

# Hoff & Leigh's Weekend Market Report

## Hoff & Leigh, Inc.

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### All Market Average Office Building Sale Price PSF = \$102.33 (UP \$0.05 from last week)

We are currently tracking 88 office buildings for sale.  
This is 824,650 square feet, which represents a total market value of \$84,383,536.

### All Market Average Industrial Building Sale Price PSF = \$89.17 (DOWN \$0.82 from last week)

We are currently tracking 71 industrial buildings for sale.  
This is 907,334 square feet, which represents a total market value of \$80,903,406.

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

"I met a girl who sang the blues and I asked her for some happy news, but she just smiled and turned away;  
I went down to the sacred store where I'd heard the music years before, but the man there said the music  
wouldn't play.

And in the streets the children screamed, the lovers cried and the poets dreamed;  
But not a word was spoken, the Church bells were all broken.

And the three men I admired most, The Father, The Son and the Holy Ghost, they caught the last train for the  
coast."

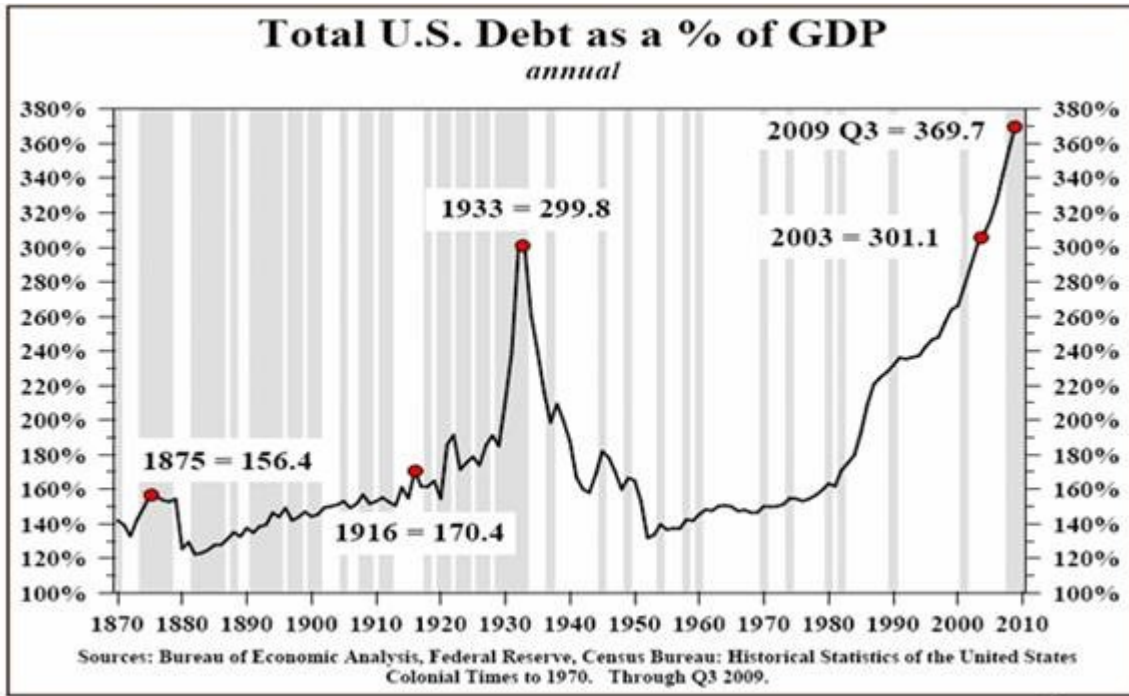
American Pie  
Don McClain

OK. . . OK. . . Some of you are economists but most aren't and the following graphs are for those who aren't.  
They're designed to illustrate a very simple point - we're traveling down the dirty, bumpy, washed-out road  
called too much debt, where the hot, dry wind sucks the air from your lungs and the swirling dust clouds your  
vision. And, if you merely consider the graphs and think about the world from 80,000 feet you'll get the general  
idea. And no, it's not a story of a man named Jed - that guy who "went looking for some food and found some  
bubbling crude", it's a story of the global economy; our national economy; states, counties and city's  
economies all enmired in too much debt.

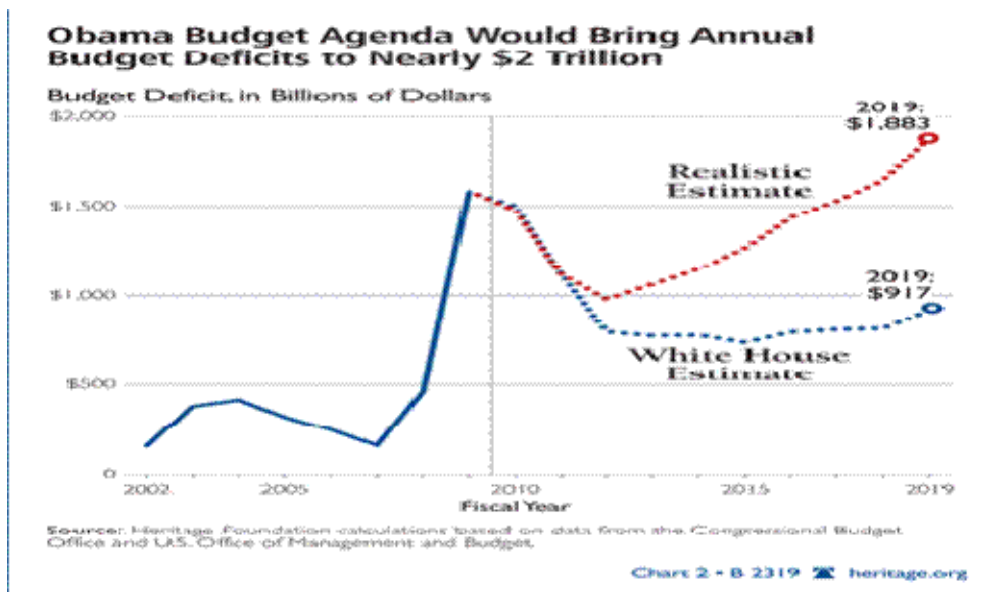
The 1<sup>st</sup> graph shows US debt as a % of gross domestic product (that's all the stuff we produce). When I was a  
kid, my mom always told me that if I'd consistently "tuck a buck a day away" I'd be fine. The 1<sup>st</sup> graph's a picture

