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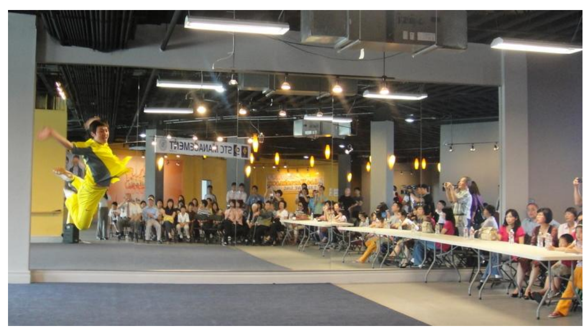

Regulatory Reform: What Impact Will It Have On Commercial Real Estate?
監管改革對商業地產會有什麼樣的影響？

By Randyl Drummer (CoStar)

The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law by President Obama last week, is a cornerstone of Congress and the Administration's financial regulatory reform agenda, creating the most sweeping changes in U.S. financial regulations since those put in place following the Great Depression.

The regulatory overhaul of the U.S. financial markets comes as commercial real estate has begun a nascent recovery following the Great Recession and the financial crisis of 2008. And while the new regulatory framework will undoubtedly impact the capital-intensive commercial real estate market, it may be years before the full extent of the impact will be known after the specific rules and regulations are developed to implement the law's provisions.

The new law includes provisions affecting lending practices that will have a direct impact on individuals and investors, and others that will affect the fundamental ways in which Wall Street functions. The act will require that systemic risks that could imperil the entire financial system be monitored by a new Financial Stability Oversight Council. The Federal Insurance Deposit Corp. (FDIC) will manage the liquidation of "too big to fail" banks and institutions whose demise the Treasury Secretary determines could disrupt the nation's financial stability.

To address risky lending practices, banks will be required to set aside additional capital to cover potential losses, and certain securities will no longer be acceptable as vehicles for capital reserves held by large banks. Banks also will be required to retain at least 5% of a loan on their books as "skin in the game" if the loan is sold and/or repackaged with other loans and securitized. Some relatively low-risk mortgages -- for example, fully documented loans with fixed interest rates -- are exempted under the law.

Banks also will be more limited in their ability to make proprietary trades on their own accounts, deals which could represent a conflict of interest in their relationships with clients. They also will have to set up separate operations to handle their most risky derivative trades, including swaps. A bank will not be permitted to invest more than 3% of its core capital in hedge funds and private equity, but it may still organize such offerings as long as certain conditions are met. The Federal Reserve will oversee a new Consumer Financial Protection Bureau to regulate consumer financial products and services.

National firms and groups such as the Commercial Real Estate Finance Council and Deloitte have recently held workshops and strategy sessions to address the wide range of potential impacts in a law that affects everyone from credit card holders to the nation's largest banks, hedge funds, bond rating agencies and institutional investors.

CoStar Advisor spoke with two experts in national commercial real estate and financial markets for more insight on the expected impacts of the 2,319-page legislation on real estate mortgage lenders and borrowers, during a critical time when the economy and commercial property markets are making a slow transition into recovery.

"Obviously, the legislation has a huge impact on banks, private equity and hedge funds. The impact on real estate is less direct than it is on some other financial services industries," said Robert T. O'Brien, leader and vice chairman of the U.S. real estate practice of consultancy firm Deloitte. "The legislation itself calls for a lot of regulation rule-making over the next few years, so it's not entirely clear what the full impact is going to be. It's going to come down to the actual regulations that are put in place."

The new legislation will directly impact commercial real estate mortgage lenders and borrowers in three areas, added Norm Miller, vice president of analytics for CoStar Group, Inc. First, the requirement for banks to have 5% ‘skin in the game’ will mean that lenders will need to scrutinize and document real estate loans more carefully, Miller said.

"The quality of appraisals will need to be higher and the assumptions backed up with more documentation, thus market reports in appraisals cannot simply be boilerplates," Miller said. "Overall, I expect this is going to mean tighter lending standards, with the risky speculative financing impacted the most, which of course was its intent. Gone are the days of 100% financing for spec development and high loan-to-values (LTVs) -- at least until we forget about all this a decade or so from now."

