



## COMMERCIAL REAL ESTATE MARKET UPDATES

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### **Fear and Hoping in Commercial Real Estate** 展望商業地產：擔憂與希望

*By Mark Heschmeyer [December 29, 2009]*

Hope and fear are overlapping in the commercial real estate industry on this eve of a new decade. The industry doesn't know whether to look out for it or look forward to it.

On the one hand, the industry is grateful that 2009 is coming at long last to an end. It was by many accounts the worst year in its history as values and incomes shrunk at precipitous rates. Whether that comment can be backed up by statistics is debatable, but few would argue that the hurt was deep and widespread.

On the other hand, much of the bad from 2009 will carry over into 2010. Investors are saddled with troublesome debt and weak fundamentals and 2010 presents very few elixirs for the pains of 2009.

Go back in time one year and remember that the industry felt it was chronologically closer to the beginning of a recovery than the beginning of the downturn. The industry may seem a long way from those sentiments now. However, 2009 did give us surprises it never expected. REITs proved far more resilient than feared and even managed to raise abundant more capital and experience a mini bull market.

Still going into 2010, there is a sense the industry could mangle Franklin Roosevelt's famous quote: We have

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nothing to fear but fear itself. This year, the saying might go: We have nothing to fear but those things for which we hope.

"Most exciting about 2010? Unprecedented low priced buying opportunities," said Andrew Segal, president of Boxer Property in Houston. "Worries about 2010? Unprecedented low priced selling opportunities."

While that remark may come off sounding a bit contrived, it's not. We received many similar paralleled phrases in responses to our query of industry executives for this story.

"What most excites me [about 2010] is the prospect that commercial real estate may find its inflection point and start to turn upward in 2010," said Paul N. Arena, president of Venturi Capital Advisors Inc. in New York. "The last month of the year has brought greater optimism, and the investors with whom we have relationships are preparing to underwrite and invest in 2010. I'm further excited by a return to basics that we are witnessing—a move away from chasing vague or general opportunistic strategies, in favor of generous but realistic returns generated by specific, focused strategies that are; preferably, hard asset backed, and that can pay some form of current return."

Then Arena continued: "I am concerned that one, the commercial lending market will be slow to react to the increase in activity and to accommodate it, and two, that managers won't recall the restraint and lack of underwriting standards that got them in trouble in the first place."

And there in a nutshell is the irony that we are at a point in this recession where the dichotomy between hope and fear is so narrow that the two seem as one.

What follows are comments from industry executives and observers first about what excites them about 2010 and second what worries them about 2010.

### **What Most Excites Us About 2010**

The prospects for 2010 are much brighter than we would have imagined even six months ago. Liquidity is returning to the market, as evidenced by the powerful resurgence of the public REITs, the ability of private REITs to raise capital from retail investors, increased lending activity by life companies and the successful execution of the market's first securitizations in more than 18 months.

*Christopher T. Moyer, Associate, Cushman & Wakefield Sonnenblick-Goldman, New York, NY*

Opportunities in the acquisition of REO as well as underperforming, nonperforming and distressed debt.

*Donald A. Shapiro, President / CEO, Foresite Realty Partners, L.L.C., Rosemont, IL*

I am cautiously optimistic about 2010 in that we could have a period of a stable bottom of the market place where deals trade at profitable cap rates for buyers - 9% to 12% - and that stays the new normal for the next few years. The downside of the new normal is that deals financed at 5% to 6% caps won't be able to refinance as the terms come due and there will continue to be defaults.

*Stephen Karbelk, CAI, AARE, President/Broker, National Commercial Auctioneers, Tulsa, OK*

I am most excited about the commercial real estate cycle bottoming out, which will probably occur about halfway through 2010. I think that the second half of the year will be when the smart money that has been sitting on the sidelines gets back in the game and these investors will be buying properties at historic lows once the cycle ticks back up. That will be good for brokers and investors.

*W. Price Muir, Vice President, Raulet Property Partners Inc., Atlanta, GA*



Perhaps, this year banks will be willing to sell assets at prices that make sense to buyers. Up until now the bid-ask delta has been too large for any velocity to make an impact on the marketplace.

