



Richard Hanna's Cash Flow Forever Newsletter

August 2010

AlbuquerqueOfficeLeasing.com

\$5.00

Our mission is to profitably support our customer's vision for an effective location at which to do business.



“In August, the large masses of berries, which, when in flower, had attracted many wild bees, gradually assumed their bright velvety crimson hue, and by their weight again bent down and broke their tender limbs.”

~ Henry David Thoreau

A Note From Richard

I appreciated the feedback from last month's article about pricing properties ahead of the market. I heard from about half a dozen investors that, even though they know this, they had not put the pieces together and the article helped them understand how to react in our current market.

Commercial market still on a downward trend.

Yes, that is not great news for property owners. The office vacancy rate reported by Grubb & Ellis hit a new high at 17% and is still trending up. I am hearing from other brokers I speak with that there is increased activity for companies looking for and leasing space in the under-5,000 sf portion of the market.

I am seeing that we are getting more startup companies at my office building. My advice for landlords is to work on keeping your existing tenants happy and give them the market rates so they don't

move. For tenants, it is a great time to lock in a great rate for the long term. This is much the same as my comments last month on how to sell and lease properties by staying ahead of the market trends and being the most attractive choice for a buyer or tenant.

If the market is at \$15.00 per sf for lease, go at \$14.75 to get it leased. The same applies to a sale: If the building is appraised at \$90.00, then go for \$87.00. For buyers, it is a great time to purchase, looking to profit when the market turns around over the next few years.

The industrial market is doing better than the office market. Its vacancy is reported at 9.1% but still high for our market. This statistic is a bit misleading though.

Our market has many small (under 5,000 sf) suites for local businesses and this part of the market is weak. Our larger spaces cover up this aspect. Needless to say, we are not seeing much speculative development currently in our market.

The Benefits Of Fish Oil

Fatty fish like salmon, tuna and mackerel have fats that can produce fish oil. Fish oil contains Omega-3 fatty acids, which are essential in cell building. It is important to get them from your diet since the body cannot produce this kind of acid. Experts believe fish oil provides numerous health benefits:

- * Improves brain development and memory.
- * Reduces the risk of heart attack.
- * Reduces the risk of cancer

- * Helps a lot during pregnancy
- * Reduces the effects of and helps patients deal with lupus, arthritis, and asthma.
- * Helps improve the body overall.

Fish oil is very important in building a better you. Doctors and experts suggest taking pharmaceutical grade fish oil supplements. The problem with eating too much fish is that it can possibly lead to mercury contamination, though there is some disagreement about whether mercury levels in fish are high enough to be a significant risk.

Family Corner



My 1974 Rolls Royce Silver Shadow next to a Ferrari 430. The old broad can still get the young bucks!

Gentleman, Start your Engines!

Many of you know that I love cars. My wife and I have four for two people! If you are interested in anything from Austin to Zephyr with Ferrari and Rolls Royce in the middle, one of the best car shows in the Southwest every year will be September 18 and 19.

Concours du Soleil is the event for you. It also happens to fall on my birthday, so for the last few years it has been a great

birthday present! Albuquerque's best cars are there for the weekend. Saturday night is the formal gala and Sunday is the casual day for the general public.

It is fun because the car owners are there and you get to hear some great stories about their experiences with their cars. Check out the website at www.seehotcars.com for to see some of the best cars of Albuquerque and even a few national winners.

My Investments

It has been a few months since I've written so it is time for an update. My office building on Lomas, The Atrium, is experiencing the same things as the rest of the market with some of the highest vacancy I've had since I redeveloped the property. I sold most of my interests back in 2007 and only have 12.5% ownership now.

The primary owner, Amidee Capital Group from Houston, has been hit hard so they filed for bankruptcy back in January. Partnerships are always tricky and running a building when 75% of the ownership is missing makes it even more difficult.

We are in the process of reworking the loan on the property or doing what is known as a short sale on The Atrium. A short sale is where the proceeds of the sale of the property do not cover the loan balance and it saves the lender from having to take the property and run it.

Fortunately, when I refinanced the property back in 2002, we did a non-

recourse loan so it protects us from liability.

Down in Las Cruces, I have been working on the zoning approvals. We had a 2½-hour city council hearing last month where they returned it to Planning and Zoning to be heard again August 24.

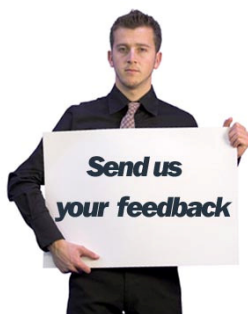
The current plan is to change from a mobile home park to selling the lots and homes individually. This development would give Las Cruces one of the least expensive new housing developments by using manufactured homes on a permanent foundation.

