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## Mortgage Delinquencies Edging Up Again as Economy Slows

## 經濟增長放緩，房屋貸款違約率再次攀升

By: Mark Heschmeyer (CoStar)

The performance of first-lien mortgages serviced by large national banks and federal savings associations deteriorated slightly during the second quarter of 2011, according to the Office of the comptroller of the Currency (OCC).

The quarterly OCC Mortgage Metrics Report showed that 88% of the 32.7 million loans in the portfolio were current and performing at the end of the second quarter, down from 88.6% at the end of the first quarter, but up from 87.3% a year earlier.

The decline in portfolio quality is mainly attributable to an increase in early stage delinquencies, mortgages that are 30-to-59 days delinquent, which increased 0.4% from the previous quarter to represent 3% of the servicing portfolio. The increase in early stage delinquencies reflects seasonal effects as well as a sluggish economy and elevated unemployment, the OCC said.

The percentage of mortgages that were seriously delinquent, as well as mortgages that were 60 or more days delinquent and delinquent mortgages to bankrupt borrowers, increased slightly to 4.9% of the portfolio from 4.8% in the first quarter of 2011, after decreasing during each of the previous five quarters. While early stage delinquencies and serious delinquencies both increased from the previous quarter, they decreased from a year earlier.

The percentage of mortgages that were in the process of foreclosure remained steady at 4% of the mortgages serviced by the reporting banks and savings associations. Although completed foreclosures decreased by more than 30% from a year earlier and increased only 1.2% from the previous quarter, completed foreclosures may continue to increase in future quarters as a large number of foreclosures work through the process and alternatives to foreclosure are exhausted.

Mortgage servicers continued to seek alternatives to foreclosure for delinquent borrowers in the second quarter, implementing 456,397 home retention actions compared with 287,145 new foreclosure proceedings. Although modifications under the Home Affordable Modification Program increased by 31.6% during the quarter, other home retention actions declined, causing an overall decrease of 18.1% in new modification actions from the previous quarter.

Other key findings of the report included:

Mortgage modifications during the second quarter of 2011 reduced borrowers' monthly principal and interest payments in 89.4% of all modifications, with 53.8% of the modifications reducing payments by 20% or more. On average, modifications during the quarter reduced borrowers' monthly payments by $393, or 25.1%. HAMP modifications reduced payments by an average of $577, or 35.9%.

Modifications that reduced payments by 10% or more performed better than those that reduced payments by less. At the end of the second quarter of 2011, 59.9% of modifications made since the beginning of 2008 that reduced payments by 10% or more were current and performing, compared with 37.0% of modifications made during that time that reduced payments by less.

The report covers about 63% of all first-lien mortgages in the United States, valued at $5.7 trillion in outstanding balances.

**CMBS Delinquencies Also Edge Higher**

Separately, in September, the delinquency rate for U.S. commercial real estate loans in CMBS inched up 4 basis points to 9.56%. The CMBS market has now seen its delinquency rate fall in three of the last five months, according to Trepp LLC.

The percentage of loans seriously delinquent (60+ days delinquent, in foreclosure, REO or non-performing balloons) was not quite as promising, however. That rate is now 8.95%, up 16 basis points for the month.

On the basis of property types, the delinquency rates for all major property types were up slightly, except for that of hotels. The hotel rate was down 46 basis points, but this was mostly driven by the resolution of the Red Roof Inn (RRI) loans. Those loans were resolved with 50% losses, which resulted in the removal of two distressed hotel loans. This ultimately reduced the delinquency rate for hotels, but not in the way that investors would have liked.

**By Property Type**

Hotel delinquency rate was down 46 basis points-now 13.3%.

Office delinquency rate went up 12 basis points to 8.29%.

Industrial delinquency rate jumped to 14 basis points to 11.38%.

Multifamily delinquency rate increased 52 basis points and remained the worst major property type at 16.96%.

Retail delinquency rate increases to 7.62%-up 24 basis points-remaining the best performing major property type.

## To Survive a Recession, Shopping Centers Need Good Management and Good Fundamentals

## 良好的管理和多樣化商鋪成為購物中心在經濟衰退中生存的關鍵

By BoNhia Lee (The Fresno Bee)

Location used to be the biggest factor in whether real estate was easily sold or leased. Not so much these days.

Many landlords who are struggling harder than ever because of the recession to keep spaces rented in neighborhood retail centers are looking across the street with envy at neighbors who seem to have no difficulty finding and keeping tenants.

In northwest Fresno, a steady stream of businesses has moved into Opus I over the last year and a half. But across the street, Bullard Plaza has struggled to attract an anchor tenant since Rite Aid left in 2009.

In southeast Fresno, the owner of Mayfair Shopping Center has only one vacancy. But Sunnyside Marketplace, a newer retail center four miles down the road, still sits half-empty.

Location is still important, said Mayfair's owner Ted Caldwell. But to survive a recession, shopping centers need good management, good fundamentals and "a dose of luck," he said.

Overdevelopment during the boom years and businesses that closed during the recession have created more retail space than there are potential tenants.

That's bad news for plaza owners who have a mortgage to pay, but good news for tenants who now have their pick of locations and leverage to negotiate their rent.

