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**September 1, 2015**

**Babies matter .....**

In 2014..... 53,000 more babies were born than in 2013!!

In fact, in 2014.....3,985,924 future consumers were born in America!!!!

This is good news for the Economy.....because.....

when times get better... people feel better.... aaannnddd.... people have more babies!

[ And the opposite is true .... when economic times are bad and people not feeling so good.... people do not have babies ...!]

For example ....when the Recession began in 2007.....births dropped by 68,000. And... continued to drop for the next six years with the most dramatic drop in 2010 with 131,633 less births in that year!

So... let's hope .... people think the Economy is getting better.... aaannnddd ..... are having babies again! .... this is a positive sign.

**PERSPECTIVE.....**

**AND WHY DO BABIES MATTER TO AN ECONOMY??**

Because babies need things.... lots of things.....all through their lives.....

Diapers....food ...toys School....school clothes...school books....bigger toys Automobiles....electronics...lots more clothes Weddings....homes....furniture...

Their own babies.....et cetera.....et cetera

All of this costs money.... which is all good for a consumer economy .....

Less babies.... less economy .... More babies...more economy ..... That simple.

But.....what does Janet Yellen, the head of the Federal Reserve Board, think about the Economy??



!!!!!!!!!!!!!!!!!!!!!!Ta.....ta ta ta....drum roll.....!!!!!!!!!!!!!!

Well.....as of July....this high - level bureaucrat.....  
who has a direct influence on how you “feel” ....

SHE thinks.....the outlook for the Economy is ....

“highly uncertain”

Are you kidding!!!

Let me get this right?????????

One of the top leaders and decision makers for our National Economy does not  
know what the hell is going on with our National Economy!!

Now...that is not a confidence builder.

Particularly given the dismal performance of the Economy for the last seven  
years.

### PERSPECTIVE

December 2007.....the Great Recession began.

June 2009...19 months later...the Economy began to recover ....

We have been “recovering” now for six years!!

And we still find the economy “highly uncertain”. Not good.

AND HOW ARE THE BABIES DOING IN THIS CURRENT ENVIRON-  
MENT?

UNFORTUNATELY...NOT VERY GOOD.....

- SINCE THE START OF THE RECESSION THE NUMBER OF CHILDREN LIVING IN POVERTY HAS INCREASED.
- IN 2008....18% OF AMERICA’S CHILDREN LIVED IN POVERTY.
- IN 2013....22% OF AMERICA’S CHILDREN LIVED IN POVERTY.



.....THAT'S 16 MILLION KIDS....

[ POVERTY DEFINED AS AN INCOME OF \$24,000 OR LESS FOR A FAMILY OF FOUR]

## **EDITORIAL BY KEN**

I am so tired of hearing the word “ RECOVERY ” .....the politicians and the media, in its many forms and “ spin ”, seems to be stuck on this word.....well guys ..... this is a hell of a “RECOVERY “.... the longest recovery in U.S. history..... including the 1930's Depression years..... it is 7 years already ..... the average post World War II recovery is 11 months....so.... what is it .... permanent recovery? a new normal? are we ever going to see an “Expansion” again? Like....real growth and real expansion.... not the below average stagnant growth we have seen for the last 5 years.

Let me walk you through this.....if you look at the math ....

- In the second quarter of 2007 the GDP increased 3.6%.... (the 50-year historical average) .... this was ok.... not great .... but ok.
- The first quarter of 2008 the GDP declined (-1. 8%)....Recession began.
- The GDP continued to decline to a low of (-8.9%) by the fourth quarter 2008.
- 4 quarters later...one year...by December 2009 the GDP had returned to an increase of 3.8%.... back to where it left off in the second quarter of 2007.
- The next two quarters from January to June 2010 had increases of 3.9% and 3.8% respectively.
- IN OTHER WORDS, WE RECOVERED FROM THE RECESSION IN 2010!!
- FOR THE LAST 5 YEARS WE HAVE NOT BEEN IN A “RECOVERY”. AMERICA



HAS BEEN IN A NEW PERIOD OF A STAGNANT ECONOMY.

- YES....THINGS HAVE BEEN IMPROVING .....BUT
- IMPROVING AT VERY BELOW NORMAL GROWTH RATES.
- WITH NO END IN SIGHT....
- DEFINITELY NOT AN EXPANSION!

THROW IN SOME MILD INFLATION AND A WEAK EMPLOYMENT AND WAGE PICTURE AND YOU HAVE STAGFLATION.

That is our reality....and has been for five years ....  
whether we like to admit it or not.

So... let's stop using the misleading word "RECOVERY ".

{An alternative could be... a period of general stagnation which is slowly improving .... whatever name you want to give it.... just not Recovery.}

### **So....how about STAGFLATION. !!!**

- A year ago we forecasted a period of mild stagflation in the near future...
- Six months ago, we forecasted a continued slowly improving economy, continued uncertainty, and inflation.... mild.... but getting higher.

