STC 資產管理 MANAGEMENT
Lic. No. 01299442

COMMERCIAL REAL ESTATE MARKET UPDATES

GENERAL
市場概括

- Excess Capital Spurs Buyers Into Purchases for Fear of Missing Deals
投資者怕錯過好時機的心態使商業地產交易量迅速上升，但由於基本條件（如就業率、空屋率等）依然落後，專家擔心過多的資金會導致另一個地產泡沫
- For Distressed Investors, There is Nowhere to Go But Up
隨著地產交易價上漲，銀行今年很可能會放出更多不良資產
- Blackstone's Centro Grab Marks a Turning Point in the CRE Cycle
Blackstone 對 Centro Properties 美國購物商場的收購被譽為商業地產復蘇的基石

MULTIFAMILY
公寓

- Apartment Investors in U.S. Not Scared by Vinyl Siding in Search of Yield
隨著美國公寓租賃需求的持續上漲, 投資者將目標從 A 級 公寓(位於大城市中心狀況良好的地產) 擴展到 B 級公 (有增值空間的地產)

RETAIL
購物商場

- Retailers' Growth Plans up 40%
新報告概述 400 多個零售商 2011 年的擴展計劃

FINANCING
貸款與資金

- Banks' Commercial Mortgage Default Rates Fell – Now What?
雖然由銀行貸款的商業地產拖欠率在 2010 年第 4 季度稍微下降，但銀行依然面對許多挑戰（法拍庫存的處理等等）
- Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)
消費者市場利率：房貸、基本利率、等等

STC LISTINGS
STC 獨家代理物業出售

- San Gabriel Office/Retail
聖蓋博獨棟商用物業
- Santa Ana Preschool/Redevelopment Opportunity [In-Escrow]
橙縣幼稚園/重新開發機會
- Main St. Alhambra Retail/Office Mixed Use [In-Escrow]
阿罕布拉零售/辦公樓
- Monterey Park Luxury Residence
蒙特利公園豪宅

INVESTMENT OPPORTUNITIES
投資機會

- La Palma Strip Center
La Palma購物商場

www.stcmanagement.com
10722 Beverly Blvd, Suite P, Whittier, CA 91601
www.stcmanagement.blogspot.com
(P) 562.695.1513 | (F) 562.695.1834

Excess Capital Spurs Buyers Into Purchases for Fear of Missing Deals
投資者怕錯過好時機的心態使商業地產交易量迅速上升，但由於基本條件（如就業率、空屋率等）依然落後，專家擔心過多的資金會導致另一個地產泡沫

By: Joe Caton (NREI Online)

While commercial real estate fundamentals are clearly in the early stages of a long healing process, the large amount of debt and equity that's already being deployed in the industry following the Great Recession is raising eyebrows. Jamie Dimon, CEO of J.P. Morgan Chase, recently stated that the expected buildup of capital in the banking system over the next year "may make people do stupid things."

There also are signs everywhere that transaction volume is on the rise. The Westfield Group, a shopping center owner, is mulling the sale of stakes in some of its top-performing U.S. assets to joint venture partners.

It is also stepping up plans to completely sell off its less-productive assets around the world. According to Westfield's CEO Peter Lowy, the group wants to both raise and free up capital for more acquisitions now that market conditions have improved.

American International Group's recent sale of portions of the Atlantic Station mixed-use project in Atlanta provides more evidence of how capital is finding its way into secondary markets.
AIG's financial troubles in 2008 required a capital infusion from the U.S. Treasury Department. AIG sold a piece of the development's retail, office and even vacant land to CBRE Strategic Partners U.S. Opportunity 5 Fund.

The sale came at a steep discount. Even so, a vacancy rate of over 55% in the retail portion of the complex has not deterred investors. This transaction proves that investors are willing to reach for bargains beyond the well-worn path of expensive primary markets.

CMBS rebound

For its part, the commercial mortgage-backed securities (CMBS) marketplace also is attracting investors as optimism grows. The forecast from analysts at Reis and Real Capital Analytics is that global CMBS issuance in 2011 likely will reach the $40 billion level.

Even though this total is a mere shadow of the $315 billion peak of 2007, it is more than double the $18.3 billion reached in 2010, according to industry newsletter Commercial Mortgage Alert.
As further optimism on the CMBS front, Minneapolis-based U.S. Bancorp just closed its $75 million acquisition of the securitization trust administration business of Bank of America Corp. The unit provides securities packaging and sales that include CMBS bond services to investors.

