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Overseas Wealth Funds Show Reignited Interest in Shopping for U.S. Property
國外投資基金重新在美國商業地產身上注入資金

By Randyl Drummer (CoStar)

Sovereign wealth funds (SWFs) have grown at a remarkable pace over the last decade, quadrupling from an estimated $1 trillion in assets under management in 2000 to $4 trillion today, and expected to hit $6 trillion within two years. So it shouldn't come as a surprise that U.S. property owners are abuzz about the new interest American real estate is generating among foreign investors representing such diverse governments as China, Singapore, Qatar and Norway.

Evidence that SWFs are emerging from their two-year recessionary slumber is more than anecdotal. While the number and value of sovereign fund deals fell to its lowest ebb in five years during the first half of 2009, the investment pace picked up vigorously in the third and fourth quarters and into 2010, according to a new report by Cambridge, MA-based consulting firm Monitor Group and Fondazione Eni Enrico Mattei (FEEM), a Milan, Italy-based international research center.

Funds monitored by the groups for the report executed 113 publicly reported deals worth $68.8 billion last year -- about 40% below 2008 totals. However, in what the authors view as a vote of renewed confidence in global markets, SWFs reported a dramatic uptick in activity during the second half of 2009, accounting for 85% of the year's transactions, according to the Sovereign Wealth Fund (SWF) report titled "Back on Course: Sovereign Wealth Fund Activity in 2009."

Funds made almost double the number of investments in the final six months of the year as in the first and spent nearly six times as much, $58.1 billion versus $10.6 billion. They also showed renewed interest in real estate as a preferred asset to park their investments late in the year, logging $4 billion during the fourth quarter.

Sovereign funds, pension funds and REITs expect to be very active in U.S. real estate investment going forward as the economy recovers, CoStar analysts said. Only about half a dozen of these wealth funds presently have an existing real estate portfolio. But the attractiveness of the U.S. market relative to Europe is quite high at present.

At an average 5% allocation to real estate, wealth funds could inject a couple of hundred billion dollars of equity into global real estate markets, with much of it finding its way into the U.S.

"SFWs have been active globally and they're coming to the U.S. because London has been bought up and people perceive a recovery in the U.S.," said CoStar Group Director of Advisory Services Hans Nordby. Recovery is still a work in progress for the office market because vacancy rates haven't quite topped out yet and more rent losses are coming. But the SWFs believe the economy is turning and capitalization rates for U.S. property are relatively attractive compared to other world markets, Nordby said.

As for markets being considered for investment, Nordby said SWFs "don't take connecting flights," and prefer a half-dozen major U.S. metropolitan areas. "They like tall shiny buildings that will impress their brother in law. This trend doesn't benefit El Paso," Nordby said.

"The foreign investors that have come to the U.S. over the last year have been very well rewarded on two fronts," he said. "One, values are up for long-leased assets in the SWFs' select set of major metros. Two, they placed their money into dollars, and dollars went up. Investors like it when that happens."

The Greek financial crisis has made investors think twice about investing in the euro zone. But the overriding factor for the SWFs is the growing strength of the U.S. economy, Nordby said.

"The leading reason SWFs are looking at the U.S. is not that Europe looks more dangerous than it did six months ago, which is true," he said. "But more importantly, the U.S. is showing economic growth -- investors love growth -- and it looks like some of the risk is rung out. A lot of these people are investing for yield and the U.S. looks like a good place to be."

According to the Monitor/FEEM report, the sovereign fund expending the most capital was the Qatar Investment Authority, which made 14 reported investments valued at over $32 billion. The China Investment Corp. (CIC) and the Government of Singapore Investment Corp. led in the number of transactions with 17 and 18, respectively. Several funds that had been quite active during 2007 and 2008 -- notably Dubai's Istithmar, but also Singapore's Temasek -- largely withdrew from the market to reassess their strategies in the aftermath of the global financial crisis.

SWFs are trying to spread their risk by co-investing as part of a consortium or with other funds, noted William Miracky, senior partner at Monitor Group.

"We're seeing an evolution in the behavior of SWFs," Miracky said. "For example, for the first time, we saw funds invest jointly to share risk while maintaining market exposure to a diverse range of asset classes and sectors, a trend we expect to continue."

GIC and Temasek Holdings of Singapore paired up to invest in the IPO of Chongqing-based property developer Longfor Properties Co., while China's CIC and the Qatar Investment Authority partnered last year to buy 40% of Songbird Estates, which owns much of the Canary Wharf financial district of London, for $885 million in a combination of preferred and common stock.

