

# 2024 SYMPOSIUM

A High Desert Commercial Real Estate Review & Forecast

Presented By:



**COLDWELL BANKER  
COMMERCIAL**  
REAL ESTATE SOLUTIONS

## HIGH DESERT COMMERCIAL REAL ESTATE ECONOMIC REVIEW AND FORECAST



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# MULTI-FAMILY

# MULTI-FAMILY MARKET

## Sale Comps Analytics

CAP RATE	SALE PRICE/UNIT	AVERAGE SALE PRICE	SALES VOLUME	SALE VS ASKING PRICE	AVERAGE UNITS	MONTHS TO SALE
6.0%	\$114,596	\$2.8M	\$53.3M	-3.3%	24	6.8

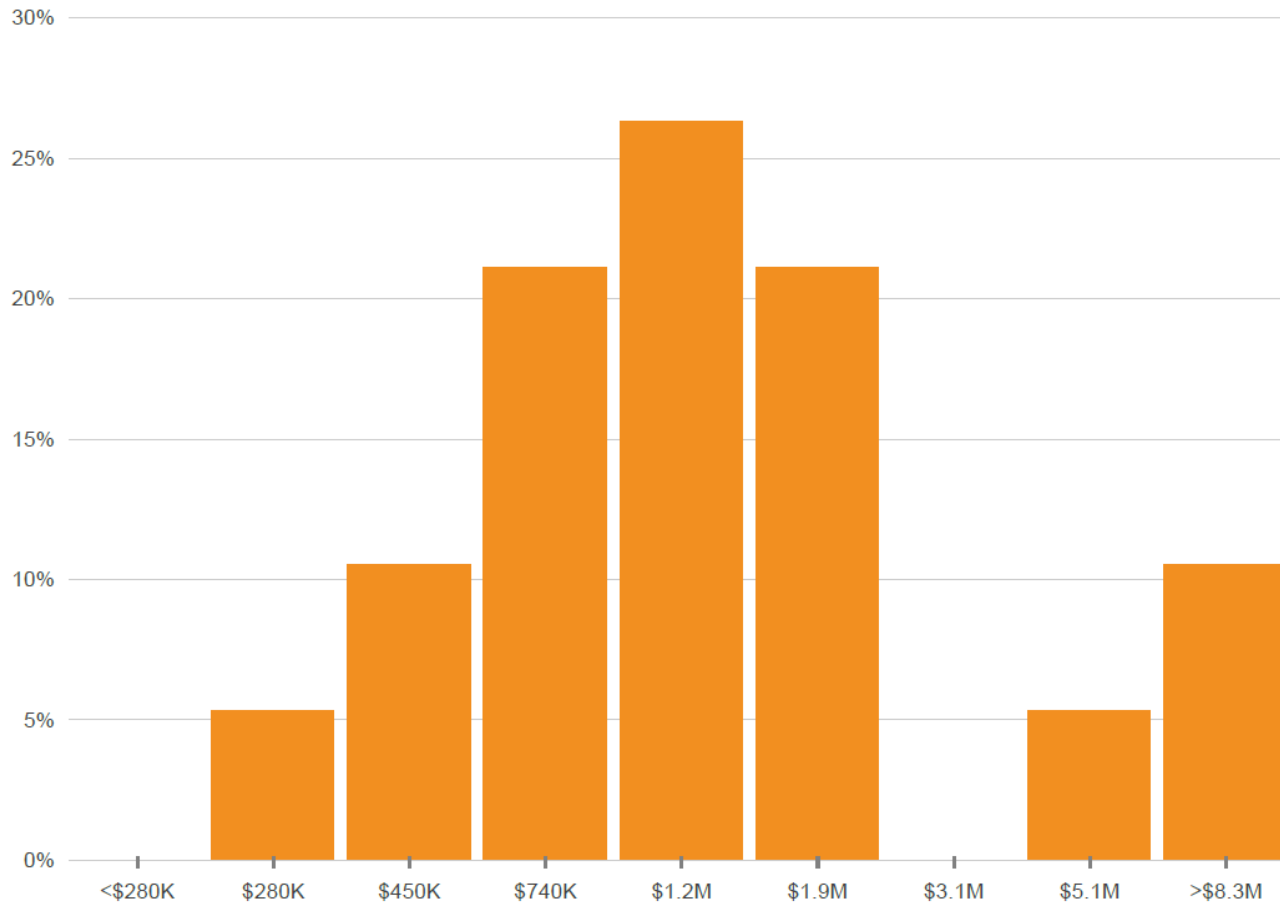
## Key Metrics

Sales Volume	Search	Lowest	Highest
Transactions	21	-	-
Sales Volume	\$53.3M	\$304K	\$15.5M
Properties Sold	20	-	-
Sold Units	487	4	124
Average Units	24	4	124