.... unfortunately, slow slow progress .... uncertainty .... mild inflation.....  
all remain true today and into the foreseeable future.....sorry .

Stagflation is when the Economy has a period of stagnant economic growth, unemployment, and inflation. The name and concept began with the years 1972 to 1976, a period of extreme stagflation.

([The newsletter dated August 2014](#) provides an oversight and more information on Stagflation.)

### **QUESTION NUMBER 1**

.....DO WE STILL HAVE STAGNANT ECONOMIC GROWTH???

- SECOND QUARTER GROWTH....A SLOW 2.3% .... underwhelming.  
(Remember....our historical average is 3.6%)



- GROWTH FOR FIRST 6 MONTHS OF 2015.....1.5%.....ugh...stagnant.

### HOT OFF THE PRESS!!

On August 28 the Bureau of Economic Analysis announced a “revision” of the second quarter GDP numbers. The second quarter was “revised” from 2.3% to 3.7%.....a 1.4% CHANGE....a 61% difference.... are you nuts!! That’s not even close.....no wonder everyone is “uncertain”..... the government can’t get the math right! However.... even with the upward revised number.....the growth for the first six months still bad at 2.1 %. Ugh.

- CORPORATE EARNINGS A DISAPPOINTING 0.9%.... weakest performance since the middle of 2012.
- AND...CORPORATE SALES DECLINED 3.3% FROM LAST YEAR ..... wrong direction.....THAT MEANS THERE IS NO... I REPEAT .NO GROWTH.
- AND... PERSONAL COMPUTER SHIPMENTS DECLINED BY 9.5% FROM LAST YEAR .....Weakest sales since the recession in 2009.

### GET’S WORSE

- IN THE SECOND QUARTER .....WAGES ROSE AT THE SLOWEST PACE ON RECORD ( 33 YEARS)....0.2%
- CONSUMER CONFIDENCE DROPPED 3% FROM JUNE TO JULY.
- THE JULY MANUFACTURING INDEX (ISM) DECREASED IN JULY FROM 54% TO 53 %.... WRONG DIRECTION!
- RETAIL SALES FELL 0.3% IN JUNE.

SO YOU ASK..... WHAT HAS NOT YET RECOVERED FROM THE BEGINNING OF THE RECESSION IN DECEMBER 2007?

8 YEARS AGO !!!.....AND STILL “RECOVERING”.

GIVE ME A BREAK....





## HOW ABOUT.....UNEMPLOYMENT

.....THE UNEMPLOYMENT RATE WAS 4.6% IN 2007

.....THE UNEMPLOYMENT RATE IS 5.3% TODAY

SOOOO.....THE EMPLOYMENT SITUATION HAS NOT RETURNED TO PRE-RECESSION LEVELS...

\*\*\*\*\*

## HOW ABOUT.....SINGLE FAMILY HOUSING CONSTRUCTION

..... 611,000 HOUSES WERE BEING BUILT IN DECEMBER 2007

..... 376,000 HOUSES ARE BEING CONSTRUCTED TODAY

SOOOO.....HOUSE CONSTRUCTION CLEARLY HAS NOT RECOVERED TO PRE-RECESSION LEVELS .....NOT EVEN CLOSE!

\*\*\*\*\*

## HOW ABOUT.....NEW RESIDENTIAL HOUSE SALES

.....727,000 HOUSES WERE SOLD IN NOVEMBER

2007 .....482,000 HOUSES WERE SOLD IN JUNE 2015.

SOOOO..... NEW RESIDENTIAL HOUSE SALES HAS ALSO NOT RECOVERED TO PRE-RECESSION LEVELS .... ALSO NOT EVEN CLOSE!

\*\*\*\*\*

## HOW ABOUT.....BUSINESS CONFIDENCE INDEX

.....THE INDEX WAS AT 67 IN NOVEMBER 2007

.....THE INDEX WAS AT 54 IN JUNE 2015

SOOOO..... BUSINESS CONFIDENCE HAS NOT RECOVERED TO PRE-RECESSION LEVELS.

## HOWEVER, ... ON THE POSITIVE SIDE

- ... MANUFACTURING IN THE MIDWEST RETURNED TO EXPAN-



SION After two months in contraction the ISM index increased 5.3 points to 54.7 in July.

- FACTORY ORDERS INCREASED 1.8% IN JUNE. This was only the second month in the last year that the index was not a negative number. But...it did go up.....hooray!!
- AUTO SALES REACHED AN ANNUALIZED 18 MILLION IN JUNE 2015.

This is up from a 21-year average (1993 to 2015) of 15.3 million per year. Historically,

- October 2001 was the all-time high at 21.8 million cars sold per year.
- February 2009 was the all-time annualized low at 9.1 Million cars sold.

## QUESTION NUMBER 2

.....WHAT DO YOU THINK ABOUT INFLATION??

