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Long Live the King

Commercial property owners brace for an uncertain future.

With \$814 billion in commercial real estate loans expected to mature by 2011, there is substantial concern among analysts that a series of commercial loan defaults is looming. In another attempt to loosen credit and extend commercial real estate lending, the Federal Reserve and Treasury Department announced last month the extension of the Term Asset-Backed Loan Facility (TALF).

The Treasury Department's hope is that the extension of TALF will encourage investors to purchase highly rated securities backed by residential and commercial real estate loans, so that when these assets are off the banks' balance sheets lenders can use the proceeds to make additional loans. Thus far, these programs have not had the desired effect and many are skeptical as to their long term success.

Large scale defaults and foreclosures are anticipated among not only distressed properties, but performing properties unable to find take-out financing because of the freezing of the credit markets. REITs, private opportunity funds and investors of all sizes are raising massive amounts of capital through public and private offerings, waiting on the sidelines, cash in hand, to capitalize on a commercial property bust.

Indeed, this cycle is reinforcing a return to fundamentals where "cash is king" and opportunities abound for well positioned players to scoop-up deals on distressed and performing properties, as well as the underlying commercial paper.

This is a critical time for real estate buyers and investors. In the calm before the storm, make sure your strategy is legal, functional and defensible. We assist in all phases of the acquisition of distressed and opportunistic assets to take advantage of today's market, including due diligence, negotiation and documentation of purchase agreements, financing and development, leasing and operation.

For more information about TALF, acquiring distressed assets and other *Recent Developments* impacting your business please contact **Scott J. Stein** at (480) 889-8948 / scott@steinlawplc.com.

In the News

Last month, Scott J. Stein presented a webinar with *Buildings* magazine (www.buildings.com), as part of series on how the Stimulus Package has impacted commercial real estate, which also included was featured with former U.S. Senator John Sununu.

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