

Speakers at Valley summit see slow recovery

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By Sanford Nax / The Fresno Bee

Anyone looking for good economic news didn't find it Wednesday at Madera County's annual economic summit.

Instead, California State University, Fresno, business professor Joseph Penbera and commercial realty firm President John Stewart predicted continued economic gloominess for at least the next few years. They spoke to about 200 people at an annual event sponsored by Madera County Economic Development Commission.

Penbera, a consulting economist to banks, said the economic crisis won't wane until at least 2012 and possibly not until 2014. He predicts higher interest rates, higher unemployment and a "huge fall" in the stock market in early 2010, after the Christmas spending season.

Penbera blasted banks that accepted government bailouts, saying they failed in their obligation to return that money in the form of new loans and credit that could produce more jobs.

"If you are going to give them our money, then they have to get us something back," he said in calling for more government oversight. He accused the major banks of "ripping off" taxpayers.

Penbera was critical of the government stimulus package, saying it hasn't delivered the promised benefits. He called for more investment in building and fixing roads, bridges and other infrastructure.

"There's a direct correlation between infrastructure and jobs," he said. "It's time to take money out of wars we can't win and bring it back home. We need to strengthen the country from within."

Stewart's assessment of the commercial real estate market was equally pessimistic, in large part because housing growth powers retail and office development -- and developers aren't building much.

Shopping centers built with the anticipation of continued housing development are in particular peril. They may have an anchor tenant, but not much else. The developers are probably negotiating new loan terms with banks and incentives and attractive rent deals with prospective tenants.

Stewart, who is president of Grubb&Ellis/Pearson Commercial in Fresno, cited an abundance of distress signals with commercial real estate: increasing volume of late payments, businesses failing to pay taxes; property going unmaintained; more liens; termination of more leases and little construction or projects stalled in the middle of construction.

He predicted a rebound in home construction in 2012, and an increase in retail afterward, in the 2013 to 2015 time frame. "Everything revolves around residential," Stewart said. "Without rooftops, there is no retail."