COMMERCIAL REAL ESTATE MARKET UPDATES

GENERAL
市場概括

- Dearth of Properties Spurs Fund Givebacks
  近兩年預備投資問題地產的商業地產基金由於找不到合適的投資機會而準備退款給投資者
- Reports Show Signs of Improvement in Commercial Construction
  報告顯示商業地產建築在慢慢復蘇

MULTIFAMILY
公寓

- Senior Housing Experts See Rewards -- And Potential Risks -- in New Health Care Law
  隨著新健保法的推出，老人公寓需求量會增加，但政府對於 Medicare 的資助會減少

RETAIL
購物商場

- Confidence Picks Up as Retailers Plan Store Openings and Deal Momentum Builds
  零售商信心增加、今年計劃開設新店，不過購物商場租金預計會持平或繼續下滑

FINANCING
貸款與資金

- CRE Lending Update: Office/Retail Up, CMBS/Insurance Companies Up, Banks Down, Distressed Assets Up
  商業地產貸款快訊：辦公樓與購物商場的貸款量增加、商業貸款抵押證券
- Latest Residential Loan Rates [Slightly Lower than Last week]
  最新住宅地產貸款利率【略低於上週】

Dearth of Properties Spurs Fund Givebacks
近兩年預備投資問題地產的商業地產基金由於找不到合適的投資機會而準備退款給投資者

By: Lingling Wei (The Wall Street Journal)

Some real-estate funds, which raised billions of dollars hoping to pounce on bargain properties, are returning money to investors after finding slim pickings, as many banks avoid dumping property by extending and restructuring loans.

A slew of private-equity funds, including ones run by Morgan Stanley, Rockpoint Group LLC and Chicago developer John Buck's firm, have taken the unusual step of allowing investors to exit their funding commitments when the funds' investment period expired. A total of 19 private-equity real-estate funds have either returned or plan to return more than $6 billion of capital to investors, said Real Estate Alert, a trade publication. Others have sought to extend their investment periods or change their investment mandates in light of the short supply.

The private-equity refunds highlight a supply-demand imbalance in the commercial real-estate industry. Investors have accumulated billions of dollars to look for returns in the down-on-its-luck market for office, retail stores, hotels and other commercial property. But not too many properties are for sale, as many real-estate owners are holding onto assets in hopes of a stronger rebound. Property owners have benefited from low interest rates, which keep loan payments low, and banks' reluctance to sell troubled loans.

"Funds are fighting over a slim group of available deals," said Mark Edelstein, head of the real-estate group at law firm Morrison & Foester LLP.

"Nothing came to the market," said C. Daniel Clemente, a Washington developer who recently returned $1 billion of capital he raised from investors during 2008 to buy distressed properties. "To hold that money any longer just isn't right," he said.

When the recession hit and commercial real estate appeared to be heading for a cliff, funds raised billions of dollars with hopes of repeating what investors like Sam Zell did during the real-estate collapse of the early 1990s. Those investors bought assets from banks that were under pressure from regulators to take write-offs and sell troubled loans. When those assets soared in value later in the decade, they profited handsomely.

These days, however, many lenders, especially community and regional banks, have been restructuring loans at fast clips, partly encouraged by federal guidelines issued last year that give banks more leeway to modify loans to avoid bigger losses. They are avoiding selling troubled assets, hoping to earn their way out of trouble. In the meantime, inventory remains low.

Ultimately, the ability of owners and banks to hold onto properties and not dump them on the market at the worst possible time could keep real-estate prices from falling further and help aid the recovery. But if the loan modifications delay the inevitable defaults, the market could tumble further and the downturn could last longer than it otherwise would.

Critics of the strategy, who have dubbed it "extend and pretend," said it ties up bank capital in questionable loans and prevents them from extending new credit.

Morgan Stanley in 2007 raised $1.5 billion from investors, including the Government of Singapore Investment Corp. and the Teacher Retirement System of Texas, with plans to buy or originate mezzanine debt that has higher risks as well as higher returns than the first mortgages. The fund manager hoped to capitalize on the higher rates it thought that borrowers would pay because of troubles in the debt markets. The idea was to spend the capital quickly in a nine-month investment period, compared with the three- to four-year time frame typical of a real-estate fund.

But the fund found only a few available investments that would justify the kind of risk it took on. As a result, it chose to spend less than 30% of the committed capital even after getting an extension for its investment period. It has released investors from their commitments to the fund.

According to real-estate research firm Real Capital Analytics, roughly $31 billion of properties were offered for sale in the first quarter, unchanged from the year-earlier period. By comparison, that figure was almost $86 billion in the first quarter of 2007, the top of the market.

When properties do go on the block they are typically met with strong interest. A 489,591-square-foot office complex located at 550 King St. in suburban Boston recently sold for almost $90 million, a price that exceeded market expectations though still lower than what it could have got at the market peak. The Federal Deposit Insurance Corp. also has attracted long lines when it put on the block assets it took over from failed banks.

