



# BOND STREET CAPITAL NEWS

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## Tell Me Something Good

My staff ganged up on me this week. They say that my newsletters are too negative and our readers really want “good news” stories. I told them that bad news sells. Nothing like a celebrity being accused of murder to sell papers or lead the evening newscasts. (OJ, Robert Blake, Phil Spector...)

Ok, so we don't report murders here (except for the residential housing industry) but I told them I would give it my best efforts. So, here it is: my first **good news stories of the year!**

**Good News Story # 1 NO SHORTAGE OF MONEY FOR INCOME PRODUCING PROPERTIES:** Even though this is clearly a lenders market, there is no shortage of money for solid, income producing properties for borrowers with good credit. By historic standards, rates in the low to mid 6% range for commercial mid 5% and up for multi-family loans is phenomenal. This is especially good considering that these loans come with low or moderate prepayment penalties.

**Good News Story # 2 CONSTRUCTION MONEY AVAILABLE FOR COMMERCIAL DEALS:** We have construction money for income producing properties. Again, the borrowers must have solid credit and office, retail, and industrial properties must be pre-leased. No pre-leasing is required for apartments, assisted living or self storage facilities but these property types have to be in larger communities with a demonstrated tight leasing market.

**Good News Story # 3 NEW CAPITAL IS ENTERING THE MARKET:** The market wide consolidation in the Capital Markets space as well as the closure of many small balance originators has actually generated new lending sources. A number of highly competent management teams were given the boot when their companies were sold out from underneath of them or closed because of unrelated problems. A number of these guys have resurfaced at new institutions. These institutions are not burdened by unsold loans in the pipeline and they are talking a very aggressive game. We will see whether talk translates to closed loans.

**THE RICH WILL GET RICHER:** Now let's get to the bottom line about this market. **The worse it gets, the better it is for folks with cash, experience, brains and guts.** I am advising all of my clients to gather as much cash as they can and get ready. We are already seeing **investors starting to acquire** SFR's fractured condo deals, land and partially constructed projects. There will be a lot of tire kicking to

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start but during the next six months, opportunities will abound. Borrowers who are sitting on assets but no cash and waiting for a ¼ drop in rate are making a big mistake. Cash will be king and saving a few basis points in rate will be meaningless. The following are my three rules for 2008:

- **Get liquid:** It's now a buyer's market and you need cash to snap up the deals.
- **Scope out the market you are interested in:** Hitting the bottom of the market comes with knowledge. You can't get comfortable with any deal until you thoroughly understand what drives the local economy and what can change both positively and negatively in the next few years. If you do your homework, you will spot "the deal."
- **Understand the financing options before you take the leap:** Knowing what financing is available is the key to the deal. Working with experienced professionals who understand the product and the market is critical because they **(WE) know where the money is buried**. More importantly, we know what is real and wishful thinking.

**The bottom line: Get liquid. The deal of a lifetime is coming.**

**- Joe Forman**

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The "times they are a changing".....



**Coming Soon!**