

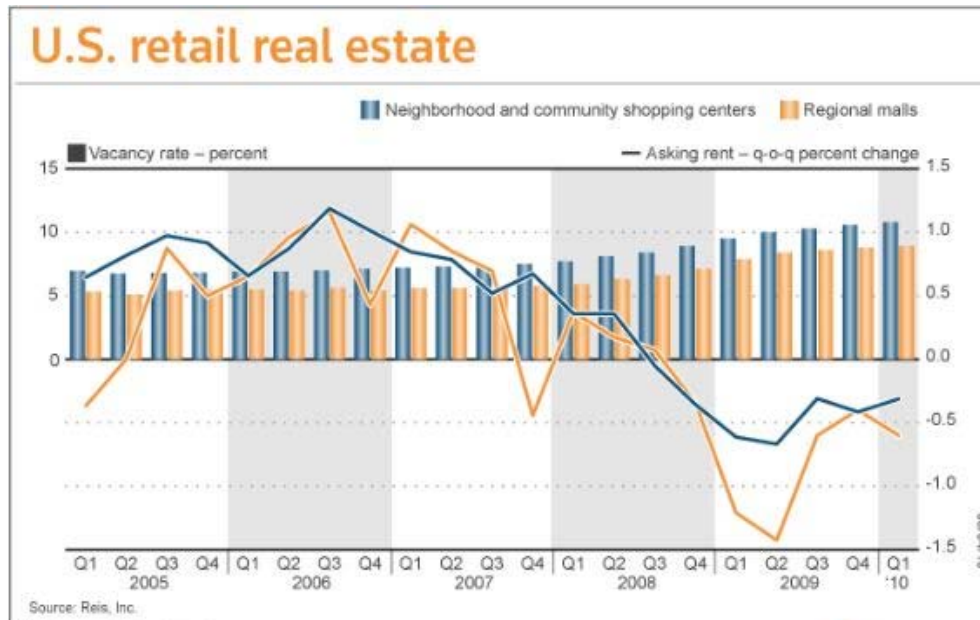
**LEASING & FINANCE NEWS UPDATE**



May 2010

**Top Dog Collectors**

**U.S. RETAIL PROPERTY GOUGED BY RECORD VACANCIES**



Vacancy rates at U.S. shopping centers and malls rose to the highest levels in at least 10 years in the first quarter, accompanied by a drop in rents that wiped out years of growth, research firm Reis Inc said, adding that no improvement was likely soon.

"Until we see stabilization and recovery take root in both consumer spending and business spending and employment, we do not foresee a recovery in the retail property sector until late 2012 at the earliest," said Victor Calanog, Reis Director of Research.

The fundamentals of rent and vacancy look dreadful. In the first quarter, the vacancy rate at big U.S. malls hit 8.8 percent, the highest since Reis began tracking the property type in 2000. Asking-rent fell 0.6 percent, the sixth straight quarter of decline. At an average of \$38.79 per square foot, the asking rent was the lowest in four years.

At local shopping centers, including strip malls typically anchored by grocery and drug stores, the picture was equally bleak. Most neighborhood shopping centers were created in anticipation of an ever-expanding housing market and many were built without having signed any tenants. The decline in occupied space at local shopping centers pushed the first-quarter vacancy to 10.8 percent, the highest since 1991, while asking-rent fell 0.3 percent to an average of \$19.12 per square foot, the lowest level in three years.

Factoring in months of free rent and other costs that landlords kick in, effective rent fell 0.8 percent, the real estate research firm said. At \$16.62 per square foot, first-quarter effective rent was the lowest since the end of 2005, undoing the growth that occurred from that time through early 2008. Reis said it expected the shopping center vacancy rate to keep climbing and rent to continue to fall through 2011. If job growth remains sluggish and consumer spending continues to be inconsistent, that will weigh on retail tenants for at least another 12 to 18 months, the real estate research firm said. "The retail tenant who plans to expand over the next year and open new stores will be the exception rather than the rule," Calanog said.