*George A. Arce, Jr., President & CEO, Centers Dynamic, Redwood Shores, CA*

The potential for the banks, special servicers, and FDIC to make the process of buying their delinquent notes and foreclosed assets a reality in a more transparent, market-dictated-price process. We are excited about the fact that these bad debt holders might actually sell the notes/properties in 2010! We are excited about the potential to actually buy properties that make sense on today's terms and market fundamentals.

*Steve McCrann, President, MB 35 LLC, Carrollton, TX*

What excites me the most in 2010 is that any day you can find that rare "home run." It doesn't happen every month or every year. It is the challenge to outwork everybody else and find that special property.

*Steven Aberman, Senior Acquisition/ Leasing Manager, WBS Properties, Boca Raton FL*

Refinance opportunities for multifamily and health care facilities. We should start to see some conduit maturities toward the end of the year that will be seeking refinancing.

*Ron Weis, Vice President, Gershman Mortgage, Springfield, MO*

### **What Most Worries Us About 2010**

Official U.S. government policy of "pretend and extend" is going to exacerbate the problems in the commercial real estate market. What should have been a painful march towards normalization has not only been arrested, it's been partially derailed. Essentially, U.S. policy has taken what otherwise would have been a slow moving traffic jam, and turned it into a massive pileup.

*Steven Sandler, CEO, Crosswind Capital LLC, Rye, NY*

We are worried about market stagnation like in the first part of 2009. Some financial institutions are taking strong action to move forward with their inventory of loans and problem assets, but others are ignoring their problems and pretending they don't exist. I think banks are making a huge mistake in working-out too much of their loans rather than taking back the assets. Banks can mitigate losses by selling to people who know how to fix bad assets. A lot of what we see now is bad investors who have made bad decisions and are not being punished for their actions. These same individuals continue to invest while thinking that if they make mistakes it will ultimately fall back on the banks or their investors. We have excess inventory on shopping centers and much less available dollars to spend in them. The general contraction of the economy will take a toll on all classes of real estate asset. For example, in multifamily products we have seen rents going down 15-25% in the Los Angeles core markets. Office occupancy is not going to improve in the next two years, and rents are being reduced.

*Sagiv Rosano, Managing Partner & President, Rosano Partners, Los Angeles, CA*

1) How much the high net worth segment of the market has not yet revealed the depth of its financial distress? 2) An over-recovered stock market. 3) A badly weakened US Dollar. 4) High natural resource and raw materials costs 5) The potential for future inflation and 6) That there has been too much money raised targeting high IRR equity returns that has already begun to overpay for the trickle of deals coming forth in an effort to do something, anything with the money, even if the realistic risk-adjusted returns don't justify the promises to investors.

*Gabriel Silverstein, SIOR, President, Angelic Real Estate, New York, NY*

Lack of liquidity on the debt side. The life companies have returned some liquidity to the market but CMBS and the banks are still a major question mark.

*William L. Jackson, Senior Vice President/ Managing Director, Northmarq Capital, Dallas, TX*

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That uncertainty will reign. Until an "RTC 2" is created with FDIC and REMIC enforcement of loan terms forcing foreclosures to clear the system, we will likely be in a long period of limited activity. Investors typically want either "safe bets" or "steals" in times of confusion. Everything else is priced to the most conservative underwriting and as a result, does not trade.

*Bernard Haddigan, Senior Vice President & Managing Director, Marcus & Millichap, Atlanta, GA*

Unemployment. This is the single most important gauge of recovery. While, nationally, the rate of job losses appears to be slowing-- and that's good-- we're still losing jobs as opposed to gaining on a net basis. And the fact that workers 60 and older may be postponing retirement and others may be accepting shorter work weeks may be masking the true extent of the unemployment problem. Until we start adding jobs at a significantly net rate, it's going to be rough going.

*Fredric J. Leffel, President, Kaufman New Ventures. New York, NY*

This market for investment sales in 2009 was brutal. Even when motivated owners priced aggressively to move properties, investors were hesitant to buy given horrible market supply/demand fundamentals and falling values. No one wanted to catch a falling knife. There are preliminary signs that the investment sales market may start moving again in 2010. It looks like increasing vacancy and negative absorption may be ending. There are lender owners willing to sell at cheap prices. A few distressed sales have set badly needed price benchmarks. And we are working with many clients who have real access to cash and are saying they are ready to buy. But, are these buyers really willing to step up in 2010? Has the fear of investing in an uncertain market shifted to greed to capitalize on the historic value opportunity?

