STC 資產管理 MANAGEMENT
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“Zombie” Properties Come Back to Life

新房东入驻，“僵尸”地产复活

By: Eliot Brown (Wall Street Journal)

Four months ago, Ky Nguyen was paying about $6,000 a month in rent for his small, 1,600 square-foot dental office, part of a mostly vacant strip mall in Manteca, Calif.

In July, he bought the entire 25,000 square-foot mall for $1.9 million, one-fifth of what the prior owner paid, purchasing it from a loan servicer that had foreclosed on the property. Now, with an affordable mortgage and some rental revenue, his debt service comes to about $2,000 a month less than he used to pay in rent for his office.

Ky Nguyen, a dentist, inside the shopping plaza in Manteca, Calif., that he purchased at a discount in July.

"We jumped on the opportunity," said Mr. Nguyen, a 36-year-old Vietnamese immigrant. He plans to fill much of the vacant space with a restaurant run by his in-laws and a chiropractor's office run by his wife.

Three years after the economy's turn sent commercial property prices tumbling, opportunities for investors are on the rise as lenders and servicers are disposing of a growing volume of distressed loans and foreclosed properties.

The increased flow brings in new owners to "zombie" buildings that have for years been struggling with high vacancy and a lack of investment by owners overwhelmed by debt.

At the same time, though, the new owners pose a threat to existing landlords who are still struggling to get by on boom-year debt levels. Today's investors are able to charge lower rents and still make a profit.

Existing landlords are "between a rock and a hard place," says William Robert, a Scottsdale, Ariz.-based former banker who now invests in distressed property with his sons. "They can't make their debt service on the lower rental rates that are available."

Special servicers, the troubled loan specialists that oversee hundreds of billions in commercial mortgages on behalf of bond investors, have sold $11.6 billion in distressed loans and foreclosed property in the past 12 months, according to analysts at Deutsche Bank AG.

That's up from $7 billion over the prior 12-month period and from $1.2 billion in the 12 months prior to that, according to Deutsche Bank.

By and large, these assets are being shed at big losses. Of the loans sold by the special servicers, bond investors suffered an average 38% loss on loans or property sold this year, according to Deutsche Bank.

"For the first year or two of the crisis, stuff was coming in faster than it would go out," said Tad Philipp, a managing director at Moody's Investor Service who tracks commercial mortgages. Now, he said, "a whole lot of stuff that got into trouble in '09 has now gone through the process."

While bank asset sales statistics aren't available, some banks also have picked up the pace of sales activity, say buyers of distressed properties.

"They're finally starting to dump these assets at prices that make sense," said Nate Paul, chief executive of World Class Capital Group, an Austin, Texas-based private-equity firm that has spent about $150 million on 25 acquisitions this year.

Distressed property sales have been occurring throughout the economic recovery. But the commercial mortgage sales throughout 2009 and 2010 were generally dominated by a few banks and the Federal Deposit Insurance Corp., which unloaded assets to major private-equity firms in large pools, sometimes filled with hundreds of properties.

Now the workload for lenders and servicers is growing, as troubled loans made during the boom years increasingly come due.

Around $400 billion of commercial real-estate loans made by all lenders mature in 2012, up from $375 billion this year and $250 billion in 2010, according to Deutsche Bank.

To be sure, many property owners who are unable to pay off mortgages amid a sluggish economic recovery are cutting deals with lenders and servicers to modify and extend the terms of these loans.

But each month, billions of dollars of new properties fall into default.

The delinquency rate for loans tied to commercial mortgage-backed securities shot up through 2009 and 2010 and has hovered between 9% and 10% for much of the past year. The rate reached 9.8% in October, its second-highest mark ever, according to real estate research service Trepp LLC.

"What you're going to see over the next three years is a potential ever-increasing volume of loans going into default," said Robert Lieber, executive managing director of C-III Capital Partners LLC, which controls a special servicer that currently oversees more than $17 billion in troubled commercial loans and foreclosed properties.

Buyers are welcoming the increased volume of distressed assets being put on the block.

Many of them raised money in the early years of the downturn in hopes of buying discounted properties but until recently there hasn't been much for sale.

Opportunities are increasing in particular for small investors like Mr. Nguyen. Most of the loans and properties being sold by special servicers are small, with an average size in 2011 of $8.4 million, according to Deutsche Bank.