of a country that hasn't figured-out that simple idea and unless it changes its way, it will not be fine. Put simply, you can't prosper with too much debt because you spend too much of your money paying somebody else.

You can have money or you can have things but you can't have both (I know – that is, until your productive capacity exceeds your propensity to spend.) In this case, if the debt is too great you can have neither.



Let's call the next graph "wishful thinking". It's a chart of something politicians wish could be, but frankly, cannot be. The US cannot borrow \$15 trillion (that's a \$15 with 12 zeros behind it) over the next 10 years without going broke. Long before that, the bond market will rebel causing interest rates to rise and "the financial aftermath will make the last crisis seem like a cakewalk."



And here's some financial news to think about from around the world:

Ireland is in a financial depression;  
The Baltic States & Hungary are in financial depressions;  
Greece is right behind them;  
Japan has been in a terrible financial mess for over a decade;  
The entire global financial situation is in a precarious condition.

About ½ the pundits say we're in a recovery while the other ½ expect a double dip; therefore, people don't know what to expect. Uncertainty breeds anxiety; anxiety spawns indecision and indecision births stagnation. Now there's a formula! OK, but check time; how is your business doing? How are you feeling about the next 12 to 24 to 36 months? Everywhere I go, folks tell me they're merely "holding their own". Not exactly a sterling endorsement.

And more financial headlines to think about, from around the country, from the past 60 days:

King County, WA city council members propose raising sales tax;  
Santa Barbara, CA Sheriff wants new sales tax;  
Maywood, CA plans to lay-off almost all of its employees;  
Wilkes County, NC approves budget with 8% property tax increase;  
Chautauqua County, NY county executive discusses plan to fix shortfall;  
Kern County, CA to cut programs to close deficit;  
Fresno, CA proposes 225 lay-offs to reduce deficit;  
Wayne County, MI lays-off 700 workers;  
Gainesville, FL to lay-off 37 employees in order to close city's budget gap;  
Alameda County, CA budget will eliminate jobs and services;  
Duluth, GA raises taxes to eliminate shortfall;  
Haber Springs, MI anticipates future budget shortfall;  
St Louis, MO adding furlough days;  
Lake County, FL lays-off 27;  
Laguna Woods, CA is raising trash fees;  
Maywood, CA will outsource all city functions;  
Milton, WA eliminates water coolers in city buildings;  
Poughkeepsie, NY sells more excess property;  
CA, FL, MI and NY teetering on the verge of bankruptcy;  
Winston-Salem, NC is considering a 4 day work week;  
Morris County, NJ taxable property values are down \$1.3 Billion;  
Chattanooga, TN approves a \$37 cent property tax increase;  
Miami, FL expects more job cuts;  
Tulare County, CA working to fix deficit;  
El Centro, CA raises trash collection fees;  
Dallas, TX city manager says 500 lay-offs forthcoming;  
Lorraine County, OH closing offices to save money;  
Northport, AL to lay-off employees;  
Clark County, OH expects deficit next year;  
Lee County, FL cutting 50 transportation jobs;  
Jacksonville, FL mayor proposing pay cuts and tax hike;

Riverside, CA may eliminate 500 more jobs;  
Osceola County, FL institutes 2 weeks furlough for employees;  
Maricopa County, AZ raising property tax;  
Contra Costs County, CA property values continue to decline.

USA Today reports that many state & local governments are planning layoffs hoping to close budget gaps. Mark Zandi, chief economist for [Moody's Economy.com](http://Moody's Economy.com) said "up to 400,000 workers could lose jobs in 2010 as states, counties and cities grapple with lower revenue and less federal funding". And, "it is likely to worsen as now, states face a cumulative \$140 billion budget gap for fiscal 2011".

All of this is to say, we need to be sharply mindful of our resources; we need to be creative "out of the box thinkers" and realize the roads are not paved with cheese and it's likely that the rebound is not going to be robust, but more likely a long-term slog. The world we knew left the station; the world we're left-with is what it is; it's our market reality; and the world we create will be made by informed, (hopefully, forward looking) wise decision.

And to that point, the city council has to make or not make a recommendation to keep approximately \$600,000 they expect from excess tax collection. That shouldn't even be a question; adversus solem ne loquitur. Of course they should keep the revenue. The 2<sup>nd</sup> immediate question shouldn't be, however, "what cool thing can we spend it on?" rather, it should be "how can we save these funds for future emergencies?"

If we don't keep the money it'll be distributed by way of a very nominal residential utility-bill-refund. And as you may imagine, the mechanism for the refund is flawed. It goes to residential consumers only, so commercial utility consumers get screwed in the process, and frankly, the individual refund would be so nominal that the average recipient wouldn't even notice it.

Let's keep the money. Let's don't look for a pet project; let's don't ask the staff for their highest and best use; let's don't expect to drive \$900,000 of value from a \$600,000 bus; let's keep the money in the emergency reserve fund. There will be another rainy day, and as my mother used to say, she never met a family that had too much in savings!

**Keep it real; and who knows –**