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Bids for California's State Office Portfolio Top Estimates
加州政府預備出售后再回租的辦公樓吸引了許多買家，出價高出預計

By Mark Heschmeyer (CoStar)

The California Department of General Services (DGS) said it received more than 300 offers to purchase and lease back 11 state office properties. Multiple bids were received for the entire portfolio that totaled in excess of $2 billion.

The bids were received after CB Richard Ellis placed the properties on the market in late February. The move generated worldwide interest from numerous buyers eager for stable, leased investment properties.

The sale is also expected to net significantly more than the anticipated $660 million in proceeds that state officials originally projected. Those proceeds will be funneled directly into the General Fund, helping to save Californians from increased taxes and deeper cuts in state programs and services.

"We are more than pleased with the competitive offers that have been submitted. I'm looking forward to proceeding with the next step of negotiations," said DGS Acting Director Ron Diedrich. "This transaction will generate a significant amount of capital for the state to retire debt and help contribute to the General Fund."

"We had anticipated a strong response on April 14 and were pleasantly surprised by the amount and quality of the capital that submitted purchase offers. The bids received confirmed that the current supply/demand imbalance for investment product is clearly playing into the State of California's favor," said Kevin Shannon, vice chairman of CBRE. "Based on the bids received, we will be focusing on portfolio buyers only in the next phase of the sales process."

Now that the offers have been received, CBRE will enter into negotiations with those portfolio buyers who have submitted the most competitive offers. The state anticipates announcing the selected portfolio buyer in late May.

Gov. Arnold Schwarzenegger and the state legislature authorized the sale of the properties, which total 7.3 million in rentable square feet in Los Angeles, Oakland, Sacramento, San Francisco and Santa Rosa. Once sold, the state anticipates retiring more than $1 billion in bond debt, saving California nearly half a billion in interest payments over the next two decades.

Tentative Signs of Life in Nonresidential Construction
大洛杉磯地區的商業地產建造慢慢復蘇

(*Los Angeles County Economic Development Corporation)*

The March report from the Construction Industry Research Board offered a few signs of hope for the beleaguered nonresidential building industry, with plus signs reported in a number of areas.

In Los Angeles County through three months, industrial permit values jumped by +486.5% over the comparable 2009 period, but remained well below the 2008 pace. Office construction still trailed last year by -20.5%. In the retail segment, the three- month permit valuation total was behind last year by -54.5%. No hotel permits were issued during March, but the $24.1 million in permits issued so far this year was still better than last year's 0. Overall, total nonresidential building permit values were down by -14.9% year to date.

In Orange County through three months, industrial permits valued at $23 million were issued, compared with none in 2009. However, office construction jumped by +253.4% over the comparable 2009 period. Retail building activity also stirred, with the three month total now ahead of last year by +53.8%. No hotel permits were issued. Overall, total nonresidential building permits issued so far in Orange County were up by +15.1% over last year.

Industrial construction in Riverside County remained dormant through March, while office permit values were ahead of last year by +525.6%. The three-month total for new retail permit activity was behind last year by -24.3%. Hotel building sprang to life in March, with $12.9 million in permits issued, compared with none last year. Overall, total nonresidential permit values were up over last year by +22.6%.

San Bernardino County's industrial building segment continued to pick up a little steam with a three-month total of $15.8 million compared with none last year. Similarly, $1.8 million in office permits were issued compared with none for the three month 2009 period. Retail activity also surged, with the three month 2010 total now up by +124.0% over last year. No hotel permits were issued. Overall, total nonresidential building permit values were just a tad below (-0.5%) the comparable 2009 period.

In San Diego County, industrial permit values through three months lagged last year by -91.8%. The three month 2010 permit total for office buildings was ahead of last year by +201.3%. There was a similar trend in retail, with the three month total was up by +56.1% over last year. No hotel permits were issued. Overall, total nonresidential building permit totals in the County were down by -29.5% from last year.

In Ventura County so far in 2010, no permit have been issued for either industrial structures or hotels. Permits valued at $4 million were issued for office buildings, but at this time last year no permits had been issued for this type of building. The only action was in retail, where new permits pushed the three month total up over last year by +350.0%. Overall, total nonresidential building permit activity in the County was up by +27.1%.