Auction.com, a commercial loan-sale website that has sold more than $5 billion in commercial loans and foreclosed properties this year, says 80% to 90% of its buyers are smaller local investors.

Managers Stand Front and Center in Tenant Retention

如何通過管理留住租戶

By Paul Rosta (Commercial Property Executive)

Observers of the American political scene sometimes quip that candidates and their operatives take only a day's breather after the election before launching their next campaign. That adage holds a lesson for property managers, colleagues and clients. Whether the customer has signed a one-year lease for an apartment or a 15-year deal for a regional distribution center, the campaign for repeat business never completely subsides.

"The tenant experience from day one is really important now," explained Michael Daniels, COO for Cagan Management Group Inc., a multi-family specialist that manages some 15,000 units in Florida, Louisiana, Indiana and Illinois.

Tenant renewal depends on the efforts of multiple stakeholders, particularly owners and leasing agents, but the property manager also has an integral role. The face of ownership to the tenant, the manager also advises the owner on matters that influence renewal decisions. That role takes on heightened significance when excess capacity and relatively slow leasing velocity in most property categories and geographic areas is heightening the importance of each renewal.

Competition for tenants remains keen across the board. The retail availability rate stayed at 13.2 percent nationally from the second to third quarters, CBRE Econometric Advisors reported in early October. In the industrial sector, availability remains at 13.7 percent even after four consecutive quarters of incremental improvement. Office availability stayed at 16.2 percent nationwide from the second to the third quarters. Multi-family, the best-performing property sector, enjoyed a 70 basis-point drop in availability year-over-year, to 5.1 percent.

For third-party property managers, winning the competition requires a particularly delicate balancing act. "What seems to be a good idea to me may not be a good idea to an owner, and vice versa," explained Jo Anne Corbitt, director of property management for the Mathews Co. "I try to tell (tenants) that I'm the conduit. I'm not making the decisions." The property manager can feel caught between conflicting choices: Invest in the property today to retain tenants for the longer haul or cut outlays in the interest of a stronger bottom line short term.

Difficult as it may be, the manager has the responsibility to tell the owner things they do not want to hear. Whether or not the property manager wins the argument immediately, it is important to make the case that failing to make needed improvements may set off a downward spiral. Apartment management specialists, for instance, point out that a property's declining condition is likely to discourage renewals, and the ensuing reduction in revenue may make the owner still more reluctant to put capital into improvements. "I've seen property managers avoid that conversation for all the right reasons," reported Joe Greenblatt, president of San Diego-based multi-family specialist Sunrise Management. "That doesn't relieve you of the obligation to have that conversation."

When clients do agree to make upgrades, the investment can boost renewals. Several years ago, Cagan

Management faced declining occupancy at Park Place Apartments in Lafayette, La. Recessionary pressures had pushed the property's customary 90 percent-plus occupancy rate as low as 78 percent during the recession. Cagan decided that it would be worth tapping into reserve accounts and forgoing 12 months' worth of owner's disbursements to finance an upgrade. Among other steps, Cagan added a recreation room—carved out from part of a maintenance shop—and expanded laundry facilities. Occupancy is re bounding, and Daniels cites Cagan's willingness to invest in the property as the main reason.

Even in the apartment sector, which continues to enjoy the lowest availability nationwide and is drawing occasional new investment, renewal is by no means guaranteed. Though multi-family occupancy remains relatively strong, economic pressures can nevertheless hamper renewals, and leasing activity in general. To name one trend, underemployment restricts young people from striking out on their own. That, in turn, slows new household formation and raises the volume of available units.

Those trends are evident in the dramatic shift in pre-leasing at Cagan's multi-family complexes in Chicago, a market where October is one of the two busiest months for apartment lease starting dates. In a healthier market, demand encourages renters to nail down a new lease well in advance. About 60 percent of the units coming available by Oct. 1 are typically pre-leased at least a month before that date. This year, however, pre-leasing dropped to only 30 percent, Daniels reports.

To pick up the slack, Cagan hired staff to phone residents who had not responded to renewal offers. Those contacts turned out to be surprisingly revealing. "A lot of times, the lease renewal is the catalyst for people opening up and talking to us," Daniels said. Residents cite rent increases or personal reasons for not wishing to renew, but the property manager's failure to fix maintenance problems also comes up often. Cagan's resident outreach team is instructed to report any concerns directly to Daniels, who then follows up himself with the complex manager. Not surprisingly, a brief chat with the COO tends to prod even slow-footed managers into action.