The Bureau of Labor Statistics published a National 0.1% Inflation rate through the 12 months ended June 30, 2015. In other words, there is no inflation?

BUT...for those of us who live in the San Francisco - Bay Area .... the official Consumer Price Index increase was 2.3%.... from last June to this June.

This was by far the biggest inflation increase in the Nation.

{Detroit....not only had no inflation.... but deflation....at a minus (-2.4%).}

## HOW ABOUT RENTS?

Nationwide .... rents increased an average of 4% in the last year.

And in the Bay Area....even if you live in a cave you are noticing the rent increas-



es... .... because even the rent for caves is going up!

Rents jumped roughly 15% in San Francisco last year! That’s unbelievable!

Considering that 36% of America are still renters (vs 31% in 2007) and at least 30 % of their income is spent on rent, there is certainly a significant inflationary reality for the renters of America that is way above 0.1%.

### HOW ABOUT ELECTRICITY?

Nationwide residential electricity prices had a 46% increase in the last 20 years.... (2.3% per year average).

Now...how about some local analysis of Pacific Gas & Electric.

Exhibit A has a detailed analysis of actual Marin County Pacific Gas & Electric bills over an eleven-year period.

To get accurate information...the electric bill for a single driveway gate was used to keep it simple and consistent.

In 2004 the cost per kilowatt-hour was \$0.34....

In 2015 the cost per kilowatt-hour was \$0. 48.....a \$0.14 increase in 11years.

This was a 3.7% average per year increase..... over the last 11 years.

You don’t notice the subtle increase year to year.... but it is relentlessly increasing.

### HOW ABOUT FOOD?

The Bureau of Labor Statistics reports the cost of food increased 1.8% in June 2015 compared to June 2014. Hmmmmmm.....where do they buy groceries?

Now...how about the real world.

What is the cost of food where people actually eat...? like a local restaurant.

Talk to the cook.... he says.

1 YEAR AGO	TODAY	% INCREASE
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EGGS	\$15 / case (36 dz.)	\$55 / case	260%
BACON	\$2.25 / pound	\$3.79 / pound	68%
ROAST BEEF	\$2.50 / pound	\$4.75 / pound	90%
TURKEY	\$1.10 / pound	\$1.99 / pound	81%
WAFFLE BATTER	\$57 / case (20 lb.)	\$76 / case	33%
CHEESE	Various	Various	30%

WOW....and ANOTHER WOW!!

Apparently...the guys at the Bureau of Labor Statistics don't eat breakfast ...but. if you like a traditional American breakfast .... you have definitely been effected by inflation.

### HOW ABOUT GAS?

Fortunately, in the last several years, the price of gasoline has stabilized and has experienced no real inflation.... but, but, but we have seen a longer term increase in the underlying trend. For example, if you look at the 20 year numbers (adjusted for inflation).

Average price for regular gasoline

1994	\$1.21 per gallon
2004	\$2.12 per gallon
8/10/2015	\$3.57 per gallon

From 1994 to 2015 the average price for regular gasoline increased \$2.36 per gallon..... approximately 10% per year. From 2004 to 2015.... average price for regular gasoline increased \$1.45 per gallon..... approximately 7 % per year.

### PERSPECTIVE

From 1984 to 1994 there was virtually no inflation in gas prices.

1984 - \$1.13 per gallon; 1994 - \$1.21 per gallon

So....I get it.... if you don't pay rent ..... use electricity.....eat breakfast .....



.....or drive a car..... then you don't have inflation in your life ....no problem.

### PROBLEM

In March 2006.....the average earnings were \$20.05 per hour.

In March 2015..... the average earnings were \$24.85 per hour.

In 9 years we are talking about an increase of \$4.80 per hour .....or.... a percentage increase of 2.7% per year.

The problem is:

Electricity increased 3.7% per year.....wages 2.7% .... behind 1% a year.

Gas increased 7 % per year .....wages 2.7% .... behind 4.3% a year.

Food and rent increased.... a lot!..... wages 2.7%.....behind a whole lot.

In other words, America is falling behind.... expenses are increasing faster than wages.... that is called inflation ....

### QUESTION NUMBER 3 -

DO WE STILL HAVE HIGH UNEMPLOYMENT??

Well....sort of....the current unemployment rate is 5.3%....which is good....

BUT...

- From 1972 to 1976, the last STAGFLATION period, the unemployment rate was 6.3% ...not much different from today .....not a comforting comparison.
- The number of full time jobs today is 0.7% (822,000) less than in 2007... the beginning year of the recession.
- There has been a dramatic increase in part-time jobs (2.4 million.)
- If you add the underemployment rate (5. 1%)....people who work part-time but would prefer full-time.....you have an overall unemployment rate of 10.4%!



- There is a record 102 million Americans not in the labor force .... 62.6% labor participation rate....same as in 1977 ...another tough comparison.
- In the last year 1.5 million Americans have dropped from the labor force.