In the nine county Bay Area, industrial building permit values through three months jumped by +395.2% over last year, while office permits were ahead by +499.4%. However, retail lagged last year by -51.1%. No hotel permits were issued to date. Overall, total nonresidential permit values were up by +7.4% over the year.

Sears Looking To Profit from Extensive Real Estate Holdings
Sears 重組名下的地產來增加利潤（買賣、出租、等等）

By Mark Heschmeyer (CoStar)

Sears Holdings Corp., the nation's fourth largest broadline retailer with 3,900 full-line and specialty retail stores in the United States and Canada, has launched a web site to leverage its extensive real estate holdings, as well as to dispose of its closed Sears and Kmart locations. The site is to be officially announced next month at the International Council of Shopping Centers annual convention.

The site www.shcrealty.com currently lists 3,779 opportunities across a wide variety of formats within the operating store portfolio, including outlots, demised space, in-line leasing and store-in-store leasing.

As an example of such arrangements, this past week, Sears Holdings announced a multi-year agreement with Edwin Watts Golf Shops LLC, one of the world's largest specialty golf retailers, to establish the first U.S. based 'store-within-a-store' retail model for the golf industry. As a result, Edwin Watts will open 12 new service-oriented golf shops inside of existing Sears stores in key locations nationwide.

In addition, Sears Holdings also lists 67 closed properties for sale. Sears Holdings said it has the financial wherewithal and expertise to entertain opportunistic transaction terms including financing, redevelopment joint ventures, earn-outs, subdivisions or co-location. The value of the properties for sale could not be determined. However, as of Jan. 31, Sears Holdings reported holding $38 million of property held for sale.

In the past three years, Sears Holdings has seen its gains on the sale of real estate dwindle from $95 million in 2007, to $86 million in 2008 to just $23 million last year.

During fiscal 2009, the gain on sales included a $44 million gain recognized by Sears Canada on the sale of its former headquarters in Toronto. During fiscal 2008, the gain on sale of assets included a $32 million pre-tax gain recognized on the sale of Sears Canada's Calgary downtown full-line store. During fiscal 2007, the gain on sale of assets included a $21 million pre-tax gain on the sale of our Sears fashion center in Los Angeles.

During fiscal 2008 and fiscal 2007, we purchased 9 and 28 previously leased operating properties for $22 million and $109 million, respectively. During fiscal 2009, we did not purchase any previously leased operating properties. In the normal course of business, we consider opportunities to purchase leased operating properties, as well as offers to sell owned, or assign leased, operating and non-operating properties. These transactions may, individually or in the aggregate, result in material proceeds or outlays of cash. In addition, we review leases that will expire in the short-term in order to determine the appropriate action to take with respect to them.

Chase Launches Major California Expansion
大通銀行（**Chase Bank**）預備今年在加州新設 **90** 個分行

By Andrew Deichler (CoStar)

Chase said Wednesday that it is plans to open about 90 new bank branches throughout California in 2010, creating approximately 1,200 jobs.

The bank is bringing 50 new branches to Southern California and more than 35 in the northern regions. About 10 locations are planned for major metropolitan areas such as Los Angeles, Sacramento, San Francisco and San Diego.

"This will create many jobs, including construction workers to build the branches, vendors to provide services to Chase and, most importantly, branch employees to help our customers with their financial needs," said Pablo Sanchez, head of Chase’s Western U.S. branch network.

The expansion builds upon Chase's already significant efforts throughout California. Last month, the firm partnered with Stater Bros., adding new full-service bank branches to 13 supermarkets. Additionally, in the past 16 months, Chase has opened 16 new Homeownership Centers that provide loan counseling to consumers coping with hefty mortgages.

Sanchez called California "an important and growing market for Chase" that the firm will continue to invest in. Chase plans to give $10 million to California nonprofits in 2010. Last year, parent company JPMorgan Chase raised $24.4 billion for local governments and nonprofits and lent the financially challenged state $1.5 billion.