SWFs invested in three main markets in the world's democratic countries last year, the United Kingdom (8 deals, $2.85 billion); the U.S. (6 deals, $3.25 billion) and Canada (5 deals, $3.31 billion).

"This suggests that North American markets, having been largely shunned by SWFs for much of 2008 and 2009, are beginning to become more attractive," according to the Monitor/FEEM study.

Distressed Retail Mortgages Present CMBS Special Servicers with Unique Challenges
貸款方想方設法拖延拖欠商業地產貸款的回收

(Retail Traffic Magazine)

Up until recently, lenders and special servicers have done little to deal with the mounting volume of distressed mortgages in CMBS pools because it is so difficult to get all interested parties on the same page. But now the sheer volume of distress is forcing their hand.

In March, the unpaid balance on CMBS loans transferred to special servicing reached a trailing 12-month high of $79.83 billion, of which retail loans accounted for about 25 percent of that total, according to Realpoint LLC, a Horsham, Pa.-based credit rating agency.

Overall, special servicers remain reluctant to liquidate distressed loans because that would mean selling foreclosed properties at a loss. So far this year, the loss severity on liquidated retail loans has averaged 47.9 percent, according to Realpoint.

In an effort to keep loans alive for as long as possible, servicers have tried all sorts of tactics. For example, loan extensions remain a popular strategy. In cases where CMBS-financed mortgages on cash-producing retail properties come to term earlier than other mortgages in the same CMBS pool, servicers are often extending the mortgages to match the deadlines of the entire pool, says James DuMars, senior vice president and managing director in the Phoenix office of NorthMarq Capital, a real estate investment banking firm.

Even if the term of the mortgage and the term of the pool mature at the same time, special servicers in some cases are still willing to grant extensions of up to three years. But those extensions might involve so-called cash flow sweeps with the lender collecting any income after a property's operating expenses and other fees have been paid, DuMars notes.

"Every tranche in that securitization is happy with that solution," says Gerard Mason, executive managing director in the New York City office of Savills LLC, a real estate services provider. It's a different picture than six months ago, Mason explains.

At that time, holders of subordinated debt faced the prospect of being wiped out completely. Meanwhile, holders of the top-rated tranches were unhappy until about six months ago because they wanted to foreclose and get 100 cents on the dollar.

Now that AAA bonds have risen back to par value, senior holders can sell their bonds on the secondary market to recoup their costs. And holders of the riskiest bits are doing better as well because the restructuring provides for interest payments to be kept current.

Tough choices for servicers
Loans on retail properties that are distressed because of falling net operating income tend to be trickier to resolve because they require modifications that involve taking losses, experts say. Whenever possible, special servicers prefer to keep existing borrowers in place, rather than liquidate loans or transfer them to new owners.

But to modify CMBS loans, servicers typically need borrowers to put up additional capital, says DuMars. Even if a borrower has an excellent reputation and a proven track record in operating retail assets, a servicer has a hard time justifying a workout to the note holders.

In addition, if the center in question has vacancy issues, a borrower who can't come up with additional cash likely won't have the necessary funds for tenant improvement allowances and other perks necessary to attract new tenants.

"The servicer can find a lot of good property managers," DuMars says. "People have to realize the servicer is going to do what's best for the trust."

If the borrower does have some cash and has honored all of the existing loan covenants, however, it often makes sense to rework its loan instead of foreclosing and bringing the property to market.

Tales from the trenches

DuMars and his team are currently working on one case where a servicer has estimated that a retail center would sell at a loss of about 50 percent, if its loan were liquidated and the asset brought to market.

With the borrower offering to put in an additional $1.2 million of equity into the deal, the servicer deducted about 25 percent off the loan's outstanding balance, minimizing the lender's losses compared to liquidation.

Meanwhile, about $600,000 of the additional equity the borrower put into the deal will be used to re-tenant the property, and the remaining amount will be placed in interest reserve until the property is leased up.

The note holders in a case like that might not be thrilled, but "they are satisfied because everybody wins," DuMars says. The trust makes out, because the net result is a return that would be a worth a few million dollars more than if the note were sold.

And the borrower benefits because he can continue to work on the project and try and increase its cash flow rather than having to walk away with a loss.

There are even some cases where special servicers are so reluctant to take properties back that they are willing to extend loans informally without asking for additional capital from borrowers.

Mason points to the example of one large shopping center in the New York metro region where the owner wanted to walk away from the property, but the servicer refused to take it back.

The center recently lost two big tenants to bankruptcy and could no longer pay debt-service coverage on its $90 million mortgage.

To keep the loan alive, the servicer instituted a cash-flow sweep, but has not modified the loan in any other way. No formal extension or modification agreement has been signed. Instead, month after month the servicer simply lets the borrower continue operating the property.