With so little choice, "There is a risk that if the manager doesn't invest, it must return that money to the investors and lose fees," said Terry Ahern, co-founder of Townsend Group, a real-estate advisory firm that invests on behalf of institutional clients. "The worst event for the investor is for the manager to invest when there are no deals just to place the money and preserve fees."

Another potential incentive for funds to give unused commitments back to investors lies with how fund managers are compensated. The expected returns of the entire fund may fall below the threshold that allows the manager to participate in the profits.

In another case of refunds, a $480 million high-yield debt fund managed by Rockpoint called only $24 million of the committed capital to invest in three deals involving residential developments. The remaining commitments were released to investors. In addition, the John Buck Co. returned $40 million unused commitments to a $65 million fund it launched in 2008.

"We spent a great deal of time trying to find prudent investments," said Charles Beaver, a principal at John Buck. But "there was a disconnect between the pricing that was in the market and the return you expected to receive," he said.

Reports Show Signs of Improvement in Commercial Construction
報告顯示商業地產建築在慢慢復蘇

By Randyl Drummer (CoStar)

After falling to unprecedented low levels over the past two years, nonresidential construction may be moving beyond government and public works stimulus projects into private-sector development, according to a pair of key indicators of future construction activity.

Construction backlog orders increased 4.5% in the first three months of 2010 to just under 6.1 months, up from 5.8 months in the fourth quarter, according to the Associated Builders and Contractors (ABC). The Construction Backlog Index (CBI), which measures the amount of construction work under contract to be completed in the future, rose sharply in February and March, up more than 17% over the two months.

The index rose in all the nation's regions except the West from February to March. However, only the northeastern U.S. region saw a higher backlog compared to the same period a year ago. The West remains weak, which may be due in part to serious state and local fiscal issues and the weak housing market.

"Overall, the nation's nonresidential construction industry is in the early stages of a rebound," said ABC Chief Economist Anirban Basu, who described the rising backlogs as a sign that nonresidential construction's recovery is spreading beyond government-financed projects.

Backlog has been fairly flat for several months in the infrastructure category, at 9.33 months in March. However, order in both the heavy industrial and commercial/institutional categories have been rising, coming at 6.61 months and 6.31 months in March 2010.

Basu noted that the flatness of infrastructure construction backlog shows that much of the money associated with the stimulus package has been funded and is already reflected in backlog.

While the rising CBI "illustrates that the improvements recently seen in various other indicators, including construction spending, will continue through much of the balance of 2010," Basu cautioned that it's too soon to tell whether the momentum will continue through 2011. The rising numbers don't necessarily mean the effects of the recession or over or even approaching an end, and nonresidential construction indicators tend to lag the overall economy by 12 to 24 months, he said.

"With the broader economy having been in recovery for the better part of a year, and with stimulus spending still having an impact, the expectation is that for now, backlog will remain stable or better in the months ahead," he said. "There are many forces at work that suggest that the sector's recovery may not be sustained as stimulus monies are steadily drawn down and commercial construction remains weak due to high vacancy rates and tight credit," Basu said.

While the Northeast saw the highest construction backlog at 7.31 months in March 2010, the South and Midwest are still down compared to the same time last year. In the West, backlog stood at 5.76 months in March, roughly the same level as in August 2009.

Meanwhile, the American Institute of Architects monthly Architecture Billings Index (ABI) bolstered hopes that construction activity will be stronger this time next year. The index, which measures billings for design service on nonresidential construction projects, rose for the third straight month, jumping from 46.1 in March to 48.4 in April, its highest level since January 2008. The industry views the index as an indicator for hard construction 9 to 12 months in the future.

Demand for the services or architects and other design professionals still hasn't moved into positive territory because only score of 50 or above would indicate an increase in billings, but inquiries into new projects rose again to 59.6. As with the order backlogs, the northeast saw the billings index move to 51, indicating significant growth in demand.

"It appears that the design and construction industry may be nearing an actual recovery phase," said AIA Chief Economist Kermit Baker. The economic landscape is improving - not across the board, but at a gradual pace - and positive demand for design services and construction may be within sight, he said.

Senior Housing Experts See Rewards -- And Potential Risks -- in New Health Care Law
隨著新健保法的推出，老人公寓需求量會增加，但政府對於 Medicare 的資助會減少

By Randyl Drummer (CoStar)

The passage of reform legislation and the prospect of millions of newly insured patients coming into the health-care system are generally seen as a net positive for medical office building owners and investors. Less tangible, however -- and more difficult to untangle from ongoing demographic and economic trends -- are the effects the new law is expected to have on senior housing and nursing facilities.