Owners at Bat

With owners' involvement in tenant relations varying widely, property managers can also encourage clients to help retain tenants. These days, many owners are willing to join in the renewal campaign earlier than ever, reports Jeffrey Ludwig, senior vice president of Alter360, The Alter Group's third-party management unit. "They are asking the question earlier (as to) when they can and should (reach out directly to the tenant). They have a lot more to lose than all of us service providers put together."

One owner advised by Alter360 is a sterling example, taking an active role in renewal negotiations more than a year before the lease expires. The client, who owns a small portfolio of office buildings, told a tenant that he plans to invest in a backup generator so that building occupants can stay up and running if the building loses power. Whatever the tenant's final decision may be, the owner scored points by not only weighing in but committing to a capital improvement, Ludwig said.

Even a problem can be turned into a plus that makes the tenant more favorably disposed toward renewing. In early May 2010, catastrophic flooding struck the Nashville metropolitan area, killing 26 people and causing $2 billion in damage. The rising waters knocked out one of the two chillers at a

Nashville offi ce building managed by the Mathews Co. When daytime temperatures hit the 90s soon afterward, the overmatched chiller had only enough power to bring the inside temperature down to 78 degrees, still warmer than the building's standard.

As a result, conditions were less comfortable than usual during the two-week wait for a new chiller. Mathews' client came up with the idea of offering each tenant in the building half a month of free rent. Although it is too soon to say whether any will re-up as a direct result, the gesture generated good will from a situation that could easily have caused tenants to think twice about returning. "No one rejected it," Corbitt reported. "That was a big hit for the owner."

At the many properties around the country where tenants are struggling for survival, retention takes on an entirely different meaning. In these situations, property managers' role as the liaison between owners and tenants comes to the fore, as they often find themselves in the position of persuading their clients to compromise.

Compared to 2010, a growing number of tenants are losing ground in the largely retail portfolio managed by Portland, Ore.-based Elliott Associates Inc. "It's more dire now, and we're seeing businesses fail that we didn't expect to fail," said Julie Muir, senior property manager.

In the effort to find common interests between tenants and landlords, the real estate manager must walk a fine line. For less sophisticated tenants, managers should assist with analyzing nuts-and-bolts issues that can help them save money. "The biggest challenge is when tenants call seeking the landlord's help. They need to show that they've tried to help themselves," Muir said. "A lot of them don't know the cost of sales per square foot. We show them some areas they can cut themselves before going to the landlord for help."

Advising owners on tenants in crisis is another case in which property managers are obligated to say what their client may not want to hear. Offering temporary rent relief to a tenant in distress is an unsatisfying solution to landlords and lenders, but property managers should remind them that discounted rent produces more revenue than an empty space. And the manager may be the first to realize that even the best efforts may fall short. As Muir put it, "A lot of times, the tenants that want to stay open the most are the ones that shouldn't."

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Homeowners Association Directors Can't Delegate Duties to Property Managers

物業經理不可包攬業主委員會董事的職責

By Stephen Glassman and Donie Vanitzian (LA Times)

Question: The president of our homeowner association sits next to the property manager at board meetings, and the manager runs the meeting. She answers questions that owners ask the board and interprets the CC&Rs and bylaws. The property manager is the only one sitting at the board meeting that is aware of incidents occurring at our development. There are many incidents that happen in our complex that the board never hears about because most owners have a dialogue with the manager instead of the board directors. Because most owners don't attend board meetings, the only issues and incidents that get reported directly to the board are the ones the manager wants them to know about. When I brought this situation to the board's attention, one director refused to listen to me, saying he trusts the manager to take care of everything and if he didn't trust her, she wouldn't be working here. As an owner I find this attitude inappropriate. I am concerned about the association's operations, but what can I do?

Answer: There is a difference between trust and duty. Although a director may trust the property manager, he or she may not delegate his management duty to that individual or company. Ignorance of any events leading to liability, like ignorance of the law, will not excuse directors' inaction.

As for the president's trust, it too is misplaced. When the manager attempts to interpret the covenants, conditions and restrictions (CC&Rs) and bylaws of the association, that person is making a legal determination that he or she is not permitted by law to make, unless the manager is an attorney. Any incorrect explanation could prove costly to the association and could result in misdemeanor charges against the manager.

