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The View - Insider's Viewpoint: Coping with Black September

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"It may not be a recession, but it sure feels like one." - Everyone

So how are you feeling?

Let me put it another way. The stalled financial markets have resulted in the end of independent investment banks on Wall Street. The "A" in AIG has taken on a whole new meaning thanks the U.S. government's \$85 billion rescue of the world's largest insurer. The U.S. Treasury essentially is being forced to buy up to \$700 billion in now-illiquid residential and commercial mortgages that were clogging up the financial markets and threatening to "significantly damage our financial system and our economy."

That is one Black September and that doesn't even take into account the preceding year of the credit crunch that set the pace of commercial real estate mortgage originations and transactions back by several years and, according to the UCLA Anderson Forecast, we haven't even entered into a formal recession - yet.

DLA Piper recently updated its 2008 State of the Market real estate survey of more than 400 industry executives. It found that 60 percent reported that the current credit crisis has eclipsed the S&L crisis of the late 1980s and that eight out of 10 respondents do not believe that the last month's events signal the bottom of the cycle nor do they provide "first sign of light" at the end of the credit crisis tunnel.

That's pretty gloomy sentiment from an industry that likes to be upbeat.

And with all the finger pointing going on we can't even play the victim card. The good folks at Beacon Economics - Principal Christopher Thornberg was one of the first to predict the fiscal crisis - point out the irony of our anxiety over the problems in the financial markets. Wall Street isn't going to hurt California. California has hurt Wall Street.

"Why? Because of the collapse of the mortgage credit bubble - and the depth of the rot created," the Beacon economists stated. "California is at the epicenter of that bubble. As bad as California real estate markets have been, they will get worse if the economy lands in a deep recession. And the pain will be spread to every other type of credit from consumer to corporate bonds to commercial real estate."

So it is no wonder you might be feeling anxiety, worry or despair about the financial markets. Fortunately, I have the solution for you: Financial Therapy.

"The true threat to our financial health lies not in the worsening economy, but within us," said Brad Klontz, a financial psychologist.

Klontz pointed me to a study that he co-authored published in the Aug. 2008 edition of "Psychological Services," a journal of the American Psychological Association. The study defines disordered money

behaviors as "maladaptive patterns of financial beliefs and behaviors that lead to clinically significant distress, impairment in social or occupational functioning, undue financial strain or an inability to appropriately enjoy one's financial resources."

Now I won't go into the weird Freudian stuff about the connection between money and defecation, but the disorder sounds a lot like today's real estate marketplace.

Fortunately, there is a recommended treatment regimen. Test subjects saw significant and lasting improvements in their financial health and relief of the psychological symptoms thanks to a combination of meditation and intensive education with a major focus on resolving unfinished business.

I'm not so sure about the meditation part but this is California. And since you are reading this, you already are trying to better educate yourself. So the next step is to resolve some unfinished business by getting off the sidelines and making that deal you've been avoiding. Not only will it make you feel better to finally do a deal, but if enough people face their fears and pursue improving their psychological fiscal well being, we might just create enough liquidity to get the markets functioning again. And that will make everyone feel a whole lot better.

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