

# Huge commercial real estate lender may file bankruptcy, heightens meltdown fears

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Analysts have been warning for months that commercial real estate would be the next financial tsunami. Vacancy rates have hurt landlord receipts. Tenants are able to force lower rents in negotiations due to the rising vacancies. Some tenants are filing bankruptcy or walking away from leases completely.

Commercial real estate losses have already started to show up in the financial statements of the largest banks. Some of the 106 banks closed this year under the supervision of the FDIC had tremendous losses on their commercial real estate portfolios.

In the midst of rapidly falling commercial real estate values, one of the country's largest real estate lenders, Capmark, will probably file for bankruptcy in the next few days according to *The Wall Street Journal*. The paper [writes](#): "In 2006, a group led by KKR & Co., Goldman Sachs Capital Partners and Five Mile Capital Partners acquired the lender GMAC LLC's commercial-real estate business and renamed it Capmark."

The news of Capmark's demise could heighten fears that commercial real estate losses among banks will cause another significant wave of writedowns at major financial firms that have already had to take one round of government aid. [GE \(GE\)](#) and [Bank of America \(BAC\)](#) posted large commercial real estate losses in their third-quarter earnings.

Mounting commercial real estate losses also mean that the FDIC's ability to cover deposits at failing banks will be stretched more than it already is. The agency recently suggested that it may bring in \$45 billion by implementing an advance collection of fees that banks would pay to the FDIC between now and 2012.

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