Given the need to reduce health-care system costs, Medicare and Medicaid reimbursements will generally see a per-capita decline, adversely affecting revenue at skilled-nursing facilities, long-term acute care hospitals and other specialty care facilities, Fitch Ratings said in a recent analysis.

Hospitals and senior care and housing facilities dependent on Medicare and Medicaid revenue streams could see lower revenues and profits and declining values as the new law reduces government reimbursements -- in turn, restraining future rent and income gains for owners. One silver lining, according to Fitch, is that REITs and other real estate investors and lenders, acknowledging the perceived risks associated with changing government reimbursement rates, have structured leases and loans on those facilities "in a more conservative manner than is seen with facilities that rely on private sources of revenue."

"We don’t really see much change with respect to assisted living facilities" from the legislation in the near term, according to Douglas Pasquale, president and CEO of Nationwide Health Properties (NYSE: NHP). The REIT has a portfolio 75% composed of assisted-living and skilled-nursing facilities. About half of NHP’s investments in 600 assets across 43 states valued at $5 billion are assisted-living facilities, with 25% in skilled nursing, with the balance in MOBs.

On the plus side, changes in some services eligible for Medicaid could eventually shift some of the demand for lower-level rehabilitation care away from hospitals to assisted-living and home-based services as operators seek the lowest cost providers, Pasquale said during a roundtable for health care REIT executives hosted by BMO Capital Markets last month.

Skilled nursing homes may also see a boost in demand as a lower-cost alternative for certain types of post-acute care services or short-term-stay rehabilitation and related care, he said.

One element of the new legislation that analysts will closely watch is the Community Living Assistance Services and Supports (CLASS) Act, a national insurance program aimed at helping cover the cost of long-term care at lower premiums than private plans. More than two-thirds of those over age 65 will need long-term care, according to government estimates. Supporters say CLASS would provide insurance solutions for middle-class Americans who aren’t low income enough to draw Medicaid and aren’t well off enough to afford private care.

The CLASS act "may create additional demand over time, but it’s probably a half-dozen years out and was happening anyway. This [health care legislation] would add a little extra positive momentum to that," Pasquale said.

Because the precise impacts of reform can't be accurately forecast by even the brightest minds in health-care financing at this point, many senior care REITs and investors are listing health care reform as a risk factor in their prospectuses and "forward-looking statements" disclosures, even as some of those firms seek to raise money through public offerings.

"At this time, the effects of the legislation and its impact on our business are not yet known," said Orlando, FL-based Legacy Healthcare Properties Trust Inc., which filed with the SEC last month to raise up to $250 million in an IPO to acquire independent and assisted living, dementia care and continuing-care facilities.

Legacy Healthcare said results and investor returns could potentially be materially and adversely affected by the legislation and future governmental initiatives. Cost control and other health care reform measures may reduce reimbursement revenue available to Legacy Healthcare's senior housing facilities, the company acknowledged in its filing.

"The health care industry is facing various challenges, including increased government and private payer pressure on health care providers to control costs and the vertical and horizontal consolidation of health care providers," the company said. "The pressure to control health care costs has intensified in recent years as a result of the national health care reform debate." That pressure will continue as Congress attempts to slow the growth of federal health care expenditures as part of its effort to balance the federal budget, and similar ways to cut costs are being debate by many states as well.

"These trends are likely to lead to reduced or slower growth in reimbursement for services provided by our operators at some of our senior housing facilities, and could therefore result in reduced profitability."

Fitch Ratings, however, believes that many health care facility operators, particularly larger owners, have become adept at "managing through" changes in reimbursements and other revenue in recent years. Good operators should be able to adjust to the legislative changes by reducing expenses and creating other revenue sources, Fitch said.

Even as Congress approved reform legislation in late March, the health care REIT sector, including companies focused on senior housing and care, posted relatively strong first-quarter results.

That's welcome news for investors for whom seniors housing has been a sore spot in many health care real estate portfolios since early 2008. Occupancy and rents are down because seniors haven't been able to sell their homes as a result of the recession and soft housing market, delaying their move into assisted living, independent living facilities, dementia care and continuing-care retirement communities (CCRCs), which is a hybrid of assisted and independent living.

Despite the solid performance by REITs, fundamentals are still lagging, though they may be turning a corner. Occupancy of seniors housing fell in the first quarter while rent growth continued to slow, according to a new report by the National Investment Center for the Seniors Housing & Care Industry (NIC). Average occupancy fell to 88% for seniors housing, which includes both independent living and assisted living properties, down from 88.3% in fourth-quarter 2009. Data for the top 31 metro markets also showed continued declines in construction starts shrinkage of the construction pipeline.

"There's been erratic absorption over the last four quarters, and inventory growth has outpaced demand, but overall absorption has developed a marginally positive trend," said NIC Vice President Michael Hargrave. "Although rent growth has slowed, it has continued to remain positive. This is in sharp contrast to what we have seen in other forms of commercial real estate, and it indicates that seniors housing continues to grow and perform as a real estate asset class."

