners, along with late night eats for those who may have been overserved at their local watering hole.*
- ➔ *26% of customers visit once every 2-3 weeks, 10% once a week and 3% go more than once a week. **
- ➔ *Fun facts: You can buy their spicy ketchup or a bundle of all their sauces from their website. They also just released a 30-ounce themed Yeti Tumbler just in time for Christmas.*

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A Few 2017 Sales

Flowood, MS	\$1,675,000	4.78% Cap Rate
Humble, TX	\$1,825,000	4.65% Cap Rate
San Antonio, TX	\$1,813,333	4.55% Cap Rate

Enjoy your holidays, we'll be in touch next year.

Eddie & Mike