



Decade Answers: James Ricca

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What are your predictions for commercial real estate in the new decade?

I believe we will see a period where lower property values result in more foreclosures, more failed banks and fewer financing options. Thereafter, the industry will turn primarily to the surviving community banks. It is estimated \$1.4 trillion in commercial loans made over the last decade will be coming due. Borrowers will find themselves unable to refinance and they will be forced to default on their loans. Many banks that extended credit to these borrowers will also be threatened. Commercial and community banks find themselves in a catch-22 situation: Banks that took TARP money are severely regulated. Banks that did not take TARP are not rushing to participate in the government program, for fear of the unwanted regulations. We will find a depressed commercial real estate market for the foreseeable future until Main St. becomes comfortable with our economic recovery and turns to stable community banks for capital.