Skilled nursing ended a streak of 11 straight quarters of negative absorption, registering its first positive quarter in three years, with occupancy rates rising marginally to 89% compared to 88.8% in the fourth quarter, Hargrave noted.

As with other asset types, liquidity concerns and declining cash flows have hurt owners and investors in senior housing, especially those that over-leveraged at the peak of the market. Other investors, however, led by such savvy veterans as Legacy Healthcare's Thomas J. Hutchison III, the former CEO of CNL Retirement Properties Inc., see that as an opportunity.

They hope to tap the public market for equity to pick up those facilities at attractive prices, believing that trends will reverse course as economic conditions improve, residential real estate values stabilize and consumer confidence rises. That should enable the growing number of people age 65 and over to sell their homes and move into senior housing. Limited growth in new supply will also drive demand.

Hutchinson's Legacy Healthcare Properties hopes to use the proceeds from its IPO to acquire six senior housing facilities.

"We expect to benefit from a rebound in facility-level cash flows, which will improve our investment yields and enhance our total returns to stockholders," Legacy Healthcare said in its filing, outlining the business case for acquiring senior care facilities from over-extended owners.

The weakened economy and constrained capital environment presents a "compelling opportunity for well-capitalized companies to acquire high-quality, private-pay senior housing facilities at attractive prices," Legacy said.

What's more, Legacy Healthcare believes that senior housing investors will face less competition compared to other CRE sectors because "generalist real estate investors have refocused on distressed markets and core real estate asset classes." The specialized expertise needed to underwrite such assets will restrain demand for senior housing facilities, Legacy said.

Confidence Picks Up as Retailers Plan Store Openings and Deal Momentum Builds
零售商信心增加、今年計劃開設新店，不過購物商場租金預計會持平或繼續下滑

By Mark Heschmeyer (CoStar)

Nearly 70% of U.S. retailers believe that the overall economy is improving, and 92% are planning to increase store openings, according to a new survey released by CB Richard Ellis Group.

One reason may be the retailers' interest in taking advantage of lower retail rents as nearly all the retail executives surveyed in the report, Shop Talk - A Retailer's Perspective, believe that retail rents will either fall or remain flat throughout the rest of 2010.

"Our survey shows that retailers are increasingly more confident about their growth plans for 2010, and even more so for 2011," said Anthony Buono, executive managing director of CBRE Retail Services in the Americas. "Although they remain cautious as to the overall impact of the global economy on the domestic market, most remain optimistic about their prospects for their own businesses, near- term as well as long-term."

The survey also found that while retailers believe the economy is improving, they also recognize that it will be some time before sales recover. Nearly 60% think that it will take another six to 18 months before their segment of the retail market feels the benefit of the recovery. Among concerns cited by respondents were the state of consumer confidence, potentially higher interest rates and the fragile recovery of the global economy. However, 34% of the respondents thought that business was already improving in their segments including retailers in apparel and accessories, telecommunications, electronics and home improvement.

Other findings in the report include:

- 48% of respondents think that rental rates will continue to fall in 2010, and 43% think that rental rates will remain flat. The respondents that expected rental rates to increase were mostly global or regional retailers with space requirements under 25,000 SF.

- 73% of retailers were able to negotiate tenant improvements with their landlords in the past year. Among that segment of survey responders, 65% stated that rent reductions were the most common incentive, followed by limited tenant improvements to space and the right to terminate early.

- 92% of respondents were planning to increase the number of new store openings anywhere from 5% to 200%. Of the retailers that had expansion plans, 66% of the requirements were for stores smaller than 10,000 SF. Only 8% of respondents were planning on reducing the number of locations in 2010.

- 75% of respondents felt that government stimulus programs had little or no impact on their business.

Florida-based Equity One Buys California Properties Via London

Equity One Inc. in North Miami Beach, FL, agreed to acquire London-based Capital and Counties USA Inc. through a joint venture with its parent company, Capital Shopping Centres Group PLC. The transaction is valued at approximately $600 million, and includes the assumption of $330 million of mortgage debt, including its proportionate share of debt held by its joint ventures, with a weighted average interest rate of 5.7%.

Capital and Counties USA owns a portfolio of 15 properties in California totaling 2.6 million square feet, of which 70% of the transaction value consists of retail assets. The retail portfolio is concentrated in the San Francisco Bay area.

The retail portfolio was 83% leased as of April 30, 2010. When including several leases recently executed or currently under letter of intent, the retail portfolio occupancy rate increases to 93%.

The remaining 30% of the portfolio consists of medical office, office, undeveloped land and multifamily properties in the Bay area and in Los Angeles. In keeping with its retail focus, Equity One intends to dispose of a majority of the non-core assets.