The reason the servicer is willing to remain in what Mason describes as a "Mexican standoff" is that it believes five years from now the property's value will be equal to, or greater than, the value of the existing mortgage. The servicer wants to avoid selling the property today for less than the mortgage is worth.

"This is an extension by omission—they've extended the loan by not having done anything formally," Mason says. "When loans get extended like that, nobody's happy because it basically postpones the inevitable. But they are happier than seeing it foreclosed."

The art of assumable debt
It seems that even when a workout is not possible, servicers are opting to keep the loans going in one way or another rather than liquidating.

Take for instance Metropolis Mall, a 409,815 sq. ft. property in Plainfield, Ind. Premier Properties USA Inc., the developer and owner of Metropolis Mall, liquidated in April 2009 and its mezzanine lender, Dominion Capital Management, gave up control of the property. The $86 million securitized first mortgage went into special servicing.

With the borrowing entity dissolved, the servicer in the case, Midland Loan Services, had no way to restructure the loan. But with the property facing some vacancy and rent issues, Midland didn't want to bring Metropolis to market as is.

Instead, the servicer opted to keep the original loan in place and resize it, reportedly offering prospective buyers financing up to 95 percent loan-to-value. "The reason they are doing that is if the new buyer has to go for [outside] financing, the sales price is going to be lower," Mason says.

When servicers offer assumable debt on a property, the sales price rises by an average of 15 percent, notes Margaret Caldwell, managing director of retail investment sales with the Atlanta office of real estate services firm Jones Lang LaSalle. She says that her group is currently at work on several transactions where the title to the loan will simply be transferred to the new buyer.

CCIM Institute and IREM Lobby on Tax Extenders Package
國 際註冊商業房地產投資協會與國際資產管理協會在華盛頓就商業地產法律對議員進行遊說

(CCIM)

On May 5, 2010, CCIM Institute and IREM members participated in the Capitol Hill Visit Day, during which members lobbied their Members of Congress on commercial real estate issues affecting their business. Among the issues presented to lawmakers was the issue of tax treatment of carried interest.

Real estate partnerships are often organized as limited partnerships (or LLCs) in which the limited partners provide capital and the general partner(s) provides operational expertise. When the partnership property is sold, the limited partners generally reap the profits in proportion to their capital investment. Often, however, the limited partners grant a profits interest to general partner(s). This profits interest is known as a "carried interest." A carried interest is designed to act as an incentive for a general partner to maintain and enhance the value of the real estate so that the operation of the property is a value-added proposition.

Under current consideration by both the Senate and House of Representatives are bills aimed at extending tax cuts enacted during the Bush Administration, set to expire January 1, 2011. This legislation is commonly known as the "Tax Extenders Package."

In order to extend the tax cuts, Congress is seeking new revenue sources to fund the extensions. Included in the current legislation is a provision to change the tax treatment on carried interest from capital gains to ordinary income. Currently, the capital gains rate is 15%. Changing the tax treatment to ordinary income would raise tax rates on carried interest to 39.5%.

Changing the tax treatment of carried interest would be detrimental to commercial real estate because taxing the general partner at an ordinary income rate would create a disincentive for real estate investment, further damaging an already fragile market.

In addition to changing the tax treatment on carried interest is a requirement for all landlords, even those who own only one property, to provide an IRS form 1099 to all contractors with whom they do business if they pay that contractor more than $600 per year. This is a complicated and burdensome requirement, as many rental property owners manage modest family properties simply as an investment or part of a retirement savings plan. This type of property owner is commonly unaware of the 1099 requirement and/or unfamiliar with complex IRS procedures. Should they be found in violation of the new requirements, they would face new penalties that many are ill-equipped to pay. If you already are filing 1099 forms for vendors whose gross income exceeds $600 per year, you can disregard this notice.

Additionally, hiring a tax professional to ensure compliance with the new rules would be costly and create new expenditures for those already feeling the economic pinch.

Carried Interest Discussion Points:

- Approximately $1 trillion of commercial and residential rental real estate is held privately in America today. The great majority of these properties are held by partnerships. Changing the tax rates on carried interest from capital gains rates to ordinary income rates would be devastating to these businesses.

- Real estate investments are designed as long-term investments. The capital is "patient" because property owners take major risks and hold the asset for long periods of time before seeing a gain, thus should be taxed at capital gains rates.

- Unlike hedge fund managers, capital gains treatment for general partners involved in real estate partnerships is an appropriate incentive for risk-taking. The direct risks include environmental issues, loan guarantees, and lawsuits, to name a few.