*Steven K. Lindley, Senior Vice President Capital Markets, Grubb & Ellis|BRE Commercial, Phoenix, AZ*

What worries me most is that there has been a fundamental breakdown of the capitalist system and we won't be able to "re-boot" the system by the usual methods (government subsidies, loosening capital markets). I am concerned that the free market economy reached a critical mass in the 2004-2008 period and exposed an underlying core weakness or flaw in this system. Ours is a consumer based economy. Lack of savings, over extended credit, speculative investing, these are weak links in the capitalist chain. It worries me that we won't learn from our mistakes and adopt an attitude of systemic frugality and focused investment. It worries me that markets are dysfunctional at the core and the quick fix mentality just won't get the job done this time.

*Rachel Maman, Acquisitions, Sales & Leasing, Hera Development Corp., Brighton, MA*

I'm most worried by the massive amounts of maturing debt and the continued disconnect between buyers and sellers. The active investors today are focused on buying notes versus taking direct ownership in real estate. They get good upside without the "getting your hands dirty" element of owning real estate. The other thing that worries me is the bubble in the bond market. Junk bonds are now yielding as low as 7.5 %. Earlier this year these same bonds were trading at yields well above 10%. This can't continue.

*Whitney E. Kerr, Jr., Principal/Vice President, Colliers Turley Martin Tucker, Kansas City, MO*

Once again our wonderful politicians in DC do not understand that the "pork" has to be cut from the budgets. Yearly deficits will catch up with us all in the very near future. I'm very concerned that the bankers still have their heads buried in the sand and hope that we will not notice the huge bonuses being paid after a year of record setting profits. When will they open the lending for commercial properties? With \$1T in commercial loans coming due before the end of 2012 something has to happen, the sooner the better.

*Jerry Hall, CCIM, Sperry Van Ness | Wilson Commercial Group, Columbus, OH*

Looming loan maturities on commercial real estate concerns me greatly. TARP money with 3- or 5-year term does not adequately address the loan maturity issues. I hope our federal government will seek a long term solution



versus short term solution. Complacency concerns me. In the last few days we have been reminded that we are not above another terrorist attack. We need to maintain our vigilance and never, ever forget 9/11.

*Marshall De Wolfe, Senior Director, Mark One Capital, Palo Alto, CA*

My biggest concern is that people may remain on the sidelines and not move forward. Businesses and consumers need each other to survive; and when either of them sits idle, they both struggle. There will always be reasons to sit still and do nothing. But those who are positioned to take advantage of opportunities-to grow, spend, hire, etc. and still don't because of the fear factor are delaying a recovery. Their reasons are understandable; however, we need to get the ball rolling.

*Joan Earhart, Executive Vice President, Fullerton Community Bank, Fullerton, CA*

Unprecedented tenant concessions such as moving allowances, free rent, discounted rent, termination options, and turn-key tenant improvements. I anticipate these will get even more aggressive in 2010 and will force many Landlord's to sit on the sidelines because doing a lease deal simply won't pencil. Well capitalized landlords will have the advantage.

*Matthew Hinrichs, Pacific Real Estate Partners Inc., Bellevue, WA*

The nations growing debt. It has got to bite us in the near future. The banking industry is also still in for some hard times and the liquidity for commercial real estate shows little signs of improving. The banks are not showing or listing their inventory of homes because they would then have to write down the losses and increase their reserves.

*Harry Bennetts, Olympia, WA*

What really worries me about 2010 is that another bubble could burst. With government spending out of control, huge debt loads on companies and commercial properties, and high unemployment undermining consumer confidence, I expect there could be another event that triggers the marketplace to have another retraction. The retraction would most likely be short lived as a confidence disruption and buyers sit on the sidelines with deals put on hold. If the government raises taxes and pursues other social policies that undermine capital investment, prices will keep dropping since buyers will have to make more money to compensate for the higher costs of doing business.

*Stephen Karbelk, CAI, AARE, President/Broker, National Commercial Auctioneers, Tulsa, OK*

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## **New Retail REIT IPO Being Launched**

### **專注購物商場的不動產投資信託基金被建立**

*By Sasha M Pardy [December 31, 2009]*

On December 24, San Diego-based Excel Trust, Inc. filed a form S-11 with the SEC to propose an initial public offering to become a real estate investment trust traded on the New York Stock Exchange under the "EXL" symbol. In the filing, Excel did not specify the number of shares or pricing of common stock for this IPO.