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CONTACT

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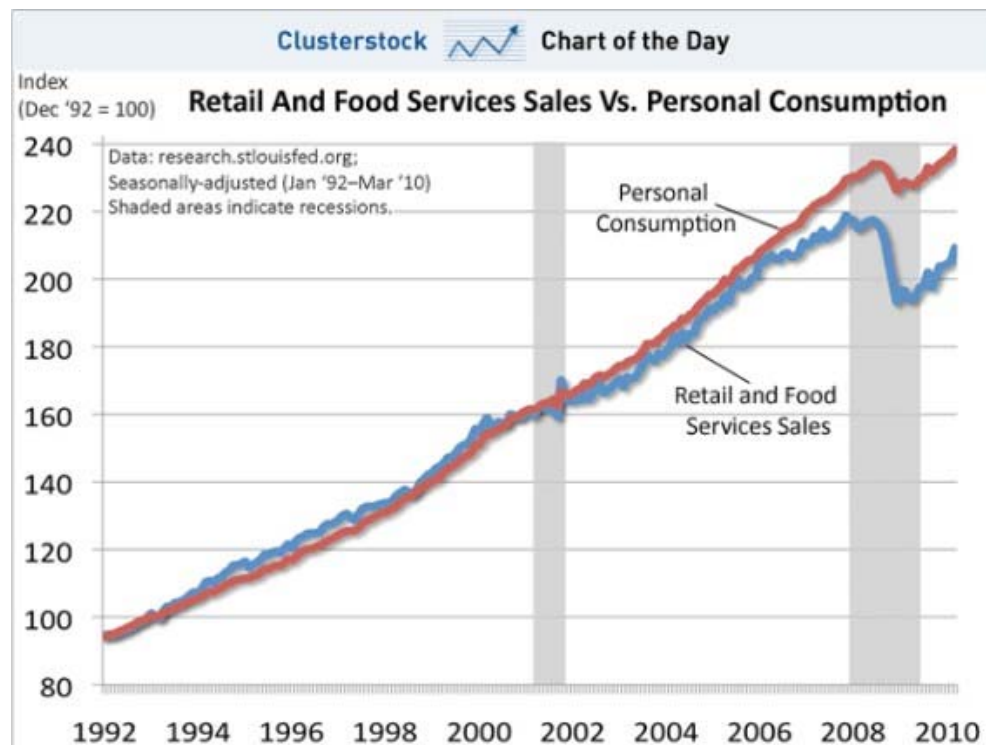
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## EXPLODING THE MYTH OF THE REBOUNDED CONSUMER



This week fresh personal consumption data came out showing that consumers have completely forgotten the recession, and returned to their freespending ways. But is the headline masking deeper weakness?

Source: The Business Insider

## NEW JERSEY'S EXTREME MEASURES

### *More Anti-Small Business Tactics From Our Politicians*



A bill, Proposal A3839, was recently introduced in the New Jersey General Assembly that would require businesses in the state to provide debtors with additional information about their accounts, a copy of the lengthy Fair Debt Collection Practices Act (FDCPA), and would increase fines per violation to at least \$10,000.

For the most part, this bill mirrors the federal FDCPA regulations - which outline permissible calling times, warns against harassment and intimidation, using deceptive representations, etc. However the New Jersey bill goes far beyond the federal rules, requiring businesses to take unnecessary extra steps. Additionally, the bill will be enforceable under New Jersey's Consumer Fraud Act. A violation under the Consumer Fraud Act is punishable by a monetary penalty of \$10,000 for a first offense and up to \$20,000 for any subsequent offense. Needless to say, New Jersey's "enhanced" FDCPA will lead to a plethora of problems. First and foremost, the FDCPA is roughly **33 pages** which will require additional postage. In order to ensure that the debtor receives this oversized packet (and avoid the popular "I never got it" excuse), proof of delivery will more than likely be needed. The mailing costs alone will drive up fees and possibly lead some agencies to forgo collection work in this state. Secondly, it is unlikely that a "least sophisticated debtor" is highly unlikely to understand the wording of the FDCPA, since it's a Federal Law written in lawyer speak. Someone commented on an industry blog, "If a consumer can't understand a simple loan agreement, how would they be able to fathom the FDCPA?" This addendum is superfluous and has only **one** real purpose - **political gain**.

Bill A3839 has no real foundation other than to make politicians appear consumer-friendly, hence gaining votes. These elected officials are taking short-sighted steps in attempt to correct the state's massive mound of economic problems. In the end, this will actually do more harm than good. This alleged pro-consumer stance will hinder small business. It affects all companies, both large and small, that extend credit. In this economy, credit is already difficult to get - the bill, will make it even worse. By limiting creditors and making it more difficult to collect, this bill will halt lending in the state because collection would be so cost prohibitive. Ultimately, it will force businesses out of the state and dry up the credit market. Keep in mind that this bill does not just affect collection agencies - this will directly influence the way all businesses that extend credit operate - from legal firms like Saldutti, LLC, to accounts receivable clerks at large companies to the bookkeeper at a local neighborhood shop.

Make sure that your voice is heard. Contact the Bill's primary sponsors and let them know how this will adversely affect you and your business: Paul D. Moriarty (4<sup>th</sup> District) - [AsmMoriarty@njleg.org](mailto:AsmMoriarty@njleg.org), Reed Gusciora (15<sup>th</sup> District) - [AsmGusciora@njleg.org](mailto:AsmGusciora@njleg.org), and Pam Lampitt (6<sup>th</sup> District) - [AswLampitt@njleg.org](mailto:AswLampitt@njleg.org).

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