

ANDREW SULLIVAN • OF NO PARTY OR CLIQUE

## THE DAILY DISH



13 Aug 2009 02:08 pm

### The View From Your Recession

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A reader writes:

My partner and I started our own architecture firm in Miami about five years ago, after many years of working at other large local firms. During the last ten years we were involved in designing many of the condominium high rise projects that fueled the latest construction “boom”. For a couple of years, until 2007 – Miami resembled Hong Kong or Shanghai- the pace of new construction was insane. Our firm ended up growing to sixteen people at the height of the craziness- we had four towers at one time, over two million units in one year. We were published in many of the local magazines and newspapers. We won numerous design awards, and life was very good. It was not just us- everyone seemed to be doing really well.

Needless to say, those days are over and we are living through what is the worse slow down in our industry that anyone can remember. Even the “old timers” are shocked at how bad it has gotten.

Our newer projects have almost all stopped or been put on “indefinite” hold. What we hear from the developers and other clients is that money is frozen, banks are not financing. This may actually be a good thing for the City of Miami and other places, as a lot of bad buildings got built too quickly and in some cases, very poorly. But it is killing our profession and anyone connected to real estate or development.

Every couple of months we had to reluctantly let go of our employees. We were down to two last month, now it looks like even those will need to go as we have run out of work. The rest of the firms are doing just as badly. One of the larger firms are down from 150 to 20 people, most of the smaller ones are down to the principals and one or two others. Very little administrative people are left, everyone is trying to cut, cut, cut and survive. Most firms are closed Fridays or reduced their hours by 20%. Many, many offices stand empty. No one is paying health benefits, or 401 K plans. We can't even afford our taxes and will have to as for a payment plan.

We are hanging on by a thread. We moved our office from the downtown office. We cut our space by over half. We try to go on and stay positive but it has been a grueling two years. We owe money to just about everyone, and have gotten into quite a bit of debt as every month we bill less and less and get paid late, if ever. It is not like we can go and quit to get another job. There are no other jobs to be had. We haven't been this broke since college. It is really, really scary. And we hear the same thing, almost every day, from every single one of our architect friends.

We have in recent months (before August- which is always dead) started to see a few, tenuous “green shoots”- luxury single residential projects seem to be doing OK. That is about it. The very, very rich that do not need financing are doing just fine. We hear stories from these clients of the amazing deals that they are making. One bought a 93 foot yacht at a fraction of the price from some unlucky soul who needed cash fast. Another got a brand new BMW for \$40,000 less than list because the dealer was desperate.

We are holding on and do our best to survive and we pray to God that this recession ends soon.

04 Jun 2009 05:46 pm

### The View From Your Recession

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A reader writes:

I live in suburban Orange County, California, which is a great place for my family and the weather can't be beat. I grew up near Edinburgh, Scotland and moved to the US in the late '80s, when the UK was just a mess. Orange County is one of the most conservative, wealthier counties in the US. Even so, I had an unbelievable experience the other day that brought home the recession in a way that still upsets me.

While on a lunch break I pulled into a gas station in Irvine to gas up. While I was standing around waiting for my gas guzzler to fill up I heard a small boy crying. Over in the far corner of the parking lot was a fairly nice sedan, late '90s model, perhaps a Lexus. It was parked next to the air-and-water pump. I could not see anyone but I could still hear a child crying from somewhere near the car. Then I heard something like "No, Daddy, that hurts." Well, this got my attention real quick, so I wandered around the back of my car to get a better look.

Two small good looking young boys, ages roughly 3 and 7 were being bathed in the free water pump by their parents. The young kid was crying as the water was cold and the dad was attempting to rinse the shampoo from his son's hair. The mom was trying to comfort the young one. When I looked at the car again I noticed it was absolutely packed with clothes, etc. It hit me right away that this family was homeless.

I could just see the sadness and desperation on the mom's face. I felt a chill inside. I walked up to the dad and offered him all the cash I had - about \$30. The look in his eyes was something I will always remember: grateful, yet ashamed. A sad, sad situation. And for this to happen in Orange County is just remarkable.

01 Mar 2009 03:08 pm

## **The View From Your Recession**

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A reader writes:

Our household's recession started a couple years earlier than the one now affecting the world economy. But it was a microcosm of the problem facing the US now.

My wife and I had a relatively brief courtship, maxed out a few credit cards, and headed off to Vegas to get married. Because my moderately high paying IT job was working me to death (still does, actually), we could only get one weekend off for the wedding. So we spent like sailors knowing that a proper honeymoon would not be in the cards for us.

We get home and a few months later, my new bride starts experiencing various health issues – expensive health issues that require lots of expensive tests. Eventually, she's unable to keep up with her hectic nursing job and has to quit. Our credit is maxed, our income is roughly halved, and we have crippling medical expenses piling up. But, in true American fashion, we press forward without a dramatic altering of our living expenses or adding income. No sacrifice necessary, I tell myself, this too shall pass.

Only it doesn't. It takes well over a year before she's even able to think about work again, and her health won't allow her to go back into the field she left. The debt continues to pile up and we default on most of our credit cards and various lines of credit. We actually get hooked on payday loans. Our credit is ruined and bankruptcy is not even an option, since my wife filed for it before we even started dating.

As a child of addicts, I've been around a lot of people in recovery programs. They always talk about needing to find your "rock bottom" before you can acknowledge you need a change. We had hit ours. So about 6 months ago, my wife is finally able to find work, making less money, but at least it's something. I find a 2nd job on craigslist, down the street at a liquor store in the evenings and on weekends (and yes, business is great in a recession). We wring every little expense possible out of our budget and actually find a way to move into a bigger place for less money where we can live more efficiently and learn how to live on my primary income alone. All other sources of income go to savings and debt payments. When our stimulus checks came last fall, we socked them away. Same with our

tax returns and we'll do the same with all future windfalls. My wife will be back in nursing school this fall, after which she'll probably make more money than I do. I'll be updating my skills along the way also.