Excel Trust was formed on December 15, 2009 by Gary Sabin (Chairman and CEO), Spencer Plumb (President and COO), James Nakagawa (CFO), Mark Burton (CIO and SVP of Acquisitions) and Eric Ottesen (SVP and General Counsel), but the company says it has a team of 20 professionals. Sabin, who serves as Chairman and CEO, has more than 30 years of experience in retail real estate, having overseen more than \$4 billion of retail-related acquisitions and developments. Members of the executive team, which have offices in San Diego and Salt Lake City, have worked with Sabin for an average of 17 years.

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Excel is a real estate firm that acquires, finances, develops, leases, owns and manages "value-oriented" community and power centers, grocery anchored neighborhood centers and freestanding retail properties. As a REIT, Excel's focus will be to acquire high quality retail properties that are the dominant center in their communities, which would have stable demographics, including population and income growth, and would be located along the key retail corridors in the Northeast, Northwest and Sunbelt regions. In general, Excel prefers tenant anchors to be necessity-based, such as grocery chains and big box value retailers.

In the filing, Excel said that upon completion of the IPO, the firm's portfolio would consist of two shopping centers and five single tenant Walgreens buildings (located in WV and KY) totaling 191,611 square feet, one 82,157-square-foot office building, and one 19.93-acre parcel of developable land. The retail properties were 86.7% leased as of September 30, 2009. Excel said the Walgreens properties would be acquired from unaffiliated third parties for an aggregate of \$24.1 million. Excel said it would acquire the two shopping centers, the office building and the land parcel by paying the sellers (primarily Mr. Sabin) \$1.8 million in cash, assuming \$18.5 million in debt and issuing the sellers 499,456 shares of common stock and 702,625 operating partnership units.

Like many of its commercial real estate investment peers, Excel is still waiting for the current market environment to create "a substantial number of favorable investment opportunities with attractive yields on investment and significant upside potential." Specifically, the company expects 2010 to bring distressed sellers comprised of cash-constrained landlords that cannot fund building or tenant improvements, leasing commissions, or attract and retain tenants.

As of December 15, Excel was actively negotiating potential property acquisitions having an aggregate value in excess of \$400 million and comprising approximately 3.2 million square feet. It intends to fund the acquisitions with proceeds from the IPO and a secured revolving credit facility.

This is not Sabin's first IPO. In 1989, he created Excel Realty Trust as a public non-traded REIT. The company became publicly-traded and was listed on the NYSE in 1993, raising \$118.5 million in gross proceeds in its IPO. In March 1998, Sabin spun-off and became Chairman, President and CEO of Excel Legacy Corporation, which was focused on retail development and property management and was valued at \$56 million.

In September 1998, Excel Realty Trust completed a \$1.4 billion merger with New Plan Realty Trust, making the combined company, known as New Plan Excel Realty Trust, the largest community and neighborhood shopping center REIT in the U.S. at the time, consisting of 355 properties in 31 states totaling 37.5 million square feet and total asset value of \$2.9 billion. Sabin served as a Director and President of New Plan Excel.

In April 1999, Sabin and his senior management team left New Plan Excel to focus full-time on Excel Legacy Corporation. In September 2001, Excel Legacy completed a \$1.2 billion merger with Price Enterprises, forming Price Legacy Corporation which had a portfolio of 55 shopping centers in 13 states totaling 9 million square feet. Sabin and his team left Price Legacy in October 2003 to form a new entity, Excel Realty Holdings, with hopes of buying out Price Legacy; however, Price Legacy sold to a venture between DRA Advisors and Kimco Realty Corporation in December 2004. Since, Sabin and his team have been privately acquiring or developing retail properties through Excel Realty Holdings.

The joint book running manager for Excel's IPO include Morgan Stanley, Barclays Capital and UBS Investment Bank.



## Bank Watch: Failures & Purchases in December 2009

### 銀行動向：倒閉及收購

*By Mark Heschmeyer [December 29, 2009]*

City National Bank acquired the banking operations of La Jolla, CA-based Imperial Capital Bank from the FDIC, after California regulators closed the \$4 billion institution.

