

Marabella Commercial Finance

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Volume 4, Issue 4

April 2, 2007

Technological Innovation In The Net Lease Market

They say knowledge is power, well in the Net Lease Market it truly is. The Net Lease Market is more liquid and efficient than it ever has been in the past. A buyer can visit sites such as Loopnet.com, NNNEX.com, Costar Comps and other sites to learn where Walgreen, CVS, Rite Aid and many other credit tenant properties are selling 24 hours a day, 7 days a week.

The investor can also get a breakdown of the general lease terms, pictures of the properties and other vital information to evaluate a transaction. There are also no geographic boundaries in this virtual world of the Net Lease Market online. Buyers anywhere in the world can evaluate many different Net Lease properties, which is attracting capital abroad as well as domestically making the market much more liquid. Also evaluating a tenant's financials and Bond Ratings with sites such as hoovers.com and Standard and Poor's website. Within minutes a buyer of Net Lease Properties can visit Hoovers.com and

evaluate a specific company's annual and quarterly balance sheet and income statement. If that company has outstanding debt, the buyer can evaluate the tenant's bond rate on Standard and Poor's website.

Thus it is much easier and transparent for a buyer to evaluate the credit quality of a tenant. Since the late 1990's the Internet has also assisted the buyer in evaluating their financing options and speed up the process of arranging permanent financing for Net Lease Properties. Sites such as marabellafinance.com allow a buyer to view a video market update on the current state of the permanent loan market for Net Lease Properties. There is current market cap rates for Walgreen, CVS, Rite Aid, and Jack In The Box just to name a few. Not only has the process of purchasing a Net Lease Property become easier due to technical factors, but also the speed at which a transaction is processed and closed has shortened in most cases. Before the



1990's the only way to transfer documents was with regular mail or by overnight. Today with the program Adobe Acrobat, a seller, buyer, lender or tenant can scan and transfer documents in seconds via Email. According to James Rea Sales Representative of Trust Street Properties, Inc. based in Orlando, Florida, Continued Page 2



Marabella Commercial Finance Arranges \$5 Million Rite Aid Construction Loan and Gets Commitments for \$3.5 Million Perm Loan For a Walgreen and \$6 Million for Large Anchored Center.

Marabella Commercial Finance arranged a \$5 Million construction loan for a Rite Aid / Credit Union property located in California. The loan start rate was in the low 7% range and was for a term of 24 months with options to extend. The borrower paid a total of 1% for the money and the loan amount was 85% of the cost of the project. Marabella

Commercial Finance most recently also received a commitment for a permanent loan for a Walgreen property. This is an acquisition transaction so the buyer needed a commitment in a quick amount of time. Marabella arranged an Interest Only loan at a 108 BP spread over the 10 year note with a loan to value of approximately 80%. Marabella

also most recently received a loan commitment of \$6 Million to refinance a large anchored center. A 20 year fully amortizing loan was arranged with a friendly prepay after the 10th year. If you have a NNN property or larger anchored center that requires Construction, Permanent or Equity Financing call Marabella at (760) 479-0800.

CVS/pharmacy



Technological Innovation In The Net Lease Market

Technology has commoditized the Net Lease Business and made investing in the Net Lease Market much more accessible to the investment community. Rea also indicates that it gives the average residential investor an approachable format to enter into the commercial Net Lease market.

Deborah K. Vannelli Director of Net Lease Sales, of Upland Real Estate Group who is located in Minneapolis Minnesota says the internet and Upland's Web site specifically allow a Net Lease real estate investor to investigate properties at their leisure. Vannelli states that the internet and Upland's website is an excellent time management tool for investors of Net Lease Properties. Vannelli Predicts that all future due Diligence Items will be stored electronically and be accessible via a password for all participants involved in a Net Lease transaction to review.

Bobby Miller, President of Millco Investments located in Chicago Illinois indicates that what is happening today with technology in the Net Lease market is similar to what happened with the

Mercantile Exchange, Board of Trade and the Stock Market. Those exchanges became very automated due to computer trading indicates Miller. Miller says that the Net Lease Market used to be infant because of the lack of transparency. Miller feels today with the internet and likes of Loopnet and NNNex.com, the Net Lease Market has expanded and has become much more orderly. Higher prices and greater access are a result of technological innovation, says Miller. Email blasts, in particular, have enabled Millco to market Net Lease Properties in a quick and efficient manner versus the way properties were marketed by regular mail 10 years ago. Although Miller feels that sometimes there is a lot of noise involved in Email and Internet Marketing which may now dilute his marketing efforts. Many of the buyers that Millco deals with are not of the Internet age and prefer the old-fashion way of doing business by regular mail. Miller believes it will take two generations before old buyers who control wealth will be willing to seek out Net Lease properties over the Internet.

Lior Regenstreif of Marcus and Millichap says that in the past, finding out which properties were available in certain areas was a tedious task, which required many man hours and lots of phone calls. In fact, just 8 years ago, Regenstreif's paper-mailer budget was running around \$10,000 per year. Today it is less than a third of that amount. Regenstreif states that because the exposure of the property is quicker and more efficient it makes it much easier for a Net Lease Broker to gather information speedily and get a Net Lease Property out to a broader base faster than they otherwise would have.

With all of the technological advances more companies will access capital utilizing the Net Lease Format and more investors will access the market for return on their money.



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