In other words, fiscal sanity has been restored and we have a plan for the future. It'll be long, hard, and will pretty much suck. But we're just now 30, so we've got plenty of time to fix this and still do everything we planned to do with our lives. We're in well positioned industries, IT and Healthcare, to ride out this recession. Hell, even my 2nd job is remarkably safe given people's penchant for the sauce in tough times.

We never had a mortgage, but it's hard not to see our attitude towards credit, spending, and general fiscal responsibility reflected in the rest of the country's behavior. I don't know where everyone else is in there journey, but we finally have our plan and are in the process of digging out. I think we'll be looking great in 2-3 years. We've already learned how to live entirely without credit cards. A habit we intend to continue even after we've repaid our debts. We'll be more educated, make even more money, have substantial savings accounts built up, and be in the habit of frugality. That sounds to me like America as a whole emerging from the Great Depression and WWII.

While I know we're not the only ones with stories just like this, I really hope we're not the only ones who feel like we're on the road to recovery.

03 Jul 2009 01:35 pm

### **The View From Your Recession**

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A reader writes:

Close to where I work in Silicon Valley, over 400,000 square feet of premium office space lies empty which was previously occupied by Netscape. The buildings and landscaping are well maintained, but I wonder when that immense emptiness will ever be occupied. Silicon Valley prides itself on its creative destruction, but with so much space built during the boom years, there are a lot of areas here that look like the zombie apocalypse.

Another writes:

We moved yesterday. One of the movers was a 58 year-old guy, obviously college-educated and white-collar. He told me he lost his job at a bank. Now he's not even a regular employee with the moving company; he's a day laborer who picks up work for several moving companies whenever he can. He was in excellent shape for a guy almost sixty, but I could tell that some of the lifting was really hard on him. Man. Almost sixty, and he's carrying king-sized beds up and down flights of stairs to get enough money to eat. Obviously, I tipped the hell out of him and the other guys.

27 Sep 2009 03:58 pm

### **The View From Your Recession**

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A reader writes:

Several years ago I began doing very well. My friend and I started our own law firm. I bought a large house, too large a house, and paid far too much for it; but things were good and I wanted to give my kids a backyard room to run around in. So my girlfriend, kids and I moved from our downtown rental apartment to the suburbs. My law partner and I took on a case against a bank that grew into a huge case. The bank hired a large, aggressive law firm to grind us down but we kept winning, picking up more and more clients and winning important rulings that pointed to what appeared to be an inevitable win if we could withstand the cost and time, which rose to several hundred thousand dollars out of our pockets and many hours spent not working on other cases. We started leaning on our credit cards pretty hard.

Then we got a call from our adversary; the bank had filed for bankruptcy protection. It was devastating; our multi-million dollar case was now worth next to nothing.

We managed to eventually pay the firm's bills and always managed to keep our employees paid and insured, but that meant that we would often go without any pay ourselves for months at a stretch. My formerly good credit plummeted and I got behind on my mortgage and credit cards. The bank I was paying my mortgage to had already gone under itself. I was utterly miserable; my girlfriend wanted to help but she didn't make enough to make a real difference and we decided to keep her credit strong rather than put both of us in a hole. So I just stopped. I didn't pay my mortgage and waited to be foreclosed. I tried, but there was no way to sell the house in this market. I saved what money I was able to pay other bills that had been piling up and to prepare to move. Eventually the bank filed a foreclosure. We told the bank to take the house which took them almost seven months to do.

What came from it turned out to be liberating. I got rid of or refrained from everything that I didn't need or that cost a lot. I am now somewhat happy for the first time in a long while. My girlfriend had hated where we lived and it was a much longer commute for both of us. My kids didn't really use the backyard. We moved back downtown into a small but very nice apartment, at a quarter the cost. The building is a very social place; I had barely known my previous neighbors. I am now an eight block walk to my office so even gas is barely an expense any more; and my girlfriend and I had forgotten how much we enjoy living downtown generally. I can sleep better with the stress lowered; the kids even claim they sleep better because the sound of the cars and the general hum of the city. Now I am trying to slowly build up my credit. I spend a lot less than I used to because I don't buy things I don't absolutely need and will never extend myself again.

20 Mar 2009 12:00 pm

### **The View From Your Recession**

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A reader writes:

I'm a professional dating coach for men (if you've seen the Will Smith movie "Hitch," kind of like that). I take guys out to bars, night clubs, malls, bookstores -- wherever they want -- and show them how to meet women, talk to them and get dates.

Business is good. In fact, business is better than ever. And it keeps pouring in. I'm booked through the end of April coaching guys in four different major cities, sometimes making four figures in a single night out on the town. Then I go home, sleep until 3PM and do it again the next night.

But what surprises me more than the fact that all of these men are turning for help in their love lives, is HOW DESPERATELY they're turning for help.

Guys have been paying me with the last remnants of their bank accounts, deferring rent and bill payments, digging deeper into their credit card debt, even asking me to set up monthly payment plans for a single night out -- a night that typically nets a client only a few phone numbers and maybe a date or two.

I talked to another coach in the industry about it. And we agree that it's gone beyond the simple tripe of "sex sells." These single men who have become demoralized financially are seeking their solace not in some sort of economic recovery, but in the arms of a woman. The loss of financial security drives them to seek emotional security. And meanwhile, I'm cashing more checks than I even thought possible a year ago.