Chase's network in California currently consists of more than 800 bank branches and about 3,000 ATMs, serving about 14.5 million customers and small businesses. The firm has more than 17,000 employees in the state.

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Market Bottom Proves Elusive for U.S. Warehouse Market
全美第一季度的工業倉庫出租率仍然下滑，但轉折點可能在今年就會出現

By Randyl Drummer (CoStar)

Although demand for U.S. warehouse and flex space continued to decline in the first quarter of this year, the declines are flattening and analysts for CoStar Group and other leading commercial real estate players agree that the national industrial leasing market appears to be at or very near the bottom.

As has been the case for more than two years, industrial vacancy and negative net absorption increased while rents continued to fall in the first three months of 2010, according to the First Quarter 2010 Industrial Review, presented by CoStar senior analysts Jay Spivey, senior director of research and analytics; and Hans Nordby, global strategist. The industrial review is part of CoStar's ongoing "State of the Commercial Real Estate Industry" webinar series.

On the plus side, the national vacancy rate for industrial and flex property is flattening and leasing activity has continued to rebound after hitting an all-time low in early 2009. The U.S. industrial vacancy rate edged up slightly to 10.5% in the first quarter, although the availability rate - space being marketed by brokers which may not be vacant yet -- rose at a slightly higher clip to just under 15%.

Forecasters had hoped to see an initial return to positive absorption in the first quarter after the market posted 13 million square feet in the red during the fourth quarter. However, another 19 million square feet of negative absorption occurred in the three months ended March 31, 2010 -- a relatively small amount given the total size of the market, and far below the first and second quarters of last year, which wracked up negative absorption of 62 million and 50 million square feet, respectively, Spivey noted.

A handful of markets did see positive absorption in the first quarter, including Philadelphia, Houston, South Florida and Southern California's Inland Empire. Other markets, including San Francisco, Los Angeles, Northern New Jersey and Atlanta, continued to experience a significant net give-back of space.

Other market analysts concurred with CoStar's first quarter assessment. Bob Bach, chief economist and senior vice president of Grubb & Ellis, agreed that the industrial market "continued to bleed" in the first quarter. "The pace of deterioration is easing, but not quickly," Bach said in Grubb & Ellis's "First Look" industrial report this week.

Drivers of demand for industrial space have been improving for several months, including manufacturing, freight shipments, imports and exports, inventory restocking and retail sales, Bach noted. But it will take a while for many of these indicators to make up ground lost to the steep economic decline in late 2008.

Walter C. Rakowich, CEO for ProLogis (NYSE: PLD) a leading industrial REIT, also agreed that the market appeared to be turning. But the warehouse giant found signs of improvement hard to discern in the first quarter.

"We hear great things about the recovery and we believe it will have a positive impact on our performance, but industrial tends to lag the overall economy, and we are not seeing it just yet," Rakowich said in the company's first-quarter earning call last week.

"On the one hand, the operating environment is still soft, although it feels like it has hit bottom. On the other hand, values have risen, buyers are plentiful and there is rising activity and optimism in the market. In addition, there is virtually no new supply and our development business is picking up abroad very nicely."

ProLogis rival AMB Property Corp. (NYSE: AMB) was more positive in its assessment of the first quarter, reporting an encouraging uptick in leasing in tandem with quarter-end occupancy that continues to significantly outpace the U.S. rate.

"We continue to expect improvement in occupancy in the second half of this year and gain further traction in to 2010. We believe that rents have bottomed in most of our markets today," said AMB Chief Financial Officer Thomas S. Olinger in a conference call.

AMB and ProLogis agreed that customer sentiment is improving, even if it isn't translating immediately into demand for space.

"Many of our customers are talking expansion for the second half of this year … it certainly feels like brighter days are ahead, and if history were to repeat itself, fundamentals should improve by the third or fourth quarter," Rakowich said.

CoStar's Nordby said growth in gross domestic product (GDP) and imports and exports, along with a gradual recovery in the job market should lead to resumed demand for industrial space and positive absorption over the next couple of quarters. Since last fall, however, the sectors that drive industrial space demand -- manufacturing, transportation and warehousing, wholesale trade -- have shed another 110,000 jobs, he noted.

