



PRESIDENT DAVE DEWEY, BOB LONG, MILT LUSTNAUER, AND MIKE DRENNEN 2018 MARKET OUTLOOK

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President **Dave Dewey, Bob Long, Milt Lustnauer, and Mike Drennen** presented a discussion about the 2018 market outlook.

Bob addressed the commercial real estate market. Amazon has changed and continues

to change how retailing is done. So many people are now buying so much on line. Other retailers have had to improve in order to compete with Amazon. Walmart is getting into online retailing to challenge Amazon.

Most of the industrial real estate market today relates to the big expansion of warehouses for the Amazons of the world. Rickenbacker Inland Port was set up to be a foreign trade zone. It never took off as that, but its tax abatements have led to many distribution warehouses for retail around Rickenbacker.

The office market has changed dramatically. The cost of new office buildings has risen greatly, but the rents have not kept pace. Commercial developers can no longer build a building and then quickly sell it for a significant profit. Most buildings are being built larger and with more tenant amenities. Medical offices have changed as the sole practitioner has gone away and practices have become larger and often controlled by hospital systems.

Overall, markets are changing and evolving. When Arlington Crossing was built, the concept was to build where you live, work, and play. That seems to still be a strong concept.

Milt Lustnauer addressed the residential real estate market. Milt is a past president of the

Columbus Board of Realtors. In 2009, the market was a buyer's market. Central Ohio had 18,000 residential properties on the market at that time. Today, just under 3,700 properties are on the market, so it is a sellers' market.

Some of today's sellers are asking astronomical prices, which do not appraise out and cause contracts to fail. Even though it is a sellers' market, sellers still need to price their homes correctly.

Upper Arlington real estate taxes have gone up as a result of the 6 year revaluation and the school levy. Sometimes the revaluation process gets a property value wrong. If anyone feels their value is higher than what you could sell it for, Franklin County has a great appeals process. You must appeal to the Board of Revision by April 2.



Milt is hearing predictions that the housing market should continue to be the same this year, but Milt expects more inventory to come on the market. He expects mortgage rates to increase somewhat, which will result in longer times on the market.

President Dave has been in the mortgage business for 41 years. Both 15 year and 30 year fixed mortgage rates are down a bit today from this time last year. Columbus is a solid and stable market for apartment owners. Kiplinger expects interest rates to move up in 2018. A higher rate of inflation could move interest rates even higher. Retail sales are up, but are expected to fall back some in 2018. Overall, it is a positive market. The stock market is projected to be up slightly in 2018. There should be opportunity,

GREETERS

January 9

Joe Berwanger
Matt Rule

January 16

Larry McVey
Barri Jones

January 23

Brian Close
Scott McKenzie

REGISTRATION DESK

January 9

Don Leach
J.D. Dickerson

January 16

Chris Taylor
Tracy Harbold

January 23

Jon Hellstedt
Bill Mielke

CALENDAR

January 9 (Scioto CC)

David Whitaker
CCO, Columbus Regional Airport
Host: Cullie Rechner

January 16 (Scioto CC)

Joanne Spoth
President/CEO of the Breathing
Association
Host: Molly Fontana

January 23 (Scioto CC)

Dr. Robert Weiler
Development and trends in the
Columbus area
Host: Rich Simpson

VOLUNTEER OPPORTUNITIES

Submit your volunteer opportunity to herb@herbgillen.com for inclusion in the Rotaryview Newsletter.

SOCIAL EVENTS

Please submit your social event reminder to herb@herbgillen.com for inclusion in the Rotaryview Newsletter.

OUR NEXT MEETING

January 9th
Scioto Country Club

Upper Arlington
Rotary
Club



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but more volatility, in 2018.

Mike Drennen discussed the 2018 federal tax law changes. Individuals will continue to be subject to 7 tax brackets, but the brackets will have some

lower thresholds and rates. Standard deduction amounts are increased, but certain deductions are eliminated or capped. Mortgage interest on \$750,000 of acquisition indebtedness on primary and secondary homes can be deducted. Those with existing mortgages are grandfathered at the 2017 \$1,000,000 acquisition indebtedness level. The deduction for interest on up to \$100,000 of home equity debt is repealed. Deductions for state and local income and real estate taxes are capped at \$10,000. The child tax credit was increased to up to \$2,000 per child, and up to \$1400 of that is refundable so that someone who does not have enough tax to

benefit from the credit will still receive a refund. This credit phases out at \$400,000 of income for married folks filing jointly. Many of the tax law changes will affect the real estate market.



Estates in 2017 which were over \$5.49 million were taxable. The new law changes that to approximately \$11 million. Stepped up basis for assets in estates was retained.

Corporate tax rates were decreased significantly, bonus depreciation was increased, and Section 179 expensing was increased. Pass through entities now have a deduction for some pass through income, with some limits, so that their income tax structure becomes more similar to the new tax structures of corporations. The net operating loss 2 year carryback is generally eliminated, and the amount of operating loss that can be deducted is limited.

The Meeting

The invocation was offered by **Glen Dugger**. Glen also led the Pledge of Allegiance.

Dick Stone introduced visiting Rotarian **Robert Moffatt** of the Charlottetown Club.

Linda Cummins introduced her guest **Susan Moffat-Bruce**, who is looking forward to joining our Club. She is the Director of University Hospital at The Ohio State University. Her father was with her and is 6a former District Governor now living in Prince Edward Canada.

Notes and Announcements

Mike O'Sullivan announced there will be a Rotary Roundtable next week with **Jayne Davis** of the Franklin County Genealogical & Historical Society.

John Huneck, delivered 25 \$100 gift cards to the YWCA, which were greatly appreciated. They will use them to help families transitioning from the shelter.

President Dave announced that he received a nice holiday note from our German exchange student.

President Dave recognized new \$125 foundation member **Don Leach**.

The Community Service meeting will be at 5:30 tonight at First Community Village. There should be a lot of projects for members to be involved in during 2018.

President Dave reminded everyone that next week's meeting will be at Scioto.