City National is acquiring \$3.4 billion in assets and \$2.2 billion of deposits. Imperial Capital's \$2.2 billion of deposits include \$500 million in core deposits and \$1.7 billion in certificates of deposit.

Imperial Capital Bank's \$2.6 billion in loans will be subject to a loss-sharing agreement with the FDIC. The assets consist of \$1.6 billion in multifamily residential loans, \$600 million in commercial real estate and commercial and industrial loans, and \$400 million in construction loans. Its nonperforming and REO assets totaled \$387.5 million as of Sept. 30, including \$125 million of commercial-related loans and properties.

"At the heart of the demise were the estimated and actual losses associated with our loan portfolio, which is almost exclusively in commercial real estate," Joseph W. Kiley III, CEO, president and director of Imperial Capital Bank, said in a prepared statement. "These losses were the result of the current economic crisis affecting the entire country. The banking industry and the regulatory community have all missed the scope and breadth of the collapse that has led to the failure of numerous large sophisticated institutions. Significant government assistance was required to prevent the failure of other large institutions that were judged 'too big to fail.' Sadly, Imperial was not granted any government assistance, leaving Imperial to fend for itself during these difficult economic times."

"Imperial Capital Bank is a very good fit for City National, given that eight of its nine locations are in communities we serve," said Russell Goldsmith, CEO of Los Angeles-based City National.

### Mississippi Bank Picks Up Failed Florida Bank Peoples First

Hancock Holding Co., parent company of Hancock Bank in Gulfport, MS, acquired the banking operations of Peoples First Community Bank through a loss-sharing agreement with the FDIC.

Hancock Bank is acquiring \$1.8 billion in assets and \$1.7 billion in liabilities. Other real estate owned of \$123 million, including \$15 million in commercial properties, will be retained by the FDIC.

Hancock paid a discount bid of \$236 million and a 1% deposit premium. The loss-sharing agreement with the FDIC covers all acquired loans with reimbursement of 80% of losses up to \$385 million and 95% of losses beyond \$385 million.

The acquisition enables Hancock to enter four Florida markets (Ft. Walton-Destin, Panama City, Jacksonville and Orlando) and to expand its presence in two existing markets (Pensacola and Tallahassee).

"This transaction is a strategic growth opportunity for Hancock Bank with a Florida banking team that shares the same type of community commitment and core values that have distinguished Hancock since 1899. This partnership further expands Hancock's current Florida footprint into attractive, long-term growth markets in the Florida Panhandle, and Central Florida," said Carl J. Chaney, president and CEO of Hancock Holding.

As of Sept. 30, Peoples First had \$1.8 billion in total assets of which \$351 million was identified as nonperforming or foreclosed assets. Of that amount \$45 million was related to commercial income producing properties.



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### **Feds Close New South Federal, Sell Assets to Beal Bank**

Beal Bank in Plano, TX, completed the purchase of New South Federal Savings Bank of Irondale, AL, after the Office of Thrift Supervision closed that bank and appointed the FDIC as receiver.

New South Federal Savings Bank had one branch but \$1.5 billion in total assets and \$1.2 billion in total deposits. Beal Bank did not pay the FDIC a premium for the deposits of New South Federal Savings Bank. In addition to assuming all of the deposits of the failed bank, Beal Bank agreed to purchase essentially all of the failed bank's assets.

The FDIC and Beal Bank entered into a loss-share transaction on \$1.2 billion of New South Federal Savings Bank's assets.

New South Federal reported \$250 in troubled assets of Sept. 30, of which about 17% were tied to commercial income producing properties.

### **Private Equity Group To Buy Patriot National**

Patriot National Bancorp Inc. agreed to sell a substantial controlling interest to operating financier, Michael Carrazza, through PNBK Holdings LLC.

PNBK Holdings will invest up to \$50 million to purchase 33.3 million newly issued shares of common stock of PNBK, representing nearly 88% of the fully diluted common stock of PNBK.

"Our investment objective is to provide capital necessary to maintain regulatory requirements and to position Patriot for long-term sustainable growth, asset diversification and superior performance for shareholders," Carrazza said. "Patriot's geographic footprint includes a collection of some of the wealthiest communities in the country, representing a stable, affluent client base along the Fairfield County coastline, Westchester County and New York City."