In other words....we do not have high unemployment...but employment is not great.

### CONCLUSION:

1. We do have a stagnant Economy....improving...sort of .... but painfully slow.
2. We still have a problematic employment market.
3. So... we do have mild inflation in the Bay Area at 2.3% ... but it is not the runaway inflation we experienced in the late 1970's ....

But...in the Bay Area.....if you rent, eat or pay taxes .... then you will think inflation is not so mild .....

Unfortunately...for America..... MILD STAGFLATION. ...has become ....

the not so normal...new normal.....sorry ....

### HOW DO YOU CAUSE INFLATION?

BAD MONETARY POLICY...This theory argues that STAGFLATION is started with an excessive growth in the level of spending in both the private and public sector caused by too high of a money supply and easy monetary policy permitted by the Central bank . At the same time excessive regulation of goods and labor by the government. Well... for the last several years we have been in an era of trillions of dollars of quantitative stimulus and near-zero interest rates. Pretty easy policy... right? The Central Bank might be doing it again. And we clearly are experiencing an increase in government regulations....in many areas of the Economy. History is repeating...like the 1970's!



## AND ON THE NATIONAL LEVEL

What do the “crystal ball indicators “indicate??

Included at the end of this of this newsletter is a chart of 20 common indicators used to measure the Economy ...EXHIBIT B

In the first six months of 2015 ... the indicators indicated:

ROUGHLY POSITIVE.....5.....	25 %
ROUGHLY NEGATIVE.....2.....	10 %
BASICALLY NO CHANGE.....13.....	65 %
TOTAL INDICATORS	20

The following chart shows the indicators for the past five years:

	POS	NEG	NO CHANGE
JUNE 2011 .....	3.....	6.....	11
JUNE 2012.....	6.....	4.....	10
JUNE 2013.....	12.....	2.....	6
JUNE 2014.....	10.....	3.....	7
JUNE 2015.....	5.....	2.....	13

### AND WHAT DO THE “TEA LEAVES” SAY

We started to improve nicely from 2011 to 2013 with the improvement steady and substantial ....

There were 3 positive indicators in 2011 increasing to .....12 positive indicators in 2013 .....this was a great improvement!

THEN....uh oh.....from 2013 to 2015 we have started to go downhill.

There were 12 positive indicators in 2013 to .....5 positive indicators in 2015 .....a very large 60% drop.

And now....the indicators are indicating we are in a stall....a stagnation....going nowhere fast...however you want to say it....

13 of the 20 indicators (65%).... say there has basically been no change in the last



six months....

Frustrating....very very frustrating!

## **FORECAST:**

### **NATIONAL ECONOMY**

We are STILL in a period of mild stagflation....slow slow growth...incomes not going up....but prices are edging up....slowly....but up ...faster than wages !

Although the head of the Federal Reserve thinks “high uncertainty” is the forecast going forward we can tell you with “certainty”.

Continued slowly improving Economy..... expect more of the same.... nothing exciting.... continued certain uncertainty .....higher inflation. We are sorry the forecast is the same as the newsletter of six months ago .... It is obviously frustrating to not report and forecast an Expansion economy. And, unfortunately, there is nothing being done by the President’s office or the Congress to have any meaningful effect to improve the current lack of real growth in the Economy. No tax policy....no fiscal policy...no energy policy....no regulation policy....no nothin’.

Do not have any great expectations for the foreseeable future.

### **And the stock market ...**

The stock market is also reflecting the stagnant Economy.

The market will stay relatively flat....with very little to no growth... into the foreseeable future.....just like the general Economy.

A little history.....the Dow Jones average...Jan 2, 1970.....809

the Dow Jones average...Dec 31 1979..... 938

Total 10 year point gain.....129

Total annual percentage gain.....1.6% .... per year...for 10 years! ugh

Expect the same now.





## BAY AREA

BUT ...we can continue to report good things from inside “the bubble” of the Bay Area and Marin.... .... growth continues to be robust and the local Economy continues to expand in a very strong and positive manner. This should continue into the foreseeable future. This is not boring.... this is fun!! Go Marin!! Go Bay Area!!

**WARNING: Given the general stagnation of the current Economy... .... and the weak growth at 2.1% .....international market weakness.....it would not take much to put the Economy into a negative growth....mild recession ...not impossible .**

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We, at Professional Investors, trust the enclosed information will be useful to you in your personal and business financial planning. It is meant to provide factual data to aid in decision making, both short and long term. It is also meant to provide a wider scope....and sometimes fun.... viewpoint on the financial and economic world we live in.

Enjoy the fall season

KEN CASEY

LEWIS WALLACH

## PROFESSIONAL INVESTORS

### GREAT NEWS IN 2015

The rental market is the best we have ever seen! ever! in 40 years!  
Our rent increases have been averaging 15% on rents to new tenants! The rent increases on existing tenants will average 7 to 8% .... or more...by the end of the year .... a very good year. At the same time .... we have a very low vacancy rate of less than 1%!

