

Commercial Market Shows Signs of Rebound

Analysts point out that competition in commercial lending is increasing on the West Coast, which they call a sign that the drought in the commercial loan business is ending.

Citigroup Inc. analyst Darrell Wheeler said there was "aggressive" competition among insurance companies and foreign banks to fund office properties. Other new lending programs include securities sales through the Federal Reserve and opportunity funds that are looking to buy debt-free assets.

"These disposition options would not have existed just two months back, so market conditions are changing very quickly," Wheeler wrote.

He concluded that with increasing financing "valuations for these assets should quickly recover if the economy is recovering, and we now expect the number of voluntary defaults will start to drop off."

Source: Reuters News, Al Yoon (08/14/2009)