This transaction is consistent with Equity One's strategic plan, including entering California, diversifying the company's geographic and tenant base and expanding its redevelopment pipeline. Upon completion of the transaction, Northern California will be Equity One's second largest market after South Florida, representing approximately 16% of its asset value.

"This is a unique opportunity for Equity One to expand its asset base into one of the most densely populated, supply constrained markets in the country in a transaction that is accretive to Equity One shareholders," said Jeff Olson, CEO of Equity One. "Tenant sales are extraordinarily high within the retail portfolio and many of the assets contain future leasing, redevelopment, and expansion opportunities. In particular, the Serramonte Center, with only 849,061 square feet of developed rentable space on 81 acres just south of the city of San Francisco, offers substantial potential for further development and densification."

David Fischel, the CEO of Capital Shopping Centres, will join Equity One's board following the closing of the transaction. Fischel stated, "This transaction allows us to focus on our core business in the United Kingdom while providing an expansion platform for Equity One. By retaining a long-term investment in Equity One, we can participate in the significant growth potential of the combined enterprise."

Turner Newton, who has been CEO of C&C USA since 1994, will continue to lead this subsidiary for Equity One. Equity One intends to retain the majority of the in-place infrastructure, including C&C USA's operating, acquisition and asset management teams.

The transaction is expected to close late in the third quarter of 2010, subject to customary closing conditions.

The transaction is expected to be modestly accretive to funds from operations in the first year prior to one-time transaction expenses and non-cash purchase accounting adjustments. The proforma capitalization rate is 7.0%. Equity One expects to incur one time transaction expenses of approximately $0.05/share in 2010. Excluding these transaction expenses and given the timing of closing, Equity One reaffirms its prior 2010 FFO per share guidance of $1.00 to $1.08 per share. Goodwin Procter acted as legal counsel and Eastdil Secured acted as financial advisor to Equity One. Skadden Arps acted as legal counsel and Bank of America Merrill Lynch acted as financial advisor to Capital Shopping Centres.

Properties in the Portfolio
Retail

- Serramonte Shopping Center in Daly City, 849,061 SF, 80% occupancy; Tenants: Macy's, Target, New York & Company

- Plaza Escuela in Walnut Creek 152,183 SF, 81% occ.; Tenants: Cheesecake Factory, Container Store

- The Willows Shopping Center in Concord 255,969 SF, 90% occ.; Tenants: Old Navy, Cost Plus, REI, UFC Gym
- 222 Sutter Street in San Francisco 127,878 SF, 87% occ.; Tenants: Loehmann's
- The Marketplace Shopping Center in Davis 112,974 SF, 91% occ.; Tenants: Safeway, CVS, Petco

Office

- The Senator Office Building in Sacramento 171,593 SF, 96% occ.; Tenants: California Housing Finance Agency, State of California
- 595 Colorado Blvd. in Pasadena 87,379 SF, 87% occ.; Tenants: Bank of the West
- Pacific Financial Center in Los Angeles 217,038 80% occ.; Tenants: Charles Dunn, Bovis Lend Lease, Verizon
- Park Plaza in Sacramento 72,649 SF, 93% occ.; Tenants: Global Crossing Telecom
- 625 Third Street in San Francisco 42,429 SF, 100% occ.; Tenants: Ubisoft

Medical Office

- Parnassus Heights Medical Center in San Francisco 143,865 SF, 100% occ.; Tenants: UC San Francisco
- Danville-San Ramon Medical Center in Danville 74,599 SF, 99% occ.

Other

- Trio Apartments (retail / apt.) in Pasadena 284,835 SF, 93% occ.; Tenants: Roy's Restaurant
- Antioch Land Antioch Figueroa Land in Los Angeles

As a side note, prior to the announcement BlackRock Inc. increased its holdings in Capital and Counties to 5.01% of outstanding shares.

After Four-Year Absence, Champion Targeting Retail Again

Champion Real Estate Co. is seeking to purchase $500 million in shopping center assets in the western U.S. by 2013 and appointed Steve Boss to spearhead the new initiative. The decision represents a change in strategy for the investment firm, which has not purchased a retail property since 2006. Click here to view related article.

"We are confident we are close to the bottom of the market and now is the best time to acquire real estate," Bob Champion, president of the firm, said.

Boss was named managing director of retail investment and development and will oversee the company's acquisition of existing shopping complexes with value-add opportunity, distressed assets and notes and prime entitled retail center land.

The firm will consider for sale properties in top tier locations ranging from $10 million to $200 million.

Most recently, Boss served as CEO and founder of Afton Property Investment Corp. He's also held senior positions with Pan Pacific Retail Properties and Combined Properties.