Second, Miller said, banks will be required to carry more capital reserves -- not only for the current U.S. financial reform, but also for the new global banking agreement being negotiated as an extension of the international Basel Accords, bank supervision guidelines adopted over the last two decades by a committee based in Basel, Switzerland.

"Overall, lenders will need to prove they have the correct reserves and, based on the recent default rates and delinquencies, they are probably looking at significant increases," Miller said. "This will likely decrease the overall amount of lending [capacity] that is possible relative to the equity capital of any institution. It is hard to know how much this will matter in the long run, but in the short run we are talking maybe 20% to 30% less lending per dollar of what we once called capital reserves."

Third, Miller said rating agencies will bear more risk and liability under the new legislation.

"CMBS issues will need to be more conservative, with lower LTVs and higher debt service coverage ratios, and simpler to understand. We will see less of this kind of financing for quite a while. It is likely that the CMBS market will return very slowly, perhaps by bundling together the better assets that are no longer underwater, or where equity has been infused."

Within the real estate industry, there is general agreement that the new legislation will have a more significant impact on private equity real estate than on the public real estate investment trusts (REITs), Deloitte's O’Brien said.

During the lengthy conference meetings prior to passage of the legislation, REITs expressed concern that tightening regulations on banks and derivatives, including interest rate swaps and caps, would increase their cost of capital significantly. REITs often borrow under variable rate loans, using swaps and caps to hedge interest rate risks.

The National Association of Real Estate Investment Trust (NAREIT) and its members supported efforts to increase transparency into the derivatives market and to contain the systemic risk posed by market participants, dealers and speculators, the trade group said in a policy statement.

"However, NAREIT had significant concerns that some initial proposals to require clearing, exchange trading or margining for the derivatives used by real estate companies or other 'end-users' to hedge against fluctuations in interest or exchange rates would dramatically increase the cost, and limit credit and liquidity at a time when both are already in short supply," the group said.

The derivatives reform in the final legislation represents "a considerable improvement" over earlier proposals, and efforts were made to limit its direct impact on many end-users, NAREIT said. However, uncertainty regarding the implications of the law will likely remain as regulators undertake the rulemaking process.

“It is clear that the Dodd-Frank Act will significantly impact the derivatives market by providing transparency and containing risk, but it also could increase costs for end-users," NAREIT said.

O’Brien noted that although REITs are potentially impacted by increased costs of bank debt capital, they’re also blessed with access to many types of capital, with the ability to raise public debt or even tap the renewed CMBS markets as it comes back.

"REITs have a number of alternatives at their disposal to navigate some of the uncertainties created by financial regulatory reform," he said.

The CRE Finance Council’s main concern is that that regulatory reform does not, in effect, nip the fledgling recovery of the CMBS market in the bud. That securitization market was beginning to show signs of life in the form of a couple of successful offerings at end of 2009 with several more issues reportedly pending.

The private equity side is where regulatory reform has created a great deal of uncertainty, and some would suggest, opportunity, O’Brien said. Reform will have a big impact on banks’ involvement and co-investment in private equity fundraising for commercial real estate.

O’Brien noted that banks are in the process of determining the future of their real estate fundraising operations, and some are deciding to sell. Citigroup sold its real estate investment business to Apollo Global Management LP in March. ING Group and reportedly, Morgan Stanley are evaluating the potential sale of their real estate fund businesses.

While the impact on private equity real estate and fund sponsors that are banks and regulated financial institutions is potentially very significant, "they’re going to have a long runway to deal with it," O’Brien said.

"The legislation takes into consideration the impact of trying to unwind or sell this component of banks’ business in this type of environment. Nonetheless, it does create a level of uncertainty around the future of these bank-sponsored real estate funds and how banks will be able to exit them."

"If a bank is sponsoring a private-equity fund, I think the bank is going to think through how they’re going to adjust their business to be in compliance with regulatory reform -- and whether that involves selling their real estate private equity arm or in effect reconstructing their investments so they have less capital at risk," O’Brien said.

