



ISGATE LAW
— REAL ESTATE AND BUSINESS —

*Dream Big -
We've Got Your Back!*

Our April 2022 Newsletter

Happy Spring!! Now that the First Quarter is in the books, we look forward to the Spring and Summer months. The First Quarter of this year brought some serious flux to the economy as a whole. We saw our first interest rate increases in years along with a spike in inflation. Toss in the conflict in Ukraine and soaring gas/oil prices and you have a tumultuous start to the year. On the flip side, COVID-19 and its associated restrictions continue to abate giving us the hope of a return to normalcy. As we move into the all important spring market all eyes will continue to be on interest rates and home supply on the residential side.

The Current State of the Marketplace

Rising Interest Rates Signal a Stronger Rental Market and Private Lending Hedging Rates

Well, it finally happened. After years of super low interest rates, we finally saw our first FED interest rate hike of 1/4 percent. Not only did we see our first hike in years, we are poised to see several more rate increases throughout the year. This will of course cause a shakeup in the marketplace. I believe that we are approaching a point where there could be a real impact in the lower end of the marketplace. Right now home prices continue to remain high, with little inclination that prices will come down anytime soon. Continued high values on real estate coupled with the now increasing interest rates could squeeze out first time home buyers and those shoppers in the <\$300k price ranges. These two economic factors can freeze out that market segment from purchasing homes. The trickle down from this will undoubtedly be a spike in the rental marketplace - a potential welcome development for landlords who have been greatly affected from the COVID-19 pandemic.

The Private Lending space continues to see significant volume as most banks still have not fully loosened their lending criteria. The increase in interest rates and the drastic increase in inflation has trickled down to the Private Lending sector as well. We are seeing lenders now phase into variable rate loans instead of the normal fixed rate products in order to protect themselves against the rising inflation and additional FED interest rate hikes.

Real Estate Investment Strategies

Real Estate is what we do. Helping our clients find their next investment opportunity is something that separates us from other firms, we love to grow with our clients and see them succeed. If you are looking for your next investment, we can help:

Hard Money/Private Lending

Our sister company, Stone Commercial Capital, LLC continues to see increasing volume (as are most private lenders). We enjoyed an active first quarter which was a continuation off of a fantastic 2021. Across the board, we are seeing an increase in loan submissions. As a result of the current conventional lending marketplace, we are able to select the safest loans to fund. We are seeing an increase in lenders entering the marketplace. Many of these new lending entities have identified what we already know - that there are many strong borrowers and projects seeking private money as an alternative to conventional financing. This has unfortunately resulted in an increase in fraud as well - so please be sure to properly vet your lender to ensure they are legitimate and have a proven track record of execution.

We believe in common sense lending with clear exit strategies for our borrowers. Given the strong LTVs and rates of return, private lending is a very worthwhile consideration for the investor that wants to diversify (both from the stock market, but also in their real estate portfolio). It affords investors the ability to invest in the solid assets of real estate without the burdens associated with ownership. Our new fund, Stone Lending Fund I, LLC is now registered and accepting investors who want to explore the private lending space. This fund will allow accredited investors to invest in the hard money space and receive attractive rates of return, all collateralized by solidly performing Real Estate in the 50-65% LTV range, giving incredible security to the investor. If you are interested in getting involved in this aspect of real estate investing, please give us a call.

D-town Realty Will Find Your Next Residential, Investment or Commercial Property

Our revamped Real Estate Brokerage, D-town Realty can help you find your next property. We recently helped one buyer get their dream home in Upper Black Eddy in this competitive marketplace. In another transaction, we represented a seller of a 200,000 square foot industrial property and were able to get this property under contract within a week. Whether it is your next investment property or your primary residence, we are here for you to help find your next property. We can help you navigate the cumbersome search process and also evaluate the property to ensure that it meets your investment criteria as part of your portfolio. We can help you underwrite your potential investment property to ascertain whether it meets your specific return criteria.

If you or anyone you or anyone you know would like to receive regular emails with current investment opportunities in our office, please feel free to reach out to me via email at risgate@isgatelaw.com or via phone at 215-396-1020.

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Our mailing address is:

The Conley Building
80 North Main Street, Suite 1B
Doylestown, PA 18901
215-396-1020
risgate@isgatelaw.com

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