Sales Price	Search	Lowest	Highest
Cap Rate	6.0%	4.0%	7.7%
Sale Price/Unit	\$114,596	\$50,000	\$308,333
Average Sale Price	\$2.8M	\$304K	\$15.5M
Sale vs Asking Price	-3.3%	-11.1%	0%
% Leased at Sale	100.0%	100.0%	100.0%

# MULTI-FAMILY MARKET

Sale Price Distribution



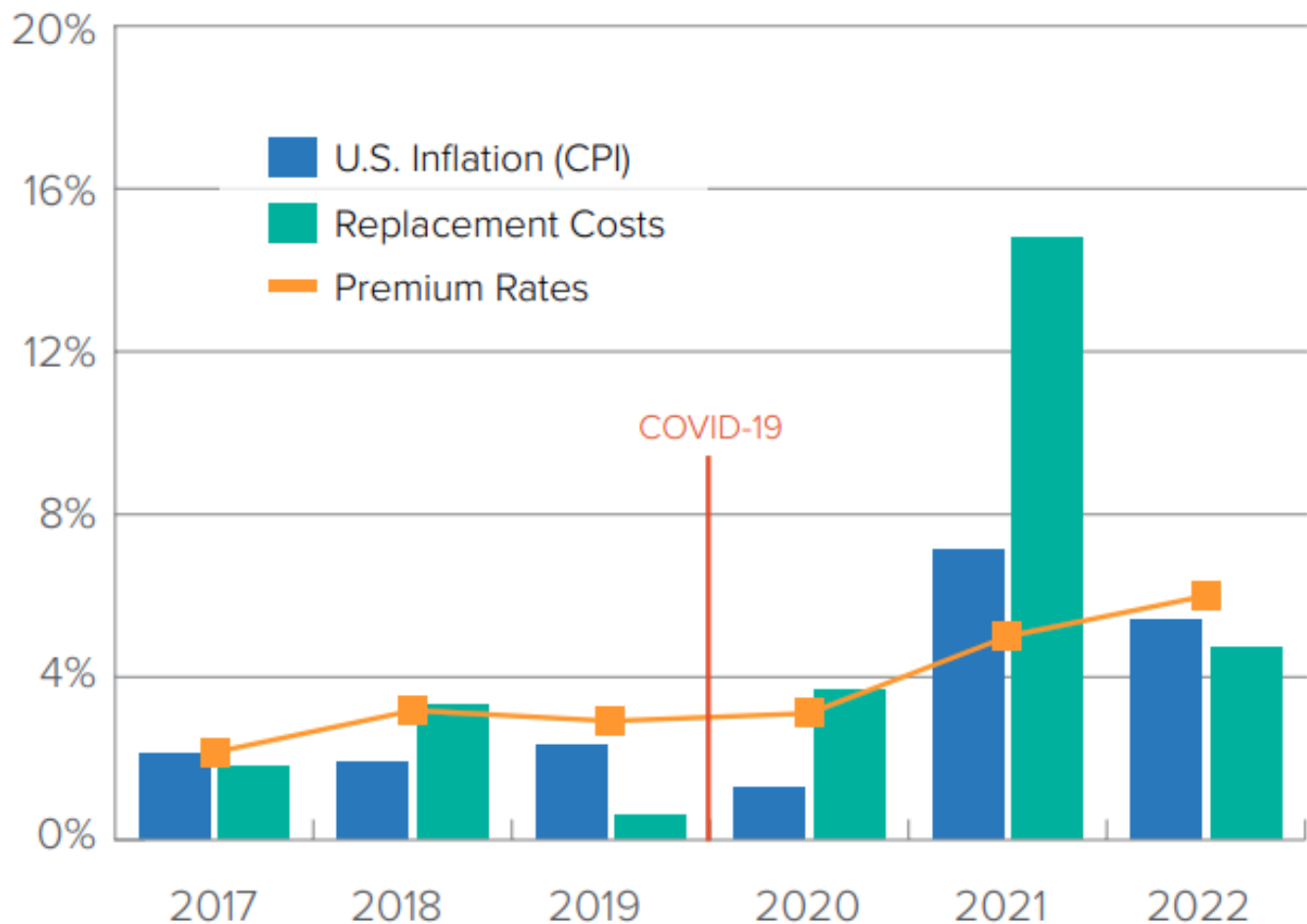
# MULTI-FAMILY MARKET

What Happened?

- Insurance
- Cost of Capital
- Maintenance Costs



# MULTI-FAMILY MARKET





# MULTI-FAMILY MARKET

## Insurance Companies that exited California

- Oregon Mutual
- Kemper
- Civil Service Employees
- State Farm
- Farmers
- Allstate
- Travelers
- USAA