The fact that U.S. Bancorp would make a substantial investment in a business with a $1.1 trillion exposure to securitization assets is testament to the industry's confidence in the future of the bond issuance business.

Growing too quickly

It's difficult for the average American with no ties to the finance industry to understand that there is now a real concern that capital may be too abundant. After all, the national unemployment rate in January stood at an unhealthy 9%, and the number of home foreclosures continues to rise.

In the world of real estate finance and investment, however, the best bargains come during a bad market, as has been the case over the past 18 months. A surge in the number of announcements from lenders heralding completed transactions confirms that capital is flowing through the economy at a faster pace than is apparent to Main Street.

Relatively stable interest rates tend to attract large-scale institutional capital, and current conditions confirm Jamie Dimon's concerns about safeguarding his bank's capital.

Thus, one can't help but pay attention to the velocity of the next real estate cycle. Should rates remain stable, institutional capital will be drawn to weaker, higher-yielding transactions, setting the stage for another potential real estate bubble (see table).

Meanwhile, investors' bold initiatives continue to make headlines. From AREA Property Partners' plan to deploy $500 to $800 million of equity in the U.S. in 2011 to Blackstone's planned seventh global opportunity fund, the real estate recovery appears to be here to stay. AREA is targeting recapitalization deals and Blackstone is leading the revival of the real estate mega funds.

It's not by accident that a number of large M&A deals, most notably the merger between warehouse investment giants ProLogis and AMB Property Corp., are occurring now.

Market participants don't want to miss the boat when it comes to bargains and high returns. Expect to see more jaw-dropping news releases and activity in the coming months.

STC 資產管理 MANAGEMENT Lic. No. 01299442

For Distressed Investors, There is Nowhere to Go But Up
隨著地產交易價上漲，銀行今年很可能會放出更多不良資產

By: Mark Heschmeyer (CoStar)

If conditions in commercial real estate have indeed hit bottom, then an increased amount of distressed assets could hit the market this year -- and values could also begin to tick up. That is the general consensus of industry professionals that CoStar Group interviewed for their outlooks on distressed investing in 2011.

Contributing to this expectation is a change seen in the dynamic among lenders. Up until very recently, banks have been reluctant to foreclose on distressed loans because they would be forced to take huge write downs - i.e. losses on those assets. So a policy regarding under-performing loans on commercial real estate that has come to be called "extend and pretend" has become prevalent in banking for the last three years.

But if as industry players now suggest that values have stabilized, then the uncertainty that bankers have faced on valuations will begin to clear up.

"We think that the distressed CRE market will continue to see increased deal flow in 2011. As the broader economy recovers, banks are more capable of accurately assessing value and realizing a more clearly defined exit from nonperforming loans which bank balance sheets are now able to handle," said Kevin Brands, managing principal of Holt Lunsford Commercial in Addison, TX. "Thus, the banks see a bid ask spread narrowing and will show progress in concluding their "extend and pretend" strategy and push the distressed assets onto the market."

A commercial real estate bottom will also help restore confidence to investors in more properties besides the best properties in the best markets, Brands said.

"As economic growth returns and supports investor confidence in future absorption and lease rate recovery, investors will place value on vacancy and near term renewals. Thus, investors will be more aggressive in bidding down cap rates in less stabilized assets to a more historically accurate discount to core properties," Brands said.

"Similarly, while multifamily was the first product type to see recovery due to its short lease duration profile and more stable occupancy levels, industrial and office will benefit in 2011 from capital migration up the risk spectrum as the broader economy restores confidence and capital actively seeks to be put to work in higher yielding product," Brands added.

For the rest of this story, we'll let industry executives do the talking.

Upward Pressure on Pricing

With banks and other lenders better positioned to dispose of excess real estate as financial conditions improve, lenders will increasingly liquidate distressed assets in 2011. In fact, the fourth quarter of 2010

marked the first period this cycle where distressed sales outpaced additions to distress, resulting in a net decrease of $8 billion to distress in the market.

A majority of the distressed sales, however, will be concentrated in low-quality assets in tertiary locations with limited discounting. The wave of premium properties that many investors and opportunity funds anticipated appears increasingly unlikely.

Because much of the distressed property will be lower quality assets in secondary or tertiary locations, often with substantial vacant space, these investments will naturally carry higher risk. With average cap rates among top-tier properties in primary markets already beginning to compress in 2010 and the expectation that this trend will carry to secondary markets this year, distressed assets offering favorable yield potential will require hands-on engagement.