The retail vacancy rate in Fresno remains at about 11%, according to a second quarter report conducted by CB Richard Ellis, a Fresno commercial real estate company. In the fourth quarter of 2007, the vacancy rate was only 5%.

Clovis has the highest vacancy rate at 14.4%, followed by southeast Fresno with 12.5%, the report says. Northeast Fresno has the lowest vacancy rate at 8.5%.

Some retail centers are hurting because of the economy, some have been vacant for years because no one wants to go in them, and others always seem to do well, said Skip Rolf, commercial broker with Sperry Van Ness in Clovis.

Successful centers have visibility and the right combination of tenants to create synergy, Rolf said.

A good mix

Darlene Arnold saved about $500 a month on rent by moving and downsizing her floral shop from northeast Fresno to Opus I at Palm and Bullard avenues.

Wild Rose Floral & Gifts spent 10 years at Cedar and Nees avenues. When her lease came up for renewal earlier this year, Arnold hoped to negotiate a lower monthly rent. The landlord wouldn't budge.

The economy had taken a toll on the business and Arnold knew it was time for a change.

The unique layout of Opus I -- a shady corner with several buildings and a courtyard -- creates a close-knit community of retail shops and restaurants that Arnold liked. She compares it to Fig Garden in its early days.

"There's good exposure, and Palm Avenue is rocking," Arnold said.

The locally owned shopping center has been successful for years because of its layout and diverse mix of businesses, commercial retail brokers say.

A children's bookstore, a tea shop, a dog grooming business, a handbag boutique and a couple hair salons are located in the center, which is fully leased.

Owner Tanner Tingey said he is lucky to have tenants with businesses that complement each other. That's key to keeping a center full, along with good property maintenance, he said.

"You also have to be realistic with your lease terms," said Tingey, who has owned the center with other family members for about six years. "I like to think that we're pretty competitive on our rental rates."

It's a different story at Bullard Plaza across the street, which lost Rite Aid and Blockbuster two years ago.

Drug stores have abandoned the traditional shopping center for free-standing buildings with a drive-through, said Steve Rontell, commercial retail broker with Colliers Tingey in Fresno. Colliers is handling leasing for the old Rite Aid space.

"It's a good shopping center which is in a transition," Rontell said. "I think a lot of properties go through a transition and hopefully that one will be for the better."

Change could be coming soon. A Ride & Shine car wash is under construction in front of the plaza. Hussain Zaidi, owner of Lahori Tikka restaurant, hopes the car wash will attract more customers to his Pakistani and Indian lunch buffet.

The "for lease" signs on the building give passersby the illusion that the plaza is dead, said Zaidi, who has owned the restaurant for five years. He considered moving but decided to stick it out.

"I will never surrender and I will just keep focusing on my food," Zaidi said.

Good management

Caldwell has been successful keeping small, local businesses filling up Mayfair Plaza in southeast Fresno.

He attributes the retail center's success to its location on McKinley Avenue and First Street, which is down the street from Highway 41 and on a direct route to Fresno Yosemite International Airport.

The types of businesses also maintain the center's vibrancy because they have developed a great following from nearby residents, Caldwell said.

Mayfair has a mix of Vietnamese Pho restaurants, a 99-cent store, a jewelry store, a seafood shop and the Train Depot, a restaurant.

"It's important to have activity, to have synergism and get people in and people out," said Caldwell, who lives in the Sacramento area but has owned the plaza since 1980.

The center was once anchored by a Save Mart grocery store, but Caldwell sold the building in 2000 when he failed to lease it out. He used some of the money from the sale to upgrade the property with new asphalt in the parking lot, new heating and air conditioning units, landscaping, painting and roof improvements.

He built and opened a self-storage business behind the shopping center in March, expanding at a time when most people are holding back on renovations or new ventures.

Train Depot owner Pat Escovedo has never seen the center in better shape. Moving to a newer shopping center sounds nice, but the restaurant's current location can't be beat, she said.

"If something's not broken, don't fix it," Escovedo said.

Sometimes newer doesn't translate to lots of tenants.

The Sunnyside Marketplace was built in 2006 to serve new residents in the neighborhoods at Fowler and East Kings Canyon Road. A George Brown Sports Club anchors the shopping center. Other tenants include a State Farm insurance store, a salon, a pizza restaurant and a bicycle shop, but most of the center is still empty.

Newer retail centers, built within the last five years, are still not filling up because of the weak economy, said Nick Rendino, a retail broker with CB Richard Ellis.

What's happening now is that some businesses are moving to more desirable locations -- not necessarily in newer centers -- because lease rates are low, Rendino said.

"This is the first time in a long time where the tenant has the upper hand over the landlord," he said.

## Single-Tenant Property Sales Surge To Record Numbers

## 單租戶物業銷售量激增創紀錄

By: Mark Heschmeyer (CoStar)

With money to burn but still having a strong aversion to risk, investors have increasingly turned single-tenant properties into one of the hottest commercial real estate plays in the country.