- Drives investors to put their money elsewhere such as stocks with much more favorable tax treatment.

- Creates a disincentive to investing in real estate since many would no longer earn a reasonable profit.

- Stifles growth in a part of our economy which has become increasingly important over the last several years due to manufacturing, call centers, and other key industries moving offshore.

- Punishes partners involved with prior arranged transactions by causing a totally different economic result than all partners agreed with in advance.

- Fails to recognize that real estate investors are involved in their investments daily, while hedge fund managers are not involved daily in their investments.

- The real estate industry, in all its commercial, multi-family and individual investment categories, is very fragile at present, and is likely to remain so. These new tax burdens on real estate owners will impair and delay further recovery.

IRS Form 1099 Discussion Points:

- Many rental property owners are “little guys” using the property as an investment or as part of a retirement savings plan. They are not aware of the IRS requirements.

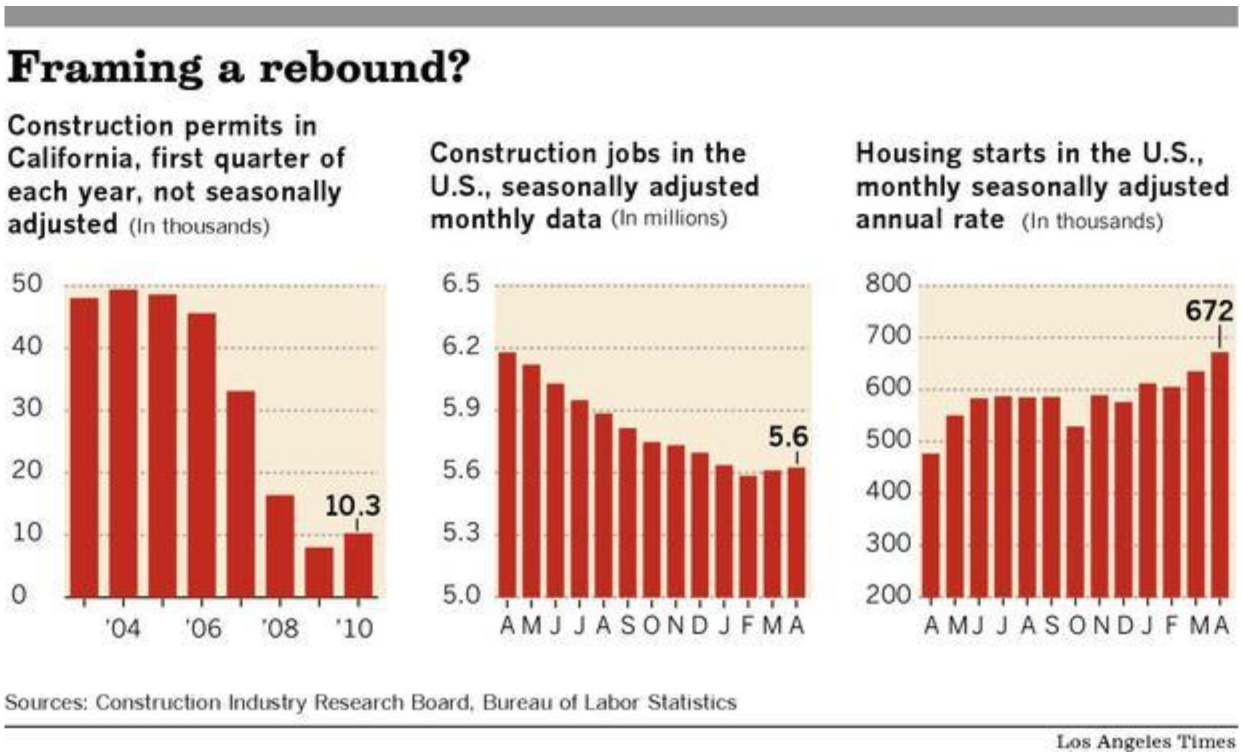
- Requiring rental property owners to file an IRS Form 1099 for each contractor requires hiring of a tax professional, which is an extraordinary expense for many owners.

- Unintentional non-compliance will result in costly penalties, which many owners are ill-equipped to pay.

- This requirement can be viewed as a trap for the unwary.

Chart: Construction Jobs, Housing Units Rising
圖 表：建築業就業情況改善（雖然加州就業仍在下降），住宅建築增加

(Los Angeles Times)



Commercial Property Values Drop as Rebound Stalls
美 國商業地產的價值持續下降【與二月相比，三月下降 0.5%，比去年三月下降 25%】

By Brian Louis (Bloomberg)

U.S. commercial real estate values fell in March, pushed lower by a quarterly drop in retail and office properties in the biggest metropolitan areas, Moody's Investors Service said.