The substantial pool of buyers searching for these opportunities, however, will place upward pressure on pricing in the coming year, so the deep discounts anticipated by many will not materialize.

Al Pontius, senior vice president and managing director of Marcus & Millichap in San Francisco

Half of All Deals are Lender Directed

I have closed 30 multifamily transactions in the past 24 months in multiple markets around the Midwest and Southeast. About 50% of that business has been lender-directed, whether REO sale or pre-foreclosure (deed in lieu). With most offerings generating 10 to 15 offers, we have seen about a 20% to 30% premium in price if the existing lender is willing to finance the buyer. The rule holds true for large institutions all the way down to small community banks.

David N. Gaines, senior associate National Multi Housing Group of Marcus & Millichap in Chicago

Easier To Find Financing

Distressed lending is the most competitive end of the market. Many new funds have raised capital for high yield debt investments and are competing for a limited number of opportunities. We have been successful in finding both bridge debt and, in a few cases, debt coupled with preferred equity so that an owner can obtain the leverage necessary to not just refinance a project but to properly recapitalize it as well.

We are bringing in either higher leverage debt or gap funding to help owners recapitalize a property or quickly seize a discounted payoff opportunity. Owners can then lease up the property, get it stabilized and then lock in longer term take-out financing from a CMBS or a life insurance lender.

Marcus J. Mollmann, president of Reliquid in Greenwood Village, CO

Debt Pricing Converging; Property Prices Unrealistic

There is a tremendous amount of capital chasing so-called "distressed deals." There is an uptick in the

amount of deals hitting the market with bank or special servicer control. We find pricing to be unrealistic, and it seems several buyers (mostly those who have raised capital with a dire need to deploy it) have amnesia.

These days, distressed debt has less mystique about it, and the pricing for debt is converging with the true value of the underlying real estate.

Aasif M. Bade, president of Ambrose Property Group in Indianapolis, IN

Blinded by the Discount

Prices are moving upwards based on the large amount of capital chasing yields. There are too many uneducated capital investors who do not fully appreciate or understand the industry segment they are just looking at the discount from the "high point."

There is still too much vacant space inventory and some lenders are actually funding new development, which is irresponsible in areas where lenders have too many defaulted loans, pretend and extend deals, and municipalities are getting hit with property tax assessment challenges based on too much vacancy. It just forces more properties and loans into the hopper

Chuck Breidenbach, managing director of MDC Retail Properties Group, an affiliate of Mountain Development Corp. in Clifton, NJ

Path of Least Resistance

Debt investing has been the path of least resistance for distressed owners. Given bank balance sheet issues and overall real estate intrinsic impacting CMBS, direct equity investments have been limited, pushing more people to debt purchases.

Institutional investors have pulled back on the risk scale and are willing to pay higher prices versus taking on "market" risk. For other investors, taking on risk is their "game" so they don't see it as taking on "more" risk.

There is just not enough money out there to refi everything, so you should continue to see a steady flow of distressed real estate.

Eric Paulsen, vice president acquisitions/dispositions at LNR Property Corp. in Newport Beach, CA

Dynamics in Place for Increased Deal Velocity

There is an abundance of opportunities, particularly in the mid- to small-sized CRE properties. We will continue to see an uptick in REO sales from regional banks and healthier community banks, as they look to bring in new capital or reposition. Bank failures will continue throughout this year and into next, and the acquiring banks will be motivated to offload distressed assets at current market prices. We have reached the point where the gap in seller and buyer expectations has been bridged enabling deal

velocity to pick up.

Some buyers were burned by purchasing distressed debt often with more challenges and issues than were evident. Savvy buyers who know the market and product type will feel more comfortable just buying the underlying assets, which are somewhat "cleansed" through foreclosure.

Multifamily will continue to be sought after, but sales of other well-located income producing assets (industrial, retail, and office) will pick up as well. REO land sales will continue to be slow, and only very isolated and specific new development will pick up in the second half of 2011. The products that are located in areas that stretch the boundaries of suburban Atlanta will be the most challenging to sell and reposition.