As a result, .... Professional Investors is continuing to expand and provide invest-



ment opportunities in this excellent Marin real estate market.

The time is right!

- Interest rates on first mortgages are at historic low levels at 4 % ..... not seen since 1953.
- Banks are aggressively lending on multi-residential and commercial properties .... particularly in Marin County.
- Rents are increasing at a very healthy rate ... high demand .... low vacancies.
- No meaningful construction ...of anything.... that will provide any significant increase of supply ....no competition going forward.
- More businesses moving into Marin and growing in Marin.
- And... inflation is beginning to become evident in real estate .... both in rents and property values.  
That is the whole “wish list” .....doesn’t get any better.

The Company had a busy first half of the year, with the completion of:

### PROFESSIONAL INVESTORS 23

A 35,836 square foot, Class A office building, the City Center, located in Downtown Novato, purchased for \$9,325,000.

### PROFESSIONAL INVESTORS 24

A 32,531square foot, Class A office building, the Bay Wood Center, located in Downtown Novato, purchased for \$7,500,000.

### BROADWAY APARTMENTS

The Company purchased for \$ 2,838,000 a 16-unit multi-residential building, well located near the Sonoma Square in the town of Sonoma. The purchase was a



good timing and opportunistic buy as the rents were significantly under market with 50%, or more, potential rent increases in the current rapidly increasing rental market.

During the second half of the year:

### PROFESSIONAL INVESTORS 25

A 28,500 square foot , unique and attractive office building , with 68 office suites , located in North San Rafael , called the Creekside Center , purchased for \$6,825,000 . Escrow closed August 31, 2015.

### Brookside Apartments

The Company completed the purchase of a 10-unit multi-residential building, purchased for \$2,102,000, located in the popular Gerstle Park area of downtown San Rafael. Escrow closed August 24.

### 350 Ignacio Boulevard – Suite 101

The Company completed the purchase of a 1,704 square foot office condo...purchased for \$540,000. The office is located in the same building as the Corporate offices of Professional Investors.

### 350 Ignacio Boulevard – Suite 103

The Company completed the purchase of an 1,857 square foot office condo .... purchased for \$ 574,000. The office is located in the same building as the Corporate offices of Professional Investors. The Company will be occupying the office with the expansion of the accounting and marketing departments.

### Ignacio Hills Tennis & Garden Apartments

The Company is in escrow for the purchase of a 16 unit multi-residential building.... located at 481 Ignacio Boulevard, Novato. A purchase price of \$4,500,000.

Obviously, in this strong Marin market, we are continuing to look for more quality investment opportunities. It is one of the best real estate investing markets in the world, both for its profit potential and its stability. Thus, we stay in the Marin market, as difficult as it is to buy good property.



Bottom line....at this time ...it is very difficult to find quality properties to buy in Marin. Nobody wants to sell! Fortunately, however ...we have been doing business in the local Marin real estate market for forty years and have a good reputation. This keeps the Company in a “well connected” position allowing us priority access to properties.

We expect to open PROFESSIONAL INVESTORS 26 soon. Currently we are in discussions with a couple of potential sellers. Too early to discuss details.

These investments are organized in Limited Liability Companies for liability and tax protection, with Membership direct ownership of Property.

The investments for the past two years, (PROFESSIONAL INVESTORS 20 TO 25) have been consistently paying 6%, per annum, tax sheltered distributions. In addition, given the current rental market and increase in property values, all of the projects are on schedule to achieve overall returns of 11% to 16%, per annum, at a seven-year maturity.

We do maintain a “waiting list” for potential investors. If you are interested in investing in Marin, please contact us to include you on the “waiting list”. This will give you priority status for being informed about any new investment opportunities and first opportunity to invest if you like the investment.

These investment opportunities fund very quickly, in a couple of weeks from opening .... hence...the reason for the “waiting list”.

## COMMUNITY INVOLVEMENT HUMAN RIGHTS COMMISSION

We are proud to announce that Ken Casey has been appointed [Commissioner for the Human Rights Commission for the Northern District of Marin County](#). He will serve a four-year term beginning in September. He expects to be involved in housing issues affecting Marin County.

## BUCK INSTITUTE FOR AGING

We are proud to announce that Charlene Albanese has become a member of the Buck Institute’s new women’s group, the Double X’s, which will collectively fund



grants to focus on empowering girls and women in science and education.

### FAIR HOUSING OF MARIN

We are pleased to announce that Professional Investors will be working with “ Fair Housing of Marin ” in a collaborative effort to participate in , and completely fund , for multiple years , two school programs .

- Storyteller Program.... “The Colors of Diversity”. Thought provoking and entertaining stories told by Master Storytellers that promote diversity and respect. The program is for children Kindergarten to 5 years of age.
- Annual Poster Contest....A poster contest with dozens of schools in Marin participating. The contest educates children Kindergarten to grade 8 on the concepts of diversity and fair housing and challenges their creativity. It culminates with an Award ceremony for the children, parents, teachers, elected officials etc. and Professional Investors will be handing out the Awards.