Instructing titleholders to send notification of their problems to the manager is incorrect. Management works at the behest of the board and all notices should be sent to the board of directors, who have a statutory duty to act in the best interests of the association and its owners. The board decides what will be copied to the property manager. Even if the board never reads the letters from homeowners, it is responsible for knowledge of the contents and any liability for ignoring complaints.

Directors must recognize that employing property managers does not shield them from anything, and certainly not from liability. Directors were not elected to pass the buck to vendors.

McDonald's to Increase Capital Spending in 2012 and Open 1,325 New Stores

麥當勞將在 2012 年增加資本支出并增開 1,325 家新店

By Doug Cameron and Joan E. Solsman (Wall Street Journal)

McDonald's Corp. said Thursday that it would boost capital expenditure to $2.9 billion next year, opening 1,325 outlets and continuing the revamp of existing locations.

The world's largest restaurant chain by revenue also reaffirmed its expansion goals, targeting annual average sales growth of 3% to 5%, with operating income rising by 6% to 7% and return on incremental invested capital in a high teen percentage.

Income from franchised restaurants has been the largest driver of profit growth, though Chief Executive Jim Skinner said at the company's biennial investor conference that these would stay stable at around 80% of the global store count.

Franchising accounts for 89% of U.S. stores, but penetration is small or non-existent in some large markets, including China.

McDonald's plans to open 1,100 locations in 2011, and 750 of next year's expansion will be in Asia, the Middle East and Africa, together with 250 in Europe, 200 in the U.S. and Canada and 125 in Latin America. It is also renovating 2,400 current locations

The rise in capex to $2.9 billion compares with the recently lifted $2.6 billion slated for 2011.

McDonald's also expects commodity costs for its overall basket of goods to rise 4.5% to 5.5% in the U.S. and 2.5% to 3.5% in Europe, with less pressure in the latter region because of lower chicken and dairy prices.

Executives also said that its sponsorship of the summer Olympics in London, its annual convention and a technology upgrade would lead to one-off costs of around $100 million next year, accounting for around five cents or per-share earnings.

McDonald's shares were up 0.4%, at $93.02 in recent trading. The stock has risen 22% so far this year, better than the market at large.

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Starbucks Buys Evolution Fresh, Plans Chain of Juice Stores

星巴克收購Evolution Fresh，計劃開連鎖果汁店

By Shan Li and Tiffany Hsu (Los Angeles Times)

Coffee king Starbucks Corp. is gunning for the health food industry.

The Seattle company announced Thursday the $30-million, all-cash acquisition of San Bernardino-based Evolution Fresh Inc., a natural fruit and vegetable juice maker created by Jimmy Rosenberg, who also founded the Naked Juice brand.

With Starbucks coffee shops as ubiquitous as hamburger joints, the company is looking to target a new market by opening a chain of stores next year centered on "wholesome" beverages and food.

Starbucks Chief Executive Howard Schultz said Thursday that acquiring Evolution Fresh, which offers juices such as tangerine and organic ginger limeade, is an important step toward entering the $1.6-billion premium juice business and the $50-billion health foods market.

"Our intention is, over time, we would have a national footprint of juice stores positioned for health and wellness," Schultz said in a conference call.

With the market for coffee shops nearly saturated, Starbucks is looking for a new arena to grow and is eyeing natural foods. Analysts said the expansion comes at a period of high growth for the health food industry, and one that could be hugely lucrative if handled properly by Starbucks.

"Juice and health food is somewhat related to what Starbucks already offers now, and it's a growing and attractive industry," said Kurt Frederick, a health and wellness analyst with Wedbush Securities. "Many people are interested in natural and organic food now."

Grocery chains such as Whole Foods and juice stores like Jamba Juice and Smoothie King are also angling for the wallets of organic health food lovers. But what Starbucks is aiming to do, analysts predict, is to create hip, fun juice shops that will transform juice much the way the company did with coffee.

Starbucks has the clout, marketing savvy and name recognition to make its juice and health foods a premium brand and take market share from competitors, said Nima Samadi, a restaurant analyst with research firm IBISWorld.

"They will put a Starbucks spin on it," Samadi said. "They'll create the atmosphere that will draw customers into the drink arena like they did with coffee."

Samadi said that expansion was a smart move for the company, which has struggled in the past with an oversaturation problem, with some city blocks containing multiple Starbucks shops. Several years ago, the company closed hundreds of stores after the chain's growth began to dilute the power of the brand, taking the focus off the coffee.