A recent white paper by Colliers International analyzing industrial demand in U.S. port cities delved deeper into the boost in trade, concluding that exports -- which helped prop up the U.S. economy when domestic demand tanked during the recession -- will be a demand driver for port-oriented markets going forward.

International container trade volume increased by almost 60% between 2001 and its peak in 2007. During the same period, the amount of occupied industrial space in coastal and inland port markets increased by roughly 20% -- faster than the nation as a whole and higher than any other CRE asset class -- as a burst of warehouse construction accommodated the growth, according to Colliers.

Since the 2007 peak, however, port volume has shrunk by 15%. Port markets like Houston with a greater focus on exports have been least affected by the recession and industrial space give-backs, while import-heavy ports such as Los Angeles/Long Beach and New York have seen negative absorption several times the national average.

Not surprisingly, port markets that succeed in growing their exports will fare better than those continuing to rely on imports, CoStar and Colliers analysts agreed. Growing export volume at import-centric ports like Los Angeles/Long Beach could be an antidote for further declines in the region's industrial markets, according to Thomas Galvin, regional research analyst based in Colliers International's downtown Los Angeles office. President Obama, in his State of the Union address, proposed a program to double the volume of U.S. exports within five years, Galvin noted.

One overriding factor that cuts in the favor of industrial landlords is the near halt in new supply. The Inland Empire, for decades one of the fastest growing industrial warehouse and distribution hubs in the nation, had just under 1.6 million square feet under construction in the first quarter, compared to 28 million square feet in 2006. Construction trends in formerly juggernaut markets like Atlanta and Dallas/Fort Worth tell a similar story.

Rental rates are also continuing to decrease in most markets -- and very significantly in some, including the Inland Empire, which saw a 12% year-over-year rent decline, and San Francisco, where rents fell 13%. But those discounts are also causing a burst of leasing activity in those markets.

Nordby noted that rents have fallen 18% over the last two years in supply constrained markets such as Long Island, Los Angeles, Miami and the John Wayne International Airport area of Orange County. Supply rich markets such as Atlanta, Dallas, Memphis and Austin have experienced more modest 8% rent declines.

"We're forecasting stronger rent growth in tight markets over the next cycle, especially going into 2011, when these markets really pop," he said. "The non-supply-constrained markets should see unprecedented growth in occupancy and rents in the next cycle, because no [new] supply is kicking in."

First Quarter Bank Results: Potential for CRE Armageddon Fading
2010 年第一季度的銀行報告顯示商業地產的問題貸款可能不會如預期的糟糕

By Mark Heschmeyer (CoStar)

Although first quarter results of U.S. bank holding companies across the country are unmistakably downbeat about the short-term outlook for commercial real estate in general, and their portfolios in particular, they also hint at a growing sense that the problems are working themselves out.

For starters, banks generally reported that troubled loan assets were systematically moving through their books. For example, older construction loans on commercial developments and owner-occupied properties were being shifted to term loans, giving borrowers a chance to work through slow cash flow periods.

Banks were also widely reporting that the inflow of new nonperforming commercial real estate loans was beginning to slow down. At the same time, more of the loans already being labeled as nonperforming were being shifted to the real estate owned (REO) category. From there, it is likely only a matter of time before those assets would be sold back into the marketplace.

In the performing section of their portfolios, banks reported that a substantial portion of those assets have also already been renewed or restructured.

In its April 2010 Global Financial Stability Report, the International Monetary Fund contained a brighter outlook for bank losses in the near term, as expected write-downs on both the loan and securities books of U.S. banks decreased across the board compared to last fall, said Mark Fitzgerald, senior debt analyst for CoStar Group.

"These improved short-term losses are due primarily to two factors. First, signs of an improving economic environment have decreased loss expectations," Fitzgerald said. "Second, some write-downs have simply been pushed forward, as external factors, including low interest rates, have enabled banks to push off distress into the future."

In part because of that delay, the IMF report forecasts real estate loan charge-offs are still expected to increase in 2010 and may not peak until 2011.

