

// a view into the world of commercial mortgage brokering //

OUTLOOKS

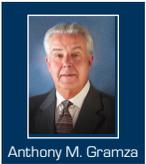
:: Editors Column ::

> SPRING 2021' <

DID WE HAVE A CHOICE?

Do we have a choice?

DO WE HAVE ANY OTHER CHOICE?



Anthony M. Gramza

Here it is—spring is just around the corner. What is to come ahead is yet to be determined. We in the business world have had some concerns as to what actions will occur during this year of political change. Furthermore, although we feel that the virus will be conquered, it will take some time to truly revive our economy. We wonder what and how our representatives will move forward to accomplish their desired goals. *Do we have a choice?*

This past year has been a rollercoaster because of the worldwide pandemic. Regardless of your status in life, your business relationship, your retirement dreams, or the fact that you are in or continuing a quiet retirement life, we continue to tread forward. It was scary for a while but we needed to rely on our medical experts, and we knew they would come through. *Did we have a choice?*

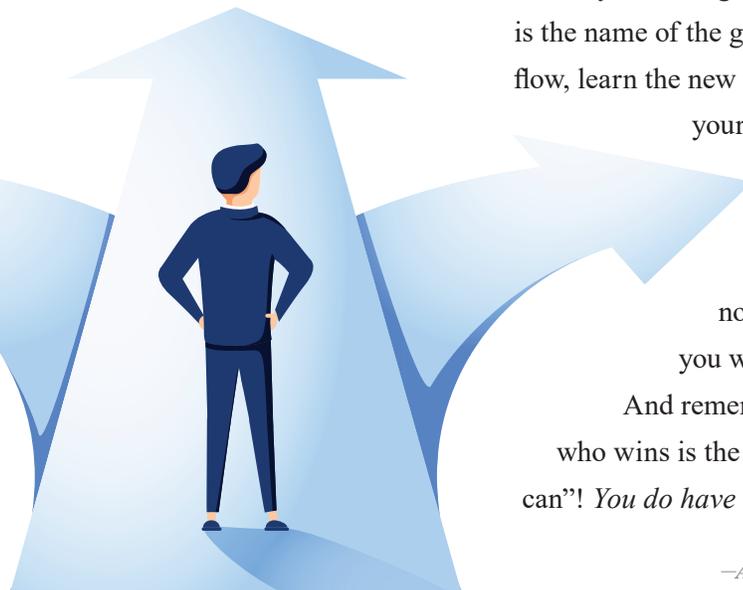
We read about the national and world problems; many we cannot solve. We question our economy turnaround and wonder whether businesses will reopen or just fade away. Whether we are part of the United States or a citizen of another country, it does not matter. Our thoughts and desires for a successful comeback are foremost in our mind, and prayers. *Do we have any other choice?*

A great philosopher (one who is rational and calm under trying circumstances) once stated that if you think you are lost—you will lose. On the

other hand, if you think you can win, in many cases—you will. Success begins with a person's will: It is all in the state of mind! Our newspapers and television screens are loaded with negativism. Do we accept everything we read or see? Do we have a choice? Yes, we do. Hard as it may be to realize, we are a strong country, strong individuals, and persons who know we can achieve our goals.

The business world changes continuously, and we have to change with it. Our thirty (30) years + in the financial industry have taught us that flexibility is the name of the game. Go with the flow, learn the new techniques, open your minds to new innovations.

As we have learned, if you do not get on that train, you will be left behind. And remember, the person who wins is the one who thinks "I can"! *You do have a choice.*





BOOM OR BUST—What is your guess? We are in the middle of the first quarter of 2021. We read or listen to comments made by the “Soothsayers from the far East”. Do we arrive at any conclusion? It depends.

What does our crystal ball tell us for the coming months? Are we to outguess the “pro’s”? A great deal depends on how fast we can overcome the virus infection. Just how fast we can have the worldwide population inoculated. And then there are the wise old businessmen who with their big cigars “shoot the dice”.

As we look back over the previous twelve months, the business modus operandi has changed. Office buildings are vacant, hotels and motels are at high vacancy levels, industry of many sorts are behind on the orders, and unemployment is much higher than the February 2020 levels. No surprise since we have been in the “fear field” for the

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past twelve months listening to both the do’s and don’ts by the honored health officials in all the countries embodied in the world of ours. Dear Lord help us!

Because I feel strongly about our nation and the nations around us, I dare to say as Dr. Martin Luther King stated, “we shall overcome”! The economy will bounce back. It will not all happen overnight, but slowly and surely, many

people will go back to their offices. Families and businessmen will travel the globe, factories will speed up their manufacturing efforts, and with sound judgment from our elected officials, the light at the end of that tunnel will shine again.