That presents a tremendous opportunity for those with the means to build scale by acquiring existing fund platforms from banks, along with the related talent and access to investors.

The other big open question is how banks will handle future construction and development lending, which comprises a significant portion of the troubled loans the banks have in terms of exposure to commercial real estate, O’Brien said.

"Regulatory reform is going to create ongoing challenges to obtaining construction financing and it’s going to make that financing more expensive," he said. While there’s no new construction lending going on right now, "at some point, supply constraints will trigger more development, and that’s where we’ll really see the impacts."

What happens next?

"Accounting rules and the gray areas will be debated," Miller said. "Rating agencies will want clarification on liability and until these issues are resolved, we will see a tepid and measured response by lenders," Miller said.

"Still we are seeing traditional, yet conservative underwriting come back at traditional LTVs, for example 75%. We will simply have to get used to using real equity to finance real estate."

Study Finds Commercial Retrofits Could Save $41B Annually In Energy Costs
改造商業地產每年可節約高達$410 億元的能源費用

By Randyl Drummer (CoStar)

Although energy-efficient retrofitting of commercial buildings has the potential to return twice as much in savings to owners and tenants as they require in investments, interest in pursuing retrofits has remained relatively low, dampened by the financial constraints on building owners from the economic recession, and lack of available financing options, according to a recent analysis of retrofit market opportunities by Boulder, CO-based Pike Research.

The new report states that 80% of all commercial buildings in the United States are now more than 10 years old. This large existing stock of inefficient buildings is also one of the leading sources of energy consumption and carbon emissions in the U.S.

According to this report, if all of the nearly 80 billion square feet of commercial space built as of 2010 were included in a 10-year retrofit program, based on today's best practices, the savings in energy expenses would have the potential to reach more than $41.1 billion each year, based on an annual retrofit investment of $22.5 billion over the 10-year period.

"The building retrofit industry faces a number of key challenges," said Pike Research managing director Clint Wheelock in a statement. "The current financial crisis has had a significant dampening effect on property owners' investments in their properties. Financing for such projects is scarce, and the limited investment in building efficiency is not keeping pace with the growing national demand for energy."

One program for financing energy retrofit projects, Property Assessed Clean Energy (PACE) financing, involves the passage of state legislation enabling the creation of local bond financing districts which lend back capital to building owners to fund energy retrofit projects. Owners repay the loan through their property tax bills over 15 to 20 years.

State legislatures in Florida, California and a number of other states have adopted PACE legislation, with the idea starting to gain traction among some green commercial building proponents. In an previous study, Pike Research predicted that PACE will continue to grow in the U.S., reaching $2.5 billion invested in commercial building retrofits annually by 2015.

However, the Federal Housing Finance Agency, which oversees mortgage giants Fannie Mae and Freddie Mae, has asked municipalities to freeze their residential retrofit programs while regulators untangle questions over first mortgage liens that could pose "usual and difficult" risk management issues for lenders, servicers and investors.

For now, according to the latest Pike Research release, the best-funded opportunities are major upgrades in the nation's institutional and government buildings, especially in federal buildings.

The federal market, already strong because of federal green building policy mandates and strong creditworthiness, also received a funding boost from the American Recovery and Reinvestment Act stimulus program.

However, federal non-industrial buildings make up less than 3% of existing commercial space. The largest untapped potential is for energy retrofits in private commercial buildings. The latest Pike report expects that "several key market barriers will be successfully overcome during the next few years," and the firm expects that the private retrofit sector will experience strong growth through 2014 and beyond.

Slow Dealing Continues as Retail Investment Sales Volume Slides
2010 年第二季度購物商場買賣減少

By David Bodamer (Retail Traffic)

Investment sales on retail properties dropped slightly in the second quarter, according to New York City-based Real Capital Analytics' (RCA) Retail Mid-Year Review.

Sales of significant retail properties (transactions greater than $5 million) slipped to $2.9 billion in the second quarter of 2010, down 9 percent from $3.2 billion in the first quarter. Overall it is the seventh time in the last eight quarters that the volume of investment sales on retail properties has been below $5.0 billion, according to RCA, indicating that the overall investment sales climate remains cool.

