

Reflections on Real Estate

A Quarterly Publication from Souza Realty & Development

Winter 2008

San Joaquin County General Plan Update

by John Palmer®

Earlier this year, San Joaquin County began the process to comprehensively update the County General Plan. The general plan is the principal public policy document that regulates the physical form of the county through a series of goals, objectives, policies and action statements. Often referred to as the county's "constitution", the general plan provides the policy framework that will guide and direct decisions related to the type, distribution, and intensity of land uses. The general plan is an important tool for the county decision makers and a regulatory document that property owners need to be aware of.

As required by state law, there are

seven mandatory elements that each general plan must contain: Land Use, Circulation, Housing, Air Quality, Open Space, Noise and Safety. To



address San Joaquin's specific issues and interests, the County's General Plan incorporates five additional elements: Agriculture, Scenic Resources,

Recreation and Cultural Resources, Climate Change, and Public Facilities and Services. It is within these twelve topical areas that policy statements will be expressed and implemented through various county documents such as the zoning code, infrastructure design standards, subdivision requirements and development design guidelines.

The general plan update will be a significant effort that is anticipated to take three years: it commenced in June 2008 and will conclude in June 2011. The county has hired the land use consulting firm of Mintier-Harnish to oversee and facilitate a public update

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Slowing Commercial Real Estate Activity Expected

National Association of Realtors®

The economic downturn will slow commercial real estate markets into 2009 according to a forward-looking index for the commercial real estate sectors published by the National Association of Realtors®.

Lawrence Yun, NAR chief econo-

mist, said all components of the Commercial Leading Indicator for Brokerage Activity were down, with the exception of personal income. "Aside from weakening conditions in the index variables, the commercial mortgage-backed securities market is all but frozen, making

it very difficult to rollover existing debt that is coming due," he said. "It is encouraging to hear the Treasury Department is considering using the Troubled Asset Relief Program to help revive the

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Merry Christmas &
Happy New Year!
from the staff of SR&D



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process. The update process will occur in nine phases:

- Phase 1: Project Start-Up
- Phase 2: Baseline Information Gathering (Background Report)
- Phase 3: Housing Element Update
- Phase 4: Issues & Opportunities Identification
- Phase 5: Alternatives Evaluation
- Phase 6: Draft General Plan
- Phase 7: Environmental Review
- Phase 8: Public Review
- Phase 9: General Plan Adoption

At the time of this article, county planning staff and the consultant concluded Phase 1: Project Start-Up after hosting fourteen “kick-off” workshops throughout the county. I attended the workshop held on October 21, 2008 in Mountain House. Although this workshop was poorly attended, I was impressed with the county’s commitment to engage the public and solicit input on the issues and opportunities that will need to be addressed in the update.

The county staff and the consultant are committed to involve the community throughout the update process with scheduled public workshops and meetings, mailing list, and through a website cre-

ated just for the general plan update, www.sjcgpu.com. The website is informative and provides important dates for upcoming workshops and meetings, update status, frequently asked questions, and contact information.

As the update process proceeds on course, it will be important for property owners throughout San Joaquin County to stay tuned in. The general plan provides the baseline policy direction for county staff to determine what can or, maybe more importantly, what cannot be done with each property located in unincorporated San Joaquin County.

Whether it is your goal to preserve and protect the current use of your property or to pursue or preserve the opportunity to develop, it starts with the policies expressed in the general plan.

Do not hesitate to get involved and specifically convey your interests regarding your property to the county planning staff. There will be many opportunities to get involved during the update process, but it is recommended to communicate early in the process. This is something that may be foreign or uncomfortable to many property owners. If this is

the case, it may be more helpful to contact a real estate or development consultant such as Souza Realty & Development to better represent your property.

The general plan is the principal public policy document that regulates the physical form of the county through a series of goals, objectives, policies, and action statements.

Recent Land & Ranch Sales

Below are a sampling of land sales that have occurred since our last newsletter. Note that this information has been extracted from the Multiple Listing Service and public records and has not been verified for accuracy. If you have any questions regarding these sales, please contact our office.

