



# MEYNER AND LANDIS LLP

COUNSELLORS AT LAW

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## **Legal Commentary On 2015 Business Outlook**

Our legal work is dependent on business cycles and economic prospects. We enter 2015 optimistic that the economic outlook will continue to improve in the areas of lending, real estate and business transactions, and employment – areas in which we are actively involved. We see the following trends from our legal vantage point:

**Banking.** Our clients have worked through a number of problem loans over the past several years and the workout area will continue to wind down. (We already know from our bankruptcy colleagues that small and mid-level Chapter 11 filings in New Jersey were slow in 2014, and this trend will continue in 2015). Our clients are moving ahead of potential bad loan situations by focusing on covenants and financial reporting defaults and looking for exit strategies before loans go into non-payment status.

Some of this leveling off of loan workouts is due to the marked improvement in real estate values. We anticipate that loan purchasers will have a more difficult time buying defaulted bank loans at any significant discounts except where properties have environmental issues.

Banks are more focused on new loan originations. In the past six (6) months, our Banking Group has closed a number of multi-family loans, commercial real estate and business loans, and asset-based financing. This trend will continue during 2015 as interest rates remain attractive.

While small business entities trying to return to profitability may still complain that banks are not lending as easily as in the past (pre-2008), real estate investors with equity buildup and established businesses will likely be actively seeking new financing at the current lending rates.

**Real Estate Transactions.** We are seeing more investor interest in so-called “B” and “C” properties (both in terms of type of buildings and town locations) as quality real estate has been priced at a premium with extremely low cap rate. While we are aware of extensive new development in the Journal Square area of Jersey City, we also see a number of development projects in downtown Newark which will transform our City. We find our creative developer clients refocusing on new uses to add value to existing buildings.

Our Environmental Group is particularly focused on ways of bringing back environmentally “dead properties” to commercial usefulness. We are trying to get towns, in particular, to focus on seeing these properties in light of their re-development possibilities and to offer incentives for redevelopment. Investors are increasingly interested in taking a risk on properties with environmental issues, while banks remain extremely cautious in dealing with such properties from a loan and workout perspective.

**Business Transactions.** Another sign of better economic times is the increased activity in the purchase and sale of businesses. There will be a lot of business growth through consolidation. For example, we have helped a number of physician groups sell their practices to larger medical groups in 2014 and this type of consolidation will continue into 2015. This trend applies to a number of smaller businesses in all areas looking to exit a business which may no longer be profitable as a stand-alone business.

**Business Disputes.** There appears to be a correlation between increasing business litigation and healthy economic times, mostly because of increased value of the business. More

companies are seeking protection of their intangible business assets such as confidential business information and employee restrictions. Our Business Litigation Group has seen an increase in cases in these areas as well as disputes that stem from owner disagreements of how the enterprise should operate, and who should run the business.

**Employment and Immigration.** Employment is on the uptick for skilled positions. Our Corporate Immigration Group remains very busy as the national corporations we represent have a strong need for highly skilled employees and continue to use the H-1B Visa process to fill these jobs. The need for these skilled employees will continue to increase as the business cycle improves. We also are seeing the use of Investor Visas (EB-5) by foreign investors as a means of obtaining US permanent residence. Our Immigration Group is handling applications in this growing area. While a new immigration bill or the President's Executive Order may address problems of undocumented persons, companies will continue to address their business needs through existing immigration laws to employ skilled workers.

**Summary.** Meyner and Landis has been in business in Newark since 1962. We represent a diverse group of business and banking clients in New Jersey and Metropolitan New York. Our clients have been extremely loyal and we are proud to service them. Our outlook for 2015 is that the economy is moving in the direction of opportunities for innovative, well managed business ventures, and we look to grow our legal services with these ventures.

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