"What are the implications for commercial real estate investors?" Fitzgerald asked, then answered: "The banks supply approximately 50% of all debt capital to the sector, so lending capital could be constrained for some time. However, there is a bright side. If we continue to follow our current path, and distressed assets bleed slowly into the market over time, then healthy lenders may have enough capacity to meet low transaction volumes (especially with depressed pricing). The large banks that have recently reported healthy earnings (primarily due to their trading and fixed-income operations) are a potential source of capital, and these banks have historically been under allocated to commercial real estate compared to the overall banking sector."

However, Fitzgerald added: "On the other hand, if an external factor pushed more distress into the marketplace (i.e. major interest rate increases, changes in regulator behavior), this could create significant opportunities for opportunistic investors."

What follows are recent comments and reports from specific large and medium-sized bank and bankers regarding current commercial real estate portfolio and market conditions and market outlooks. The statements come from first quarter earnings reports, earnings conference calls and monthly banking condition filings with the U.S. Department of Treasury and are believed to be relatively indicative of what most banks reported.

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Better To Let a Project Work Out than Foreclose

On the commercial side, CRE non-accrual loan inflows actually declined 27% in the first quarter, but it is typically in everyone's economic interest, including ours, to write the loan down to continue to have the developer work the project for us rather than foreclose. The process of structuring and executing these solutions can take several quarters to complete, and throughout this process, these loans are closely monitored, collaterals are re-evaluated and if necessary loss content is recognized.
John Stumpf - Chairman, President and CEO of Wells Fargo & Company

Heading in the Right Direction

When you talk about the uptick in commercial real estate charge offs and nonperforming asset inflow, I think it's important to put it in proper context to remember our overall credit trends. We've seen improvement for three quarters now in charge offs, nonperforming asset inflows and past dues and we've seen improvement for two quarters now in overall nonperforming assets, provision and the watch list…. We saw that the commercial real estate watch list was down by $100 million in the first quarter and then we analyzed the commercial real estate migration for the last several quarters and all those items supported our belief that the negative migration is receding. That being said, there's still a lot of work to do on commercial real estate as you can see from the absolute numbers. While we think there may be variability as we certainly saw this quarter, and as we said in prior quarters, we think the overall trend is going in the right direction.
John M. Killian, Chief Credit Officer, Comerica Inc.

REITs Driving New Borrowing

In February, new commercial real estate (CRE) loan commitments totaled $132.4 million, compared with $47.4 million in the previous month. The increase in new commitments was driven by substantial capital raising activities undertaken by some of Citi's REIT clients, which issued both new equity and longer-term debt to strengthen their balance sheets.
Citigroup in the latest Monthly Treasury Intermediation Snapshot

Short Hold Period for Foreclosed Assets

Excluding $243 million of nonperforming assets (NPAs) in our held-for-sale portfolio, where the loans have already been fully marked, portfolio nonperforming assets totaled $3.1 billion. Portfolio non-performing loans were down over $200 million sequentially, a 7% decline, while other real estate owned (OREO) was up about $100 million largely commercial OREO. That was a really positive move for non-performing loans and as you would expect we are seeing some continued growth in OREO, which represents the combination of treatment strategies on problem loans, with those typically having moved into non-performing status in the year ago timeframe. I would note that only 10% of our OREO has been carried as OREO for more than 12 months.
Mary Tuuk, Chief Risk Officer, Fifth Third Bancorp

Fifth Third continues to monitor the CRE portfolios and continues to suspend lending on new non?owner occupied properties and on new homebuilder and developer projects in order to manage existing portfolio positions. We feel this is prudent given that we do not believe added exposure in those sectors is warranted given our expectation for continued elevated loss trends in the performance of those portfolios.
Fifth Third in the latest Monthly Treasury Intermediation Snapshot

Material Liquidity Coming Back into the Market

I'm not sure that I would necessarily call it seasonality but clearly the quarter started more slowly in January and early February, and there was a real crescendo through March in terms of sales activity... We started seeing some material liquidity coming back into the market in the second half of the first quarter and that's not seasonal. That is real and it is I think reflective of a recognition that number one, there's a lot of money out there that's been looking for somewhat better trends in commercial real estate in particular and are beginning to see it. So we've seen a great improvement.
Chuck Hyle, Chief Risk Officer, KeyCorp

