



Positive news for commercial real estate borrowers

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For many commercial real estate borrowers tensions were running high prior to last week's decision by congress to temporarily raise the government debt ceiling and reopen the federal government.

For now, the fear of short-term money market investors retracting has subsided and short term bond buying has continued. Breach of the debt ceiling and a default has been averted. Following suit this week's 10-year treasury yielded a low of 2.52%. The majority of borrowers with loans in process have regained certainty that the likelihood of a re-trade has been limited and could potentially even sharpen rates in the short term future.

This effect has created an appetite for rate lock for those far enough along in the process to do so. On the other hand many borrowers who are in the market for a loan or will be in the near future are contemplating short term floating rate debt with interest rate protection as well as extension options as an alternative until the government has come to a longer term resolution in 2014.

The positive news for borrowers that are in the market now for debt is that there are a multitude of competitive mortgage options to accommodate their particular investment thesis.

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