Patriot National Bank, the holding company's subsidiary, reported assets of \$937 million and 19 branches in southern Connecticut and New York as of Sept. 30.

Contingent terms of the agreement also provide for a special loan recovery dividend designed by Carrazza to provide existing PNBK shareholders with the potential for additional consideration based upon actual recovery on assets charged off on its books as of June 30, 2009 and recovered by June 30, 2011.

As of Sept. 30, Patriot National Bank reported \$162.5 million in nonperforming and foreclosed assets, about 10% of which was commercial real estate related.

### **United Western Consents to Deal with Fed Regulators**

United Western Bancorp Inc. and United Western Bank, the company's federal savings bank subsidiary, each entered into separate informal agreements in the form of memorandums of understanding with the Office of Thrift Supervision.

The agreements generally require the bank to achieve a total risk-based capital ratio of 12% and a core capital ratio of 8% by June 30, 2010. As of Sept. 30, the bank's total risk-based capital ratio was 11.07% and Tier-1 core capital ratio was 8.77%.



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"We believe execution of our 2010 business plan will allow the bank to achieve these new target ratios by the required deadline," said Scot T. Wetzal, CEO of United Western Bancorp. "It is important to note that the company maintains substantial additional liquidity including remaining proceeds from the \$81.8 million of net proceeds from our recent offering and investment securities of over \$36 million. This remaining cash and the securities, if monetized, are also available for contribution to the bank going forward, although that is not contemplated in our business plan at this time."

Other general terms of the informal agreements include precluding the bank from making any dividends to the company without prior OTS approval, and having the bank adopt written plans which will reduce certain concentrations of assets and liabilities on the bank's balance sheet.

The bank holding company suspended paying dividends in November. It reported a net loss for the third quarter of 2009 of \$8.7 million, compared to net income of \$4 million for the second quarter of 2009.

United Western Bank has seen its other real estate owned portfolio triple in the last six months from \$5.7 million to \$15.6 million. The balance of the growth is attributed to wholesale residential foreclosures during the period. Its commercial OREO consisted of just one multifamily complex. The bank's nonperforming loan portfolio has shrunk from \$13.6 million to \$8.9 million in the same time period.

#### **Liberty Savings Bank Shrinking in Colorado**

Liberty Savings Bank FSB in Wilmington, OH, entered into an agreement with Colorado Community Bank to sell its branches in Northglenn and Longmont, CO.

Colorado Community Bank, headquartered in Yuma, CO, will acquire branches at 10693 Melody Drive in Northglenn (with \$38.1 million in deposits) and 351 Coffman St. in Longmont (\$23.9 million in deposits). Colorado Community will assume all of the deposit liabilities and buy the related non-real estate fixed assets of the branches. In addition, Colorado Community will acquire a minimal amount of performing small business and consumer loans associated with the branches.

Colorado Community will pay a premium of 3.3% for all of the Northglenn branch's retail deposits and 2.5% for all of the Longmont branch's retail deposits, which represents a total consideration of \$1.9 million to be paid in the stock of parent company Washington Investment Co. Colorado Community will also purchase fixed assets at a price equal to net book value as of the closing date.

Colorado Community anticipates retaining all current Liberty Savings employees in both locations.

Liberty will retain ownership of the 22,000-square-foot multi-tenant facility housing the Longmont branch and will lease the banking office to Colorado Community. About 14,545 square feet of the building became vacant last quarter.

In addition to the branch divestiture, Liberty Savings also plans to consolidate two Colorado branches into other existing offices. Liberty will combine its two Jefferson County branches into the facility at 7111 W. Alameda Ave. in Lakewood. The office at 7575 W. Jewell Avenue will be closed upon the expiration of its lease at year-end. Further, the 1553 Platte St. location will be folded into the Cherry Creek branch at 234 Columbine St. in Denver.

"The moves to divest two branches and consolidate two others create a capital gain, improve our profitability in the region, and strengthen our core Denver franchise," said Jim Powell, chairman and CEO of Liberty Capital Inc.,



the parent holding company for Liberty Savings Bank. "Liberty will continue to explore all avenues to rationalize our branch network and shore up our balance sheet."

