

Many See Rent Control as Misguided Approach

In this **EXCLUSIVE**, SVMG's Michael Shields discusses the hiring of Chip Trimmier and Ting Liu, the downsides of rent control, the benefits of multifamily investing and the influence of international investors.

By [Lisa Brown \(/author/profile/Lisa-Brown/\)](#) | September 30, 2019 at 04:03 AM

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Shields says California and the Bay Area have too many development restrictions and impact fees.

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SAN FRANCISCO—Since day one, Silicon Valley Multifamily Group's objective has been to provide quality investment advice for those looking to buy or sell Bay Area multifamily and commercial investment properties, says Michael Shields, the firm's founder and managing broker. Recently, this effort has been enhanced with the addition of two veteran brokers, Chip Trimmier and Ting Liu, who will focus on growth opportunities in San Mateo and Alameda counties.

"Chip and Ting bring a unique skillset to that mission, allowing us to help clients navigate and succeed through major market shifts such as rent control and global economic uncertainty," Shields says.

Trimmier and Liu will continue SVMG's efforts to provide brokerage and 1031 exchange services, as well as short-term and crisis property management solutions to both English and Mandarin-speaking clients. Trimmier joins SVMG with a focus on investment sales in San Mateo, a submarket ranked high in the Bay Area for multifamily unit absorption, with only marginal new construction activity that has helped to push average rents above \$3,000 per month per unit. Liu serves SVMG's Alameda County marketplace—the seventh most populous county in California.

In this **exclusive**, Shields discusses the new hires, rent control, the benefits of multifamily investing and the impact of international investors.

GlobeSt.com: You have hired two new brokers to specifically focus on San Mateo and Alameda counties. What are the fundamentals that make these two markets so focus-worthy?

Shields: The San Francisco Bay Area has been consistently ranked near the top for job growth, not just in California but nationwide. That strong performance includes San Mateo and the cities and towns within Alameda County, and has helped to push year-over-year rent growth in these markets by 3.6% and 4.17% respectively, and driven occupancy rates up to 96% and 96.4% respectively. In the last 12 months, we've also seen more than \$310 million in multifamily deals close in San Mateo County and almost \$806 million in multifamily deals close in Alameda County. This activity underscores that jobs are a determining factor in the value of real estate, especially multifamily properties, and that it only makes sense to have agents available to investors in those areas.

GlobeSt.com: What is rent control's influence on this equation?

Shields: Rent control definitely influences the equation. The success of the California economy and the sheer number of jobs coming to the area have pushed San Francisco Bay Area rents to among the highest in the country. And they continue to rise. This has caused many to move out of the area or lose their rental units due to affordability. In response, the California legislature felt it necessary to institute rent control rather than address the real problem, which is a lack of new housing, particularly affordable housing. But California as a state and the San Francisco Bay Area specifically have far too many restrictions and impact fees on development, which as one might surmise, reduces or eliminates the profitability for new development.

Compounding the problem is the fact that these new rent control initiatives impact buildings constructed prior to 2005, which represents the majority of our rental housing stock in Santa Clara, San Mateo and Alameda counties. The value of these

properties is largely based on their income, and a non-market based income cap like that put in place by rent control, will artificially inhibit that value. This serves as a deterrent for new buyers who are considering entering the market and means that existing multifamily owners who are at the end of their investment lifecycles may see not only their income but their equity value diminished.

We felt by putting more experienced agents in place in San Mateo and Alameda counties, we're providing our customers with the guidance they need to navigate these new waters, provide them with a strong sales value and help them to identify a suitable next-stage investment, such as a net lease or DST assets.

GlobeSt.com: With rent control soon to be signed into place, is Bay Area multifamily still a wise investment?

Shields: The short answer is yes. Our current economic outlook and the long-term forecast for jobs and population growth in the area are expected to continue. With the cost of buying a house among the most expensive in the country, renting is still the only viable option for many people. For the foreseeable future, we expect San Francisco Bay Area multifamily assets to continue to attract local and out-of-area investors. While returns on those investments may be lessened by the legislature's rent control actions, the characteristically low-risk designation that a multifamily property investment enjoys is not expected to change.

GlobeSt.com: You've also hired a broker with the unique ability to serve Mandarin-speaking investors. Is this due to continued interest from international money?

Shields: Since the 1800s, the Bay Area has had a strong Asian immigrant population, creating a very strong local Asian demographic. Many within this community are not only astute real estate investors but also some of the area's most successful. Couple this with the continued influx of capital from investors from Taiwan, Hong Kong and China, and you have a large segment of market participants who either speak Mandarin or would be more comfortable working with an investment advisor who is more familiar and sensitive to the specific needs and requests of the Asian culture. We're very excited to have that capability and look forward to using it to strengthen the connections among our existing and future clients.

Trimmier has been a real estate professional since 2004, founding a title company, a property management company, and simultaneously serving as general counsel and business developer for a government contractor located in the Washington, D.C. area. He has participated in or managed dozens of value-add renovations ranging from cosmetic upgrades to full-property repositionings. He has also asset managed a portfolio of properties and helped owners market and sell commercial multifamily assets. Prior to pursuing real estate full time, Trimmier owned a multi-state law firm, where he specialized in advising corporate executives and institutional lenders.

Liu is a 20-year industry veteran with experience as a property manager and commercial real estate professional specializing in investment brokerage. Her experience includes brokering small residential income investment properties and residential properties, serving as property manager for commercial and multifamily

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assets, and directing sales and accounting protocols. Liu has resided in both the US and China, offering her a unique understanding of each culture. She has been a resident of the Bay Area for 19 years.

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Lisa Brown is an editor for the south and west regions of GlobeSt.com. She has 25-plus years of real estate experience, with a regional PR role at Grubb & Ellis and a national communications position at MMI. Brown also spent 10 years as executive director at NAIOP San Francisco Bay Area chapter, where she led the organization to achieving its first national award honors and recognition on Capitol Hill. She has written extensively on commercial real estate topics and edited numerous pieces on the subject.



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