*“I can share with you based upon our own knowledge and experience that the industry is in a tail spin..... Combined loss ratios for many of these companies are ranging from 110% to 130% so for every \$1 they take in in premium they are paying out \$1.10 to a \$1.30. Those that are staying in CA are attempting to stop the bleeding by reducing the amount of business they want to write or not writing any business at all and just renewing what they currently have on the books.”*

**Ryan McEachron, CEO**  
**ISU Insurance Services – Armac Agency**

# MULTI-FAMILY MARKET

## US Commercial, Residential Mortgage Rates

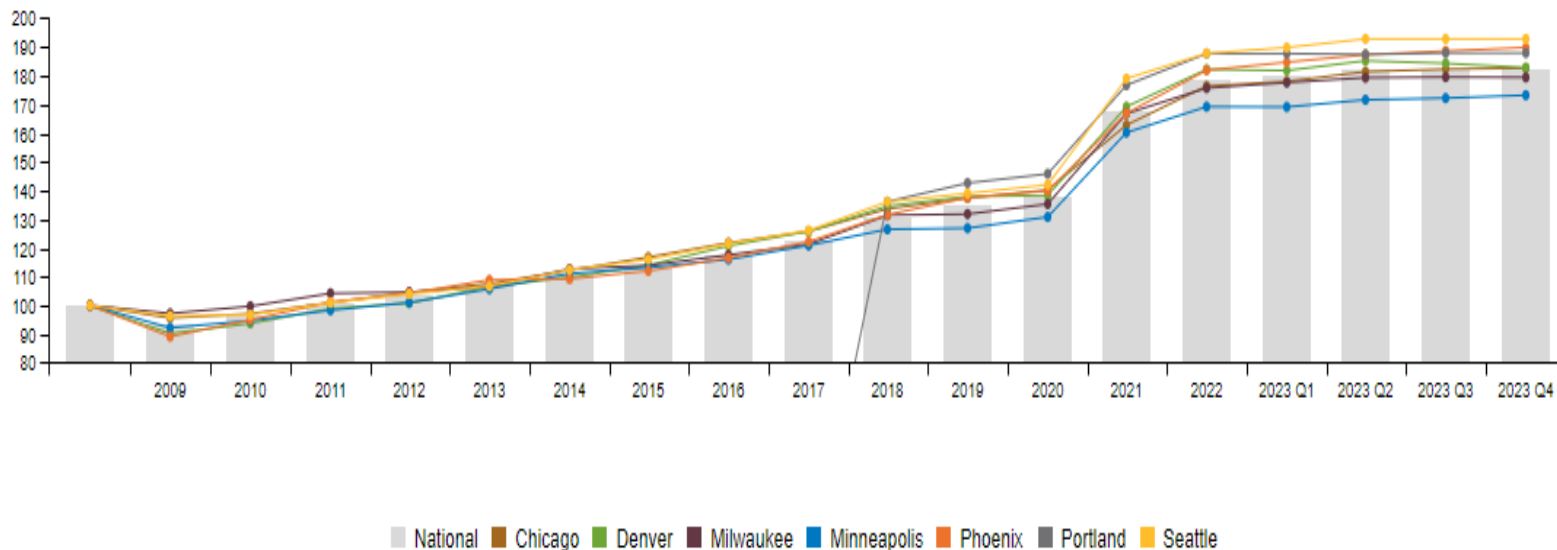




# MULTI-FAMILY MARKET

## Overall Construction Cost Index Q4 2023

(JANUARY 2009 = 100)