For the last quarter of 2010 and first two quarters of this year, CoStar Group shows that sales of single-tenant properties have averaged more than 10,000 transactions per quarter - the highest quarterly totals on record. And for third quarter comparable sales CoStar is showing that pace is continuing.

So far this year, CoStar has tallied more than 30,000 single-tenant sales valued at $29.2 billion in all property types. Retail sales have accounted for about half of the activity.

The single-tenant, net lease investment sales market is expected to continue growing, according to Jones Lang LaSalle.

"The low interest rate environment and the lack of safe-haven investment alternatives are driving new sources in build-to-suit and sale-leaseback activity, and investors have incredibly healthy appetites for stable and dependable income streams that single-tenant assets provide," said Guy Ponticiello, managing director Jones Lang LaSalle's Corporate Finance & Net Lease division.

Fully leased core properties have been highly sought-after by investors, often from overseas, and prices for these properties have been strong, according to Jane L. Mendillo, president and CEO of Harvard Management Co. in her most recent Harvard University Endowment report.

"We were able to sell some of our portfolio properties in this category at excellent values," Mendillo said. And now Harvard is ready to invest in new round of such properties.

Jones Lang LaSalle's Capital Markets secured $360 million in acquisition equity for a real estate investment vehicle to be managed by U.S. Realty Advisors LLC. The entity, called USRA Net Lease Capital Corp., will pursue the purchase of single-tenant net leased assets throughout the U.S. Harvard University's endowment is the main investor in the venture that could buy more than $1 billion of triple-net leased property.

Indeed, institutional and private equity interest in this property type is high.

"One way to hedge risks in today's highly volatile and lower-yield environment is to invest in net lease properties, ideally with credit tenants," said Tim Wang, Ph.D., senior vice president of Clarion Partners in New York. "Until recently, the most active net lease investors have been dominated by dividend-paying private REITs and 1031 exchange buyers. However, net lease investments are becoming increasingly attractive to institutional investors because of their longer lease terms, higher income, and lower operating expenses.

"For assets in primary U.S. markets on a long-term (10+ year) net lease to a nationally recognized company there is a highly disproportionate supply of money vs. supply of product. This has been a primary driver pushing yields down to levels not seen since prior to the credit crisis," said David B. Chasin, executive vice president of Pegasus Investments in Los Angeles. "Given the macro-economic uncertainty, historically low Treasury yields and breakdown of Wall Street equity markets, the net leased investment market provides an extremely attractive platform."

But big money isn't the only player in the market. Mike Eyer, senior advisor for Sperry Van Ness in Fort Collins, CO. said. "Recently individual buyers from the coastal markets are getting even more aggressive and are pricing the institutions out of the market."

The increasing demand for these investment leases isn't necessarily coming by choice, added Brian Merzlock, valuation manager at Williams Williams & McKissick auction house in Tulsa, OK.

"This is a market-forced move," Merzlock said. "When you are disheartened by the world markets time and time again, you become more restrictive with your capital, and the retail lease market becomes a more appealing to risk appetite."

"With companies recording higher profit levels, there has to be some kind of tax shield in the capital fund creating a traditional solution to the nasty volatile bear market trends we are experiencing," Merzlock said. "We are seeing increased stability in those markets that have been traditionally strong and little demand in the newer 'suburbs' where you'll see numerous clusters of new, yet vacant, retail buildings haunting the markets long after Oct 31."

Jeffrey Rogers, president and COO of Integra Realty Resources in New York, said, "Investors are favoring this type of investment because capital for this property type has increased and demand for the property type is outpacing supply. There has been very little new development over the past three years and that has caused some pent-up demand."

Consequently, "any increase in demand for retail products will increase the desirability of net leased retail investments because demand leads to better tenant quality, which is one of the three metrics investors focus on to decide whether to invest. Increased sales and consumer sentiment leads to higher tenant credit ratings. The other two metrics are favorable lease terms and location of the asset," Rogers said.

Not All Retailers Are Created Equal

As the total numbers indicate, retail is the preferred property type for single-tenant investors, but there is a bifurcation within that segment, said Scott P. Lifschultz, president of SPL Realty Partners in Santa Monica, CA.

"It's important for an investor to identify solid performing retailers, such as Walgreens, Walmart, Whole Foods and other grocery chains, as well as other leading retail chains," Lifschultz said.

"Consumer spending is a significant indicator as it relates to retail earnings, so again, identifying solid performing, "every day needs" tenants garner the most interest and highest pricing."

Rick Puttkammer, senior vice president of Flocke & Avoyer in San Diego said, "Much of the NNN leased product on the market is 'necessity based' (to borrow the widely used phrase in retail). Examples are banks, drug stores, food and price-oriented retailers. The NNN leased market is not as active for high end retail, home furnishings, sporting goods and other uses that consumers can take or leave."

In addition, freestanding medical uses such as dialysis (DaVita and Fresenius), automotive (Jiffy Lube and Valvoline) and some credit rated or creditworthy day care operators (KinderCare) are doing well, Puttkammer said.

Daniel Lincoln, an appraiser with CBRE Valuation & Advisory Services in Birmingham, AL, said he has appraised eight net leased Fresenius dialysis clinics in the past 18 months, all which were purchase transactions.