For the first six months of 2010, the total volume of significant retail properties that changed hands amounted to $6.1 billion. That is a 43 percent gain over the first half of last year, which increasingly is looking like the market's nadir. Yet even with the total dollar volume up, the number of properties that changed hands was actually down 12 percent compared with last year. In the first half of 2009 462 assets changed hands in comparison with 346 in the first half of 2010.

The investment sales market is dominated by transactions on top properties. As a result, the average cap rates on retail property sales have begun to decline after rising for six straight quarters. Cap rates on closed transactions peaked at 8.25 percent in the fourth quarter of 2009 before dropping to 8.21 percent in the first quarter of 2010 and then to 8.03 percent in the second quarter.

According to the report, "The retail sector exhibited significant variation in cap rates on closed sales over the first part of this year. Some of the highest quality retail assets commanded rates below 7.0 percent, while some distressed assets sold with cap rates close to 10.0 percent."

RCA also noted that big markets including Los Angeles, New York, Chicago and San Francisco have been the most active areas for deals so far in 2010. Other areas with some activity include Tampa, San Diego, and Southern Florida metros.

The profile of buyers also varied. According to the report, "Non-traded REIT Inland Real Estate Group's large portfolio acquisition of strip centers across the Southeast region pushed it to the top of the most active year-to-date retail buyers list, ranked by volume. Inland was trailed closely by public REIT Simon Property Group, which has yet to close on its acquisition of Prime Outlets, [but] did acquire partial interest[s] in several other major properties. Nonetheless, the list of top buyers was diverse, containing several equity funds and institutional investors."

Strip center sales rose to $1.7 billion in the second quarter of 2010, up by 19 percent from the first quarter and the number of properties sold increased by 36 percent. Pricing for both offered and closed strips fell during the first half of the year from $134 per square foot in January to $117 per square foot in June. Cap rates on strip centers hit 8.2 percent in June—down from a peak of 9.0 percent in November 2009.

Meanwhile, sales of retail malls and other properties totaled $1.2 billion in the second quarter of 2010, down by 33 percent from the first quarter. Cap rates for mall and other retail properties have remained stable over the first half of 2010, varying only slightly around 7.9 percent. According to RCA, "This stability has held since mid-2009, after cap rates rose in the first half of the year."

Pricing has fluctuated, however, rising from $146 per square foot in January to $178 per square foot in April and then down to $158 per square foot in June.

Managers of Distressed Centers Recruit Tenants to Help Their Cause
不良資產的管理人員招募房客一起幫忙搞好商場

By Elaine Misonzhnik (Retail Traffic)

When Woodbury Corp. took over the management of a retail center in foreclosure in Utah, the firm lacked the information it needed to address an assortment of property management issues. Woodbury wasn't provided with a current tenant roster or documentation detailing whether tenants had been keeping up with their rents.

The manager in charge of the asset attempted to develop a relationship with the tenants to obtain the much-needed information. After resolving the most pressing management issues on hand and gaining the tenants' trust, he addressed the question about rent payments.

"What we find is a lot of times at these properties nobody has been doing anything in terms of basic maintenance," says the manager, Jeffrey D. Bettinson. At this particular center, "the tenants were frustrated because they had been living with that situation for a while. After meeting with them face-to-face and showing them that things are getting done on the property level, they have been more willing to share information on their [rent] status and whether they've been current or not."

The manager quickly learned the lay of the center with the tenants' help. The majority of the tenants have been honoring their lease agreements. In fact, one of the tenants plans to buy the property from the lender and is considering hiring Woodbury Corp. as the permanent property manager.

When a property manager takes over a retail center in a receivership or one that has gone through foreclosure, the process can often be chaotic. In many cases, management companies take these assignments on short notice, with little time to research the assets. The available information about the center on the lender's books might be dated, going back to the day the lender closed the original loan. Sometimes, the previous owner tries to do the right thing by providing as much information as he can to the new manager to make the transition easier for his former tenants.