### STAFF

We pride ourselves in being a “family” Company and having good long-term relationships with the people who work for and support the Company. We have many long-term people working for the Company ...8 .10 years or more. but a few special recognitions:

Lori.....at the front desk....28 years (almost as long as a mortgage).

Lewis....President and manages the financial operations.....26 years.

Christa...Field supervisor who manages the managers.....18 years.

Leslie .... Financial director who manages the “back room operations” ....14 years. Leo.....Project Supervisor

....maintains the buildings....many projects.....14 years.

Manuel. Supervising Accountant who manages the accounting operations.9 years.

### WEB SITE UPDATE

[Investpfi.com](http://Investpfi.com) .... designed for our Investors the site contains pictures, power point presentations and extensive information on each building in our current portfolio.

It will also provide historical information on the Company; the staff; our invest-



ment history; and, specifics on current investment opportunities.

Prior newsletters ...starting in 2011... are also available on the site.

NOTE: We are continuing to build the site to provide a very robust and informative website for our Investors.

Please be patient .....“Rome was not built in a day”.

## **MARVELOUS MARIN**

- In June, the median price of a single family home topped a million dollars at \$1,050,000!!! Wow  
! This was a 5% increase in value from last June. But don't be too impressed.... .... the price was \$1,223,678 in 2007...17 % higher!!

- Condominium prices increased 11% from last year to a current median price of \$580,500. Another Wow!

- PERSPECTIVE

### AVERAGE SALES PRICE :

1965.....\$ 30,710

1978.....\$100,000

1999.....\$500,000

2005.....\$1,000,000

2007.....\$1,223,678 .....highest average sales price

2009.....\$848,438

2010.....\$904,818

2011.....\$846,083

2012.....\$878,900



- Our neighbor to the North....Sonoma County.....according to Realtor.com and the Wall Street Journal.....is the tightest housing market in the U.S. ....Imagine that...
- Homes listed for sale were sold in a median time of just 24 days .... That's fast. And a June median sales price at \$580,000.

### AND IN THE COMMERCIAL WORLD:

#### NOVATO IS ON THE WAY UP!

Novato was the most active Marin office leasing market in the first six months of 2015 as Companies are expanding north due to the lack of space and high cost of locating in San Francisco . This northern migration is filling all the vacant office space and stimulating an active sales market.

3 big deals have happened in the first half of the year with the sale of:

- Rowland Plaza.....\$25 million
- Woodside Office Center....\$16 million
- And...Hamilton Landing

Given this recent purchase activity by large Companies.... from outside of Marin....makes the two recent office building purchases by PFI, Inc. look timely. (City Center...\$9.3million and Bay Wood Center...\$7.5million)

And Novato office rents are on the way up.... currently rents are \$2.25 per square foot..... lots of room to go. If rents moved to \$3.00 per square foot....same as San Rafael..... that would be a 33% increase ....



## PER SQUARE FOOT RENTS..... SOUTH OF NOVATO

	June 2015	June 2014	% increase
Southern Marin	4.27	3.92	9%
Central Marin	3.04	2.91	5%

And to help with rent increases the Bio-tech industry is booming and fueling a boom in biotech stocks and initial public offerings which is creating a tremendous amount of wealth in the Marin and the Bay Area. For example, we have Bio Marin .....located in San Rafael and Novato....a \$23 Billion bio-tech company making drugs to treat rare genetic diseases.

And to help with apartment rents....we have employed people....

Marin posted a 3.4% unemployment rate in June, ranking behind San Mateo as second lowest in the State .... 4,800 people were looking for work out of an estimated work force of 142,000.

Other unemployment rates :

BAY AREA.....3.7%

STATE OF CALIFORNIA.....6.2%

UNITED STATES.....5.2%

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## AND HOW ARE THE BABIES DOING IN MARVELOUS MARIN COUNTY?

- SURPRISINGLY ....THE CHILD POVERTY RATE IN MARIN IN 2012 WAS 20%.
- IN 2014...A MARIN FAMILY OF FOUR WOULD NEED AN ANNUAL INCOME OF \$102,211 IN ORDER TO BE SELF-SUFFICIENT....NOT





REQUIRING GOVERNMENT ASSISTANCE.

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ARE MARINITES LIVING IN THE RIGHT PLACE OR WHAT.....

**HEALTHY LIVING AND THE DATING SCENE....50 years and older**

In 2 categories San Rafael and Novato made AARP’s top 10 list!! YEAH!

NOVATO....was ranked No.1 as best small city in America for staying healthy!!!

.....was ranked No.4 as best small city in America for date night!!!

SAN RAFAEL.....was ranked No.2 as best small city in America for staying healthy! ..... was ranked No.5 as best small city in America for date night!!