Consumer spending remains a critical element of the net-leased world, particularly for retail assets, said Brandon Duff, director Stan Johnson Co. in Chicago.

"Investors are searching for leases backed by retailers who are performing well at both the corporate level and the individual store-level," Duff said. "Need-based retailers such as grocery stores, pharmacies, and fast-food retailers are drawing strong interest from investors. These assets are viewed as more secure, as they are key elements of the consumer environment, which are a critical part of everyday life."

### Foshan's Property Policy U-Turn Shows Beijing's Tight Grip

### 北京方面出臺政策抑制樓市過熱：廣東省佛山市樓市政策反轉

By: ESTHER FUNG (WSJ)

SHANGHAI—A southern Chinese city that rolled back property-purchase restrictions on Tuesday reversed course just hours later, signaling that the country's top leadership remains determined to keep a tight grip on the overheated sector.

The quick local policy U-turn by Foshan, a city of about seven million people in the southern province of Guangdong, indicated that Beijing hadn't given its blessing to the modest rollback in curbs announced earlier Tuesday. That dashed hopes among some property developers and observers that a weakening economic outlook may force China to loosen real-estate tightening measures in the coming months.

The city of Foshan, in China's Guangdong province, made a property policy reversal Tuesday in a move that signals Beijing isn't letting up on its control of the real-estate sector.

Still, shares of a number of Chinese property developers rose on Wednesday on hopes that Foshan's move indicates local authorities are putting pressure on the central government to relax the restrictions. Local governments reap much of their revenue from land sales.

In a statement posted on its website late Tuesday, Foshan's housing bureau said it has postponed the easing of property-tightening measures that it had announced earlier in the day. It will seek further public opinion and to make a comprehensive assessment on the effects of such measures, the bureau said, without giving further details.

Foshan would have been the first city in the country to announce a relaxation of property-investment curbs amid mounting concerns that the once red-hot sector is in trouble. The moves were going to include an easing of restrictions on the eligibility for purchases of additional homes.

China has been struggling to engineer a soft landing for the property market, a vital growth engine for the world's second-largest economy but also a source of asset inflation and social instability.

"The local governments have always been resisting the central governments' moves to rein in the property market since most of its revenues come from land sales, and now it's clear that the central government is not going to give in," said Song Huiyong, research director of Shanghai Centaline Property.

"Property developers who had earlier anticipated some loosening in the housing curbs in the fourth quarter would have to make preparations for an extended period of tightening," Mr. Song added.

Foshan's moves come amid declining property sales in many major cities following a series of government tightening measures that include higher mortgage downpayments and limits on purchases.

Some analysts have cautioned that China's property market may be reaching a "tipping point" and said they expect the authorities to start relaxing or fine-tuning controls in the coming months.

Shares of property developer China Vanke rose 4.3% to 7.34 yuan ($1.15), while shares of Poly Real Estate Group rose 4.8% to 9.21. Analysts attributed the rise to a broad market rebound fueled by hopes that China's central government will loosen economic policy.

Private data provider China Real Estate Index System said property sales in major cities during the Golden Week holiday in the first week of October fell sharply from a year ago. Average housing prices also declined for the first time this year in September, normally the strongest month of the year, as prices in 100 major cities in China slipped a modest 0.03% from August, CREIS said.

## U.S. Office Vacancy Decreases to 12.5%

美國辦公樓空置率下降至 12.5%

By: CoStar Research

The U.S. national office market ended the third quarter 2011 with a vacancy rate of 12.5%, down slightly from the 12.6% reported at the end of the second quarter 2011 and 12.7% in the end of the first quarter.

Net absorption for the overall U.S. office market was positive 23.7 million square feet in the third quarter, up significantly from positive 9.4 million square feet in the second quarter 2011. Vacant sublease space decreased in the quarter, ending the quarter at 52.6 million square feet.

Tenants moving out of large blocks of space in 2011 include AT&T Wireless moving out of 376,350 square feet at Cobalt Center in Atlanta, and Deloitte moving out of 295,136 square feet at 50 Fremont St. in San Francisco. Tenants moving into large blocks of space in 2011 include Facebook moving into 1 million square feet at the new Menlo Park campus in the San Francisco market, and Northrop Grumman moving into 328,851 square feet at Park Tower in the Washington, DC market.

The average quoted asking rental rate for available office space, all classes, was $21.30 per square foot per year at the end of the third quarter 2011 in the U.S. market area, a 0.1% decrease from the end of the second quarter.

A total of 182 buildings delivered to the nation-wide market in the quarter totaling 7 million square feet, with 50.7 million square feet still under construction at the end of the quarter including the 3-million-square-foot One World Trade Center in New York City.

## Fundamental Strategies to Help Revitalize Neighborhood Centers

## 振兴购物中心的关键策略

By: Jennifer Norbut (CCIM)

Upticks in consumer spending and hints at economic improvement are fueling some long-awaited positive momentum in the retail sector. Despite the mild industry buzz, the latest data reports offer the view many property owners see when they look around their markets: Vacancy for strip centers rose to 11.0 percent nationwide in 2Q11 — just 10 basis points below the two-decade high of 11.1 percent vacancy in 1990, according to Reis.