In many cases, however, after losing the property the former owner disappears from the picture, with little concern for the asset left behind, says O. Randall Woodbury, vice president of property management with the Woodbury Corp., a Salt Lake City-based commercial real estate services firm, and president of the Institute of Real Estate Management (IREM). Woodbury Corp. currently manages 9 million square feet of retail, in addition to 1.5 million square feet of office space and nine hotels. Woodbury says that in many cases, the tenants might be the best sources of information the new manager has, which is why it's important to gain their trust and develop a relationship with them early in the process.

Overnight assignment

When Woodbury Corp. had to take over the management of a foreclosed strip center in the Salt Lake City area earlier this year, the tenants proved instrumental in bringing the firm up to speed on the physical condition of the property and on what was going on with the rent roll. The key was getting them to trust Woodbury Corp. as the new manager and show them that it would become a reliable, conscientious landlord.

The property in question is a 22,000-square-foot shopping center that was built at the height of the construction boom in 2007. Though Woodbury believes the center has great long-term potential because of its location on an access road that connects to the Interstate, it was built in an area that in 2007 was just beginning to grow and was badly hit by the recession. Most of the property's dozen spaces have been leased by service-oriented tenants, including a day spa and a dentist's office. The property had never been more than 60 percent occupied. The remaining 40 percent of the spaces have sat vacant since construction was completed and would require significant investment in tenant build-outs in order to attract new retailers, Woodbury notes.

The developer of the center had been struggling with the mortgage almost from the day it was built, having been hit with the double-whammy of too much leverage and an extremely difficult retail sales climate. After three years, the lender, a regional insurance company, was ready to take the center back. The lender's attorney originally contacted Woodbury Corp. in February of 2010 about potentially taking over the management of the property. Due to some legal wrangling between the lender and the original owner, however, the assignment did not materialize until May.

"That's one of the things that's inherent [in this business] — you don't usually have much warning to do an investigation of the property," Woodbury says. "And when they give you the go-ahead, a lot of things have to happen very, very quickly."

Finding a roadmap

An additional challenge for Woodbury Corp. in this case is that the lender offered little information on the existing rent roll and property issues. Some of the tenants listed in the lender's loan documents had long ago vacated the center. It was impossible to determine whether the tenants that were still there had been making their rent payments. And outside of an obviously neglected lawn, none of the property's physical problems were visible to the naked eye, notes Bettinson of the Woodbury Corp.

To get a better sense of what was going on, Bettinson started his managerial duties by getting acquainted with the tenants. After explaining to them that Woodbury Corp. would now be the property management agent for the center and assuring them that the firm had a long track record in working with local retail properties, he asked if there were any issues with the center's operations that the tenants wanted help with.

There turned out to be quite a few problems. Many of the lights in the parking lot did not work, the air filters on the HVAC system had not been changed in years, and the system was about to stop working because of lack of maintenance. In addition, the sprinkler system had not been inspected. The previous owner of the property had apparently given up on maintaining the center, and for many months the tenants had to tend to most of the cleaning and management duties. As a result, they were happy to explain to Bettinson what was going on and show him where all of the center's systems had been located so he could start fixing existing problems.

Once the tenants realized the new management company was serious about helping them and maintaining order at the property, it was also easier to have conversations with them about their rent payment status, notes Woodbury.

"It's really an opportunity," he says. "If you've got somebody who hasn't been making their rent payments, you really have no way of knowing; they can just lie to you. But when they see that you are taking active steps to help them at the property, most people tend to respond by being pretty honest and forthright."

It turned out one of the tenants had trouble keeping up with the rent and wanted to work out some form of a concession package with Woodbury Corp. That case is now under consideration. The firm also discovered that one of the original tenants had subleased its space to a different operator without the lender's knowledge and then had gone out of business. The company is now working to document the arrangement and make it official.

So far, only one tenant has proven to be a problem for the new manager—the store's owner had written a bad rent check and shown that it might not honor its commitments. Woodbury is considering whether to have another conversation with the tenant or initiate eviction proceedings.