Starbucks has sought to expand beyond coffee and into food such as sandwiches, salads and baked goods. Earlier this year, the company signaled its expanding ambitions by rolling out a new logo featuring the familiar sea siren, but without the words "Starbucks Coffee."

Starbucks plans to carry Evolution Fresh juices, which can already be found at grocery stores on the West Coast, at its coffee shops next year.

The company has yet to reveal many details about the juice shops, including whether they will carry the Starbucks name.

The coffee chain can count on some loyal customers, such as Jerick Dizon, 24, to test out its juice.

The photo editor from Westchester, who is a coffee drinker, said it might be "tricky" for Starbucks to perfect its juice formula.

"But if there's a Starbucks around — and there usually is — I'd probably give it a try," he said.

Malls Aim to Meet More Needs in One Place

購物中心力求為消費者提供一站式服務

By Andrea Chang (Los Angeles Times)

Going to the Westside Pavilion mall is a Friday afternoon ritual for Jenny Ouchi and her 8-year-old son, Will. But shopping isn't usually on the agenda.

Ouchi drops Will off at Music Stars & Masters on the second floor, where he takes private piano lessons. During the half-hour session, Ouchi, 38, runs errands in the Los Angeles shopping center, such as getting her nails done or mailing a letter at the in-mall post office.

"It's definitely a timesaver," said Ouchi, a part-time pediatrician who lives on the Westside. "The more things I can do in one trip, the better."

Malls are looking more and more like Main Street.

With retail spending gradually shifting to the Internet, the enclosed shopping centers best known for department stores, teen apparel chains and shoe shops are increasingly adding the kinds of services people usually find closer to home.

So instead of all-day spending sprees, consumers are showing up to drop off prescriptions, get their teeth whitened, have keys made or work out at the gym.

Westside Pavilion, for instance, offers child development classes, shoe and jewelry repair, a hair salon and a massage shop. A branch of National University, a private nonprofit college, is slated to open soon. Music Stars & Masters recently expanded, opening a second location in the mall last month for birthday parties and group lessons.

That's just the beginning. Visit any Southern California shopping center and there's a dizzying array of new businesses: day-care and tutoring centers, cooking schools, grocery stores, florists, Ticketmaster branches and shops offering eyelash extensions, car detailing, handbag repair, career counseling and pet adoptions. There are even dialysis centers and dental offices.

National chains once mostly found in stand-alone big-box locations, such as Target and Costco stores, also are moving in.

"Nontraditional tenants in a retail property is really the wave of the future," said Michael Niemira, chief economist at the International Council of Shopping Centers. "We've hit the saturation point of retail."

Non-retail and non-restaurant businesses make up about 17% of leasable regional mall space, but that number is expected to grow quickly and could reach 25% within a decade, he said.

The rise of the hybrid shopping center was sped up by the retail industry's troubles during the recession, as malls around the country looked for unconventional tenants to fill shuttered storefronts, often by offering reduced rents and other favorable lease terms. The growth of online shopping has also caused many retailers to downsize or close underperforming bricks-and-mortar locations, opening up spaces for newcomers.

The changes rankle some merchants, such as Sara Dovan, co-owner of Traffic, a high-end clothing boutique at the Beverly Center. The Los Angeles mall is one of the few in the area to resist adding general-purpose services and stores, which Dovan said were "not appropriate at all" for upscale centers.

"I pray to God they will never open those shops in the Beverly Center. I'm totally against it," she said. "It starts to feel like bazaar shopping, not luxury shopping."

Although malls may be less exclusive these days, the mixed offerings have been a boon to busy consumers and have led to impulse purchases as well.

Diane Henry, 62, recently had an hour to get ready for a fundraising event and drove to Westfield Culver City to get her eyebrows threaded at Shapes Brow Bar and buy a shawl from Macy's. At the department store's checkout counter, Henry noticed a jewelry display and mused that a new pair of earrings would go well with her outfit that night.

"Now I'm doing something I wasn't necessarily planning on, and that's how they get you," said Henry, a real estate agent from Baldwin Hills. Her one disappointment? "I wish they had a car wash. I would have been set."

Service-oriented shop owners, meanwhile, get to harness malls' built-in foot traffic. Many say they're seeing business soar and don't need to advertise because their locations alone are enough to attract customers.

