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By Randyl Drummer (CoStar)

With apartment vacancies appearing to have peaked, and U.S. rents even starting to edge up slightly, offerings of quality multifamily assets have attracted multiple bidders and secured premium prices in the first half of 2010, with investors having an especially keen appetite for institutional-grade assets in attractive coastal markets.

However, as with most asset classes in the current commercial real estate market, multifamily sales are largely divided between the asset haves and have-nots. With few high-quality performing apartment assets for sale and an abundance of pent-up capital seeking to invest, some properties have drawn multiple, even dozens, of bids.

Recovery and transaction activity in the broader investment market for apartments and condominiums has not been nearly as swift or as strong as some experts predicted at the beginning of the year, despite modestly improving occupancies and rents, according to CoStar Group Real Estate Economist Mark Hickey.

Through the first six months of 2010, $11.6 billion in multifamily property traded hands, up from $7.7 billion in the first half of last year, according to preliminary 2010 CoStar first-half sales statistics. The first half total is expected to increase as CoStar continues to tabulate market transactions that closed in the second quarter. Despite a flurry that brought $19.9 billion in activity at the end of last year, the prorated dollar volume for all of 2010 still pencils out to $23.3 billion, or a 17% increase over 2009, Hickey said. Although this year’s projected volume would still be a 44% drop from the bubble-driven sales level in 2008 and a 74% drop from 2007, he said.

CoStar real estate economist Katie Pelczar memorably likened the scramble for the highest grade Class A assets seen on both coasts to old wartime photos where "hundreds of people are pushing and shoving to get their hands on a single loaf of pumpernickel." Deals for those coveted morsels, in this case well-occupied and higher priced properties in core markets like Washington, D.C. or New York, have thus far accounted for much of the sales activity this year.

Buyers in general are assuming they’re going to see hefty rent increases and continued demand recovery due to the shutdown of the supply pipeline and the improving economy, said CoStar Global Strategist Michael B. Cohen.

“The flip side to that is people are looking at the velocity of transactions and beginning to feel like the market is getting a little frothy,” Cohen said. “We’re generally seeing cap rate compression in those high-quality assets in coastal markets that people are paying high prices for. The returns are not the type of opportunistic returns investors thought they would see a year ago. Instead of a heavy distress play, we’ve seen a heavy core play.”

Meanwhile, supply is tightening, home ownership remains soft and vacancies appear to have topped out, even declining in some markets. While asking rents are trending flat, the market is seeing some positive growth in effective rents as concessions burn off in such markets as Phoenix. Landlords are starting to feel the balance of power shift in their favor, Cohen said.

The appetite of investors for the prime markets, however, has largely driven the increase in dollar volume, while the number of trades has flattened. The weighted average price per unit, which was about $28,000 in the first half of 2009, is an estimated $40,400 in first-half 2010, according to available data.

REITs and other investors flush with equity are the most active players in the apartment sales arena, with financing challenges still playing out across the market.

"Gap financing continues to be an issue for buyers that need some amount of leverage before an asset stabilizes," noted a participant in the second-quarter PricewaterhouseCoopers Korpacz Real Estate Investor Survey. The bid-ask gap has narrowed, mostly because sellers have acknowledged current market conditions. Betraying continued uncertainty, Korpacz survey participants offered mixed views on asset values, with some foreseeing increases of as much as 15% and others expecting continued declines of as much as 25%.

Investor interest isn't relegated solely to Class A properties, and pockets of strength have turned up in some interesting markets, notably Phoenix, hard hit by the single-family housing crisis and shadow supply of homes and condominiums.

"There's more of an investor appetite for Class A properties, but at the same time, you've seen more price declines and fundamentals declines on the lower properties. There's a large number of groups that want distressed assets, B-minus and under," said Jack Hannum, vice president with Transwestern. Hannum and Vice President Bret Zinn are co-leaders of Transwestern's multifamily team in Phoenix. "There's just a tremendous appetite for all multifamily product here. If a deal goes to market, there's high demand for it."

On the financing side, government-sponsored entities Fannie Mae and Freddie Mac have long been the dominant providers of debt capital in multifamily, a trend expected to continue despite the political and market challenges the agencies face. However, one increasing trend since the beginning of the year is the growing participation of life insurance companies, noted Jeff Majewski, executive managing director, capital markets, for Grubb & Ellis. For most of 2008 and 2009, the insurers were out of that market and effectively ceded that business to the GSE agencies, but they're back strongly this year.

"The life companies have come into the space and they are aggressively competing with the agencies -- and in many instances winning many of the top-tier Class A projects -- primarily because they're willing to take on a little bit more lease-up risk," Majewski said. "We think that's going to continue through 2010. We don't see any slowdown in their appetite for multifamily."

Hannum and Zinn recently represented Weidner Investment Services, based in Kirkland, WA, in a $16.65 million off-market acquisition of the 258-unit Monterra apartment community in Phoenix from Aslan Realty Group, a deal which closed in under two months. Weidner said it plans to hold onto the property long term to take advantage of increasing net rental income and falling vacancies as the Phoenix market continues its expected recovery over the next 18 months.

Weidner "just flat-out told Jack and I they wanted to buy 3,000 units and wanted to be in Phoenix," Zinn said.