# MULTI-FAMILY MARKET

<b>PPI MATERIALS INPUTS Forecast for JAN 2024</b>							YTD'24
<b>% change in index avg / avg</b>		2020	2021	2022	2023	2024	asofJAN
		avg %	avg %	avg %	avg %	JAN%	vsAvg23
Inputs to Nonres Constr %	WPUIP231200	0.2	18.5	15.7%	-0.3%	0.64%	0.4%
Inputs to Res Constr	WPUIP231100	2.4	18.3	12.6%	-2.6%	0.84%	0.8%
Inputs to Highway	WPUIP231231	2.1	17.2	16.1%	0.3%	0.93%	0.7%
Ready Mix Concrete	WPU1333	2.5	3.8	10.3%	11.0%	2.16%	3.2%
Concrete Pipe	WPU1332	5.1	4.6	19.6%	13.0%	2.17%	4.6%
Concrete Block & Brick	WPU1331	3.0	4.2	12.0%	11.0%	1.03%	4.0%
Paving Mixtures	WPU1394	-3.0	3.6	16.7%	4.5%	8.56%	7.1%
Lumber/Plywood	WPUSI004011	16.9	41.1	-0.9%	-23.2%	0.46%	-3.3%
Steel Mill Products	WPU1017	-9.6	90.2	8.7%	-16.2%	5.35%	0.6%
Fabricated Structural Steel	WPU107405	-2.3	26.7	27.8%	-0.4%	0.76%	3.1%
Steel Pipe and Tube	WPU101706	-5.2	44.9	26.9%	-17.2%	2.23%	-4.3%
Sheet Metal	WPU1073	-0.6	19.6	20.8%	1.1%	-0.15%	0.3%
Asphalt Roofing/Siding	WPU1361	2.1	11.5	17.7%	3.8%	-0.41%	2.0%
Rubber & Plastics	WPU0721	1.8	22.3	23.3%	-1.6%	0.34%	-0.7%
Gypsum Products	WPU137	0.4	16.2	18.7%	3.6%	0.00%	-1.2%
Flat Glass	WPU1311	1.5	5.3	10.4%	5.8%	-0.24%	0.2%
Nonferrous Wire and Cable	WPU102603	0.2	27.0	13.0%	-0.4%	0.83%	-1.0%
Copper & Brass Mill Shapes	WPU102502	2.8	41.8	2.9%	-1.6%	1.03%	-0.6%
Aluminum Mill Shapes	WPU102501	-8.6	25.0	12.8%	-8.4%	-1.69%	-4.2%
#2 Diesel Fuel	WPU057303	-20.6	79.8	65.9%	-24.9%	-4.13%	-16.7%
data to JAN from FRED PPI reports 2-16-24						edzarenski.com	