After years co-owning three L.A.-area barbershops, all in stand-alone street locations, barber Percy Souder Jr. became frustrated by the long periods of downtime between clients. So when it came time to open a fourth shop, he chose a 260-square-foot kiosk in Westfield Culver City. Edge-Up barbershop, sandwiched between a Best Buy, Lady Foot Locker and teeth-whitening station in the middle of the mall, opened three months ago and quickly became Souder's busiest shop. He recently signed a lease for another mall space, at Westfield West Covina.

"I figured instead of waiting for the people to come to me, I'd go to the people," Souder said as he snipped a client's hair in view of passing shoppers. "I've stolen many a client from his barber, and that's not because I'm so much better than everyone else, but because I'm convenient."

LaJuan Davis, 52, was picking up job applications at the mall recently when he came across Edge-Up. The sight of the electric-green kiosk piqued his curiosity, and he circled back to take a second look. But the downtown L.A. resident was initially skeptical about getting his hair cut in public.

"You don't want to take your Benz to a Volkswagen" repair shop, he said dubiously, before deciding to give the barbershop a chance. Fifteen minutes later, a freshly shorn Davis emerged. "Fantastic," he said. "I'm very satisfied."

Mall executives say although they've become more open to atypical tenants, they're careful to make sure the balance of offerings is right.

"If our shoppers identify with a tattoo parlor, chances are, we'll either pursue one or an entrepreneur will come to us," said Randy Brant, executive vice president of real estate at mall operator Macerich, which owns Westside Pavilion and Santa Monica Place. That said, "we have to be fashion first — any regional mall that has lost its fashion sense is dead."

They've had to draw the line in some cases.

"We get calls every day to do medical marijuana facilities," said Larry Green, senior vice president of development for Westfield. "We haven't gone there yet."

Retail Demand Continues Steady Recovery, Some Pockets of Pain Persist

節日臨近，零售業需求緩慢但平穩恢復

By: Randyl Drummer (CoStar)

With the holiday shopping season getting under way in earnest this month, recession-weary American consumers are setting aside their worries about stagnant U.S. employment, a soft housing picture and the debt crisis in Europe to go shopping. That's providing fuel for the slow-but-steady improvement in retail property fundamentals that has emerged in recent quarters.

Consumers rode out a slow-but-not-stalled economic expansion during the spring, and annualized GDP growth edged up in the third quarter, with lower interest rates beginning to have their intended effect -- encouraging purchases of durable goods like autos and stronger spending by consumers on home improvements, food and beverage and electronics, furniture and appliances, according to data presented at CoStar Group's Third-Quarter 2011 Retail Review and Outlook.

"Retail spending started out with 'needs'-based items like health care and general merchandise at Target and Wal-Mart, and it's now widened to include more of the 'wants' by consumers," said Senior Real Estate Strategist Suzanne Mulvee, who co-presented the quarterly review with Real Estate Economist Ryan McCullough.

Even as shopping centers and malls logged their ninth consecutive quarter of positive absorption nationally at 17 million square feet, the pace of increase in the third quarter remained muted compared with absorption during the market peak back in 2007. Cautious retailers are leasing space at a much slower rate than they did at the height of the housing boom, and many have weeded-out underperforming stores.

"We're seeing very light absorption given this period of the recovery, especially considering the retail sales volume," said McCullough. But those retailers that survived the downturn are performing well, reporting higher sales per square foot, he added.

Other chains, such as Best Buy, are shrinking their footprints at existing properties, Mulvee noted.

"They're looking at demographics and trends like online shopping and wondering how they're going to grow their top line, and they haven't quite figured it out yet. Until they do, I don't think we'll see a major ratcheting up in demand for physical space," Mulvee said.

CoStar sent questions to retail webinar respondents prior to the event last week to sample their views on the economic forces shaping their local markets, along with which types of product are hot and which are not. Predictably, participants representing core markets were fairly bullish, while many of

those doing business in secondary and tertiary locations continued to be discouraged by the retail real estate environment.

"Gyrations in sales volume appears to be driven primarily from discounting and bargains offered by retailers and are not a reflection of any true improvement," with confidence-lacking consumers still buying what they need and not their desires, said Michael Berube of Berube Company in San Mateo, CA, a view expressed by several other respondents.