The Moody's/REAL Commercial Property Price Index fell 0.5 percent from February, the second straight monthly decline, Moody's Investors Service Inc. said today in a report. Prices slid 25 percent from a year earlier and are down 42 percent from the October 2007 peak.

"This is continued bad news for property owners," Christopher Cornell, an economist at Moody's Economy.com in West Chester, Pennsylvania, said in a telephone interview. "The trend is basically flat prices."

Economic growth in the second half of 2009 and first quarter of 2010 helped lift prices for offices, warehouses and stores from lows set in October. Property sales jumped 50 percent in the first quarter from a year earlier to $15.4 billion, Real Capital Analytics Inc., a commercial real estate research company in New York, said April 22.

The rental market has lagged behind, with landlords struggling to fill empty space and raise rents. U.S. office vacancies rose to 17 percent in the first quarter, the highest level since 1994, while asking rents fell 0.8 percent, according to New York-based research company Reis Inc.

Retail property prices in the top 10 metropolitan areas fell 19 percent in the first quarter from the last three months of 2009 and office prices dropped by 7.2 percent.

Nationwide, office prices declined 3.2 percent and retail prices slumped 4.7 percent. Cornell called the retail performance "dismal."

"It's not the brilliant consumer recovery story," he said.

Apartment values rose 3.3 percent in the first quarter from the prior quarter and industrial real estate gained 0.8 percent.

Real Estate Operators, Analysts See Wide-Ranging Impact of Health-Care Legislation
專 家預測至 2014 年新健保法全面實施 時，醫療大樓的需求會增加六千萬尺

By Randyl Drummer (CoStar)

Current estimates call for about 32 million currently uninsured Americans to receive coverage under the Patient Protection and Affordable Care Act and The Healthcare and Education and Reconciliation Act of 2010. Based on this large pool of potential new customers for the health care industry, industry analysts have forecast demand for an additional 60 million square feet of medical-office space nationwide by the time health-care reform is fully implemented by 2014.

What may be impossible to pin down at this point, however, is how solid that demand really is, how fast the changes will unfold, and how substantial the effects will be for owners, investors, practitioners and tenants of health-care and health care related properties. The list of affected properties goes far beyond outpatient medical office buildings (MOBs), which have received the most attention from the investment community, to include senior care and housing facilities, life science and pharmaceutical research and manufacturing, large public hospitals and even retail pharmacies and grocery/drug store-anchored shopping centers.

Nearly two months after passage of the historic legislation, CoStar Group assessed the current thinking of commercial real estate owners and analysts for various health-care facility types. But even after digesting the potential ramifications of the legislation, experts have varying outlooks on how profoundly it will affect owners, investors and tenants.

Among the most bullish observers is Marcus & Millichap, which released a first-half 2010 special report that predicts patient demand will be fueled by ongoing demographics and the legislation and will eventually push MOB and hospital space absorption and construction to historic highs. While the impacts of the legislation won't be immediate -- such provisions as state-run insurance "exchanges" and fines for non-compliant employers don't kick in until 2014 -- the real estate firm predicts some newly insured people will begin entering the system by the third or fourth quarter of this year, and expects the numbers will grow through 2019.

"Space demand was already forecast to grow to accommodate aging baby boomers, but expanded coverage for the previously uninsured will likely emerge as one of the most significant drivers of medical office absorption in a generation," Marcus & Millichap analyst Alan Pontius said in the report.

While development is expected to ramp up over the next several years, it likely won't include a rapid increase in spec construction over the next two years due to lingering tight credit, difficulty securing tenants, investor uncertainty and restrictions under the legislation on new physician-owned hospitals.

Due to the moderated rate of new supply, MOB vacancy rates will improve through 2012, dipping more than 100 basis points to the 11% range, according to Marcus & Millichap's forecast using CoStar Group data.

The forecast is not all rosy. Medical practices, hospitals and certain senior care and housing facilities dependent on Medicare and Medicaid could see lower revenues and profits as the new law reduces government reimbursements -- in turn, restraining future rent and income gains for owners.

A few provisions of the law expanding coverage and doctors' visit will go into effect by the end of the third quarter, including free preventative care under Medicare and new private plans, Marcus & Millichap said. Tax credits for small businesses to make employee coverage more affordable and extending coverage to people under the age of

26 through their parents' insurance will bring a one-time surge in the number of insured. With the unemployment rate among younger workers hovering in the 16% range, up to 2 million people could receive within the next year.