Champion is a commercial real estate development and investment firm based in Los Angeles. It has developed, renovated or repositioned more than $700 million in commercial properties in major urban locations. (By: Laurie Forbes)

Australian Westfield Group Puts Aside Money for Renewed U.S. Activity

Westfield Group in Sydney, Australia, told its Australian investors last week that retail conditions are improving in the United States and the United Kingdom. And that due to the improving environment, the group now expects to commence approximately $1 billion of development projects in 2010. About $200 million of that is earmarked for the United States.

In addition, Westfield Group is undertaking pre-development activity on approximately $10 billion of future development opportunities, including the following U.S. properties.

- Century City (California)
- Garden State Plaza (New Jersey)
- Montgomery (Maryland)
- UTC (California)
- Valley Fair (California) and
- West Valley (California)

RioCan Adds 8 Texas Centers to its Retail Portfolio

RioCan Real Estate Investment Trust in Toronto, Ontario, executed definitive agreements with Inland Western Retail Real Estate Trust Inc. in Chicago. Under the terms of the agreements, through RioCan Holdings USA Inc, RioCan will acquire an on an 80/20 joint venture basis a portfolio of eight retail properties with Inland Western. The properties are in three major markets within Texas; Dallas-Fort Worth, Houston, and Austin.

The total consideration to be paid by RioCan is approximately $138 million resulting in a net equity investment of $53 million after the assumption of $85.6 million of property level mortgage debt (Rican's share) on the portfolio. The existing non-recourse first mortgage financing has a weighted average interest rate of 5.6%. The weighted average cap rate for the portfolio will be approximately 7.7%.

"This acquisition represents a great opportunity to expand RioCan's U.S. portfolio into a second geographic market with a partner that has an excellent market position within Texas" said Edward Sonshine Q.C. president and CEO of

RioCan. "Texas has performed very well throughout this past recession, it is an important market and it has been one of the stronger regional economies in the US. This acquisition is an opportunity to further RioCan's investment strategy to acquire high quality defensive assets in large and growing urban markets."

RioCan will acquire from Inland Western an 80% interest in eight new format and grocery-anchored shopping centers that total approximately 1.2 million square feet. Going forward, while there is no formal agreement between RioCan and Inland Western, it is anticipated that future acquisitions from third parties with Inland Western in Texas would be completed on the same basis.

In keeping with RioCan's strategy to acquire high quality defensive assets in large and growing major markets, this portfolio of eight grocery-anchored and new format retail centers has strong anchor tenants, are well in strong urban markets, and are well occupied (portfolio occupancy of 97%). Approximately 82% of the gross rents from the portfolio are generated by national or regional tenants and approximately 30% from grocery and pharmacy tenants. The weighted average remaining lease term of the grocery anchors in the portfolio is approximately 12 years.

Two of the largest tenants in the portfolio are grocery tenants: HEB and Tom Thumb (Safeway). The portfolio will continue to be managed by Inland Western.

Properties in the Portfolio

- Southpark Meadows I: Located in Austin, Southpark Meadows I is a 266,840-square-foot new format retail center that is anchored by a 205,736-square-foot Wal-Mart Supercenter (ground lease expiration 2024).
- Riverpark Shopping Center I & II: Located in the Houston submarket of Sugar Land, Riverpark Shopping Center is a 311,270-square-foot shopping center that is anchored by an 80,460-square-foot HEB Supermarket (lease expiration 2023) and a 64,329-square-foot Gander Mountain (lease expiration 2020).
- Bear Creek Shopping Center: Located in northwestern Houston, Bear Creek Shopping Center is an 87,912-square-foot grocery-anchored shopping center. The property is, anchored by a 61,805-square-foot HEB Supermarket (lease expiration 2016).
- Suntree Square: Located in the Dallas-Fort Worth high income submarket of Southlake, Suntree Square is a 96,390-square-foot grocery-anchored shopping center that is anchored by 63,556-square-foot Tom Thumb (Safeway, lease expiration 2020).
- Coppell Town Center: Located in Dallas-Fort Worth submarket of Coppell, Coppell Town Center is a 91,357-square-foot grocery-anchored shopping center that is anchored by a 63,150-square-foot Tom Thumb (Safeway, lease expiration 2025).
- Great Southwest Crossing: Located in the Dallas-Fort Worth submarket of Grand Prairie, Great Southwest Crossing is a 92,270-square-foot new format retail center that is anchored by a 20,515-square-foot Office Depot and 18,875-square-foot PetSmart and is shadow anchored by a Kroger grocery store.
- New Forest Crossing: Located in eastern Houston, New Forest Crossing is a 148,065-square-foot new format retail center that is shadow anchored by a Lowe's Home Improvement Warehouse.

- Cypress Mill Plaza: Located in the Houston submarket of Cypress, Cypress Mill Plaza is 116,406-square-foot new format retail center that is anchored by a 59,898 Hobby Lobby. The property is shadow anchored by a Wal-Mart and Home Depot.