This area of the housing market (under \$125K) is continuing to strengthen to the point that it is now a balanced market.

The other part of the development is industrial with a 45,000 sf building. We have leased about 8,000 sf so we can start to update the property. We are trying to target the automotive industry with a body shop and mechanic and having others join them.



Managing a commercial office building isn't easy when 75% of the ownership is missing.



Feedback? Send your questions, comments, suggestions and submissions to RHanna@RichardHanna.com or call **505-332-0522**

Spice Up The Mood With Floating Candles

There is something special about the mood lighted candles create. Whether the lights are dimmed or turned off, there is a mysterious, calming effect when candles are lit.

When you want to create a very romantic atmosphere in any part of your house or some other place, candles can set that mood instantly.

Floating candles might be the twist in what you knew or believed about

candles. They define elegance, romance and creativity.

And what could be more romantic than floating candles freely moving on water?

There is a unique effect when you use candles for certain occasions, romantic or otherwise. Floating candles could really be your secret weapon.

They also make great gifts. Everyone loves candles and the floating variety makes an even greater impact.



Floating candles make for romantic ambience or a great gift.

Strange Stuff

An obese mother from New Jersey is trying to put on weight in order to become the world's fattest woman. Donna Simpson weighs 602 pounds but has her heart set on reaching her goal weight of 1000 pounds in two years.

Simpson, who needs a mobility scooter to go shopping, eats huge amounts of junk food each week and tries to move as little as possible so she doesn't burn off

as many calories. Simpson loves cakes and donuts and other sweets (hey, what 600-pounder *doesn't*?). She also loves eating sushi and often eats 70 big pieces in one sitting.

In order to pay for the enormous amounts of food she eats – her weekly grocery bill is \$815 – Simpson makes money by running a website where men pay to watch her consume fast food.



Strange people doing strange stuff.

Inspiration

“Youth is not a time of life - it is a state of mind. It is not a matter of ripe cheeks, red lips, and supple knees; it is a temper of the will, a quality of the imagination, a vigor of the emotions; it is a freshness of the deep springs of life. Nobody grows old by simply accumulating a number of years. They grow old by deserting their ideals. Years wrinkle the skin, but to give up enthusiasm wrinkles the soul. Worry, doubt, self-distrust and fear - these are the long years that bow the head and turn the growing spirit back to dust, whether fifty or twenty, there is in every being's heart the love of wonder, the sweet amazement at the stars and star-like things and thoughts, the undaunted challenge of events, the unflinching childlike appetite for what's next, and the joy in the game of life.

You are as young as your faith, as old as your doubts; as young as your self confidence, as old as your fears; as young as your hope, as old as your despair. In the central place of your heart there is a wireless station. So long as it receives messages of beauty, hope, cheer, courage, grandeur ... Power from the earth, from men and from the Infinite you are young. But when the wires are all down, and the central place of your heart is covered with the snow of pessimism and the ice of cynicism, then you have grown old indeed, and may God have mercy on your soul.” -General Douglas MacArthur on his 75th birthday

'Toon of the Month



YOU WOULD THINK THESE HUMANS WOULD SMARTEN UP ABOUT THESE DOG DAYS OF SUMMER

*Richard Hanna's
Cash Flow Forever Newsletter*

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Who Else Wants To Weigh 1000 Pounds?

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**Great Downtown Office Space
1001 Gold Avenue SW**



*Perfect for Law
Office*

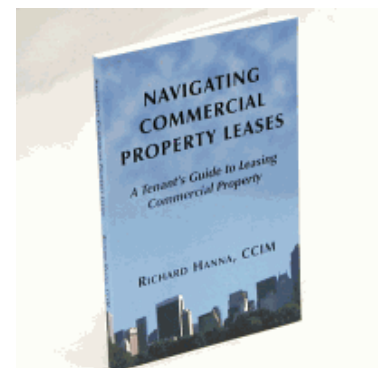
Features Include: Approximately 2,600 square feet including basement. Outside courtyard and storage shed. Excellent visibility with corner lot! Can be divided into two separate suites. Total of 4 offices, large waiting area with reception, break room, kitchenette, and basement.

\$439,000

**For More Information: Contact Richard Hanna, CCIM
505-332-0522, rhanna@richardhanna.com**

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Answers To Your
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Richard Hanna literally wrote the book on Commercial Leasing. *Navigating Commercial Property Leases: A Tenant's Guide to Leasing Commercial Property* is jam-packed with 119 pages of everything you need to know! Call 505-332-0522 RIGHT NOW and say, "I want my FREE book!"



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