

The Bittersweet Memories of Commercial Property Ownership

By [The Mogambo Guru](#)

04/29/10 Tampa, Florida – If you want to know where the stimulus money winds up, don't look in my wife's purse, because I have been there several fruitless times in the last few weeks, and she almost caught me twice. And don't look in my wallet, as my kids have been there several fruitless times in the last few weeks, too, until I started strapping my wallet to myself with duct tape, which stopped that "Let's look in daddy's wallet!" crap in its tracks.

So where is the money? In the classic "trickle down" theory and (I assume) osmosis or something, it is supposed to, eventually, wind up as more money in everybody's pockets as a wage or profit in some fabulous Keynesian moment of transcendent glory, wherein the economy is saved from the excesses of too much money creation and too much government spending by creating even more excess money and staggeringly more government spending! Hahahaha!

But that laughable result is best left to the hypothetical future, which will, alas, never get here, and the immediate answer is that the newly-spent government money first ends up in the pocket of somebody who was, obviously, at the head of the line and got money first, and who must now be wondering to themselves, as they look around at the bleak, bewildering, unbelievable economic landscape of massive government deficit-spending around the world, and the massive creation of money by central banks around the world, with inflation rising everywhere, "What do I do with all of this money?"

Well, lots and lots of it is going into stock markets and bond markets, as these are the only two investments big enough to absorb that Stinking Much Cash (SMC), which may be what led Hong Kong-based money manager [Puru Saxena](#) to the similar conclusion that "Thanks to the consequences of monetary inflation, prices rise over time and this phenomenon gives a boost to the future cash flows of companies. Now, bearing in mind that stocks in the US have already lost two-thirds of their real value over the past decade and the fact that money-printers are running the economic world, it seems likely that stocks will continue to appreciate over the following years."

And this does not even mention that bonds are paying less than the rate of inflation, interest rates are at historical lows, and stocks are selling at ridiculous P/E multiples. This is all so preposterously ludicrous that I really got a bubblicious laugh out of a news article at Bloomberg that reported "Bonds backed by commercial real estate loans are gaining as investors flush with cash seek higher returns and the economic recovery gains steam." Hahahaha!

It's hard not to laugh at the preposterous economic system that this implies, especially when I don't know anything about commercial property, except that you can't walk into a store without seeing security cameras everywhere these days, which makes it easy to protest rising prices while spreading The Mogambo Message (TMM) by shouting at the cameras, "Your prices are

going up because the Federal Reserve is creating more and more money, you morons, which comes roaring into the economy via massive government deficit-spending, along with the attendant increase in the national debt – which is now increasing at the rate of over \$2 freaking trillion a year! – which doesn't even mention the Crucially Important Fact (CIF) of the terrifying inflation in the prices of food and energy – at least! – that these huge, unprecedented increases in the money supply will cause, and how you, so smug there behind your walls with your little Security Guard badges and your security monitors, will also suffer and be miserable because your precious few dollars will buy so little, less and less all the time, as will your family and your friends, if you have any, which I doubt, because you are so stupid that nobody wants to be around you, and neither do I simply because you are not buying gold, silver and oil when you see this horrifying inflation crap happening right in front of you, even after I used my Precious Mogambo Time (PMT) to come down here tell you to do so, right to your stupid faces, which only shows how stupid you are!”

Satisfied that my Mogambo Teaching Moment (MTM) went off well, we are still left with the problem of the sheer tonnage of what I do not know about commercial property, except that after being overpriced for years, commercial property is said to be in a tailspin, which I assume is because people aren't buying things with that legendary American “abandon and stupidity to excess” because they finally, after bingeing for years on accumulating debt, continual government deficit-spending and the Federal Reserve creating more and more money to finance the whole deal, now owe So Freaking Much (SFM) that they can't make ends meet, and are in no mood to spend more borrowed money, meaning that businesses are closing up shop for lack of customers, leaving the commercial property owner left with bittersweet memories, a few bad checks and more vacancies.

The point is that investors are buying commercial property mortgages! Hahahaha!

In fact, investors have been buying so many of them that “Yields on senior top-rated securities backed by mortgage payments for skyscrapers, hotels and shopping malls fell 0.11 percentage point to 2.19 percentage points more than Treasuries”, which seems to me to be probably the most stupid thing that you can do with money these days, while gold, silver and oil are the smartest thing you can do, because they are still so ridiculously under-priced.

Apparently these weenies haven't heard about gold, silver and oil, nor that “Whee! This investing stuff is easy!”