Regal, AMC and Kerasotes In Three-Way Swap of Theaters

Regal Entertainment Group agreed to acquire nine theaters from AMC Entertainment Holdings Inc. in exchange for cash and two Regal theaters.

The proposed acquisition will enhance Regal's presence in Illinois, Indiana and Colorado. The transaction is expected to close during Regal's fiscal second quarter and is subject to customary closing conditions.

AMC agreed to sell the theaters after the U.S. Department of Justice announced that it would require AMC Entertainment Group Inc. to divest movie theater assets in Chicago, Denver and Indianapolis in order to proceed with its proposed $275 million acquisition of most of the theaters operated by Kerasotes Showplace Theatres.

DJ said that the transaction, as originally proposed, would likely substantially lessen competition among movie theaters that show first-run, commercial movies in the Chicago, Denver and Indianapolis metropolitan areas, resulting in higher ticket prices and decreased quality viewing experience for moviegoers.

Under the terms of the proposed settlement, AMC agreed to divest the following movie theaters.

- AMC Gardens 13 and Kerasotes Glen 10 (North Suburban Chicago);
- AMC Cantera 30 (Upper Southwest Suburban Chicago);
- Kerasotes Showplace 12 Bolingbrook (Lower Southwest Suburban Chicago);
- Kerasotes Colony Square 12 (Upper Northwest Denver);
- Kerasotes Olde Town 14 (Lower Northwest Denver);
- AMC Castleton Square 14 or Kerasotes Showplace 12 Glendale Town (North Indianapolis); and
- AMC Greenwood 14 (South Indianapolis)

In addition, for the next 10 years, AMC must inform the Antitrust Division if it proposes to acquire movie theater assets in those markets.

Following the sale to Regal, AMC completed its acquisition of Kerasotes. Kerasotes owned 95 theaters and 972 screens in 21 mid-sized, suburban and metropolitan markets, primarily in the Midwest. More than three quarters of the Kerasotes theaters include stadium seating and almost 90% have been built since 1994.

Kerasotes will retain and operate three of its theaters: two ShowPlace ICON locations in St. Louis Park, MN, and Chicago and the ShowPlace 14 Theatre in Secaucus, NJ.

Quiznos Looking for 600 Expansion Sites

Quiznos, a Las Vegas-based quick service restaurant chains is seeking approximately 600 new high-traffic sites to facilitate the planned development of the approximately 600 new corporate-owned restaurants. The new restaurants could create more than 7,500 new jobs.

The growth announcement comes as part of the ICSC Global Real Estate Convention in Las Vegas.

"We are on a strong growth track at Quiznos, and we see the emerging economy as the ideal time to expand brand presence, grow market share and meet the strong customer demand," said Rick Schaden, Quiznos' founder and CEO. "Quiznos has the solid financial position to realize and accelerate tremendous growth, and we are anxious to engage with the best real estate partners as we posture Quiznos for new levels of success."

As a national brand, Quiznos currently has locations in all 50 states and hopes to further establish its nationwide presence through this new growth initiative. The company is targeting prime commercial real estate with high daytime traffic in markets nationwide, with particular focus on locations with 1,200 to 1,600 square feet.

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 said it will be able to dedicate its own capital to the new store openings.

CRE Lending Update: Office/Retail Up, CMBS/Insurance Companies Up, Banks Down, Distressed Assets Up

商業地產貸款快訊：辦公樓與購物商場的貸款量增加、商業貸款抵押證券

By Mark Heschmeyer (CoStar)

On an absolute level, commercial real estate lending remained depressed through the first quarter of 2010 and loan portfolio credit quality further weakened. However, there were significant variations between lenders, property types and borrowers.

Overall, first quarter commercial and multifamily mortgage loan originations were 12% higher than during the same period last year. But they were 26% lower than during the fourth quarter of 2009, according to the Mortgage Bankers Association's (MBA) Quarterly Survey of Commercial/Multifamily mortgage originations.

The 12% overall increase in commercial/multifamily lending activity during the first quarter was driven by increases in originations for office and retail properties. When compared with the first quarter of 2009, the increase included a 98% increase in loans for retail properties, a 29% increase in loans for office properties, a 5% decrease in loans for multifamily properties, a 28% decrease in loans for industrial properties, a 46% decrease in hotel property loans, and a 68% decrease in health care property loans.

Among investor types, loans for conduits for CMBS saw an increase of 657% compared to last year's first quarter. There was also a 131% increase in loans for life insurance companies.

On the downside, commercial bank portfolios saw 4% decrease in loans year-to-year, and the dollar volume of loans for Fannie Mae and Freddie Mac saw a decrease of 49%.