Unexpected twist
Some of the tenants, however, stepped up to the plate when the property was going through a rough patch. After the original owner all but abandoned the center and before Woodbury Corp. assumed its managerial duties, one tenant, a dentist's office run by two brothers, took the lead in handling day-to-day operations of the property, arranging cleaning services and communicating with vendors. Remarkably, that tenant is now in talks to purchase the asset, having figured out that this particular piece of real estate could be a good long-term investment.

If the sale goes through, the tenant will likely purchase the center at an 11 percent capitalization rate, a steal even in today's market conditions, according to Woodbury. (At the height of the real estate boom, strip centers traded at cap rates in the 6.5 percent to 6.9 percent range. Today, strip centers sell at an average cap rate of 8.0 percent to 8.5 percent.) The sale appears to be pretty much a done deal at the moment, as the lender has instructed Woodbury Corp. to discuss the potential concession package with the would-be buyer.

"It appears to us that even just based on the existing occupancy, the property will cash flow right out of the shoot," Woodbury says. "They are getting a really good deal."

The tenant has also approached Woodbury Corp. about potentially coming in as the permanent management agent for the property.

U.S. Industrial Real Estate Markets Now in Recovery
美國工業倉庫正在復蘇

By Randyl Drummer (CoStar)

The U.S. industrial real estate market now appears to be headed into recovery after several quarters of negative absorption.

With the economy sending out mixed signals but generally gaining strength, absorption of industrial buildings turned positive in the second quarter following six consecutive quarters of net loss, CoStar Group reported in its State of the Commercial Real Estate Industry Mid-Year 2010 Industrial Review & Outlook. The national industrial vacancy rate declined for the first time in two years, according to the company's most recent analysis of industrial property markets.

For owners, the warehouse sector is still working through some significant market turbulence. Broad-based growth in rental rates probably won't resume until 2011, and the investment sales market remains choppy, with total transaction volume still well below the historical average. Liquidity hasn't yet returned for owners and industrial capitalization rates and pricing, though improving, still show a mixed picture.

But overall, "we think the outlook is better than it has been in a few years," said Jay Spivey, CoStar Director of Analytics, who teamed with CoStar Director of Advisory Services Hans Nordby earlier this week to present the findings and forecast to CoStar clients.

Leasing: Activity is Up
CoStar Group reported 13 million square feet of positive net absorption in the second quarter -- the first positive reading since mid-2008, a period that has experienced far more severe and dramatic demand declines than the years of the dot-com collapse and economic recession of the early 2000s.

"It's been a long time coming. We think the outlook is good and we'll continue to see positive absorption," Spivey said.

In 2009, every major metro market except Houston saw negative absorption, including significant losses in Chicago, San Francisco and South Florida. Fast-forwarding to second-quarter 2010, more than half of the top 20 industrial markets tracked by CoStar saw positive absorption, led by the warehousing and distribution powerhouse Inland Empire region in Southern California at 4.8 million square feet; Orange County, CA (4.5 million sf), South Florida and Philadelphia (each gaining 2.8 million square feet).

San Francisco and Los Angeles have been slower to recover, leading the nation with negative absorption of around 5 million square feet each in second-quarter 2010.

Little New Supply in Sight
New industrial deliveries as a percentage of total inventory continued to decline in the second quarter -- a trend expected to continue through 2012. And 2010 will likely mark an all-time low in deliveries, with little new supply entering the pipeline over the next two years. In fact, more properties are being taken out of inventory due to obsolescence and other factors than are being added in new construction.

Lending constraints will continue to keep a clamp on new construction and the lack of new supply will allow the market to recover more speedily, Spivey noted.

The Inland Empire led the nation in space under construction at 3.4 million square feet -- but that's still a 90% decline from the 30 million square feet under construction at the peak of the market. The numbers tell similar stories in major distribution markets such as Atlanta, Philadelphia and Chicago.

Vacancy: Steady Gains Ahead
Given the positive absorption and low levels of construction, the national vacancy rate edged down in the quarter from 10.1% to 10%, the first drop in over two years. Availability (space being marketed even though it may not yet be vacant) also edged down from 14.8% to 14.7%.