KeyCorp's lending strategies remain focused on serving the needs of existing and new relationship clients while being mindful of risk?reward and strategic capital allocation. There was no change in underwriting standards in February. There was no change in loan demand trends in the CRE segment during February. The CRE market outlook continues to be weak. All new commitments originated in February were attributable to the middle market portfolio. During February, KeyCorp continued to extend and modify existing credits given the lack of liquidity and refinancing options available in the CRE market.
KeyCorp in the latest Monthly Treasury Intermediation Snapshot

A Bifurcated Market

Class A properties are doing well and probably are doing better than anybody might mark them, so actually we're not in the business of selling those even though we might have taken a mark on them when we took them in. Those properties tend to come back with the economy, and that's the right thing to do.

The C properties, you just sell. C property rarely comes back so you take very strong marks on those right up front and you just sell them because they always have trouble recovering at all. So we've been actively doing that and we're comfortable with our marks.

The B properties, obviously the majority of the portfolio, but those are the ones you mark down and you have to manage one by one··· So that's a plus, and I think the commercial real estate business over time, if a property loses a tenant, clearly that property has less value as you know. But then they go resign somebody else at a lower lease rate, so the property is worth less, but it's not like it falls off the planet. There is some cash flow. So I think those B properties, I think will work their way through for the most part.
James Rohr, Chairman & CEO, PNC Financial Services Group Inc.

Ramping Up Owner-Occupied

We continue to produce our concentration of nonowner-occupied commercial real estate. We currently have $1.4 billion in nonowner-occupied commercial real estate and $630 million in owner-occupied commercial real estate. At quarter end, nonowner-occupied commercial real estate is down to approximately 45% of our total loan portfolio.

Based on where we ended the first quarter, we're now projecting loans to be down approximately 5% to 8% the full-year and are optimistic that we might see some additional lending opportunities in the second half of year that may help us offset some of these decrease.

We have recently implemented an aggressive calling program for our bankers to actively pursue commercial industrial loans, owner-occupied commercial real estate consumer loans and residential mortgage loan opportunities. Despite low loan demands, we still manage the book over $209 million in new loan commitments

during the first quarter. Anecdotally, we're hearing from some of our customers that business had begun to pick up. However, we have not yet seen evidence of that in increased line usage or loan demand.

The sector within commercial real estate, which has experienced the most stress, has been hospitality… Over the last 15 months, the industry has experienced significant declines in occupancy of rates, average daily room rates and revenue per available room. As a result of this deterioration, we charged-off approximately $9 million against the allowance for credit losses associated with this loan portfolio during 2010… We're in the process of finishing up a thorough review of this entire portfolio.
J. Downey Bridgwater, Chairman, President & CEO, Sterling Bancshares Inc.

Growing Interest in Bank-Owned Properties

While commercial real estate administration and problem loan disposition continue to be quite challenging… we are starting to see increased inquiries and activities in the movement of some troubled commercial real estate. We had a large OREO sale in the first quarter, it was good to see and really the focal point of my comments about being some movement and some activity in the OREO account. As you might imagine, there is a lot of multi-activity there. We have some properties coming in and some properties going out. We are continuing to value those properties each and every month to make sure that we have got an accurate balance based on the market value that we are carrying on our books.

But during the first quarter I am very pleased, we saw a number of, besides that large sale, we saw a number of sales to small properties throughout the quarter both on some commercial properties, some residential properties, amounts that made us approach that comment there about the activity in the marketplace, and there continues to be some offers and some interest heading into the second quarter. Whereas six months ago, nine months ago, a year ago, there was not a whole lot of interest in bank owned properties, we are starting to see some activity and some movement there as I indicated.
Bob Kaminski, Executive Vice President & Chief Operating Officer, Mercantile Bank Corp.