"The results of the survey showed changes in commercial and multifamily origination levels varied significantly between investor groups. However, it's hard to draw conclusions based on first quarter numbers given seasonal effects, such as the industry's usual push to finalize deals before the end of the year, resulting in lower first quarter origination activity," said Jamie Woodwell, MBA's vice president of commercial real estate research. "Based on surveys from the Federal Reserve Board and discussions with lenders, there appears to be increasing capital available for commercial mortgages, but only limited demand for new mortgages from commercial and multifamily property investors."

Credit Quality

According to the Federal Deposit Insurance Corp.'s latest numbers, CRE credit quality continued to erode in the first quarter. Net charge-offs of real estate loans secured by nonfarm nonresidential real estate properties increased by $1.6 billion (155.5%). However, noncurrent real estate construction and development loans fell by $1.8 billion (2.5%). It was the second consecutive quarterly decline in noncurrent levels for both loan categories.

The total amount of troubled commercial real estate loans and foreclosed properties at commercial bank and savings institutions is up 33% from the first quarter of last year. The total topped $244.7 billion at the end of the first quarter compared to $183.6 billion a year ago.

- The amount of delinquent nonfarm, nonresidential loans was up 59% to $95.4 billion.
- The amount of delinquent owner-occupied property loans was up 51% to $23.2 billion.
- The amount of delinquent multifamily loans was up 59% to $12.7 billion.

- The amount of delinquent construction and development loans was unchanged at $82.1 billion.

- The amount of foreclosed CRE was up 73% from a year ago to $31.3 billion.

The number of institutions on the FDIC's "Problem List" rose to 775, up from 702 at the end of 2009. In addition, the total assets of "problem" institutions increased during the quarter from $403 billion to $431 billion. These levels are the highest since June 30, 1993, when the number and assets of "problem" institutions totaled 793 and $467 billion, respectively, but the increase in the number of problem banks was the smallest in four quarters. Forty-one institutions failed during the first quarter.

Selected Bank CRE Lending Snapshots

- Commercial real lending in March varied from bank to bank. The following summaries highlight the variations and latest CRE lending trends.

- Citigroup -- In March, new commercial real estate loan commitments increased more than tenfold to $1.4 billion, compared with $132.4 million in the previous month. Loan renewals increased to $112.1 million, from $25.8 million in February. Average total CRE loan and lease balances rose to $23.8 billion, up from $23.3 billion in February.

- Comerica Inc. -- Commercial real estate renewals increased in March from February 2010. The increase was concentrated in the Western states and Texas markets, partially offset by a decrease in the Florida market. Commercial real estate new commitments decreased.

- Fifth Third Bancorp -- Average CRE balances decreased by approximately 0.7% in March 2010 compared to February 2010. New CRE commitments originated in March 2010 were $288 million, compared to $102 million in February 2010. Renewal levels for existing accounts increased in March 2010 to $964 million versus February 2010 at $392 million. Payments and dispositions of troubled CRE outpaced the volume of renewals and new originations in March causing the overall balances to continue to decline. As commercial vacancy rates continue to increase, 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.

- KeyCorp -- There was no change in loan demand trends in the CRE segment during March. The CRE market outlook continues to be weak. KeyCorp continued to extend and modify existing credits given the lack of liquidity and refinancing options available in the CRE market. Renewal volume doubled from the February level to $560 million and is comparable to levels experienced in April and May 2009. Three-fourths of the renewal volume, totaling $420 million, was related to performing development projects for which refinancing options remain constrained. For CRE development projects, KeyCorp created a fixed-rate 3-5 year loan program to modify and extend qualifying loans for existing customers.

- Marshall & Ilsley Corp. -- Construction and development concentrations continued to decline in-line with its goal of reducing credit exposure in this sector. Average CRE balances are expected to continue contracting due to portfolio amortization.

- Regions Financial Corp. -- The focus in commercial real estate lending continued to be on renewing and restructuring real estate loans with existing clients versus active pursuit of new real estate loans. Renewal activity includes loan restructuring, remargining and repricing, based on the current credit quality of the sponsor, the performance of the project and the current market.

- SunTrust Banks Inc. -- Average Commercial Real Estate loans decreased $192 million, or 0.9%, compared to the February average. Total CRE renewals and originations in March increased $252 million, or 77.5%, compared to seasonally low February activity. The majority of originations were associated with large commercial or corporate businesses.

Latest Residential Loan Rates [Slightly Higher than Last week]
最新住宅地產貸款利率【略高於上週】

	Interest Rate	APR
Conforming and FHA Loans		
• 30-Year Fixed	4.875%	5.065%
• 30-Year Fixed FHA	4.875%	5.630%
• 15-Year Fixed	4.250%	4.573%
• 5-Year ARM	3.625%	3.720%
• 5-Year ARM FHA	3.500%	3.266%
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	4.125%	3.852%
Jumbo Loans – Amounts that exceed conforming loan limits		
• 30-Year Fixed	5.500%	5.643%
• 5-Year ARM	4.625%	4.036%