



Senate Small Business Committee Roundtable
“Small Business Access to Capital: Challenges Presented by Commercial Real Estate”
November 17, 2010

Today, the Senate Small Business Committee hosted a roundtable entitled, “Small Business Access to Capital: Challenges Presented by Commercial Real Estate.” Chair Landrieu’s (D-LA) opening remarks focused on the coming “tsunami” of debt that will be coming due in the near future. About \$1.4 trillion of commercial real estate debt will come due within the next two to three years (of a total of \$3.2 trillion of all outstanding commercial real estate debt,) according to Chair Landrieu. Of that \$1.4 trillion, community banks hold about \$338 billion of that debt. Panelists on the roundtable highlighted some of the following as how the health of the commercial real estate market impacts small business lending:

- Most American small businesses either own or rent their office space; if the commercial property in which they operate is foreclosed upon, that small business will be impacted.
- Commercial real estate construction and development is stalled; meaning that small businesses typically involved in this sector (construction, janitorial services, landscaping companies, etc.) are not hiring.
- With more than a trillion dollars of real estate debt coming due by 2013, community banks are trying to protect themselves from failure by making fewer and fewer loans.
- Property values are being undervalued across the board, meaning small business borrowers’ chances of securing a loan using personal property as collateral are less likely.
- Compliance costs and FDIC insurance costs have risen sharply over the last two years, requiring community banks to divert capital away from loans to covering these fees.

For a copy of Chair Landrieu’s opening statement, please click [here](#).
For a list of Panelists, please click [here](#).