With so much demand and lack of high-end product on the market, apartment buyers are willing to pay the so-called 'scarcity premium' for quality assets, Zinn said. At the same time, many investors who raised funds two or three years ago but were forced to wait on the sidelines for the market to stabilize may now face deadlines to deploy that capital.

"We get calls daily from new groups that want to be in Phoenix and are ready to buy. We just don't have enough product to show them," Zinn said. "A year ago, no one in the market was convinced we were at the bottom. Over

the last three to six months, there's a lot more investor comfort in Phoenix that the market is at bottom and now is the time to buy."

"Prices are where they were 10 years ago. In the C market, prices are where they were 15 to 20 years ago," Hannum added. "Net effective rents aren't going any lower. You've still got good sources of financing with Freddie and Fannie. A lot of these buyer groups aren't concerned with timing the bottom perfectly; they're going to cost-in their acquisitions and average in the bottom."

Also in the Phoenix market, Colliers International recently negotiated the sale of two Class B apartment assets in Mesa, AZ, to San Mateo, CA based Acacia Capital for $33.35 million. The 304-unit Verona Park property sold for $15.2 million, or $50,000 per unit. Argenta, 395 units, sold for $18.15 million, or $45,949 per unit.

"We had a very strong response with multiple offers at, or over, list price," said Brad Cooke, vice president with Colliers' Phoenix office, who along with vice president Cindy Cooke, represented the undisclosed seller. "It came down to who had the funds to close all-cash on both properties, could move fast, and had an in depth knowledge of the two submarkets."

REITs and institutions targeted large properties in major markets this year, but private equity players were also in the mix. A sampling of other significant multifamily transactions tracked by CoStar in the first two quarters includes the following:

- Equity Residential (NYSE: EQR), the largest apartment REIT, in the first quarter acquired three luxury apartment complexes in Manhattan from Macklowe Properties, River Tower, 777 Sixth Street, and the Longacre House, for more than 900 units in deals totaling $475 million.

- A private equity firm identified only as Standard Austin acquired multifamily portfolios totaling 5,000 units across 16 properties in Maryland and Texas from Irvine, CA-based Bethany Group out of Chapter 11 bankruptcy for a reported $327.7 million.

- Select Investment Realty Advisors, LLC on June 7 closed on the sale of the Fairhaven Multifamily Garden apartment portfolio in Long Island, NY, seven assets totaling 1,666 units located in Nassau and Suffolk counties. Eagle Rock Management, LLC acquired the portfolio for $229.75 million.

- Equity Residential acquired 425 Mass, a 559-unit condo/apartment property in Washington, D.C. for $167 million, in a bankruptcy deal.

- Watermarke Properties bought the Gardens at Wilshire Center mixed-use apartment project, a Class-A asset with 159 units between Beverly Hills and downtown Los Angeles, for $48 million. Watermarke was among 30 bidders for the asset.

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Office Vacancy Rate Keeps Climbing
辦公樓空屋率持續上漲；全美空屋率已高達 17.4%，自 1993 年以來創新高

By Anton Troianovski (WSJ)

Vacant office space continued to accumulate in the second quarter, the latest indication that businesses aren't planning significant hiring in the near future.

Office buildings across the U.S. lost 1.8 million square feet of occupied space in the quarter, pushing the national office vacancy rate to 17.4%, the highest level since 1993, according to New York-based research firm Reis Inc.

While the drop in occupied space was much smaller than in previous quarters, analysts said companies' continued reduction of office space meant they still lacked confidence in economic recovery.

"The fate of office properties will depend largely on how well the U.S. economy and labor markets fare amid what appears to be a recovery that comes in fits and starts," said Reis economist Ryan Severino.

Job growth and office-space use are closely intertwined. While some major users of offices, such as federal regulatory agencies, have been expanding, big banks and corporations have lagged behind in increasing their real-estate footprint, according to some analysts. That is a sign that these larger companies have been slow to return to their pre-recession staffing levels, a contributing factor to the persistently high U.S. unemployment rate.

Across the 82 metropolitan areas tracked by Reis, the total amount of occupied office space has dropped since early 2008 by 133 million square feet—the size of 2,300 football fields.

Landlords responded to rising vacancies by reducing rents for the seventh straight quarter. Effective rent, which is rent including concessions, declined 0.9% during the second quarter to an average of $22.01 a square foot a year. Effective rent peaked at nearly $25 per square foot in the second quarter of 2008.

Las Vegas, Phoenix and Detroit remain the most distressed major markets, with vacancy rates around 25%. Those markets showed signs of stabilizing, however, with smaller vacancy-rate increases than in some previous quarters.

A few regions appear to be turning the corner. Washington, D.C., had the lowest vacancy rate, 10%, among the cities that Reis tracks, due partly to the expansion of the federal government. In Washington, the Securities and Exchange Commission recently leased 200,000 square feet and is considering taking more.

In New York City, the country's biggest office market, the vacancy rate stabilized at 11.7%, the second-lowest rate among cities tracked by Reis. The market is turning around in part because nonprofits are adding space now that rent levels have fallen. The American Thoracic Society, a medical association focused on fighting respiratory disease, recently signed a new lease in lower Manhattan that reduced its rent by 20% and expanded its footprint from 23,700 to 25,000 square feet.

New York's office market is benefiting from the expansion of new boutique financial firms—some founded by refugees from the banking crisis. From the end of February through May, financial-services employment grew by 6,800 in New York City—the largest three-month increase in nearly two years, according to data from the New York State Department of Labor.

