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## Our March 2023 Newsletter

Change - that seems to be the theme so far in 2023. Inflation remains high. Interest rates are climbing across the board and currently there are more hikes already on the calendar. We now have alarm bells in the banking sector. There is a lot to cover and all of it impacts Bucks County Real Estate as well as Doylestown Small Business Owners. Before we dive in, please take a moment to check out our newly revamped Bucks County Real Estate Lawfirm website we just recently rolled out for 2023, <http://www.isgatelaw.com>. Check back often for updated industry news and content (and please feel free to drop me a line to let me know what you think of our new site and with any comments or suggestions on content you would like to see).

Here we go!

## The Current State of the Marketplace

### Interest Rates Continue to Climb; Bank Sector Troubles; A Ban on Non-Compete Agreements?

Wow. There has been a flurry of developments over the last several months that greatly impact the real estate investor. Inflation continues to be near record highs and interest rates across the board are rising. The Fed meets later this month and it is anticipated that yet another rate hike of 50 Basis Points will be implemented - though we will see if the SVB collapse gives the FED pause on this particular hike. The Fed has issued interest rate hikes totaling 450 Basis Points since it began its attempts of corralling ever rising inflation. With at least two more rate hikes planned for this year (odds are there will be more) we are approaching some very significant issues in the marketplace. With this next anticipated rate hike, residential mortgages will most likely stay over the 7% range. The Doylestown

"spring market" looks like its in for a big disappointment. Of course, only time will tell - but all of these economic indicators will certainly give home buyers pause this year.

To further spice up the marketplace, Silicon Valley Bank made headlines last week (and not in a good way) by declaring insolvency. SVB is the 16th largest bank in the county - their insolvency represents the second largest bank failure in U.S. history - no small feat. Issues and speculation are abound - but to make a very complex and long story short ---- instead of issuing loans/lending on its robust deposit business, they bought long term treasuries. These long term treasuries have lost significant value, thus creating a gigantic shortfall within the bank. This resulted in a bank run of sorts the end of last week in the stock market - with the top 10-15 banks loosing over 50 billion in market value. All eyes will be on the stock market and on SVB this week to see the immediate repercussions this has on the marketplace.

Bucks County Business owners also saw significant developments that could impact their operations. The FTC issued a proposal to ban Non-Compete Agreements for employees. Their position is that non-compete agreements stifle the employment marketplace, thus curtailing employee compensation. Their proposal would ban all existing employment non-compete agreements (including independent contractors). The only proposed exclusions would be non-compete agreements executed in a franchise transaction or those executed in connection with the sale of a business. Non-competes are obviously very useful and valuable tools for Bucks County small business owners aiding in both retaining important employees but also protecting their business from employees taking valuable skills to their competitors. We will keep an eye out over the next several months as to how this develops. As of now, it is in the proposal stage but it is anticipated that it could escalate over the summer months.

Bucks County Private Lending has finally caught up to the marketplace. Interest Rates for most private lenders has increased dramatically over the last 60 days, with many averaging in the 12-14% range (up from the 10% range). Volume is steady but we are starting to see lenders take a step back to see how the market shakes out.

## Real Estate Investment Strategies

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

### Hard Money/Private Lending

We are still lending!! Our sister company, Stone Commercial Capital, LLC continues to see steady deal flow and continues to make solid loans. We are still lending on good deals regardless of the market conditions. Quite a few lenders are taking a pause in overall lending to see how the market plays out, but we continue to operate full steam ahead. Our reputation for honesty and ability to close loans quickly differentiates us from other lenders. Keep an eye out in the coming months as we will be rolling out our new website to further help our Brokers and our clients.

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 security of real estate without the burdens associated with ownership. Our new fund, Stone Lending Fund I, LLC is now registered and accepting investors who could benefit from 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 private money lending to grow your portfolio please give us a call.

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

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practicing Real Estate Attorney is very advantageous when it comes to negotiating not only initial terms, but finding solutions to problems that arise during the transaction. 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 know would like to receive regular emails with current investment opportunities in our office, please feel free to reach out your Bucks County Real Estate Attorney via email at [risgate@isgatelaw.com](mailto:risgate@isgatelaw.com) or via phone at 215-396-1020.

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