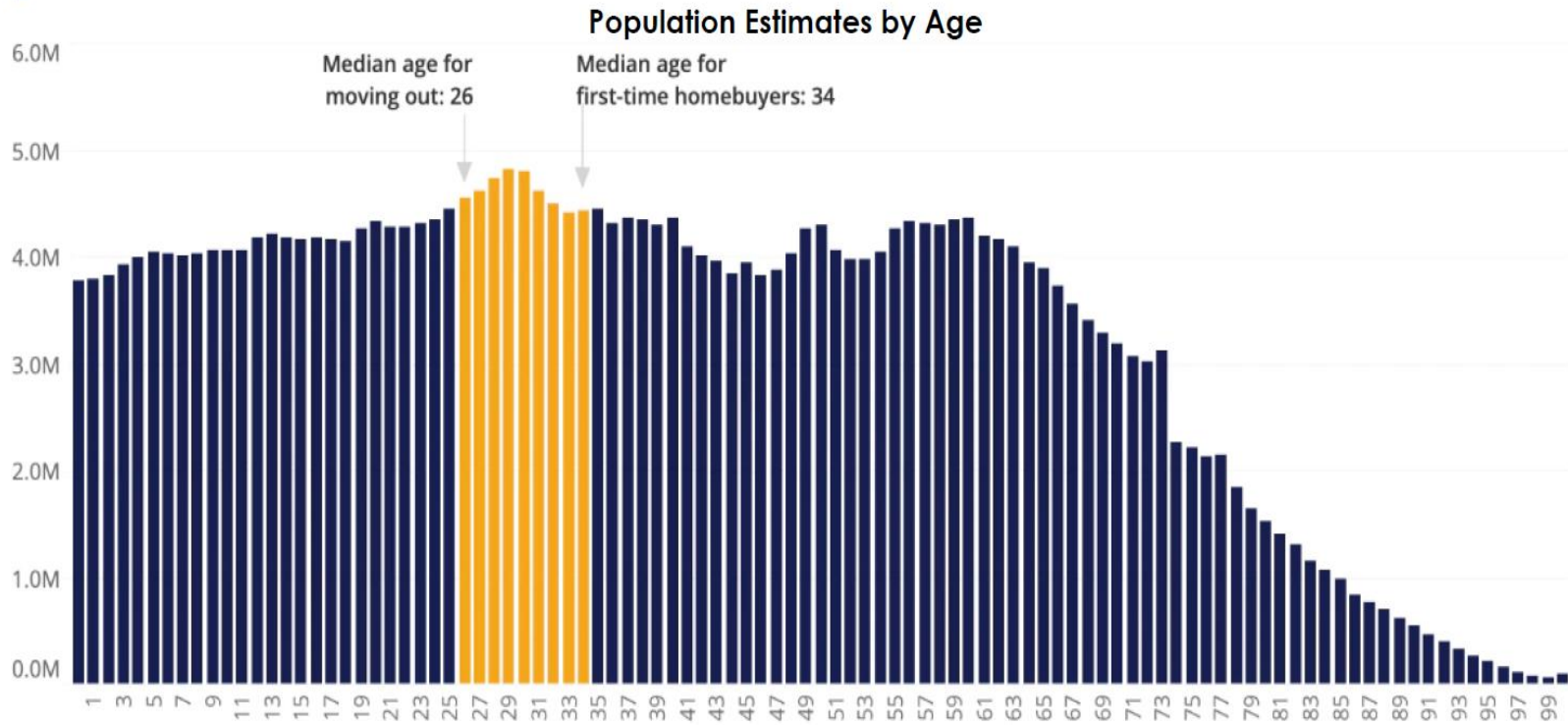
# MULTI-FAMILY MARKET

## Market

- Long term – Slow and steady growth
- Demand outpacing supply
- Keep Investing? Yes, but underwrite aggressively

# MULTI-FAMILY MARKET

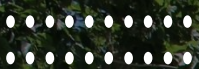
Many are entering prime age for household formation



# MULTI-FAMILY MARKET

Area	AVG \$/Unit	\$PSF
• Adelanto	\$105,232	\$186
• Apple Valley	\$155,000	\$200
• Barstow	\$82,750	\$109
• Hesperia	\$153,000	\$191
• Victorville	\$140,000	\$175





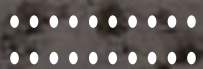
# NOTABLE TRANSACTION

## ADELANTO

- 48 unit mix of 1 & 2 beds
- 2018 3.5MM
- 2023 \$5,650,000
- 2 years on market







# NOTABLE TRANSACTION

## APPLE VALLEY

- 8 units all 2 bed 1.5 bath
- 2022 \$1,390,000
- 2023 \$1,458,000







# NOTABLE TRANSACTION

## BARSTOW

- Sold for \$2,800,000
- 16 fire damage units
- Foreclosure
- 48 units mix of 1 bedroom and 2 bedrooms





# NOTABLE TRANSACTION

## HESPERIA

- Sold for \$1,800,000
- 2019 \$1,065,000
- 10 units all 2 bedrooms





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# NOTABLE TRANSACTION

## VICTORVILLE

- Sold for \$8,500,000
- 2019 \$6,100,000 60 units
- Under 4% assumable financing