ALAMEDA CO.			CONTRA COSTA CO.		
AC.	PRICE		AC.	PRICE	
21800 Mines Rd., Livermore	5.00	250,000	3110 Delta Rd., Brentwood	5.12	500,000
8615 Mines Rd., Livermore	16.53	1,000,000	3141 Morgan Terr. Rd., Clayton	6.18	900,000
7345 Cedar Mtn Dr., Livermore	18.50	1,325,000	1130 Sunset Rd., Brentwood	11.00	825,000
			3777 Bixler Rd., Byron	48.56	1,600,000
TRACY AREA			AC.	PRICE	
Canal Blvd.	10.00	227,500	4300 Kellogg Creek Rd., Byron	54.21	725,000
7595 Delta Ave.	36.82	550,000			
18740 W. Corral Hollow Rd.	53.89	400,000			



Reflections on Real Estate is published quarterly by Souza Realty & Development. SR&D is a family-run real estate firm specializing in development, development consulting, land and commercial brokerage, and land valuation.

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Real estate industry experts expect financial and real estate markets in the United States to bottom in 2009 and then flounder for much of 2010, with ongoing drops in property values, more foreclosures and delinquencies, and a limping economy that will continue to crimp property cash flows.

Emerging Trends in Real Estate® 2009 report by Urban Land Institute (ULI) and PricewaterhouseCoopers LLP

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commercial real estate debt market, but time is of the essence, and it must be implemented immediately.”

The CLI slowed 1.7 percent to an index of 116.5 in the third quarter from an upwardly revised reading of 118.5 in the second quarter, and is 3.1 percent lower than a level of 120.3 in the third quarter of 2007, which was the second highest index on record. NAR’s track of the commercial leading indicator dates back to 1990.

The decline in the index means commercial real estate activity, as measured by net absorption and the completion of new commercial buildings, is projected to weaken over the next six to nine

months.

NAR’s commercial leading indicator is a tool to assess market behavior in the major commercial real estate sectors. That index incorporates 13 variables that reflect future commercial real estate activity, weighted appropriately to produce a single indicator of future market performance, and is designed to provide early signals of turning points between expansions and slowdowns in commercial real estate.

The 13 series in the index are industrial production, the NAREIT (National Association of Real Estate Investment Trust) price index, NCREIF (National Council of Real Estate Investment Fiduciaries) total return, personal income minus transfer payments, jobs in

financial activities, jobs in professional business service, jobs in temporary help, jobs in retail trade, jobs in wholesale trade, initial claims for unemployment insurance, manufacturers’ durable goods shipment, wholesale merchant sales, and retail sales and food service.

The Society of Industrial and Office Realtors®, in its SIOR Commercial Real Estate Index, a separate attitudinal survey of approximately 600 local market experts, also expects a lower level of business activity in upcoming quarters. The SIOR index has declined for seven consecutive quarters and is 33.6 percentage points below the 100 point criteria that represents a balanced marketplace.

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good times ahead, they spend a little more freely. Conversely, if they see trouble and difficult times, spending slows and it becomes a self fulfilling prophecy.

In talking recently with several very large institutional investors, they are simply in a wait and see attitude, with virtually no new lending going on.

One bright spot in all of this has been the decline in oil prices. I filled

up my car recently and it seemed like it cost one-third of what it did earlier this summer. Crude oil recently traded at \$43 per barrel, down from \$140 per barrel.

Available Properties

±221.63 ACRES
BRIONES VALLEY ROAD
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\$1,900,000



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CALL FOR LEASE RATES



Other properties currently available:

RANCH PROPERTIES			
Address	Ac.	Price	Price/Ac.
Byron Highway, Byron	43.70	300,000	6,865
24300 S. Banta Rd., Tracy	51.36	1,540,000	29,984
18775 S. Tom Paine Rd., Tracy	52.92	875,000	16,534
Cummings Skyway, Martinez	71.46	1,900,000	26,588
18137 S. Tom Paine Rd., Tracy	78.68	1,220,000	15,506
5208 W. Lovely Rd., Tracy	78.83	1,970,000	24,990
Morgan Territory Rd., Livermore	103.53	1,545,000	14,923
Briones Valley Rd., Brentwood	221.63	1,900,000	8,573
Marsh Creek Rd., Clayton	460.64	4,000,000	8,684
Palomares Rd., Sunol	1,368.00	8,900,000	6,506