Medical office vacancy, which has risen 400 basis points since 2005, will fall 30 basis points to 11.9% this year and dip below 11% by 2012, according to CoStar and Marcus & Millichap. Absorption and construction of space will slowly accelerate into 2013, when vacancy will likely average in the 11% range.

Developers will increase construction but deliveries will be modest in the immediate future. Completions in 2010 and 2011 will total just 8.4 million square feet and 7.3 million square feet, respectively, compared with the annual average of more than 17 million square feet from 2006 to 2008, according to Marcus & Millichap and CoStar data. Completions will not reach pre-recession levels until 2013.

In a separate report, Fitch Ratings agreed that the shift in recent years of medical care to lower-cost settings such as physician offices, outpatient facilities and other off-campus locations will accelerate under the new legislation, requiring the need for additional space to house providers. The trend of doctors locating their offices near the specific hospital systems they are affiliated with should ensure that most of these new off-campus facilities will be located near hospitals, Fitch noted.

Publicly traded health care real estate investment trusts, especially those focused on MOBs, posted solid first-quarter results, with fundamentals remaining relatively stable across all asset classes, earnings coming in generally ahead of expectations, and acquisitions "on everyone's mind" and net asset valuations driven by assumptions of external growth, according to Citigroup.

The transaction market has started to open up, with executives mentioning a number of large deals expected to hit the market in coming months by such operators as Nationwide Healthcare Properties (NYSE: NHP), Ventas Inc. (NYSE: VTR), HCP Inc. (HCP) and Ventas Inc.(NYSE: VTR). Cogdell Spencer (NYSE: CSA) is expected to focus on new development rather than acquisitions.

"We believe the new laws will have a favorable impact in our portfolio and opportunities for growth," said John Thomas, executive vice president of medical facilities for Healthcare REIT Inc. (NYSE: HCN)

Like other medical office owners, HCN expects a continued move of MOB space toward larger ambulatory care centers. Not all executives agree unanimously, however, that there will necessarily be a demand for more total office space in the near or medium term. One reason: the number of doctors and staff hasn't increased appreciably, and hospitals successful in luring physicians will be the early beneficiaries.

"Hospitals will continue to recruit available physicians aggressively while striving to lower the cost-of-care continuum. And thus more and more physicians will either be employed by hospitals or large groups that will contract with the hospital systems," said Thomas. "This should benefit Health Care REIT and reinforce our business strategy of aligning with larger academic medical centers and other hospital systems [that are] aggressively recruiting physicians."

While the trend toward outpatient care will clearly benefit MOB owners, a lack of new doctors to replace retiring physicians could hurt smaller practices and limit demand for the facilities.

Despite recent increases in medical school enrollments, including the addition of four medical schools last fall, the U.S. could face a significant doctor shortfall by 2025 -- at least 13,000 primary-care physicians will be needed as coverage expands -- unless training capacity for residents grows.

David Emery, chief executive for medical office and outpatient facility owner and developer Healthcare Realty Trust Inc. (NYSE: HR), downplayed the effects of the new law in a call with investors last week. Emery said that a majority of the uninsured is already in the health-care system in some form or another, and he estimated that physician and hospital visits would rise modestly, between 3 - 5%, as a result of reform legislation. Healthcare Realty, like its peers in the MOB space, is seeking to grow through acquisition.

"We don't see [the legislation] as a fundamental change in the process," Emery said in a roundtable for health care REIT executives hosted by BMO Capital Markets last month. "We don't think most of the behavioral patterns will be changed by the bill, and there's not a way to change the outcomes without changing the behavior."

Subtracting young people who are rarely ill and those earning more than $75,000 a year who probably see their own doctors leaves approximately 18 million who qualify for coverage, only about 6% of the patient base, Emery said. Roughly half of these cases are treated under some form of charity or financial assistance, leaving the net gain in patients needing doctor and hospital visits at roughly 9 million, which translates to an increase of 3-4% in visits.

"It's our general view that, from an outpatient perspective, the bill is neutral to slightly net positive," Emery said.

Quiznos to Develop Up to 600 New Stores Nationwide by the End of 2010
Quiznos 至今年底預備開建 600 家新店

(Restaurant News Resource)

The planned expansion will create more than 7,500 new jobs, fueling market-level economic growth in communities nationwide.

Nationwide Store Openings to Energize Economy, Create More Than 7,500 Jobs

Quiznos, one of the nation's premier quick service restaurant chains and pioneer of the toasted sandwich, today announced a growth initiative to develop up to 600 new stores nationwide by the end of 2010. The planned expansion will create more than 7,500 new jobs, fueling market-level economic growth in communities nationwide.