{Cities for populations between 25,000 and 100,000 residents. }

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**BEST PLACES TO LIVE ..... BASED ON CLIMATE AND SCENERY**

Department of Agriculture ranks 3,111 counties in the U.S. for quality of life based on climate and scenery .....and how did we do .....

Humboldt County.....No. 2

Mendocino County.....No. 4

Marin County .....No. 18

Sonoma County.....No. 20

BEST IN U.S.....Ventura County, California

WORST IN U.S.....Red Lake County, Minnesota

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**ANNOUNCEMENT**

In October, Marin county will soon have its first hydrogen refueling station at 570 Redwood Highway near Mill Valley.....HUH..... but there are no hydro-



gen-powered vehicles to use it ??

Spokesman for the air quality district says “It would be very difficult to have a hydrogen fuel car right now in Marin because there are no stations to fill it up, so you wouldn’t be able to drive it anywhere.”

Oh... and by the way.....

There are no hydrogen fuel cell cars available to buy.... now there’s a puzzle.

I can’t have a hydrogen cell car.....hmmm....so how do I use the refueling station?? Not to worry.... the bureaucrats I am sure have figured it out.

Nothing like being ahead of the curve ...

{Hopefully....there will be a hydrogen powered vehicle to buy in the near future when Toyota rolls out the first commercially available fuel cell car, a zero-emission subcompact called the Mirani.....for a cool \$57,000.}

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## **AND ...WHAT WAS HAPPENING IN AMERICA DURING THE STAGFLATION OF 1972 to 1976**

NOVEMBER 1972 ...In a landslide victory, President Richard Nixon wins a second term in the White House.

DECEMBER 1972. Harry Truman, 33rd President, died at 88 years old leaving behind a legacy of dropping the first nuclear bomb.

JANUARY 1973.....The war in Vietnam ended .....The full combat role started in 1965.....45,997 American were killed in combat .... 303,640 were wounded.....\$ 110 Billion was spent.

APRIL 1973.....Pablo Picasso....the century’s greatest artist.... dies at 92.

MAY 1973.....U.S. Senate begins the Watergate hearings investigating the plot by the Nixon administration to spy on Democrats.



OCTOBER 1973..... Protesting America's support of Israel ...an Oil embargo was started by the Arab countries..... disrupting the Economy and causing the infamous "gas lines".

DECEMBER 1973....1) The American Psychiatric Association approved a resolution "...homosexuality does not meet the criteria for being a psychiatric disorder." .... In other words, homosexuality was no longer considered a mental illness.

2) MOVIES: "American Graffiti" .....George Lucas "Sleeper" ..... Woody Allen "The Exorcist" .....Max Von Sidon

MARCH 1974.....Oil embargo lifted.

MAY 1974.....India became the sixth nation to set off a nuclear device.

JUNE 1974.....A "condominium craze" is bringing fundamental change to American housing ..... 40% of new residential units for sale were condos

JULY 1974.....Gallup Poll shows inflation has replaced the energy crisis as the chief concern of Americans ....48% listed the high cost of living as the Nation's biggest problem.

AUGUST 1974.....President Richard Nixon resigns as President....succeeded by Vice President Gerald Ford.

SEPTEMBER 1974.Scientists reported Freon gases .... released from aerosol spray cans.... are destroying the ozone layer that protects the Earth from lethal ultraviolet radiation .

OCTOBER 1974.....Muhammad Ali knocked out George Foreman to regain the world boxing heavyweight championship title.

DECEMBER 1974. 1) Jack Benny....America's favorite tightwad...dies at 80.

2) MOVIES: "The Godfather, Part II" ...Francis Coppola "Chinatown" ...Roman Polanski.



APRIL 1975.....Saigon unconditionally surrenders to the Viet Cong. The city was immediately renamed Ho Chi Minh City.

JULY 1975.....American and Soviet astronauts completed an unprecedented two-day international mission in space with the joining of the Apollo and Soyuz spacecraft.

SEPTEMBER 1975. 1). Casey Stengel....legendary baseball wizard of the New York Yankees....dies at 85. 2). Also...not one.....but two attempts were made to assassinate President Ford...poor guy.... two different women....17 days apart.... tried to shoot him with a handgun at close range! talk about making a guy paranoid!

DECEMBER 1975. 1). President Ford toured the trans-Alaska pipeline hailing the project as a weapon in the fight to “liberate” the United States from unreliable foreign sources of oil.

2). Memorable movie of the year..... “JAWS.”

## POPULATION CLOCK

U.S. POPULATION .... JULY 4, 2015.....

12 P.M. PACIFIC STANDARD TIME.... 321,217,380 AMERICANS.

WORLD POPULATION .....7,254,059,700 PEOPLE

321 MILLION VERSUS 7.2 TRILLION

AMERICANS ARE ONLY 4.43% OF THE WORLD’S POPULATION.

