

Commercial Real Estate Lending Rebounds

Commercial lending has risen to pre-recession levels. As of June 30th, the total volume of commercial lending is two percent higher than it was in the summer of 2007. However, loans from prior to the recession are still causing the banks issues and keeps the inventory of distressed properties an on-going concern for these banks.

The total commercial loan volume stands at \$1.63 trillion versus \$1.60 trillion as of March 31, 2007. There are a total of 6,680 FDIC insured banks which is 1,982 fewer banks following the real estate fueled recession. The banks remaining also have 528% more foreclosed properties on their books than March of 2007. Foreclosed properties on banks books stands at \$14.16 billion today versus \$2.26 billion seven years ago.

Residential construction and development properties make up more than half of the foreclosed inventory. Construction and development lending has taken the longest to bounce back. It is down 62% from the lending in 2007 at \$223 billion today versus \$582 billion then.

Commercial properties have seen a steady increase in most markets. Banks are still losing money on foreclosed properties at \$11.83 million this year alone. However, this is a huge decrease from the deficit in 2013 with total losses reported at \$352 million.

Every other category of commercial lending has surpassed pre-recession levels except construction and development. Owner-occupied property lending is up 39% to \$477 billion; and non-residential investment property lending is up 35% to \$649 billion.

The level of delinquencies has also improved for the 17th consecutive quarter falling by \$13.4 Billion. FDIC-insured banks reported total net income of \$40.2 billion in the second quarter of 2014, up \$2 billion (5.3%) from a year earlier.

Source: CoStar Advisor Newsletter 9/4/2014

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**Current SBA 504 Rate for
September 2014 is 4.99%**

Another Revision on the Energy Law AB 1103

AB 1103 is the new law that went into effect January 1, 2014 which I have reported on previously. It requires non-residential business owners to input energy consumption and other building data into the Environmental Protection

Agency's ENERGY STAR Portfolio Manager system, which generates an energy efficiency rating for the building. It currently impacts buildings over 10,000 square feet. It was set to take effect for buildings over 5,000 square feet on

July 1, 2014. However, this has been delayed again now to take effect July 1, 2016. Buildings utilized for manufacturing with Group F use type are exempt from complying with this new law.

Source: Green EconoME

Featured Property: For Lease



Currently used for automotive repair. It has 3 bay doors with approx 16 foot clear height.

Existing business to vacate by November 15th. Business equipment is not included with the lease.

Separate retail space and upstairs apartment that can be leased separately for additional income.

Excellent visibility and onsite parking. Close access to the 210 freeway.

Call for more information and pricing.

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Linda specializes in commercial and industrial sales and leasing throughout the San Gabriel Valley. She has extensive knowledge in 1031 exchange transactions, investment opportunities, and market analysis. Feel free to contact Linda with any questions or requests for information.

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