Nowhere is the impact of vacancy felt more than in small retail centers, which rely on the health of not only their tenants, but the surrounding community. However, CCIMs say there is some good news: “All is not lost for neighborhood shopping centers,” according to James J. Dunphy, CCIM, of Dunphy Properties in Tampa, Fla. “T ere are plenty of service-oriented users and restaurants out there requiring space. If you can provide convenience and service with the traditional attributes of a good location, you will be successful long term.”

To make the best of the current market, owners and landlords of small retail centers must be flexible, focused, and creative. But the one thing landlords don’t have to be is rocket scientists. In fact, CCIM retail experts around the country say that the formula for remaining viable under these conditions is rooted in fundamental marketing and tenanting techniques.

**Negotiate, Negotiate, Negotiate**

Similar to the sluggish and uneven nature of the commercial real estate market’s recovery, leasing strategies for small retail centers vary depending on a variety of localized factors. While tenants in one center may be motivated by free rent, another may want tenant improvement dollars, while another may seek early occupancy. Regardless of the location or center, the key to securing new leases in this environment is flexibility.

In some markets, time is on the tenant’s side. “We have offered early occupancy in lieu of free rent, allowing the tenant to take possession 30 to 90 days prior to lease commencement,” says William W. Hyatt, CCIM, of LanDel Realty in Fairhope, Ala. “In some cases that allows the tenant to rehab the existing space or build out new space.”

Common incentives in strong markets, TI allowances can help tenants ink the lease. In the current market, Hyatt says he’s offering TI allowances in the $10 per square foot to $30 psf range, depending on whether the property is being rehabbed or if it’s a new build-out.

With economic uncertainties weighing heavily, cash-strapped property owners may not have the luxury of offering TI allowances. “I’ve found lately that landlords do not have the capacity to provide TI allowances due to market constraints or lack of financing,” says Jorge A. Rodriguez, CCIM, director of retail at Colliers International in Orlando, Fla. To help move deals forward in these situations, Rodriguez has opted to secure rent abatement periods that are equal to “market” TI amounts.

For instance, in a recent transaction, “I represented a national retail chain on an 86-month lease where the landlord provided a rent abatement period of 26 months in lieu of providing the typical TI allowance.” T is arrangement resulted in five years of rental income to the landlord, and the tenant was pleased with the concession. The abatement period only applied to base rent, requiring the tenant to pay operational expenses at occupancy, he adds.

Offering shorter lease terms, free rent, and graduated rent structures also may help to secure tenants in small centers. In fact, “many landlords prefer to offer free rent over tenant improvement money these days,” says Alaina H. McGlothlin, CCIM, sales associate at CB Richard Ellis in Oklahoma City.

“Offering a period of six to 12 months of 50 percent rent is another way to meet the needs of both landlords and tenants.”

Specifying and spreading out the rent-free months provides landlords with another negotiating tactic. “Offer additional free rent if tenants will take it in months 12, 24, 36, and 48 instead of during 60 days on the front end of the lease,” says A. David Zoller of The Weitzman Group in Dallas.

Ultimately, before going to extreme lengths to lease up vacant spaces, landlords must conduct thorough due diligence. “The most important thing to evaluate in this market — and what the deal you offer is dependent on — is the credit and financial stability of the tenant,” says Gary W. Lyons, CCIM, SIOR, vice president of Investment Sales and Corporate Services at Lincoln Harris in Raleigh, N.C. “It’s important to understand the operating history and experience of who you are getting into your center.”

**Target Service Tenants**

“Service tenants are ideal for smaller centers,” Lyons says. Financial and insurance companies, dry cleaners, hair and nail salons, restaurants, convenience stores, and special medical service providers, such as dentists and chiropractors, all benefit from the easy access, parking ratios, and complementary tenant mix of neighborhood centers. And, these localized service businesses generally are looking for the same things when choosing a location: “Good visibility, strong traffic counts, and high foot traffic areas,” Lyons adds.

In centers that can support larger, national tenants, “it is helpful to have an anchor that has some name or brand recognition,” says Christopher Baj, CCIM, a commercial specialist with Michael Baxter & Associates

Commercial Real Estate and Property Management in Stroudsburg, Pa. “T e tenant can be national, regional, or even local as long as there is some name recognition,” which makes the center attractive to both customers and other tenants.

However, for many smaller neighborhood retail centers, high-profile anchors are not a standard component of the tenant mix. A range of franchisees as well as local mom-and-pop businesses generally fill the storefronts of these properties. As a result, these centers present a prime opportunity for CCIMs to lend their expertise. "As

