

Hoff & Leigh's Weekend Market Report

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All Market Average Office Building Sale Price PSF = \$101.99 (DOWN \$0.04 from last week)

We are currently tracking 83 office buildings for sale.
This is 772,516 square feet, which represents a total market value of \$78,792,314.

All Market Average Industrial Building Sale Price PSF = \$95.83 (NO CHANGE)

We are currently tracking 67 industrial buildings for sale.
This is 816,267 square feet, which represents a total market value of \$78,220,406.

To view our most recent Colorado Springs Business Journal Ad please click below
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Tim's Market Report

”Q: What are banks for?

A: To make money.

Q: For the customers?

A: For the banks.

Q: Why doesn't bank advertising mention this?

A: It wouldn't be in good taste. But it's mentioned by implication in references to reserves \$250,000,000 or thereabouts. That is the money that they have made.

Q: Out of customers?

A: I suppose so.

Q: They also mention Assets of \$500,000,000 or thereabouts. Have they made that, too?

A: Not exactly. That is the money they use to make money.

Q: I see. And they keep it in a safe somewhere?

A: Not at all. They lend it to customers.

Q: Then they haven't got it?

A: No.

Q: Then how is it Assets?

A: They maintain that it would be if they got it back.

Q: But they must have some money in a safe somewhere?

A: Yes; usually \$500,000,000 or thereabouts. This is called Liabilities.

Q: But if they've got it, how can they be liable for it?

A: Because it isn't theirs.

Q: Then why do they have it?

A: It has been lent to them by customers.

Q: You mean customers lend banks money?

A: In effect. They put money into their accounts, so it is really lent to the banks.

Q: And what to banks do with it?

A: Lend it to other customers.

Q: But you said that money they lend to other people was Assets?

A: Yes.

Q: Then Assets and Liabilities must be the same thing.

A: You can't really say that.

Q: But you've just said it. If I put \$100 into my account, the bank is liable to have to pay it back, so it's Liabilities. But they go and lend it to someone else, and he is liable to have to pay it back, so it's Assets. It's the same \$100 isn't it?

A: Yes, but. . .

Q: Then it cancels out. It means, doesn't it, that banks haven't really any money at all?

A: Theoretically.

Q: Never-mind theoretically. And if they haven't any money, where do they get their Reserves of \$249,000,000 or thereabouts?

A: I told you. That is the money they have made.

Q: How?

A: Well, when they lend your \$100 to someone, they charge him interest.

Q: How much?

A: It depends on the Bank Rate. Say 5 ½%. That's their profit.

Q: Why isn't it my profit? Isn't it my money?

A: It's the theory of banking practice that. . .

Q: When I lend them my \$100 why don't I charge them interest?

A: You do.

Q: You don't say. How much?

A: It depends on the Bank Rate. Say ½ %.

Q: Grasping of me, rather?

A: But that's only if you're not going to draw the money out again.

Q: But of course, I'm going to draw it out again. If I hadn't wanted to draw it out again I could have buried it in the garden, couldn't I?

A: They wouldn't like you to draw it out again.

Q: Why not? If I keep it there you say it's a Liability. Wouldn't they be glad if I reduced their Liabilities by removing it?

A: No. Because, if you remove it they can't lend it to anyone else.

Q: But if I wanted to remove it they'd have to let me?

A: Certainly.

Q: But suppose they've already lent it to another customer.

A: Then they'll let you have someone else's money.

Q: But suppose he wants his too . . . and they've let me have it.

A: You're being purposely obtuse.

Q: I think I'm being acute.

A: It's the theory of banking practice that they never would.

Q: So what banks bank-on is "not having to meet their commitments?"

A: I wouldn't say that.

Q: Naturally. Well, if there's nothing else you can think you can tell me . . . ?

A: Quite so. Now you can go off and open a banking account.

Q: Just one last question.

A: Of course.

Q: Wouldn't I do better to go off and open-up a bank?"

Punch Magazine

April 3, 1957

I received a call from one of my "good friends" who is a loan officer at one of our prominent local banks a couple of weeks ago. I was told that both of the loans I currently have with them are in "default". Default!? How could that be? The loans are for 2 separate commercial buildings that were purchased in syndications several years ago. Even at today's (mark-to-market) revaluations, our equity is about 50% or 60% (that's good). I'm the manager of the respective LLC that owns each property and I know we've never missed a payment; we carry a significant cash balance in a money market account for each property and since our acquisition, we've spent considerable sums improving each property. But I was told that we were in default. Seems like there's a technical detail in the loan documents that says if the "debt service coverage ratio" drops below a threshold level the bank doesn't like, they can call the loan; or they could call for an infusion of new capital; or they could call for blood. Where are bankers when you need one? I'll let you know how this works out.

I went to another bank meeting with some friends last week. Their building has dropped so significantly in value over the past couple of years, that their (disbelieving) lender validated the appraisal 3 times and each time they reached the same conclusion. Since the melt-down, their building's value dropped from roughly \$80 per square foot to nearly \$30 per square foot. Where are the bankers when you need one?

From the Campaign: I have been asked about my vision for Colorado Springs. It's simple. My vision includes resetting Colorado Springs as "*a world class destination.*" If elected Mayor, I intend to spend my term working toward that goal. It seems to me that that is a large part of what's missing in our city right now; that we have no supervening vision. We're a rudderless ship bouncing in the rough waters of the global economy with no hope of landing at the port of profitable trade & booming economies.

And if we look to our history to find our future, it's clear that my vision is merely a restatement of what our founders intended. They settled Colorado Springs as a world class destination and it became one. Now we must reset and reclaim our rightful destiny.

The next question is "how?" John Hazelhurst seems to think the only person who can answer that question is Sallie Clark. Now I like Sallie, and my comments are not meant to disparage her. (See Hazelhurst's column from last Friday.) But, according to Hazelhurst, Sallie's the only person "who has all the "necessaries", including long experience in government and business, a deep pool of passionate supporters, vast political savvy and steely resolve". He mostly writes-off Buddy Gilmore and me. I gotta tell ya, John, I take issue that you need to have "long experience in government" to run this city. In fact, I'd submit that that's one of our problems. We need somebody who has been doing something besides government; someone who is not afraid to raise creative, outside-the-box, fresh ideas.

Hmmm . . . Maybe it is **TIME** for a change. I'm just saying . . .

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