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MEMBER PROFILE

Member Profile: Curtis-Rosenthal, Inc.



Each month we like to catch up with one of our members and discuss a few of the hot topics in their corner of the real estate finance industry. This month, we had an opportunity to chat with **David Rosenthal** at Curtis-Rosenthal, Inc. one of the California MBA's commercial/multi-family-focused Associate member companies!



David Rosenthal,
MAI, FRICS,
President & CEO

About Curtis-Rosenthal, Inc.:

The management and professional staff of CURTIS-ROSENTHAL, Inc. have a wide range of expertise in the valuation and analysis of most property types. We also offer specialized expertise in many areas.

With offices in Southern and Northern California, and licensed appraisers in the states of California, Arizona and Nevada, we regularly perform appraisals locally and regionally.

California MBA: What will commercial real estate prices look like in 12 months?

Rosenthal: Future CRE prices will be a function of many factors including the status of the US and global economies, availability of capital, and interest rates. The current economic expansion, which began in June 2009, is now in its 84th month, making it

the fourth longest expansion on record according to the National Bureau of Economic Research. If the current expansion continues for another three years, it will become the longest expansion in US history. Goldman Sachs, Morgan Stanley and others predict the economy will continue to grow, albeit slowly, for the next two to four years. This is of course barring any unforeseen shocks to the system. If the economy continues to grow, and interest rates stay slow, then CRE prices could continue to grow as well, although likely at a slower pace than seen in recent years.

California MBA: What's the biggest threat to the market right now?

Rosenthal: There are a number of potential market concerns to keep an eye on in the months ahead. Some market participants have a growing fear of a looming market turnaround, despite economic fundamentals that say otherwise. The unstable political landscape in this contentious election year is not helping matters. New banking regulations have destabilized the CMBS market which has an impact on availability of capital. Despite the Fed's current cautious approach on interest rates, the potential for rising interest rates could impact property values in the future. Global political and economic factors (ie-China, the EU, etc.) continue to be a wild card on investment and property markets.

California MBA: Tell us one thing lenders and CRE pros don't know (that they should know!)

Rosenthal: Cash buyers continue to impact property markets from a variety of perspectives. Cash buyers include institutional capital, as well as foreign investors and high net worth domestic individuals. Their ability to close quickly has put timing pressure on lenders and third parties, as leveraged buyers try to compete with cash. Whenever the markets eventually turn, these cash buyers should act as a stabilizing force since they will not be under pressure to make debt service if their properties face declining income streams. This could help to moderate the severity of the next downward market cycle.

For more information about Curtis-Rosenthal, Inc., contact David Rosenthal, MAI, FRICS at (310) 846-4920, or drosenthal@curtisrosenthal.com.