Some retailers such as Wal-Mart are rolling out smaller format stores in urban centers to reach out to new customers. As suburban housing expansion has come to a standstill and urban core centers enjoy a rebirth, especially among renters in their 20s and 30s, retailers are finding an tapped market in undersupplied areas.

Restaurant growth is reported as especially strong, with residents eating fewer meals at home, a trend reflected in Census figures that show declining sales of food consumed at home. Sit-down and fast-food restaurants are taking an increasing role on large retail leases, and not just in urban locations, McCullough said.

Wal-Mart and other retailers are adding food to their offerings to take advantage of these shoppers, a trend noted by several e-mail respondents.

"Food has become more prominent at a variety of chains as it brings shoppers in more frequently, driving sales gains. For example, Target at The Pavilions at Talking Stick added fresh foods," said Linda Whitlow, director of public relations, De Rito Partners, Inc. in Phoenix. Whitlow added that unemployment in the area is still high and consumers have fewer discretionary dollars to spend, and are looking for more value for those dollars spent.

"My experience as of late is that retail leasing is very slow, with two distinct exceptions. Restaurant activity has been and continues to be very strong. Also, leasing activity for general retail is very active for large, over 10,000-square-foot, very well situated spaces that have all the other important attributes such as parking and visibility," added Norman Lotstein, vice president, Pyramid Real Estate Group, a retail specialist working primarily in southern Fairfield County, CT.

"Target just added grocery and expanded their stores in this region while Wal-Mart seems to be opening a new SuperCenter every 3-6 months," said David Doerr of Realty USA Commercial Division in Buffalo, NY.

Strip centers and neighborhood centers have been the slowest to see absorption gains, while power centers have performed strongly, with competition and tightening vacancies in some core markets for larger floor plates, CoStar's McCullough said.

Respondents reported that many of the abandoned Circuit City and Borders stores are being replaced by such tenants as fitness centers, seasonal Halloween and Christmas stores and in one case in the San Francisco area, a 10-year lease of a Circuit City store to the Peninsula Ballet Theatre and Conservatory.

However, "I have yet to see any abandoned big box stores replaced by like-kind credit worthy tenants, which was perceived of Borders, Circuit City, etc.," said Jeff Rigg, assistant vice president, Wells Fargo Bank - RETECHS, in Columbus, OH. "A number are temporary season tenants ... but very few national retailers have filled these spaces, most likely due to market overlap."

Denver, a metro at the intersection of technology and energy employment, has seen especially strong gains in absorption, leading the country with 1.3% of total retail inventory, with other strong markets including Seattle/Puget Sound, Boston, Washington, D.C., Houston and South Florida, the CoStar economists said.

In contrast, several metros plagued by large amounts of vacant "zombie" retail space such as Phoenix and Atlanta are plodding along with 25-35% vacancies.

While the national vacancy rate has ticked down slightly in recent quarters from its peak in early 2010, the availability rate -- space being marketed by landlords in anticipation of a tenant’s departure -- is improving at a slower pace, which is not encouraging given that some national chains are still announcing they will close more stores, Mulvee said.

Power centers are the only retail category where vacancies are continuing to edge down, with strip centers, neighborhood center and even community centers, many populated by mom-and-pop businesses, grappling with stubbornly higher vacancy rates.

That said, while the vacancy improvements are modest, they’re also broad-based. About two-thirds of the thousands of submarkets that CoStar tracks saw declining vacancies in the third quarter.

In one interesting exception to the lack of strength in non-core markets, Doerr said the strength of the Canadian dollar and loonie-toting tourists is providing an extraordinary boost to tourism and malls in his area, which includes Niagara Falls.

"In the Buffalo and Western New York retail market, we are uniquely positioned at the Canadian border and have approximately 6 million people within a 90-minute drive which includes the greater Toronto area," Doerr said. "We closely watch the value of the Canadian dollar against ours."

"I think retailers tend to only look at demographics and fail to know how strong our retail sector actually is beyond straight demos," he said.

In fact, in one of the largest investment sales of the third quarter, AWE Talisman sold Fashion Outlets of Niagara Falls to The Macerich Company for $200 million, or $377 per square foot. The 530,000-square-foot center right on the border is 95% leased, taking advantage of the strong cross-border trade.

More Tenants Satisfied with Staying Put

忠誠度上升，更多房客願意續租

By Mark Heschmeyer (CoStar)

More than 61% of tenants in U.S. office buildings intend to renew their leases, according to Kingsley Associates' Q3 2011 Office Industry Trends.

