

INVESTORS SHOW \$9MILLION WORTH OF CONFIDENCE IN E. MESA BANK

By Art Thomason, The Mesa Republic

Investors in a new east Mesa bank took just three weeks to raise more than \$9million in needed capital, and look forward to years of serving the city near Williams Gateway Airport.

“This will be a big boom area for many years,” said the Gateway Commercial Bank’s president, James Christensen.

Christensen said Arizona’s continuing growth draws investors to the banking industry despite a real estate inventory glut and low interest rates.

With interest rates falling and the real estate market in shambles, a business group learned rather quickly what it takes to woo investors in a new east Mesa bank.

The answer: Only three weeks to raise more than \$9million in needed capital.

As a result, the window is closed on common stock offerings for Gateway Commercial bank, a locally owned institution, which will open for business late next month near Williams Gateway Airport-in an area the bank’s officers expect to generate a lot of business.

“This will be a big boom area for many years,” said the bank’s president and CEO, James Christensen.

And it’s part of Arizona’s continuing growth phenomenon that draws investors to the banking industry despite a real estate inventory glut and low interest rates, he said.

“One of the things we have a lot more of now is employers,” Christensen said. “And now that we have the jobs and the housing, the real estate repricing here is not a bad thing. As people were building all these companies with all of this growth I was afraid we were going to price ourselves out of the (housing) market. There’s a lot of inventory out there but there is still a big demand.”

Christensen also applauded the Federal Reserve’s cut of a key interest rate by a half point Tuesday, a move that should be followed by interest rate drops on a variety of loans. What kind of impact that has on the real estate market is yet to be determined.

Much of Gateway Commercial’s efforts, however, will be directed toward small-business loans, Christensen said.

“If you build a bank anywhere and 50 to 60 percent of your loans are commercial, you are a superstar,” he said.

Doing small-business loans rather than mortgage loans is likely a wise decision, said Akira Hirai, managing director of Cayenne Consulting in Phoenix, a firm that offers a broad base of consulting services, including business development and finance.

Hirai also said Gateway Commercial’s decision to locate near the airport and an area “growing by leaps and bounds” should be a benefit. “For a small bank, location does matter,” he said.

Nevertheless, today’s market will still present challenges for the bank, said Steve Williams, principal of a bank consulting firm, Cornerstone Advisors of Scottsdale.

“One of the key things is that consumers are getting smarter in terms of where to invest their funds,” he said. “It’s going to be more of a challenging time to bring depositors to fund the loans they’re making.”

But Gateway Commercial appears to have a good entrepreneurial business model with its focus on small business loans, Williams said.

“One of the things we are seeing is that business owners still like the relationship with the people at the bank,” he said. “Start-up banks with the right focus can do very well.”

The bank will open temporary offices late next month at 6915 E Parkway Norte, near Power and Warner roads. A permanent facility at 6860 E. Warner Road, about a mile north of the airport, is expected to be completed in early 2009.