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It's a new, uninviting world out there. Lenders actually making new loans continue to be elusive quarries in the hunt for viable development scenarios. With risks perceived as too hefty for anticipated return, investors are taking their opportunities outside of commercial real estate.

Glimmers of possibilities gather around the few transactions having no loose ends. But even then, the deals that get done include "gold plated" sponsorship and tenants and Class A real estate. Let's face it - there are deals with potential to deliver a good return that don't necessarily fit this model. Until, though, the industry resets its risk/reward expectation, these deals remain on the drawing board.

Commentary "from the street" reflects general agreement among industry professionals. The "bid-ask" gap continues to exist, and there are few signs it will evaporate quickly. To be sure, there are some positive signs the gap is narrowing, and there have been some portfolio sales. However, few believe there will be a tsunami of activity this year or early next year.

With general sights set on mid-2010 for any market improvement, commercial real estate lenders are in the proverbial holding pattern. Everyone seems to be waiting for the "smart money" to make a move, and more importantly, everyone hopes the move will be sizeable - with sufficient force to serve as a "seminal" event (perhaps setting off a series of events) to clear the market and establish needed asset values.

To no one's surprise, there is also concern over the effectiveness of government programs. Unlike past downturns, few see the government as playing a key role in moving assets into the market.

Hope for the future? It's been suggested that eventual refinancings, bank consolidations and equity-only deals may surface some near-term opportunities. Many REITs have done well despite the market. But even optimists note the importance of job growth. Employment trends are paramount to recovery, and sustained job increases will be the precursor to truly sustained deal flow.

All of this may lead to great gnashing of teeth and wringing of hands - but deal flow will return. It may not be a tidal wave, but it will happen. Those who are proactive now - establishing key relationships and potential funding sources - will be more than a step ahead of the pack.

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