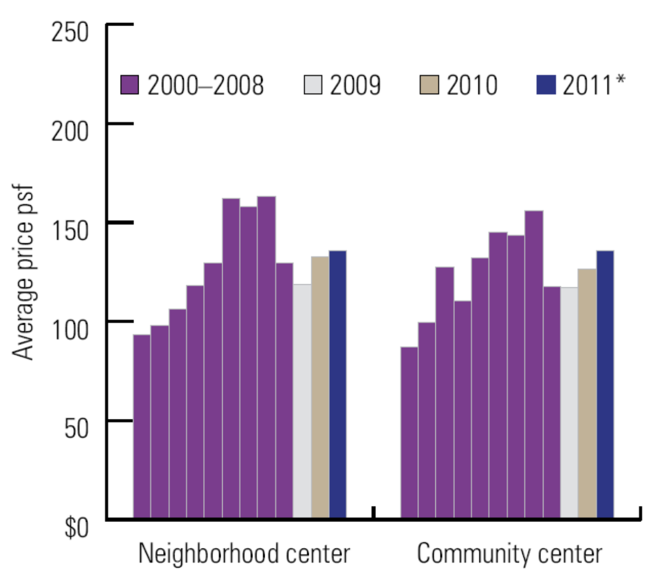
CCIMs, we need to help the owners of these centers understand what tenants can afford to pay each month," says Charles A. "Mac" McClure, CCIM, chairman of McClure Partners in Dallas. "In this age of $24 to $30 triple-net rents, it can be impossible for a hair or nail salon to create sufficient income to pay the rent." In some cases, landlords must "reduce the rent to where a tenant can make a living" while making sure the pro forma for the income of the business moving into the space makes sense, McClure adds.

Landlords may not have to look too far to find prospective tenants. "Target in-market prospects and find out what it will take for them to move," Zoller says. Landlords who have a competitive edge should "consider buying out [a prospective tenant's] lease for a long-term deal at an above-market rate." While it may seem like a hard sell to lure a tenant across town at an above-market rate in the current climate, Zoller sees it as an opportunity. "Our goal as brokers is to show them what they can accomplish in sales by asking them, 'If you could do 14 percent more in sales, wouldn't it be worth paying 4 percent more in rent?' "

Where competition is tight, attracting in-market tenants requires landlords to pay extra attention to details, such as the signage, landscaping, parking lot upkeep, and other aesthetic aspects of the property. To sway prospects, "we have to be cleaner, brighter, cheaper, and more in touch with tenants' needs," Hyatt says. As part of the deal, some relocating tenants may be looking for extra incentives, such as rent reductions and early occupancy. If a center can offer these things, "it gives you a competitive edge against other centers."

However, tenant relocations may require an extra step in the due diligence process to ensure landlords are seeing the whole picture. "I usually contact the corporate office if they are franchised tenants to find out if they are relocating due to declining sales, problems at their current location, or corporate relocation mandates," advises Samuel S. Fung, CCIM, principal with Oregon Commercial in Medford, Ore.

NATIONAL RETAIL CENTER PRICING TRENDS




* Estimated through 1H11
Includes Sales $1M+
Sources: Marcus & Millichap Research Services, CoStar Group, Inc.

**Market on a Micro Budget**

Marketing a challenged center — one that is in a poor location or has low traffic counts — requires tremendous creativity, Lyons says. "Most landlords of smaller centers are not capitalized well enough to spend large sums of money. T e goal is to keep the capital outlay to a minimum but provide enough incentives to motivate the retailer to make a commitment."

Creating co-tenancy arrangements can infuse new energy into centers as well as improve the overall tenant mix, CCIMs advise. "A doughnut shop has heavy morning traffic, sub shops are heavy at lunch, fitness centers are busy after normal work hours, yogurt shops are busy between 2 p.m. and 5 p.m. and after dinner hours," Hyatt says. The revolving traffic restaurant tenants create benefits other service businesses such as medical-related services, convenience stores, and hair and nail salons.

With so much of the interest in small enters coming from local drive-by traffic, it's critical to "effectively utilize any of the property's onsite monument signage to promote awareness and availabilities," Rodriguez says. Tough contrary to the high-tech online marketing capabilities available today, old-fashioned techniques still have value: Posting banners, affixing marketing brochure boxes to the property's exterior, and hanging window posters are effective ways to gain attention at very small centers, according to CCIM experts.

Tried-and-true, low-cost improvement projects, such as enhancing signage, updating landscaping, cleaning windows, and keeping the property litter-free can make an impression as well, Baj says. "And don't forget to upgrade your image with existing tenants," he adds. "Prospective new tenants frequently talk to existing tenants to see how happy they are in their location and space. Word of mouth still goes a long way today."

## In Spite of U.S. Consumer Confidence Worries, Foreign Retailers Continue to Eye U.S.

### 儘管美國消費者信心受挫，國外零售商仍積極進入美國市場

By: Elaine Misonzhnik (Retail Traffic)

Some companies really know how to make their presence known.

Uniqlo Co., a Japanese-based operator of casual apparel stores, is opening two supersized flagship stores in Manhattan, in addition to four smaller pop-up locations throughout the borough. The permanent stores will include a 64,000-square-foot unit at Herald Square and an 89,000-square-foot mega store on Fifth Avenue and 53rd Street.

The openings are a sign that in spite of worries about U.S. consumer confidence, foreign retailers continue to view the country as offering attractive expansion opportunities on a long-term basis.
Uniqlo has tinkered with the right formula for its U.S. stores since the mid-2000s, but its new locations will spearhead a massive expansion strategy that could potentially deliver hundreds of new stores in the United States.

