

Not Yet Out of the Woods: New Jersey Commercial Foreclosures Still Climbing

by Victor Kinon on April 24, 2012



While many are hopeful that the New Jersey economy is starting to rebound, commercial real estate foreclosures are still climbing, according to a recent [NJ Spotlight](#) report. While the New Jersey residential real estate market was hit hard by the financial crisis, the continued influx of foreclosures has been most prominent in the commercial real estate market.

Consider the following—In 2006, there were 173 [commercial foreclosures in New Jersey](#). In 2011, the figure reached 1,586. As the article highlights, there are many reasons why commercial real estate has been so hard hit:

- The commercial real estate market plummeted quickly before many New Jersey companies could respond. In addition, many short-term mortgages likely became due during the height of the economic crisis.
- Like homeowners, many businesses are finding that their real-estate investments are under water. In some cases, companies are simply walking away, leading to an increase in tax foreclosures as well.
- Refinancing has become more difficult as lenders have tightened credit. In January, Biz2Credit reported that TD Bank rejected more than a quarter of loan applications from its small business customers in New Jersey.
- Many small business assistance programs only apply to businesses looking to expand, not those looking for help to keep their current building.

Going forward, the availability of credit and the overall economic climate in New Jersey will likely determine how quickly the New Jersey commercial real estate market will rebound. If you are concerned about the potential impact of a New Jersey commercial foreclosure on your business operations, it is best to consult with one of [Scarinci Hollenbeck's](#) experienced commercial real estate attorneys.