But the big banks that are the lifeblood of many New York City skyscrapers continue to puzzle over their space needs amid regulatory changes and the reshaped banking landscape. Bank of America Corp., for example, has

hired consultants to evaluate 4.3 million square feet of downtown office space under lease until 2013 by Merrill Lynch, which the bank acquired in a shotgun marriage in 2008.

"While they are making money, there has not been a significant expansion of the domestic firms," Robert Alexander, a broker with CB Richard Ellis Group Inc., said of New York banks. "The overall envelope they accumulated from 2006 to 2008 has allowed them to expand within that envelope."

Those signs of heightened activity are welcome news for a commercial real-estate industry still battered by the aftermath of the recession and feeling a hangover from a boom-time borrowing binge. However, it isn't clear whether gains from nonprofits, boutique financial firms and the government can lead a national office-market turnaround.

"These pops of growth from atypical office industries are eventually going to wean out," said John Sikaitis, director of office research in the Americas for Jones Lang LaSalle. "Then it's going to be left on the shoulders of the typical office industries to start expanding."

That expansion could be a long time coming. Pittsburgh-based banking giant PNC Financial Services Group Inc., for example, is only about halfway through the process of reducing its approximately 30-million square-foot real-estate footprint by about 8%, according to the company's director of corporate real estate, Gary Saulson.

PNC started the reducing its footprint after acquiring National City Corp., the Cleveland-based bank, in late 2008. Mr. Saulson said the firm was consolidating its office locations in many cities and recently put in place new guidelines that call for about 180 square feet per employee in new offices.

At the time of the National City merger, Mr. Saulson said, the two banks combined occupied more than 300 square feet per worker. "We're creating a much more efficient work environment," Mr. Saulson said. "Overall, the combined portfolio is shrinking based on greater utilization of the space and consolidation."

Significant rent declines continued in places such as Fort Lauderdale, Fla., and Orange County, Calif. In both areas, average effective rents fell 2.9% in the second quarter to about $20 per square foot per year.

New York and Washington retained their perch as the nation's most expensive markets, with rents at $43.66 and $41.09, respectively.

Israeli Fund Looks to Step into U.S. Retail Property-Buying Void
以色列投資基金開始收購美國購物商場

By Mark Heschmeyer (CoStar)

Elbit Imaging Ltd. in Tel Aviv, Israel, completed an investment of approximately $116 million in Macquarie DDR Trust, an Australian publicly traded trust that holds and manages two US REIT portfolios of approximately 78 retail properties and 13.2 million square feet of leasable area consisting of mainly community shopping centers and single box retail properties throughout the major regions of the United States, with assets located in 23 states.

Elbit completed the transaction through its joint subsidiary, EPN GP LLC, a real estate investment venture jointly formed by Elbit Plaza USA and Eastgate Property LLC.

Following the completion of the transaction, EPN will hold an approximate 48% ownership interest in MDT, becoming its largest unit-holder. In addition, EPN will pay approximately $3 million for the acquisition of 50% interest in Macquarie DDR Management LLC, which serves as the Responsible Entity of Macquarie DDR with the other 50% owned by Developers Diversified Realty Corp. EPN will have the right to appoint the majority of MDML's board members.

As previously announced Elbit, Plaza, Eastgate Property LLC and affiliates thereof have established a US based international real estate fund (the "Fund") which has raised and is expected to further raise capital from Israeli and international investors.

"We are proud to announce the completion of our first U.S. transaction," said Dudi Machluf, Co-CEO of Elbit. "It is a most significant and complex deal, which was carried out in several stages, whilst reaching agreements with numerous parties."

In a presentation to investors in Israel in June, Elbit said, "U.S. real estate market conditions have created an opportunity for acquisition of shopping centers at yields ranging between 7% and 10%, with immediate rent proceeds, and without development risks. When the world emerges from the current crisis, within two to three years in our view, we will be able to sell those properties at much more favorable yields ranging between 5% - 7%."

"The U.S. retail real estate market has been, until today, dominated predominantly by REIT funds," the company said. "These funds, in light of the severe financial crisis, are currently focused more on stabilizing their structure and less on new acquisitions, which results in reduced competition greater opportunity for investors ready to do business."

"The market void has not been filled by new players, as many of potential investors’ core businesses have been severely impacted leaving them with very little attention to analyze new opportunities," the company continued. "Ambitious players, equipped with experience, solid strategy, financial firepower and a focused approach, will be able to locate and conclude, highly attractive acquisitions and joint ventures at great value."

Catterton Partners Leads Buy of 200 Convenience Stores

In one of the largest convenience store deals of the year, Catterton Partners, a consumer-focused private equity firm in Greenwich, CT, acquired a majority interest in Southside Oil and Uppy's Convenience Stores Inc. The transaction creates a leading convenience store operator in the Mid-Atlantic region with more than 200 convenience store operations in Maryland, Virginia and Delaware.

While terms of the transaction were not disclosed, Xnergy Financial LLC, the investment banking firm that brought the two sides together, valued the transaction in the hundreds of millions of dollars.

The buying entity Mid-Atlantic Convenience Stores (MACS) purchased a majority interest in Southside Oil and affiliated companies, including Uppy's Convenience Stores, operator of 44 stores in Virginia and 170 convenience stores/fuel stations in Maryland and Delaware from the Exxon Mobil Corp. Xnergy Financial was engaged by Southside Oil as the exclusive investment banker in this transaction.