OFFICE PROPERTIES			
Address	Sq. Ft.	Rent	Price
632 W. 11th St., Tracy	2,235 SF	1.85/SF NNN	690,000
346 W. Grant Line Rd., Tracy	2,727 SF	1.00/SF NNN	
652 W. 11th St., Tracy	2,743 SF	1.85/SF NNN	775,000
West Park Executive Suites	1 and 2 office suites; call for pricing		

INDUSTRIAL PROPERTIES		
Address	Sq. Ft.	Rent
S. MacArthur Dr., Tracy	2,500-25,000 SF	0.60-0.65/SF NNN
S. MacArthur Dr., Tracy	4,380-13,140 SF	0.65/SF NNN

RETAIL PROPERTIES		
Address	Sq. Ft.	Rent
348 W. Grant Line Rd., Tracy	1,385	1.85/SF NNN
336 W. Grant Line Rd., Tracy	2,800	1.75/SF NNN
340 W. Grant Line Rd., Tracy	8,988	0.90/SF NNN

For further information please visit our website at souzard.com

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Interest Rates

By Rich Davidson

Well let's figure out where to start! What a past 3 months!

Large stock market declines, and a loss in consumer confidence. Very few lenders are really lending. Credit remains tight for all types of mortgages, credit cards, auto loans and leases. Consumer spending continues to weaken. Retail sales are down, large sales are in progress at stores everywhere. Commercial real estate continues to weaken. Real estate transactions have almost crawled to a halt.

The Treasury Department's Troubled Asset Relief Program, better known as TARP, was set up in October in a response to the credit crisis. \$700 billion was earmarked for this effort and about half of that has been allocated to vari-

ous banks. This has been followed by continuation of weak financial markets and an official recognition of the recession, which the government now states started in December 2007. Treasury Secretary Henry Paulson is trying to

not helping increase the availability of consumer credit.

This government intervention in the financial markets has helped push interest rates lower. In fact, in a recent auction of four week treasury bills, they sold at a 0% yield according to the Wall Street Journal.

There are a variety of reasons for this: certain investors are bound by law or contract to hold Treasuries of certain duration no matter what the yield; hedge funds are trying to meet redemptions and avoid selling assets; and companies are trying to have clean balance sheets at year end. It is still quite hard to believe. It means a lot of people want to take virtually no risk.

Much of any economy is based upon people's perceptions of what lies ahead. If

people and businesses see prosperity and

see *Economy* page 3

figure out what to do with the remaining half of the funds. There is gathering concern by critics who feel the money is

KEY INTEREST RATES & INDICES
December 11, 2008

INDEX	CURRENT RATE	CHANGE FROM 9/3/08	NOTES
Bank Prime	4.00%	-1.00%	
1 Yr. Treasury	0.51%	-1.57%	
5 Yr. Treasury	1.55%	-1.40%	
10 Yr. Treasury	2.64%	-1.07%	
30 Yr. Treasury	3.07%	-1.25%	
LIBOR (1 Mo.)	1.90%	-0.59%	
LIBOR (6 Mo.)	2.59%	-0.53%	
LIBOR (1 Yr.)	2.77%	-0.44%	
Freddie Mac 60 day	5.83%	-0.50%	30 year fixed rate
12 Month Treasury Average	2.053%	-0.611%	T average
11th District Cost of Funds	3.125%	+0.427%	Fund Cost
Consumer Price Index	216.57 (Oct)	214.82 (Apr)	+3.7% from year ago
Federal Funds Rate	1.00%	-1.00%	
Dow Jones Industrial Avg.	8,761	11,533	-33.91% YTD
Consumer Confidence Index	44.9 (Nov)	56.9 (Jul)	Decline in confidence