"Quiznos has the solid financial position to accelerate and enable tremendous growth"

The new Quiznos locations will include both corporate-owned stores as well as Quiznos-funded joint venture ownership opportunities for qualified entrepreneurs. The Quiznos-owned locations represent a departure from the company's traditional franchise model.

"At Quiznos, we have a world-class business model and our belief in that model is so strong we want to increase our corporate profitability by investing in these corporate-owned stores," said Rick Schaden, Quiznos' founder and CEO. "Establishing a stronger presence of Quiznos-owned stores also allows us to more closely align with our franchise owners, identifying and advancing best practices at the store level to elevate our brand's operations overall."

Quiznos recently recapitalized and restructured its existing debt and equity structure in order to fund expansion and facilitate greater flexibility for growth. By doing so, Quiznos is able to dedicate its own capital to the new store openings and invest in this positive growth momentum.

"Quiznos has the solid financial position to accelerate and enable tremendous growth," said Bill Flaherty, chief development officer for Quiznos. "This initiative will have a direct effect not only on Quiznos' growth, but on that of job creation in communities where we seek to engage with more than 7,500 growth-minded and experienced general, district and regional managers and in-store team members."

In addition to new store development, Quiznos is actively investing in its brand – refreshing its brand identity, renovating in-store design, increasing its value proposition for budget-conscious customers, introducing green packaging and practices for more sustainable operations, and enhancing its menu for even broader customer appeal.

The combination of these brand enhancements and in-store renovation has effected a measurable impact on same-store sales in more than 1,100 renovated units thus far, and the company plans to renovate an additional 2,000 locations within the next 12 months.

"Quiznos is on the move with the spark and energy of growth and entrepreneurialism, and we appreciate our customers for their enthusiastic response," said Schaden. "As the economy continues to stabilize and strengthen, we are in a position to ignite real growth for our brand, for our shareholders and for the entire Quiznos community."

10 Retail Candidates for the Endangered Species List
美 國 10 家瀕危零售商

(Retail Info Systems News)

As we have seen in the unfolding sovereign debt crisis in Europe the economic rebound is still tenuous and uneven. Many retailers in the first quarter have posted strong sales and profits while many others have yet to turn a corner. Ten retailers including A&P, Borders and Charming Shoppes fall into the biggest loser category after posting plunging sales or filing for bankruptcy. Some retailers are even candidates for the endangered species list. Find out which 10 retailers are still posting sharp declines and struggling.

A&P: The grocery chain reported a loss of $171.4 million in its fourth quarter. Same-store sales fell 4.8 percent. For the full fiscal year ended February 27, 2010, the retailer posted a net loss of $876.5 million. Annual sales fell to $8.8 billion, from $9.5 billion reported the previous year.

Blockbuster: The video chain reported a loss of $65.4 million in its first quarter, compared with a net gain of $27.7 million in the year-ago period. For the quarter ended April 4, 2010, sales decreased to $939.4 million from $1.09 billion. In response, Blockbuster has laid out a string of financial initiatives including plans to lower debt service costs, reduce operating expenses, and improve top-line performance.

Borders: Despite an earnings boost during the first three months ended January 30, 2010, the chain reported sales fell 13.3 percent to $946.5 million. Comp-store sales fell 14 percent at Borders stores and dropped 8.5 percent at Waldenbooks. The company has closed five of its namesake stores and 186 Waldenbooks during the quarter.

Cache: The fashion chain reported a loss of $4.1 million in its first quarter, compared to a loss of $1.6 million in the year-ago period. Sales for the quarter decreased 8.4 percent to $48.6 million, from $53.0 million in the year-ago period. Same-store sales for the quarter decreased 6.8 percent.

Charming Shoppes: Parent company of Lane Bryant, Fashion Bug and Catherine's stores lost $12.1 million in its fourth quarter. The company plans to cut costs by negotiating lease terms with landlords and closing 100 to 120 underperforming stores this year, for which it will incur charges of about $7 million to $9 million

Cost Plus: Despite a profit gain during its fourth quarter, the home décor chain reported sales declined 4.6 percent to $320 million. Same-store sales dropped 2.5 percent.

Movie Gallery: The second largest video rental chain, which filed bankruptcy for the second time on February 2, 2010, plans to close 2,415 U.S. stores and is liquidating. Movie Gallery faces more than $540 million in debt that was mostly created from its 2005 acquisition of Hollywood Entertainment, which was acquired for $800 million.