Southside Oil and Uppy's founder and CEO, Steve Uphoff, will serve as the CEO of MACS with a substantial financial interest.

"We are pleased to complete this transaction, which will immediately enhance our footprint and solidify our position in the Mid-Atlantic states," said Uphoff. "We believe it will lead to accelerated growth, enhanced service and additional product offerings for our customers, greater benefits for the communities we serve, and increased opportunities for our employees."

Xnergy Financial, the investment banker of record, facilitated the introduction to Catterton Partners as well as assisted in the execution of the financial transaction, one of the largest c-store deals to date for 2010.

As a result of the transaction, Richmond, VA-based MACS will be the largest ExxonMobil fuel marketer in the United States.

Developers Diversified Sells Three More Former Mervyn's

Developers Diversified Realty Corp. announced the sale of three former Mervyn's locations in California for undisclosed amounts.

The locations are:
* A 75,207-square-foot location in San Diego, California, at Southland Plaza Shopping Center;
* An 88,223-square-foot location in Fairfield, California, at Westfield Solano Shopping Center; and
* A 79,808-square-foot location in West Covina, California, at Westfield Eastland Shopping Center.

"Retailers are acting with renewed interest in backfilling locations to ensure their growth plans are met for 2010 and 2011," said Paul Freddo, senior executive vice president of leasing and development for Developers Diversified. "Demand for retail real estate continues to increase, and without new supply coming on line, we expect this trend to continue."

Since being returned to the company, Developers Diversified has closed or has leasing activity on nearly 70% of its Mervyn's portfolio, with retailers such as Kohl's, Forever 21, Walmart, Dick's Sporting Goods, Sprouts Farmers Market, buybuy BABY, Hobby Lobby and Burlington Coat Factory.

As of March 31, 2010, the aggregate occupancy of Developers Diversified's shopping center portfolio was 86.4% but would have been 88.5% at March 31, 2010. The Company owned 694 shopping centers and six business centers at March 31, 2009. The average annualized base rent per occupied-square-foot was $12.77 at March 31, 2010, as compared to $12.30 at March 31, 2009.

Y.M.I. Buys New Headquarters

Y.M.I. Jeanswear Inc., a Los Angeles-based wholesale distributor of nationally advertised junior/youth contemporary brands has purchased a new facility for $14 million

An SBA 504 loan was used to purchase a 107,806-square-foot commercial condo at 1155 S. Boyle Avenue in Los Angeles. The financing was facilitated by TMC Development in San Francisco and approved under the new SBA energy efficiency public policy goals designed to reduce energy consumption by 10% or more while at the same allowing an increased loan size on deals that meet the policy's guidelines.

The purchase property offers increased space and long-term stability for the corporation owners', Moshe Zaga and David Vered.

"Healthy businesses who want to move from renting to owning or expand into a larger space can take advantage of the current historically low SBA 504 interest rates in addition to significant fee reductions currently available as part of the effort to stimulate the economy," said Barbara Morrison, CEO of TMC Development. "Additionally, since the 504 program offers up to 90% financing borrowers are typically only required to make a 10% down payment."

Paul Sablock of Jones Lang LaSalle represented Y.M.I. Jeanswear for the condo purchase. Dynamic Builders is the condo developer and Ken Jackson was the contact for this sale.

Blockbuster stock to be delisted from NYSE
Blockbuster 在紐約證交所的股票将被摘牌

By Don Reisinger (CNET)

Blockbuster's stock will no longer be available on the New York Stock Exchange (NYSE) starting next week, the company announced in a statement Thursday.

The issue, according to Blockbuster, started in November, when the NYSE contacted the company and informed it that because its shares had an average price of less than $1 over a consecutive 30-day period, it was in danger of being delisted from the market, if it couldn't find a remedy at its annual meeting in May. Since then, the company's stock price has stayed below $1 per share.

In an attempt to save its stock, Blockbuster executives decided that the only way to keep the company from being delisted was to convert Class B common stock into Class A common stock, as well as buy back some outstanding shares. The result, the executives hoped, was to increase the price of Blockbuster's ailing shares and keep the company listed on the NYSE.

According to Blockbuster, the company's investors passed both measures to save the stock, but low voter turnout caused the company to not tally the required number of votes to approve the measure. The NYSE has now informed Blockbuster that it will delist it next week.

"Because the reverse-stock-split proposal was not approved by the requisite number of votes, the NYSE has informed the company that it intends to begin the process to delist both the Class A and Class B common stock," Blockbuster wrote in a statement.

As of this writing, Blockbuster's stock is trading at 18 cents per share. That stands in stark contrast to Netflix, which is enjoying a solid share price of $107.

That seems to be the theme for Blockbuster over the years. As Netflix was changing the rental business, Blockbuster failed to see the changing times, and it watched as its revenue declined over the years. In 2009, the company lost $517 million on revenue of $4 billion. Those losses came even with the company's decision to shutter nearly 1,000 brick-and-mortar stores to reduce expenses and make its operation more agile.

Meanwhile, Netflix is enjoying record-breaking revenue and profits. In 2009, the company generated $115 million in profit, thanks to an increase in membership, and users increasingly adopting its streaming service, which is being added to more and more products with each passing month.