While the dot-com era saw almost four years of relentless vacancy increases, the most recent downturn saw only six quarters of erosion in vacancies. CoStar believes vacancies have leveled and will decline steadily over the next four years down to about 8%. The rate of vacancy increases actually peaked in second-quarter 2009 and has slowly decreased ever since, finally reaching a tipping point last quarter, Spivey noted.

Similar to positive absorption, more than half the top U.S. markets are now seeing vacancy rate declines, including Inland Empire (-0.6%) Northern New Jersey (-0.4%) and South Florida and Minneapolis (each -0.3%).

As they have since 2008, rental rates continued to fall in the second quarter but at a less rapid rate. Despite positive news on vacancies and absorption, positive rent growth is still probably a year or two away.

Investment Sales: A Market in Transition
On the down side, sales transaction volume remains low by historical standards. Liquidity has not returned to the industrial market and the time that properties sit on the market before being sold -- and the number of properties withdrawn from the market without being sold -- continues to rise.

However, the second quarter saw a slight narrowing of the gap between asking and actual sales prices, possibly an indication that buyers and sellers are starting to agree on pricing.

Significant trades during the quarter included the sale by Industrial Developments International (IDI) of a nine-property bulk portfolio to Cabot Properties, Inc. on June 2 for $115 million, and IDI’s sale of the 687,118-square-foot Weston Business Center to RREEF America LLC for $65 million. The former DHL distribution facility in Breinigsville, PA, sold for $58.3 million in May.

Industrial cap rates still reveal a bit of a mixed picture. On industrial deals of $20 million and above, cap rates fell to 8%, largely because of the demand for high-quality assets by institutional investors who will pay more for bigger and newer assets, Nordby said.

Over the last couple of quarters, most of the lower sale price tranches are also seeing stabilized or declining cap rates in the 8.5% to 9% range, showing increased and broad-based interest in industrial by investors, Nordby said.

But the higher-end deals are still garnering the most attention. On trades exceeding $120 per square foot, the average price per square foot on deals of $20 million or more is starting to spike upward, while transactions at lower price points are still flat or down on a per-pound basis.

"What I’m hearing from our institutional investor clients is that gateway CBD office markets, and also coastal apartments, are becoming a little rich, and those investors are starting to look at other asset classes," Nordby said. "There’s more institutional investor interest in warehouses. It's coming and it will eventually show up in the price per pound."

Fitch: CMBS Cumulative Defaults Up to 9.5 Percent
至 6 月底商業地產抵押證券拖欠率高達 9.5%，預計年底會上升至 11%

By Allison Landa (CPExecutive)

Fitch Ratings is reporting that defaults on fixed-rate conduit U.S. CMBS loans are continuing at a record pace, with cumulative defaults rising to 9.5 percent through June 2010.

According to Fitch, the 133-basis-point climb from the first quarter is consistent with the firm's expectation of an 11 percent cumulative default rate by the end of the year.

"Not surprisingly," the firm wrote in a report on Friday, "recent vintages are driving the pace of defaults. … Loans are considered defaulted if they have been reported 60+ days delinquent at least once."

Fitch managing director Mary MacNeill said in the report that large, highly leveraged loans are adding to the rising rate of defaults, with 14 loans greater than 100 million defaulted in 2010.

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

	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	0.44	0.49	0.54	0.25	-0.03	-4.92
Money market, annual yield	0.77	0.74	1.21	0.74	-0.46	-3.04
Five-year CD, annual yield	2.53	2.45	2.71	2.42	-0.22	-2.64
30-year mortgage, fixed	4.78	4.71	5.68	4.66	-0.72	-1.71
15-year mortgage, fixed	4.27	4.20	5.06	4.14	-0.85	-1.92
Jumbo mortgages, $417,000-plus	5.67	5.64	6.71	5.61	-0.94	-1.16
Five-year adj mortgage (ARM)	3.96	3.93	4.96	3.79	-1.07	-2.16
New-car loan, 48-month	6.39	6.24	7.47	6.23	-1.05	-0.77
Home-equity loan, $30,000	5.15	5.10	5.87	5.10	-0.70	-1.67