Rite Aid: The drugstore chain reported a loss of $210.6 million for the three months ended February 27, 2010 -- marking its 11th straight quarterly loss -- compared to a loss of $2.3 billion reported a year ago. Revenue fell 3.6 percent to $6.46 billion. Rite Aid closed 22 stores during its fourth quarter and 138 during the past year.

Rock & Republic: The trendy fashion brand filed Chapter 11 on April 1, 2010 and plans to reorganize. According to company, the bankruptcy filing will enable it to alleviate balance sheet burdens and restructure its operations. The brand also obtained a $7.5 million debtor-in-possession financing facility from CIT Group.

Swoozies: The gift and parties good retailer filed for Chapter 11 on March 2, 2010 and plans to liquidate it 43 locations. The company owes more than $5 million to its top 40 trade creditors and plans to sell its assets to Hilco Merchant Resources, who will conduct the going-out-of-business sale.

Panera café says pay what you want | Bakery hopes to expand nonprofit restaurants around U.S.
Panera Bread 的非盈利餐館上周開張 | 客人決定每餐付多少錢

By Christopher Leonard

Panera Bread Co. is asking customers at a new restaurant to pay what they want.

The national bakery and restaurant chain launched a new nonprofit store here this week that has the same menu as its other 1,400 locations. But the prices are a little different — there aren't any. Customers are told to donate what they want for a meal, whether it's the full suggested price, a penny or $100.

The new store in the upscale St. Louis suburb of Clayton is the first of what Panera hopes will be many around the country. Ronald Shaich, Panera's CEO until last week, was on hand at the new bakery Monday to explain the system to customers.

The pilot restaurant is run by a nonprofit foundation. If it can sustain itself financially, Panera will expand the model around the country within months. It all depends on whether customers will abide by the motto that hangs above the deli counter: "Take what you need, leave your fair share."

Panera hopes to open a similar location in every community where it operates. Other nonprofits have opened community kitchens, where customers set the price, and the idea has spread among food enthusiasts and philanthropists. But Panera brings new scale to the idea — its community restaurants will use the company's distribution system and have access to its national food suppliers.

The first location bears the name St. Louis Bread Co. Cares — the chain's former name and one it still uses in its hometown. Customers seemed alternately puzzled and pleased by the concept.

Dawn Frierdich, 52, came in to buy three loaves of bread and an iced tea. She asked how much the drink would cost.

"About $1.85," said the 21-year-old cashier, Michael Miller.

And the whole order?

"It would be, like, $12," Miller told her, reminding her she didn't have to pay if she didn't want to. Frierdich tried to hand him $12 in cash, but he directed her to put it in the donation jar.

"This is a little hard. I just can't wrap my head around this," Frierdich said.

A young man spoke on his cell phone nearby. "Seriously," he said. "They don't charge tax or anything."

The clientele at the Clayton location is a mix of well-to-do attorneys and bankers from Clayton, as well as lower-income customers who work nearby or are visiting the sprawling St. Louis County offices and courthouse nearby. Miller, the cashier, said most customers paid full price for their meals Monday, but some took a discount of a few dollars, or paid half-price.

Panera is using its nonprofit foundation to support the restaurant and any future locations. The foundation will pay the new restaurant's bills, including staff salaries, rent and food costs. At the end of each month, the foundation will tally donations to see if they cover food costs. The Panera parent company won't bear losses if the experiment fails.

Saich was CEO of Panera until he stepped down Thursday, taking the post of executive chairman. He will run the nonprofit along with other projects for Panera.

Other similar experiments have worked. The One World Salt Lake City restaurant has operated as a nonprofit with pay-what-you-want prices since 2003, said founder Denise Cerreta. She works for a foundation that helps similar restaurants open around the county. She said the places don't get swarmed by crowds and emptied, but have managed to stay afloat based on the honor system.

"It somehow stays in balance," Cerrata said. "I think ultimately people are good. They want to contribute."

Latest Residential Loan Rates [Slightly Lower than Last week]
最新住宅地產貸款利率【略低於上週】

	Interest Rate	APR
Conforming and FHA Loans		
• 30-Year Fixed	4.875%	5.065%
• 30-Year Fixed FHA	4.750%	5.497%
• 15-Year Fixed	4.250%	4.573%
• 5-Year ARM	3.500%	3.594%
• 5-Year ARM FHA	3.375%	3.208%
Larger Loan Amounts in Eligible Areas – Conforming and FHA		
• 30-Year Fixed	4.875%	5.012%
• 30-Year Fixed FHA	4.875%	5.575%
• 5-Year ARM	4.000%	3.725%
Jumbo Loans – Amounts that exceed conforming loan limits		
• 30-Year Fixed	5.500%	5.643%
• 5-Year ARM	4.750%	4.001%