As we stated previously, the modus operandi in all phases of business has changed. Many companies are allowing their employees to work from their own homes, thus less need of office space for that firm. Many businesses are reducing employee travel to business meetings and conducting zoom conference calls instead, thus lower hospitality occupancy levels. The general public is loving shopping on Amazon and Craigs list. Why do I need to go to the large shopping center when my needs can be ordered by phone at my home and delivered personally to me in a matter of 2-3 days? That together will small and some major business “hitting the dust”!

Other than our deficit at too high a level and the need to enhance the thinking of many of the populace, our projections are for a slow and steady upturn in the economy. I must admit that mortgage funds are readily available. The question is can the client meet the somewhat more stringent requirements currently in the lender policy? Read our following article on Domestic & International Financing. ▶▶▶



ANNOUNCEMENT
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\$40,000,000.00

@ 4.9% THREE-YEAR TERM / OPTIONS
1% FEE TO LENDER—SUBJECT TO CLIENT FINAL APPROVAL

AMG Commercial Mortgage Group, Inc.,
was instrumental in placing this loan with
a domestic/international lender. 03/12/21



DOMESTIC & INTERNATIONAL FINANCING

The coffers are open....money is flowing—can we get your deal done? Seeking commercial mortgage financing is not for the faint of heart! It is not as easy as obtaining a residential loan. What you don't know can hurt you. This is why we honestly recommend that you seek the assistance of a Licensed Commercial Mortgage Broker.

Mortgage loan inquiries have been slow in coming. We have accepted that condition due to the pandemic that has engulfed the entire world. The world of commercial mortgage financing is like a yoyo. One day you are feasting, the next famine is in the wings. Since the beginning of February 2021 however, our office has received over fifteen (15) inquiries with the majority of requests for international clients. Our current inquiries are from Taiwan, Istanbul Turkey, Kenya, SA, Rwanda, Peru, and India.

DOMESTIC:

Some of the markets are open, but currently there is a hesitancy to finance the hospitality industry, major shopping centers, and multi-level office buildings. The

reason we already know—it is COVID-19. Much of the world came to a stop. However due to heavy savings on the part of both personal and business investors, interest rates are unbelievably low. Money is available. Apartments projects are in the 3.75%-4.0% range. Other commercial ventures in the 5.00% to 7.00% range. As I think back, years ago we were lucky to get 9.50% to 11.00% on any type of project. Today, experience and attractive resumes will help to sell a deal, and a client equity position of at least 20-25%. 100% financing is available, but some of the lender requirements are hard to meet. It will soften up, but we do not see that occurring until late summer.

INTERNATIONAL:

This market has really opened up. Commercial ventures, new construction, and refinancing is what is causing a demand for commercial mortgage funds. Our current inquiries are from Taiwan, Istanbul Turkey, Kenya, SA, Peru and India. You may ask why international clients are seeking the help of a US based broker. Good question asked by many. The reason being that many lenders in

that country lack mortgage funds, quote high interest rates, have noticeably short terms, or the lack of forecasting future benefits to the local economy.

In trying to accomplish the goals of clients, difficulties do arise. What we are finding is that:

- ▶ Lenders have closed doors to commercial ventures.
- ▶ We see a good presentation and project, but client has no equity.
- ▶ Client is seeking terms and conditions that lenders are unwilling to meet.
- ▶ Clients have dealt previously with local lenders and do not understand the requirements of the international lenders.
- ▶ Client is seeking 100% financing but does not have the 7-10% liquidity position.
- ▶ Unwilling to accept some terms of the lender and brokerage firm.

International lender programs are usually somewhat flexible. Rates are in the 4.5% to 7.00% range; typical terms are fixed for ten (10) years over a 20-25-year amortization schedule. Many international lenders do not charge origination or commitment fees but may have a nominal fee to cover review and underwriting. Exhibits are limited and most lenders do not require credit reports.

Lenders based in the US that will consider international financing are few and far between. Knowing the market for the loan request can be cumbersome. Can the area support the project, does the client have the credentials, has the local and national government agencies approved the type of project, and are there any hidden regulations yet to surface?

Lastly, clients are advised to verify broker credentials. Is there proven experience of handling both domestic as well as international loan requests? Experience counts. ■



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OUTLOOKS

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You have now read or reviewed our “57th” edition of the *Outlooks*, our in-house newsletter. This in-house newsletter was started for the benefit of our current and future clients. It has been a means of providing our readers with current and future market conditions. We hope it has been a welcoming news rag. Today’s decision is that we join the digital “in-group” and send our publication via e-mail. We thank you for your continuing support.

for their patience, support, and positive attitude. Clients need to understand that our firm does not make the rules. Lenders, based on their underwriting and review, arrive at a “perceived risk”. Their final terms and conditions are in many cases non-negotiable. We and you have to either accept or move on. There are not that many commercial brokers in the marketplace.

We wish to thank all our past clients, supporting brokers and agents, and lenders

Our sincere best wishes for a healthy and prosperous New Year, a great summer, and much success in the days to come. **AMG**

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