During the four quarters ending September 30, 2011, 61.3% of tenants indicated that they "definitely" or "probably" would renew, the highest level of loyalty since 61.9% in the fourth quarter of 2008. Furthermore, 64.8% of tenants reported either "good" or "excellent" value for the amount paid, up from 63.9% last quarter.

Other signs hint at a strengthening office market. Nearly 15% (14.9) of tenants anticipate the need for more space, an increase of 2.8 percentage points since the fourth quarter of 2009, the recent low. Furthermore, 37.8% of tenants expect to add headcount at their location.

"Office users have taken advantage of favorable rates and are generally happy with their space," comments Jim Woidat, principal, Kingsley Associates' San Francisco office. "Now that the economy has stabilized somewhat, there are indications they are ready to start hiring again."

Boston is a leader among major U.S. markets in both future space needs (15.8% of tenants indicating the need for more space) and anticipated headcount growth (41.7% of tenants expecting to add headcount). Boston is also one of the few markets where more tenants are placing value on green buildings practices.

Nationally, the proportion of tenants indicating that green practices are "very" or "somewhat" important to them fell below 59% (58.6) for the first time in three years. But in Boston, it rose to 62.2%, up from 60.3% last quarter. These and other findings are available in Kingsley Associates' Q3 2011 Office Trends.

Bank of America Expects $1.8-billion Gain From Stake in Chinese Bank

Bank of America 預計將通過賣出中國建設銀行股票收穫$1.8 億

Source: LA Times

Bank of America will sell most of its remaining shares in China Construction Bank as it raises cash and shores up its capital base.

The latest sell-off in the Chinese bank, announced Monday, is expected to generate an after-tax gain of about $1.8 billion. Last month Bank of America posted a $3.6 billion third-quarter gain by selling shares of China Construction, China's third-biggest commercial lender

Bank of America had owned about 10 percent of the bank's shares before it announced plans in late August to cut its stake. After the latest sale of about 10.4 billion shares closes this month, Bank of America will own about 1 percent of China Construction Bank Corp.'s common shares. The shares are being sold to a group of private investors in transactions managed by Bank of America Merrill Lynch.

Bank of America, like others in the financial sector, is making changes to comply with new international regulations. The bank has recently been selling off noncore assets and businesses. That includes its recent sale of a stake in HCA Holdings Inc. for an after-tax loss of $1.2 billion. Like many peers, Bank of America has also recently been cutting jobs.

Chief Financial Officer Bruce Thompson said the latest sale, supplemented by a related realization of deferred tax assets, will generate an additional $2.9 billion to bolster Bank of America's capital base.

With the sale, a strategic assistance agreement between Bank of America and China Construction Bank will remain in place. That pact covers cooperation in specific business areas.

Shares of Bank of America rose 3 cents to $6.24 in premarket trading. The shares have lost about half their value this year. Bank of America posted lower revenue and income in its credit card, real estate and investment banking businesses and ceded its spot as the largest bank in the U.S. to JPMorgan Chase & Co.

Bank of America Corp., based in North Carolina, has faced numerous problems stemming from its 2008 purchase of the nation's largest mortgage lender, Countrywide Financial Corp., but the bank says that becoming smaller is part of its strategy.

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Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)

消費者市場利率：房貸、基本利率、等等

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	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	-	-1.00
Prime rate*	3.25	3.25	3.25	3.25	-	-0.75
Libor, 3-month	0.46	0.44	0.46	0.25	0.18	-1. 78
Money market, annual yield	0.53	0.51	0.67	0.50	-0.13	-1.90
Five-year CD, annual yield	1.53	1.59	2.08	1.53	-0.51	-2.40
30-year mortgage, fixed	4.26	4.26	5.21	4.57	-0.26	-1.91
15-year mortgage, fixed	3.58	3.57	4.57	3.46	-0.32	-2.38
Jumbo mortgages, $417,000-plus	4.94	4.93	5.89	4.93	-0.45	-2.72
Five-year adj mortgage (ARM)	3.20	3.21	5.79	3.00	-0.36	-2.72
New-car loan, 48-month	4.19	4.14	5.67	3.75	-1.48	-2.40
Home-equity loan, $30,000	4.84	4.77	5.17	4.71	-0.24	-0.24