

# Has The Banking Crisis Of 2024 Already Started? - Business Game Changers with Sarah Westall

Has the Banking Crisis started? Federal Reserve Program propping up banks is set to expire March 11 - SarahWestall.com

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By swgalex

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By [Michael Snyder](#)

We were warned that more banks would soon be getting into deep trouble. In fact, just yesterday I told my readers [to circle March 11th](#) because that is when a very important Federal Reserve program that has been propping up our banks will be allowed to expire. Unfortunately, we didn't even have to wait for March 11th for the action to begin. On Wednesday morning, shares of New York Community Bank were absolutely crashing. Zero Hedge reported on the drama [as it was unfolding...](#)

*Once the darling of the small banking crisis comeback, New York Community Bancorp has crashed 45% to fresh 30 year lows after [The Wall Street Journal reports the bank is seeking to raise equity capital in a bid to shore up confidence in the troubled regional lender.](#)*

*According to people familiar with the matter, NYCB has dispatched bankers to gauge*

*investors' interest in buying stock in the company.*

*There's no guarantee there will be a deal, or that one would succeed in addressing the bank's challenges, which as of Wednesday morning had led to a roughly 80% decline in its stock price since January.*

As January began, shares of New York Community Bank were selling for more than 10 dollars.

At one point on Wednesday, they were trading for less than 2 dollars.

So why is New York Community Bank in so much trouble?

Well, we are being told it is because ["the quality of its commercial real estate loans soured"](#)...

*The bank has faced a crisis in recent months after the quality of its commercial real estate loans soured and ratings agencies downgraded its credit status to junk.*

*Companies are giving up on offices and downtown retail spaces – after Covid normalized working from home and catalyzed the decline of downtown shopping.*

*That left the owners of commercial buildings unable to pay lenders like NYCB. Some 16 percent of its loans are for commercial real*

*estate acquisition, development and construction.*



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In other words, New York Community Bank is sitting on a mountain of bad commercial real estate loans.

For a long time, I have been telling my readers that we are going to experience the greatest commercial real estate crisis in U.S. history.

Now, we have reached a stage where nobody can deny what is happening. In fact, billionaire real estate investor Barry Sternlicht says that there will be [a trillion dollars in losses](#) on U.S. office properties...

*There are growing signs that commercial real estate is in serious trouble.*

*Barry Sternlicht, a billionaire real estate investor and Starwood Capital's CEO, recently predicted \$1 trillion of losses on office properties alone.*

*More than \$900 billion, or 20%-plus of the total debt owed on US commercial and multi-family real estate, will mature this year, Bloomberg reported this week. Borrowers may have no choice but to refinance at much higher interest rates, or sell their properties at a big discount.*

We have never seen anything like this before.

And it is going to have enormous implications for the financial markets.

According [to Bloomberg](#), in recent weeks bond investors “have punished banks with heavy exposure to commercial real estate”...

*Bond investors have punished banks with heavy exposure to commercial real estate, potentially adding even more pressure to the lenders' profits as Wall Street scrambles to assess how widely pain in property debt will spread through the financial system.*

Sadly, what we have witnessed so far is just the beginning.

Hundreds of banks all over the nation are drowning in bad commercial real estate loans, and the carnage is going to be immense.

But for the moment, there is some good news.

Somehow, New York Community Bank has been able to locate rubes that are willing to inject [a billion dollars](#) into the troubled financial institution...

*Shares in New York Community Bank soared this afternoon after the struggling lender announced a \$1 billion capital raise and new leadership.*

*NYCB agreed to a deal with several investment firms in exchange for equity in the regional bank, it announced on Wednesday afternoon.*

*Those firms include Hudson Bay Capital, Reverence Capital Partners and Liberty Strategic Capital, headed by former US Treasury secretary Steven Mnuchin.*

Will this be enough to save New York Community Bank?

From a short-term perspective, I think that it will help.

But in the long run I do not think that New York Community Bank will survive.

Of course the same thing could be said about hundreds of other U.S. banks.

In fact, as I discussed [yesterday](#), Kevin O'Leary of "Shark Tank" fame is convinced that

thousands of U.S. banks will fail during the years ahead.

Meanwhile, trouble signs continue to erupt for the economy as a whole.

According to a survey that was recently conducted by ResumeBuilder, 38 percent of U.S. business leaders expect their companies to conduct layoffs [in 2024](#)...

*2024 is already looking grim. And it's only February.*

*Thirty-eight percent of business leaders surveyed by ResumeBuilder think layoffs are likely at their companies this year, and around half say their companies will implement a hiring freeze. ResumeBuilder talked to around 900 leaders at organizations with more than 10 employees. Half of those surveyed cited concerns about a recession as a reason.*

*Another major factor: artificial intelligence. Around four in 10 respondents said they'll conduct layoffs as they replace workers with AI, with Dropbox, Google, and IBM have already announced job cuts for that very reason.*

By pumping trillions upon trillions of dollars into the system, those running things were able to keep the economy propped up for a while.

But in the process they created [a tremendous amount of inflation](#), and now the inevitable

implosion is coming anyway.

The U.S. economy is in far more trouble than most people realize.

We are going to be entering a period of great economic turmoil just as the most chaotic election season in U.S. history rattles the very foundations of our society.

So I hope that you have been enjoying the “lull” that we have been experiencing during the early portion of this year, because things will certainly get very “interesting” in the months ahead.

Michael’s new book entitled **“Chaos”** is available **in paperback** and **for the Kindle** on Amazon.com, and you can check out his new Substack newsletter **right here**.

See more information on great products, including the C60 BlackSeed Oil Gel Caps, Telomere Lengthening, Zeolite Detox, and much more @ **<http://SarahWestall.com/Shop>**