“The key for them is to get some good flagship locations to start and go from there,” says David Solomon, president of NAI ReStore, a Narberth, Pa.-based retail real estate services firm. “There are plenty of class-A malls where landlords would love to have them as a tenant, and I am sure they will be able to find some good deals. They do well almost anywhere they go.”

Uniqlo is not alone in its ambitions to grow in the United States. A number of overseas chains, including British transplants All Saints and Topshop, have been looking to grow their existing portfolios here, according to Joe Brady, managing director of corporate retail solutions with Jones Lang LaSalle, a Chicago-based real estate services firm. Plus, retailers like French sporting goods seller Decathlon and German footwear chain Deichman are considering initial entries into the U.S., according to Solomon.

In spite of the wobbly economy, U.S. continues to be a major market for any truly international retailer, these brokers say, both because of its sales potential and because of the branding opportunities offered by stores in cities like New York, Miami and Los Angeles.

“Over the last two years, we’ve probably dealt with dozens of retailers who called [us] for basic market information or wanted to delve deeper, to prioritize appropriate markets,” says Naveen Jaggi, senior managing director of retail brokerage services with CB Richard Ellis. “Retailers are looking at where is the logical first step for them to come to the U.S., and how to prioritize their entry strategies.”

Fast fashion chains and discount concepts have been particularly active in searching for new locations because of the current emphasis on value shopping, Jaggi says. But even though those retailers would love to expand here, most have been taking a cautious approach to roll-outs, he and others note. To limit risk, they are waiting for the right opportunities and the appropriate rental rates to actually sign deals. That means that while there might be a number of new entrants into the market over the coming year, they will come in spurts of five to 10 stores a year rather than 50 to 100 stores.

For example, when Topshop signed a deal for its second U.S. store last year, on Michigan Avenue in Chicago, the retailer went into a vacant Borders space rather than building a brand new venue, notes Brady. He also mentions Spanish apparel chain Mango, which will be growing largely through its store-within-a-store agreement with J.C. Penney Co.

Given current market conditions, foreign retailers have to take into account the limited amount of new retail space coming on line here and concerns about the wider economy.

“I think growth in the U.S. will be cautiously optimistic for the next year or so,” says Brady.

In 2012, retail leasing brokers expect to see maybe a dozen new retailers enter the market, with most limiting initial rollouts to only a handful of stores. But given foreign chains’ continued interest in the U.S. and U.S. consumers’ hunger for new and unusual offerings, a major growth spurt is just around the corner, according to both Jaggi and Gary Schwartzman, managing director in the retail group of brokerage firm Grubb & Ellis.

“Because of the economic uncertainty right now, the activity from international retailers is seemingly on hold for the time being,” Schwartzman says. “But I think that as we go forward a couple of years, we’ll see more activity, especially from South America, Australia and China.”

## Google Could Be Coming To a Mall Near You

**Google 實體店或將進駐購物中心**

By: Allan Hoffman

I'm planning to do my holiday shopping at the new Google Store over at the mall.

You know, it's the one just between Neiman Marcus and Banana Republic. Just take a left after the Apple Store, head straight past the Microsoft Store, and you're there. You can't miss it, what with the Google logo, the Information Bar, and the Googlers enticing mallgoers with free sushi.

Actually, you won't find the store at the mall this year, and probably not next year, either, but don't be surprised if Google follows Apple's lead, just as Microsoft is doing, and decides to populate the world's malls and cities with uber-designed monuments to what is, let's face it, one of the world's most recognizable brands.

Google recently opened a pop-up store in London to sell is Chromebook laptop computer — a sign of Google's interest in experimenting with retail stores. Microsoft currently has about a dozen retail store locations, but is reportedly planning to open scores more in coming years. Apple, of course, is the master at this, having rethought how to sell — and market — its MacBooks, iPhones, iPods and other products in stores sporting an iconic and minimalist design and an abundance of hyper-friendly employees. Gaze at the crowds at an Apple Store, especially on a day when the rest of the mall is a desert, and you've got to wonder what Google can do to compete.

I actually love the idea of a Google Store, in part because I think the company could out-Apple Apple by going even further in reinventing the shopping experience. Certainly they've got the cash and the brainpower. Why not bring Google to the mall with a whole new type of store?

Beyond the obvious offerings, like Google phones, netbooks and tablet computers, here's what I'd like to see in a Google Store.

A flashy Google sign: Google often plays around with its logos (see google.com/logos), highlighting obscure and not-so-obscure holidays and anniversaries (like the 112th birthday of writer Jorge Luis Borges). Why not bring the same creativity and playfulness to Google Store signage, with whiz-bang screen technology used to allow the store to switch the sign throughout the day, maybe even with artwork created by store patrons. Photos of the signs, snapped in malls and from city streets, would spread via social media and be free marketing for Google.

Information Bar: Apple's got its Genius Bar (for help with computer problems). Google should think about making the focal point of its stores an Information Bar — a bar-like spot for help mastering the world of information (and Google searches). Though Google's search box is simple enough to use, there are plenty of tricks, and a Google Information Bar would be a hub of learning and a destination for shoppers to hone their info-sleuthing skills. Google wouldn't be able to charge for this, but customers with allegiance to Google products and services (an Android phone, say, or Google Docs) would get special attention.