Liberty Savings Bank has reported losses of \$22.16 million through the first three quarters of the year. As of Sept. 30, the bank had \$45.1 million in nonperforming loans on its books, of which about one-third were related either to multifamily or commercial income-producing properties. It held another \$7.9 million in such properties on which it had foreclosed.

### **OneWest Picks Up Closed Branches of First Federal Bank of California**

OneWest Bank acquired the banking operations of First Federal Bank of California from the FDIC after it was closed by the Office of Thrift Supervision.

OneWest acquired \$6.1 billion in assets, including \$5.3 billion in loans, and \$4.5 billion in deposits of First Fed. The FDIC and OneWest have entered into a loss-sharing agreement covering substantially all acquired loans. It did not pay any premium.

First Federal did virtually no commercial real estate lending.

OneWest does not anticipate closing any of First Federal's 39 branches.

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## **Dollar General to Open 600 New Stores in 2010**

### **Dollar General 將在 2010 年新開 600 家店**

*By Sasha M Pardy [December 24, 2009]*

Dollar General Corporation (NYSE: DG) recently reported that for the first nine months of this year, the company reported a 296% increase in net income from 2008 to \$63.7 million. Dollar General said a significant increase in customer traffic and average transaction amount drove a 10.3% increase in same store sales for the period -- remarkable in comparison to the sales performance of most other retailers this year.

During 2010, Dollar General plans to open 600 new stores, as well as remodel or relocate 500 stores. This follows 500 new store openings and 450 remodels or relocations carried out during 2009. The retailer currently operates 8,720 stores in 35 states.

Dollar General's preferred site criteria provides for a 9,014-square-foot building with a minimum of 30 parking spaces and accessible truck delivery, plus availability of pylon signage. The company looks for high visibility and full ingress / egress at a location along a retail corridor with good traffic -- it considers both shopping center and freestanding opportunities.



## Nearly 1,500 Car Dealership Closed in 2009

### 將近 1500 家汽車經銷商在 2009 年結業

*Auto Dealership Closures Add At Least 22 Million Vacant Retail Square Feet to Real Estate Inventory in 2009*

*By Sasha M Pardy [December 22, 2009]*

Detroit-based automotive retail consulting firm, Urban Science, announced that 1,467 U.S. car dealerships closed during the first 10 months of this year, leaving 18,617 auto dealerships in operation as of Nov. 1, 2009. This follows 2008's net loss of 881 dealerships (a 4.2% decline in dealership count).

With "normal attrition" in the industry typically about 1%, "the closures represent the worst on record and reflect a 7.3% loss in the nation's dealer count," said Urban Science. The firm said the closures are primarily the result of General Motors and Chrysler consolidating dealership locations, with the two automakers accounting for 90% of the closures.

"While OEM bankruptcies and bad economic times drove the closures, all dealers have to deal with a market that has dropped from several years of 17 million in sales to somewhere around 11 million," said John Frith, vice president of retail channel solutions, Urban Science.

In an April 2009 article published by CoStar, "Honk if You Need Land: Vacant Car Lots Piling Up," Rick Breuer of SRS Real Estate Partners' Automotive Practice Group estimated that the average U.S. auto dealership is comprised of a 15,000 to 18,000-square-foot sales / service building situated on four to five acres. When applied to the 1,467 closures Urban Science cited, this translates into at least 22 million square feet of vacant dealership buildings and at least 5,900 acres of vacant auto lot land added to the vacant retail landscape this year.

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## Latest Residential Loan Rates [Slightly Higher than Last Week]

### 最新住宅地產貸款利率【比上周稍漲】

*Conforming rates for loan amounts of 100k to ~700k depending on County*

- 40 Year FIXED @ 6.000%
- 30 Year FIXED @ 5.125% \*Agency High Balance\* @ 5.250%
- 30 Year FIXED Interest Only @ 5.750%
- 15 Year FIXED @ 4.625%
- 5 Year ARM @ 3.875%
- 5 Year I.O. ARM @ 4.250%

*Jumbo rates for loan amounts of ~400K to 1 Million depending on County*

- 30 Year FIXED @ 6.500%

*FHA & VA rates for loan amounts of 100k to ~700k depending on County*

- 30 Year FIXED @ 5.125% \*FHA HIGH BALANCE @ 5.250%\*
- 15 Year FIXED @ 5.000%