Exactly what Blockbuster's future will look like is anyone's guess. By being delisted from the NYSE, it seems as if yet another nail has been put into its coffin.

Retailers Launch Their Own Stimulus Packages

零售商（如 **Sam's Club, Target, Office Depot** 等）開辦自己的經濟刺激計劃：**Sam's Club** 將與 **SBA** 合作給消費者提供 **$25,000** 的貸款

By: Stephanie Clifford (CNBC)

Tired of waiting for spending to rebound on its own, retailers are taking matters into their own hands. Stores like Sam's Club, Target, Toys "R" Us, Staples and Office Depot are offering unconventional promotions meant not only to attract visitors to stores, but also to get them feeling profligate.

Wal-Mart's Sam's Club is introducing a program in which it facilitates loans for shoppers of up to $25,000, backed by the Small Business Administration.

Target will give its credit card holders 5 percent discounts. Toys "R" Us is instituting a holiday fund program where it adds to shoppers' savings, and Staples and Office Depot are giving away office products for a penny or at no cost.

"A lot of the government programs have come to an end," said David Bassuk, a managing director in the global retail practice at AlixPartners, a financial consultancy. "So retailers are taking it upon themselves to do everything they can to get the consumer to spend, even opening up their own wallets to give money back to the consumer."

Persistent unemployment nationwide is threatening to inhibit consumer spending. The latest figures from the government on Friday underscored the depth of the problem, with the economy adding only 83,000 private sector jobs.

There was no relief in sight from Washington, either. Congress left on recess Friday having failed to pass legislation that would have extended unemployment benefits for hundreds of thousands of Americans.

On the small-business side, credit concerns are keeping some companies from spending. And on the consumer side, while spending and confidence numbers continue to be weak, personal income has risen for three months straight and savings rates are relatively high. That suggests people now have cash but are just sitting on it.

Against this backdrop of uncertainty, retailers are taking bold steps. Of the over-the-counter stimulus plans, the one at Sam's Club is the most unusual.

Sam's began testing the program in May and will soon start marketing S.B.A. loans of $5,000 to $25,000 for its members nationwide. Superior Financial Group, which is managing the loans, gives Sam's members a $100 discount on the application fee, and lower interest rates, because of how much business it expects through the arrangement.

The company says it does not expect the program to be a big moneymaker, though it earns $50 for each financed loan. The point is to get customers spending more freely — and, it hopes, spending at Sam's Club.

Michael Golata had been watching his spending carefully. As a contractor in Louisville, Ky., for United Parcel Service, he drives emergency medical equipment to hospitals when M.R.I. or CT scan machines break down.

When he asked U.P.S. if more routes were available, the company told him there was so much work that he should bring on as many drivers as he could afford. There was just one problem: Mr. Golata owned one truck, and he was driving it all the time. Online, he had found a used white Dodge Sprinter for $12,500.

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With just a few thousand dollars in cash, he tried to get a bank loan but was denied by two local banks because the truck was too old and had too much mileage. He decided an S.B.A. loan would be too much trouble, and he rejected as absurd a loan from a commercial finance company with a 21 percent interest rate and payments of $450 a month.

About a month ago, Mr. Golata, a Sam's Club member, clicked through the retailer's Web site and found a page describing S.B.A. loans offered by the retailer. He filled out an online application, and, by the next day, got a phone call from Superior Financial telling him he was approved for a $10,000 loan, with an interest rate of 7.25 percent over 10 years.

"It made the payment, like, $118 a month. I thought I was dreaming," Mr. Golata said. Mr. Golata immediately bought the Dodge, and hired three drivers. He went from billing U.P.S. $3,000 a week to $8,000, he said.

A little under half of Sam's members are small-business customers, and they account for a little more than half of the revenue at the retailer. As its net sales began to slip last fall, Sam's surveyed small-business customers and found that tight credit was partly to blame.

In the survey, said Catherine Corley, vice president for member services at Sam's, a division of Wal-Mart, "fully one-third said 'I didn't buy what I needed to buy at Sam's Club because I didn't have the money.' It really motivated us to say, 'We've got to find some solutions.' "

Sam's has done only a small test of the S.B.A. loans, and so far about 200 people have applied, with about 45 percent being approved, said Tim Jochner, chief executive and founder of Superior Financial. Sam's is considering offering other financial products through third parties to help ease customers' finances, like working-capital loans or peer-to-peer loans, said Hiren Patel, director for financial services at Sam's.

"We're not necessarily trying to be a bank, we're just trying to bring to them, much as we do with products, the things they need," Ms. Corley said.

Other retailers are taking slightly different routes to economic recovery. Beginning in the fall, Target will offer its holders of its Target-branded credit and debit cards 5 percent off every purchase. Target expects that it will add a percentage point to comparable-store sales in the fourth quarter.

Toys "R" Us is asking consumers to create a sort of grown-up piggy bank, and put money into a holiday fund that can be spent only at the toy store. Toys "R" Us will add 3 percent to the account's balance in mid-October.

And Office Depot is giving away products. Trying to lure back-to-school shoppers, it will soon sell some supplies, like glue sticks and scissors, for less than $1. It also will give away other items, like markers, free, even without a purchase.

Staples, meanwhile, is offering several products for a nickel or a penny, and when shoppers buy a backpack during the back-to-school period, Staples will give them a gift card equal to the cost of the backpack.