Dealing with Construction Loans

The increase in the term commercial real estate loans is only partially a result of the decrease in the construction loans. We do have some construction loans that are moving to term loan because the properties are leasing up and they are qualifying. We have fairly strict standards for moving a loan from construction to term. They basically need to qualify as though they were being originally underwritten as a term loan before we move them into that category.

CMBS Delinquency Rate Hits 8% For the First Time But Rate of Increase Tapers Off Slightly
商業貸款抵押證券第一次高達 8%，不過上漲的幅度略有減小

(TreppWire Report May 2010)

The delinquency rate for commercial real estate loans in CMBS continued to march upward in April although the rate of increase slowed from March's breakneck pace.

Last month, the market was taken by surprise when delinquencies shot up 89 basis points. About 40 basis points of that increase was due to the massive Stuyvesant Town loan becoming delinquent. Even so, the 49 basis point net increase was more than twice the increase posted in February.

Overall in April, the percentage of loans 30 or more days delinquent or in foreclosure or REO jumped 41 basis points putting the overall delinquency rate at 8.02%.

While the modestly lower increase in the delinquency rate may be reason for optimism, the percentage of loans seriously impaired remains sobering.

Overall, the percentage of loans seriously delinquent (60 days +, in foreclosure, REO, or non-performing balloons) jumped 48 basis points and is now over 7% for the first time.

The Numbers:

- Delinquencies hit the 8% level only one month after breaking the 7% level - Increase 41 basis points
- Percent of loans 30 or more days delinquent or in foreclosure:
  April: 8.02% | March: 7.61% | February: 6.72%
- Delinquency level of 8.02% is once again the highest in history of CMBS industry
- If defeased loans were taken out of the equation, overall delinquency rate would be 8.58%
- Percentage of loans seriously delinquent (60+, In foreclosure, REO, or non-performing balloons) at 7.14% - up 48 basis points

Delinquency Status		%
Current	91.78	
30 Days Delinquent		0.88
60 Days Delinquent		0.60
90 Days Delinquent		2.92
Performing Matured Balloon		0.20
Non-Performing Matured Balloon	0.43	
Foreclosure		2.47
REO		0.72

Historical Perspective

- One year ago, the delinquency rate was 2.45%
- Six months ago, the delinquency rate was 4.80%
- One year ago, the rate of loans seriously delinquent was 1.78%
- Six months ago, the rate of loans seriously delinquent was 3.91%

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Major Property Types Show Mixed Results – Lodging Sector Delinquencies Continue to Increase

- Multifamily only major property type to post a decrease in its delinquency rate
- Hotel delinquencies move above 17%
- Industrial rate increases only 5 BPs – now 5.44%
- Office delinquencies increase most of any major property type - 64 BPs
- Retail rate up 41 BPs - now 6.44%

Property Types - % > 30 Days

	Apr-10	Mar-10	Feb-10	Jan-10	Oct-09	Apr-09
Industrial	5.44	5.39	4.75	4.54	2.97	1.68
Lodging 17.16	16.89	15.65	15.32	6.72	2.63	
Multifamily	13.06	13.19	9.87	9.71	7.05	5.24
Office	5.37	4.73	4.33	3.90	2.70	1.41
Retail	6.44	6.03	5.74	5.69	4.41	2.61

STC 資產管理 MANAGEMENT
Lic. No. 01299442

Latest Residential Loan Rates [Similar to Last week]
最新住宅地產貸款利率【與上週持平】

	Interest Rate	APR
Conforming and FHA Loans		
• 30-Year Fixed	5.000%	5.191%
• 30-Year Fixed FHA	5.125%	5.895%
• 15-Year Fixed	4.250%	4.573%
• 5-Year ARM	3.625%	3.400%
• 5-Year ARM FHA	3.625%	3.400%
Larger Loan Amounts in Eligible Areas – Conforming and FHA		
• 30-Year Fixed	5.125%	5.264%
• 30-Year Fixed FHA	5.125%	5.838%
• 5-Year ARM	4.000%	3.643%
Jumbo Loans – Amounts that exceed conforming loan limits		
• 30-Year Fixed	5.500%	5.643%
• 5-Year ARM	5.125%	4.059%