### PERSPECTIVE:

But if you include CHINA at 19.3% ... and INDIA at 17.7% ... Our 3 countries are over 41% of the world’s population !!

If the populations of Indonesia, Brazil, Pakistan, Nigeria and Russia are included.... you are over 50% of the World’s population ....7 countries!!!

[Out of 196 countries currently.]



## **AND HOW FAST IS AMERICA GROWING?**

How about ....

- The U.S. population of 152 Million in 1950 increased an average of 1.7% a year to a population of 321 Million today.
- The Census Bureau projects a population of 417 million in 2060...that is an increase of 96 million people in the next 45 years!
- Nonetheless....our growth rate is projected to slow over the next 45 years to 0.7%.... a 1% per year drop.... that is huge!
- Places the U.S. as 143rd in the World in comparative growth rate .... {out of 196} .... not exactly top of the list in having the most babies in the World.

For comparison....

- Lebanon has a growth rate of 9.4%....14 times our growth rate.
- Greece and Austria have a 0% growth rate.....
- Russia, Japan, and Germany have projected negative growth rates!

## **AND HOW FAST IS THE WORLD GROWING?**

How about ....

- .....265 births per minute....less.....15 deaths per minute.....  
net increase of 250 human beings ...homo sapiens ... per minute. ....
- 9,000 per hour.....
- 215,000 per day.....



- 78 MILLION PER YEAR!!!!
- Basically....a population the size of Turkey....is born.... each year!

BUT IF YOU ARE WORRIED ABOUT THE WORLD BEING OVERPOPULATED AND THE DIRE CONSEQUENCES....

DO NOT DESPAIR

THE GROWTH OF THE WORLD POPULATION WILL BE SLOWING SO THE DIRE CONSEQUENCES WILL BE LESS DIRE CONSEQUENCES....

- The World population in the last 65 years increased an average of 2.9% a year.....4.8 Billion people....74 Million a year.
- The World population in the next 35 years is projected to increase an average of 0.9% a year.....a substantial 70% decrease in rate.

An increase of only 2.2 Billion people.... or....63 Million a year.

**AND WHERE IS THE GROWING GROWING?? (SEE EXHIBIT C)**

- IN 1950.....
  - 4 OUT OF 10 HIGHEST POPULATION COUNTRIES WERE EUROPEAN.
  - 4 OUT OF 10 HIGHEST POPULATION COUNTRIES WERE ASIAN.
  - 1 OUT OF 10 HIGHEST POPULATION COUNTRIES WAS SOUTH AMERICAN.
  - UNITED STATES WAS IN THE TOP TEN.



□ IN 2015.....

- 1 OUT OF 10 HIGHEST POPULATION COUNTRIES IS EUROPEAN.
- 6 OUT OF 10 HIGHEST POPULATION COUNTRIES ARE NOW ASIAN.
- 1 OUT OF 10 HIGHEST POPULATION COUNTRIES IS STILL SOUTH AMERICAN.
- 1 OUT OF 10 HIGHEST POPULATION COUNTRIES IS NOW AFRICAN.
- AND THE UNITED STATES REMAINS IN THE TOP TEN.

□ PROJECTED FOR 2050.....

- THERE ARE NO EUROPEAN COUNTRIES IN THE TOP TEN POPULATIONS.
- 6 OUT OF 10 HIGHEST POPULATION COUNTRIES ARE STILL ASIAN.
- 2 OUT OF 10 HIGHEST POPULATION COUNTRIES ARE NOW AFRICAN.
- 1 OUT OF 10 HIGHEST POPULATION COUNTRIES IS STILL SOUTH AMERICAN.
- AND THE UNITED STATES STILL REMAINS IN THE TOP TEN.

### CONCLUSION:

Pretty easy conclusion.... the parts of the world that are having extreme population growth are Asia and Africa. In Africa .... Nigeria and Ethiopia enter the top population centers and in Asia... Pakistan, Bangladesh and the Philippines move into the top ten. All the European countries, including Russia, drop out of the top ten.

Obviously, the European countries are falling behind, and will become the smaller World population centers.

The big picture.... the population centers are moving from Europe to Africa. Bra-



zil and the United States will stay about the same ....

Asia will continue to explode .....AND...BABIES MATTER.....

## **U.S. POPULATION TRIVIA TIDBITS**

- New Jersey is the most densely populated state.
- California is the eleventh (11) densely populated state.
- Alaska is the least densely populated state (no big surprise).

In 1790....the beginning of the Nation...the population of the “UNITED STATES OF AMERICA” was 3,929,214 free Americans.

- The period of fastest population growth in history was from 1800 - 1810. the population increased 38 %.... (it was before television, of course).
- The slowest population growth period in U.S. history was from 2010 - 2015....the population increased 4 % .... hmmm ...no babies...not good.
- 75% of the U.S. population lives on about 3% of the land area.