"On that particular one we probably don't make money, but in general what we're hoping to do is get customers into our stores," said Demos Parneros, president of United States stores for Staples, "and then buy everything else that they need."

Of course, smart shoppers can take advantage of these programs without necessarily improving the stores' revenues.

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Mr. Golata, the truck driver, said he was delighted with the loan program. But if the point of it was to free up his cash at Sam's, it didn't quite work.

He is saving again — so he can get another Sam's Club loan in six months and buy another delivery vehicle. "It's not like it made me spend more than I normally would," he said.

The Case for PACE (Property Assessed Clean Energy Bonds): Clean-Energy Financing for Commercial Buildings Holds Promise
政府贊助的商業地產環保改建貸款計劃有望實施

By Randyl Drummer (CoStar)

The pace of innovation in solar and other energy efficiency technology has historically outstripped the ability of government and the private sector to come up with creative ways to finance solar retrofit and other green technology improvements in a way that pencils out financially for commercial landlords and homeowners.

Florida State House Majority Leader Adam Hasner, R-Delray Beach, hopes to change that in the Sunshine State, along with others who are working in California and several other states to change the basic financing paradigm for clean technology retrofits in existing commercial buildings through a financial tool called PACE (Property Assessed Clean Energy) bonds. Hasner co-sponsored a measure to implement PACE in Florida, and Gov. Charlie Crist signed it into law May 27.

In simple terms, PACE programs create local bond financing districts, which then lend back capital to building and home owners to fund energy retrofit projects. Owners repay the loan through their property tax bills, typically over a 15- to 20-year term.

The concept potentially helps commercial property owners overcome the hurdle of the high upfront cost of energy upgrades. While the industry has come to agree that retrofits can sharply reduce energy costs and consumption and offset greenhouse gas emissions, private owners have struggled to finance such improvements due to capital constraints, especially in today's economy.

Aggressive NOI goals and the need to split the benefits of tax credits and other incentives with tenants present other barriers for owners. PACE financing has emerged as a promising, albeit untested, tool for commercial owners.

"The opportunities are really tremendous from an energy retrofit perspective," Hasner tells CoStar. "A lot of the hesitation from building owners comes from the upstream expenses and not wanting to make those expenditures. This type of financing can help alleviate some of those concerns and convince owners to make these types of investments, which are going to be cost effective as well as energy efficient in the long run."

Hasner serves as an advisor to Clean Fund, a California-based merchant bank for clean technology. Clean Fund CEO John Kinney, a Marin County, CA, entrepreneur, said he is involved in fairly deep discussions with major property owners, including executives of some of the nation's largest publicly traded REITs, in Los Angeles and San Francisco.

The Bay Area in particular is home to progressive and environmentally conscious real estate companies - owners that don't need to be convinced of the potential value of retrofits and energy efficiency to their bottom lines, tenants and the environment.

"They're trying to differentiate themselves by taking a leadership role," Kinney said. "At the same time, tenants are shifting toward buildings that are environmentally responsible and have lower energy costs."

PACE was launched as a demonstration project in 2007 in the Bay Area city of Berkeley. Based on its early success, states soon began passing bills enabling local cities and counties to create their own programs. At least 19 states have passed the legislation, including Arizona, California, Florida, Colorado, New York, Maryland, Massachusetts, Texas and Maine.

It works like this. A municipality establishes a PACE program, creating a special assessment district utilizing a voluntary tax lien on private property to secure financing for retrofits on existing buildings for energy efficiency, solar and other renewable energy projects, and sometimes water conservation. The liens are paid off over terms ranging from 5 to 20 years, most commonly through annual property tax bills.

Using the lien as security opens several financing options. But in most programs to date, PACE bonds are issued by special municipal finance districts or finance companies, or funding is borrowed from the municipality's general fund, to fund loans to owners for commercial and residential retrofit projects. In some programs, each large commercial project secures its own third-party financing such as an additional loan from the primary mortgage lender.

The approach is entirely market based and each property owner in the district can voluntarily opt into the program.

A new study by Pike Research, a market research and consulting firm on the clean technology industry, has fueled the latest wave of interest in - and also questions about - the fledgling PACE programs. According to Pike, PACE will continue to grow in popularity in the U.S., with investment in PACE financing for commercial buildings totaling a projected $2.5 billion annually by 2015.

Commercial owners who are initially most likely to be candidates for the program include those with modestly sized buildings burdened by high energy bills - owners who plan to keep their property for a while and have accumulated 10% or more in equity. Initial applications will probably include office buildings of less than six stories, select service hotels, small malls with central HVAC, and grocery stores. "Until now, private buildings such as these have had minimal access to financing for energy retrofits," the Pike report said.

The Pike report also addresses several concerns and barriers to implementation for the programs, mostly centered on the fact that they are untested in the marketplace.

Potential buyers and lending institutions may be wary of existing PACE liens, with first-mortgage holders concerned about how the liens would be transferred in an ownership change, and whether they would hold a senior position to lenders' own loans, Pike said.

Also, it's yet unclear whether a voluntary PACE lien will be treated under generally accepted accounting principles (GAAP) as a loan or as a lien on a company's balance sheet -- an important distinction in evaluating a company's debt position. Unlike assessment liens such as school district assessments, loans count against a business's debt capacity.