The Google Hangout: This would be a spot for Google events, with the name a riff on the Google Hangouts option in Google+, which lets you conduct video conversations with up to 10 people. I imagine the Google Hangout would have free sushi, healthy juices and guest appearances by Genuine Geniuses - a sly dig at Apple - in the form of face-to-face and video-conferenced appearances by Google engineers, who would share details about their projects and help to demystify the world of Google.

Google Studio: We tend to think of Google as being all about searching. In fact, Google is now a phone maker (with its acquisition of Motorola Mobility), a computer maker (with its Chromebook), and will probably introduce other products to compete with Apple and other companies.

At Google Studio, the company would assist shoppers looking to use Google-powered tools, such as phones and computers, to create movies and slideshows and then post them at Google-owned YouTube.

The Google Books kiosk: The store would offer on-demand printing of books, via a Google Books kiosk. You'd choose what book you want, dip your credit card and then browse the store while you wait for your book to print.

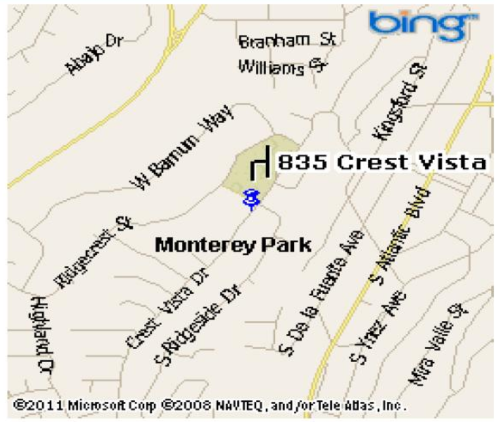
## Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)
## 消費者市場利率：房貸、基本利率、等等

*(Reprinted with Permission of 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 | 0-0.25 | 0-0.25 | 0-0.25 | - | -1.50 |
| Prime rate* | 3.25 | 3.25 | 3.25 | 3.25 | - | -1.25 |
| Libor, 3-month | 0.41 | 0.39 | 0.41 | 0.25 | 0.12 | -4.01 |
| Money market, annual yield | 0.54 | 0.55 | 0.69 | 0.54 | -0.15 | -1.88 |
| Five-year CD, annual yield | 1.61 | 1.66 | 2.14 | 1.61 | -0.53 | -2.46 |
| 30-year mortgage, fixed | 4.39 | 4.30 | 5.21 | 4.15 | -0.13 | -1.99 |
| 15-year mortgage, fixed | 3.69 | 3.64 | 4.57 | 3.46 | -0.24 | -2.43 |
| Jumbo mortgages, $417,000-plus | 5.04 | 5.00 | 5.89 | 4.95 | -0.42 | -2.80 |
| Five-year adj mortgage (ARM) | 3.20 | 3.20 | 5.79 | 3.00 | -0.33 | -2.82 |
| New-car loan, 48-month | 4.15 | 4.19 | 5.92 | 3.75 | -1.77 | -2.42 |
| Home-equity loan, $30,000 | 4.72 | 4.72 | 5.17 | 4.71 | -0.36 | -0.62 |

## Monterey Park Luxury Residence [Newly Renovated]
## 蒙特利公園豪宅 【全新裝修】

| ML# : H11055083 | 835 Crest Vista DR Monterey Park 91754 | List Price: $ 1,250,000 |
|---|---|---|


### Basic Information

| | |
|---|---|
| Status: | **Active** |
| Property Type: | **Single Family Residence** |
| Map Book: | |
| Year Built: | **1986/SLR** |
| Sqft (Src): | **4,931 (Assessor's Data)** |
| Lot Sqft (Src): | **16,013 (Assessor's Data)** |
| View: | **City Lights** |
| Assoc Dues: | |

### Interior Features

Bedrooms: **11**
Bath(F,T,H,Q): **6, 0, 0, 0**
FirePlace: **None**
Cooling: **Central**
Laundry:
Rooms: **See Remarks**
Eating Area:
Floor:
Utilities:

### Property Description

**Newly Renovated! Beautiful traditional Eastern-style home with numerous bedrooms and unique elegance. Large, spacious bedrooms on both floors in well-kept condition. Tastefully renovated with high-quality finishes, new hardwood floors and new paint. Custom-built in 1986 with addition of the back part of the house in 1992. Spacious backyard with a zen garden, a stunning large waterfall, and bountiful fruit trees. Perfect location, secluded, safe neighborhood right next to a community park and tennis courts. In addition, this home offers views of a beautiful cityscape from its many balconies upon sunset. Please call for appointments at least 24 hours in advance.**

### Exterior Features

Pool: **No**
Spa:
Patio:
Sprinklers:
Structure:
Outdoors:
Fence:
Roofing:
Lot/Community: **Patio Home**
Legal:

### Presented By

Contact: **John Hsu** CellPhone: **562-639-6849**
Contact DRE: **01093005** Fax: **562-695-4555**
Office: **STC Management**

### School Information

School District:
Elementary:
Junior High:
High School: