



Richard Hanna's Cash Flow Forever Newsletter

May 2011

AlbuquerqueOfficeLeasing.com

\$5.00

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



A mother is a person who, seeing there are only four pieces of pie for five people, promptly announces she never did care for pie.

~Tenneva Jordan

A Note From Richard

Believe It Or Not: Residential Market Up

We seem to be improving in some sectors and not in others in Albuquerque. I am seeing more small leasing and small sale transactions but few larger ones. The small business person seems more optimistic than mid-sized companies.

Sellers and landlords are beginning to drop their prices to where buyers are willing to consider a deal. With more buyers and tenants we also have more than just the bargain hunters out there.

I'm finding that banks have money they are willing to lend, in particular, using SBA loan guarantees. So now is the time to buy a small property for your company with lower prices and low interest rates. Even if you don't believe that values will go up in the future, it helps to control costs and will give you lower operating costs over your competition.

In looking at the residential market, I am thinking that it may be time to restart my home investment program again. About two years ago, I had a program to help investors buy homes for maximum profit and discovered that the short sales prevented the market from moving since the prices were low but difficult to actually purchase a short sale with the roadblocks the banks put up.

Now may be a good opportunity to go after the homes that have been foreclosed since they DO want those off the books and will make a decision in a reasonable period of time once an offer is made to them. With a good combination of a strong rental market, low prices and low interest rates, homes make an excellent small investment.

Homes, unlike commercial investments, have two sources of value, its income and the market as a personal residence. This investment can be a good hedge for other real estate since a home will always have more financing available and people willing to buy at some price.

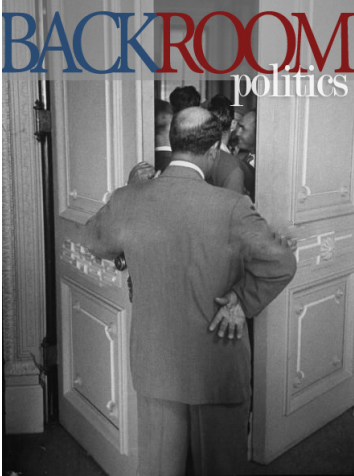
That is not always as the case in commercial properties, as an example, very few office buildings sold in Albuquerque last year so the market froze you out even if you were a motivated seller. Now is one of the few times in Albuquerque where you can purchase a newer home and have a positive cash flow while you own it.

Since Albuquerque has a stable to growing population, the current excess of housing will be absorbed over time and new construction is significantly higher than the current prices. These are the reasons I see it as a good low risk investment. If you have an interest in discussing my trademarked Cash Flow Forever Program, get in touch with me.



Thanks to SBA loan guarantees, the banks seem to be open for business again.

My Investments



Local politicians are often the biggest roadblock in getting deals done.



Falling into the rezoning trap could literally cost you years.



It has been a few months since I've had this part in my newsletter so I thought I'd give you some updates. In Las Cruces, we have been working on the engineering so we can get our final PUD approval with the goal of it being complete at the end of this month.

I don't recommend rezoning property any longer. The city told us we could do it in six months and we are coming up to our third year. The costs to do development at this point are far above where it is worth the effort and risk.

The regulations are part of the issue but not the main problem. To design a development with the current rules is hard, but not awful. The part of the process that does not work properly is the planning department deciding what you can and can't do, and the political hearing process.

Even if you do things according to the rules, it doesn't mean that you will get approval or in exchange of approving the plan, they decide you need to contribute something extra to get them to vote yes.

Given the amount of money city governments get from development, you would think they would want to make it easy for you to do more development, not less.

Las Cruces is still doing better than Albuquerque economically and we now have one company that is

seriously interested in leasing our entire 44,000 square foot building. Keep our fingers crossed for me on this! Our residential land and industrial land is still on hold for development purposes since the demand is still too low to proceed.

At The Atrium, things are heating up between me and the vulture capitalist that purchased my loan in November. After a year of not making payments, they finally filed to foreclose on the property late last month.

This sounds really bad but the loan is non-recourse meaning that my partners and I do not have any liability on the loan or if there may be a shortfall, no judgments. We can walk just away.

We sold 75% of our interest back in 2007 at the market peak so we may lose some of our profits but in our counter claim it could be possible that we get this back from the lender too.

It should be an interesting next several months and I'll continue to keep you posted. I have tried to buy back the property at a lower price but so far the lender feels it is more valuable than I do.

If it was worth what they say it is, it would not have gone into foreclosure. Common sense is missing with many lenders, particularly in their workout departments.

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

Why You Should Drink More Water

It's our body's vital fuel, a health drink from Mother Nature. It's calorie-free, inexpensive and easily obtained. Yet few people follow the old fashioned advice to drink eight glasses of water a day. Most people only drink when they are thirsty and don't get enough water.

Boosting intake of plain water makes good sense, many experts concur, because water eases digestion and regulates body temperature. Water also bathes the cells and accounts for about 60 percent of body weight. And since it's a natural appetite suppressant, water can help us lose weight

and keep it off. It can help keep skin healthy. Drinking fluids, particularly, water, during exercise reduces cardiovascular stress and improves performance. After a strenuous workout, you have to replace the fluids you have lost. Otherwise, you will suffer chronic dehydration. Drink water before, during and after exercising.

Too busy to count how many glasses a day you drink? Dark-colored urine often suggests you aren't drinking enough water. Get into the habit of having water before and with every meal.



Drinking water has a lot of health benefits.

Strange Stuff

A pair of friends took a cab from New York City to Los Angeles. It cost \$5,000 and took nearly a week. Stops were made along the way, such as at the Grand Canyon and Las Vegas, where passengers John Belitsky and Dan Wuebben won \$2,000 at a casino. The pair also made their cabbie Mohammed Alam's day by waking him up "with a shower of \$100 bills." The nearly 2500-mile journey in the yellow cab was documented on

Twitter and on video posted to YouTube. They arrived in Los Angeles on Friday, six days after they hailed the cab at New York's LaGuardia Airport. Belitsky said he's not sure Alam will have company for the long trip back to New York, but he doesn't know how he and Wuebben will return. At the end of the trip, Belitsky tweeted, "I've decided I'm never paying for a cab again. I think renting a porche for the week and driving themselves would have been more fun!



Strange people doing strange stuff.

Funnies

Things Your Mother Wouldn't Say

"How on earth can you see the TV sitting so far back?"

"Don't bother wearing a jacket--it's quite warm out."

"Yeah, I used to skip school, too."

"Run and bring me the scissors!"

"Well, if Timmy's Mom says it's okay, that's good enough for me."



"And now I just step back and let the grilling process destroy any nutritional value it might have had."

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Is This The Worst Way To Get From New York To Los Angeles? (See Page 3)

INSIDE THIS ISSUE

From Ripley's: Residential Market.....1
According To Tenneva Jordan.....1
My Investments.....2
Why You Should Drink More Water.....3
Strange Stuff.....3
Funnies.....3
'Toon Time.....3
FREE Book!.....4
Featured Property.....4

Featured Property

*For Lease
New Retail / Office Building
1052 Main Street , Los Lunas*



*Plaza Grande
For Lease*

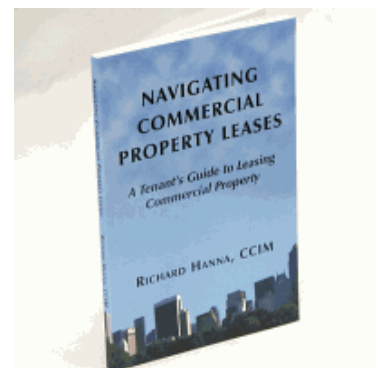
Features Include:

- Great Location at Busy 4-Way Stop Light
- Great Visibility
- Generous Tenant Improvement Allowance
- Security System & Lighting
- 2,200—4,200 SF Available
- \$13.00 SF, Modified Gross- Existing Building
- \$14.00 SF, Modified Gross - New Building

For More Information: Contact Richard Hanna, CCIM
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