The question of who is held accountable in the event of default is already being tested, at least on the residential side. Government-sponsored mortgage-finance entities Fannie Mae and Freddie Mac, in letters sent to lenders in May, expressed concern about how the agencies will be repaid if homeowners participating in PACE later default on their mortgages. At least one municipality, Boulder County, CO., this week canceled its PACE program for residential, although its commercial program is still active.

Although PACE improvement projects can be fully financed under property tax bills and passed to future property buyers, some experts say most PACE programs are currently financed at relatively uncompetitive rates, which can present its own challenges.

"It will take time to educate people," Florida's Hasner acknowledged. "We're still early in the first quarter of a four-quarter game. Everyone is very quick to recognize the innovations in technology in energy efficiency and new technologies. But PACE is really about an innovation in financing. It can be a very useful financial tool for commercial property owners to complete energy efficiency projects that will help them save money."

CoStar Group Director of Analytics Norm Miller co-authored an influential study in 2008 with CoStar CEO Andrew Florance and Senior Director of Research and Analytics Jay Spivey that found strong evidence of both significant office rent premiums, faster absorption of space, lower cap rates and higher prices per square foot for green buildings bearing either an Energy Star or LEED certification. A retrofit program could potentially extend those premiums to a greater number of owners of existing properties.

“If PACE could offer lower financing rates, we would see more interest,” Miller said. “The mechanism makes sense. Many third-party vendors are pushing the program to cover new lighting, solar cells, improved water heating systems, HVACs, window glazing, reflective roofs and other improvements, all of which qualify. In concert with other incentives and federal rebates, these investments generally have payback within 10 to 12 years, and PACE programs can be utilized for up to 20 years.”

Because PACE assessments hold superior lien positions, lenders may one day restrict the ability to tack significant energy projects onto the property tax bill, especially when the total debt and improvement cost of a project exceeds a loan-to-value threshold deemed reasonable by the mortgagee, Miller said.

Kinney agrees that said PACE projects will require lender approval and cooperation to move forward due to the complexity of commercial mortgage loan covenants. However, PACE can be used in concert with tax credits and other incentives to reduce the cost of capital and shrink the total cost of a retrofit project.

“The lower the cost, the easier it is to justify, and in a commercial situation, projects aren’t going to get done just to improve the environment -- they will get done because they are cost justifiable,” Kinney said.

The fact that the property owner needs to cooperate with their mortgagee is “in some cases a different paradigm than property owners are used to,” especially in times of economic distress when relations between between lenders and owners are often strained, Kinney said.

Kinney said he is even talking with owners of distressed properties that are underwater and their lenders, who are intrigued by the PACE approach because of the possibility of making energy improvements, adding value and possibly recovering their costs in distressed assets -- without having to spend a lot of money on a building that might be lost to foreclosure.

"The steps that property owners take to retrofit are easy to justify financially," Kinney said. "Frankly, taking an inefficient building and making it more efficient is much more valuable than taking a new building that is already highly efficient and simply certifying that it is in fact, highly efficient."

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$2.3 Billion in Troubled CMBS Loans Coming Due Over Next 6 Months
在未來六個月內，將會有 23 億美元的問題商業地產抵押證券貸款到期

By Mark Heschmeyer (CoStar)

There are 960 fixed rate loans representing $9.6 billion scheduled to mature by the end of the year, according to a Fitch Ratings' review of CMBS fixed rate commercial loans. Of these 960 loans, 103 loans representing $2.3 billion (23.3%) are in special servicing. Of those in special servicing, 27 loans (representing 48% by balance) are current.

The maturity breakdown by month through December is as follows:
* July: 148 loans, $1.7 billion
* August: 134 loans, $1.4 billion
* September: 154 loans, $1.1 billion
* October: 180 loans, $1.9 billion
* November: 161 loans, $1.6 billion
* December: 183 loans, $1.9 billion

Of the 148 loans maturing in July, 133, having an average balance of $8.5 million, are current and performing. Retail properties secure 40% of the loans (by dollar balance), followed by 34% office and 12% multifamily. By vintage, 57% of the maturing loans are from 2005 transactions, followed by 26% from 2000 and 8% from 2006 transactions. A majority of the loans have reported year-end 2009 results and have a weighted average debt service coverage ratio of 1.72 times.

While liquidity appears to be slowly returning to the market, the time it takes for borrowers to refinance has continued to be a lengthy process. Loans may remain with the master servicer for 60-90 days while the borrower works to close a new loan. In instances where a borrower is not responsive or has not provided documentation supporting their efforts to refinance; loans are being transferred to special servicing. The lack of liquidity in the market for refinancing mortgages coming due increases the likelihood of a transfer to special servicing for a modification or extension.

Of the 11 loans greater than $20 million scheduled to mature in July, Fitch expects eight loans to default at maturity based on its assumptions. The average loss expectation for these loans is less than 5%, with only four loans being modeled with an expected loss.

Beijing's ICBC to enter U.S. real estate loan market
中國大陸的工商銀行將提供一億美元以上的美國商業地產貸款

(WSJ MarketWatch)

HONG KONG (MarketWatch) -- Industrial & Commercial Bank of China is planning to enter the U.S. commercial real estate lending market, offering loans of more than $100 million to commercial clients, according to a published report Wednesday.

In making the move, ICBC (THE:HK:1398) (PINK:IDCBY) , which is 70% owned by the Chinese government, is betting that property values in the U.S. have fallen to levels that now make lending against property less risky, The Wall Street Journal reported.

The move also comes as China's regulators are encouraging the country's financial institutions to expand overseas.

Beijing-based ICBC also hopes to fill the void left by the retreat of U.S.-based financial institutions, many of which are wary of the concentration of risk associated with big real estate loans.

The report cited Wu Bin, general manager of ICBC's New York branch, as saying the U.S. real estate market is now close to a bottom.

Still, the Chinese lender is reportedly aware of the blunders made by Japanese financial institutions, among others, who plowed into the U.S. real estate market during boom periods.

To cap risk, ICBC will only finance buildings with stable cash flow and will seek to work with developers and investors with a history of success.

The bank also plans to finance no more than 65% of a property's value.

Fannie Mae, Freddie Mac to Delist Shares on NYSE
房利美 (Fannie Mae) 與房地美 (Freddie Mac) 在紐約證交所的股票将被摘牌

By Lynn Adler (Reuters)

Fannie Mae (FNM.N: Quote, Profile, Research, Stock Buzz) and Freddie Mac (FRE.N: Quote, Profile, Research, Stock Buzz), the largest U.S. home funding companies, will delist their shares on the New York Stock Exchange after Fannie Mae fell below and Freddie Mac held near minimum price requirements, the companies' regulator said on Wednesday.

The companies, each taken under government control in September 2008, said they no longer met NYSE listing standards and that shares would trade in the over-the-counter market.

The regulator, the Federal Housing Finance Agency, directed the companies to delist common and preferred stock from the NYSE and any other national securities exchange.

It said the delisting order was not taken due to the companies' performance.

"FHFA's determination to direct each company to delist does not constitute any reflection on either Enterprise's current performance or future direction, nor does delisting imply any other findings or determination on the part of FHFA as regulator or conservator," FHFA Acting Director Edward DeMarco said in a statement.

Stock exchange requirements for maintaining price levels and curing deficiencies were the driving force for moving to delist, he said.

Common shares of each company have hovered near the NYSE required minimum average closing price of $1 for more than 30 trading days and for most months since the conservatorships began in September 2008.

Fannie Mae's closing stock price has recently been below the required average price, which would mean either delisting or a "cure" to restore the price. Curing would not assure maintaining the minimum or avoiding loss of shareholder value, according to the regulator.

Freddie Mac's shares had been holding just above the minimum.

"A voluntary delisting at this time simply makes sense and fits with the goal of a conservatorship to preserve and conserve assets," said DeMarco.

In NYSE trading in late morning on Wednesday, Fannie Mae's shares traded around 45 cents, down 51 percent, and Freddie's shares were quoted at about 61 cents, down 50 percent.

"If you run the numbers there is no value for shareholders," said Malcolm Polley, president and chief investment officer at Stewart Capital Advisors in Indiana, Pennsylvania, which does not own shares in either company.

"For them to even be trading on an exchange I think is ludicrous."

The two companies have tapped more than $145 billion combined in federal aid, and have an open credit line with the Treasury Department through 2012.

The government is relying heavily on them to stabilize the U.S. housing market after the worst crash since the Great Depression. But record foreclosures and defaults ate away at the companies' capital, leading them into conservatorship.

The long-term fate of Fannie Mae and Freddie Mac is in question, as Congress next year is expected to begin overhauling the entire U.S. housing finance system. That process could take years to play out.

"I think this is a technical action rather than a meaningful action," said Michael Youngblood, principal, Five Bridges Capital LLC in Bethesda, Maryland. "There is no consensus within the (Obama) Administration on the future of the agencies."

The OTC trading is expected to start around July 8.

Fannie Mae said in a statement that the switch should not affect its ability to provide liquidity and stability to the mortgage market, or its focus on foreclosure-prevention and refinancing under the Making Home Affordable Program.

Freddie Mac said it expects its shares will be quoted on the OTC Bulletin Board "so long as market makers demonstrate an interest" in trading the securities.

"The stocks are traded by appointment only. I can't see this will meaningfully affect the holders of their stocks," Youngblood said.

Both companies said they will still file periodic reports to the Securities and Exchange Commission.

Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)
消費者市場利率：房貸、基本利率、等等

(The Wall Street Journal)

	Yield/Rate (%)		52-Week		Change in PCT. PTS	
Interest Rate	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0.00	0.00	0.00	-	-5.25
Prime rate	3.25	3.25	3.25	3.25	-	-5.00
Libor, 3-month	0.53	0.53	0.54	0.25	-0.01	-4.83
Money market, annual yield	0.77	0.78	1.28	0.74	-0.50	-2.93
Five-year CD, annual yield	2.53	2.55	2.71	2.50	-0.08	-2.54
30-year mortgage, fixed	4.78	4.77	5.68	4.75	-0.68	-1.61
15-year mortgage, fixed	4.27	4.26	5.14	4.23	-0.87	-1.85
Jumbo mortgages, $417,000-plus	5.67	5.67	6.86	5.67	-1.17	-0.96
Five-year adj mortgage (ARM)	3.97	3.96	4.99	3.79	-0.83	-2.11
New-car loan, 48-month	6.41	6.41	7.47	6.33	-0.85	-0.56
Home-equity loan, $30,000	5.14	5.15	5.87	5.12	-0.72	-1.55