Rush Bradley, REO services for Lavista Associates Inc. in Norcross, GA

The Race is to the Nimble

I still feel there are many opportunities out there for cash-buying entities that are nimble enough to offer short due diligence time frames and quick closings. High net worth individuals or their small affiliated groups with local marketplace knowledge can utilize this advantage. These "local" investors find very low rates of return on their cash from lending institutions and project large potential returns on the backside with projected 5- to 10-year holds. This is especially true with blocks of commercial and/or residentially zoned lots or acreage where there are low annual carrying costs and there are fewer problems that can arise from vacancy, non-paying tenants, or troublesome leases that occur when dealing with improved properties.

Craig Hiser, owner / broker of CMJP Properties Inc. in Columbia, IL

2011 Will Bring Resolutions To Many Properties

For a buyer (whether an institutional type investor or user buyer) that is strong financially there are many opportunities. However, from recent experience for the smaller office and industrial properties there is still a gap between what buyers are willing to pay and what sellers anticipate. But there may be less risk in general because the bottom of the market for commercial property types is behind us in 2010. My guess is that distressed properties that did not get resolved in 2010 will be resolved in 2011.

Peggy Gallagher, president of PG Commercial Real Estate | ITRA in Springhouse, PA

Staying Away from Low Growth Areas

I believe it will be more investment in properties as some banks will let go of OREO because the market has inched up a bit.

For us it's distressed debt [that holds the most interest] it has higher potential returns, especially when you cannot leverage CRE enough to get the close or similar returns. We stay away for states with

declining or low population growth and little future employment opportunities.

Orlando Garcia, president of Casa Properties in Miami, FL

The rubble of distressed commercial real estate properties and loans has piled up shockingly during the Great Recession (waning though it appears to be) and has left the country littered with overvalued and overleveraged assets. The good news is that, it also means that money that has been raised and stockpiled for to pick through such properties still have opportunities to uncover prized nuggets.

At the end of February, CoStar Group's database shows more than 118,487 distressed office, industrial and shopping center properties (defined as those that are currently 60% or more vacant.)

As a way of comparison, in September 2009, when we last reported the total, CoStar counted 80,000 distressed office, industrial and shopping center properties. The number today is 48% more than 15 months ago.

By property type, CoStar Group currently shows 48,230 office properties more than 60% vacant; the vacancy rate in those properties averages 69%.

CoStar also shows:
* 43,009 industrial properties, averaging 80% vacant;
* 17,730 shopping centers, averaging 65% vacant; and
* 9,518 flex properties, also averaging 65% vacant.

In the banking arena, CoStar Group tallies more than $157 billion in delinquent nonresidential loans on bank books at the end of 2010; $10.4 billion in delinquent multifamily loans and another $57.8 billion in construction and land development loans. Banks reported another $29.2 billion in restructured nonresidential loans.

In addition, banks reported holding more than $10.2 billion in foreclosed nonresidential properties, $2.6 billion in foreclosed multifamily properties and $18.1 billion in construction and land development properties.

In all, distressed CRE bank assets totaled $185.5 billion at the end of the year. That compares to $176.5 billion at the end of September 2009.

The amount of foreclosed upon properties is about 33% higher than it was 15 months ago. Foreclosed upon apartment complexes and non residential properties each has nearly doubled and foreclosed upon construction and land development properties have increased about $4 billion.

In commercial mortgage-backed securities, ratings firm Realpoint reported that the delinquent unpaid balance for CMBS loans totaled $62.09 billion at the end of January. That figure has doubled since September 2009, when it stood at $31.73 billion.

Multifamily properties make up $16.9 billion of total, followed by:

* Retail at $14.9 billion;
* Office, $13.7 billion;
* Hotels, $9.4 billion; and
* Industrial, $3 billion.

Blackstone's Centro Grab Marks a Turning Point in the CRE Cycle
Blackstone 對 Centro Properties 美國購物商場的收購被譽為商業地產復蘇的基石

By: Elaine Misonzhnik (Retail Traffic)

Blackstone Group's agreement to acquire Centro Properties Group's U.S. shopping center portfolio for $9.4 billion is being hailed as a sign that the retail real estate market has officially turned a corner. The deal means that two Blackstone acquisitions—Equity Office Properties in early 2007 and Centro's retail properties today—make for neat bookends in marking the commercial real estate's cyclical peak and the end of the bottom.

Overall, the deal ranks as the second largest retail real estate acquisition ever, surpassed only by General Growth Properties' $12.4 billion acquisition of Rouse Co. in 2004.

Centro has spent the past several years struggling to find ways to deal with its overleveraged assets before eventually ceding control to its lenders in late 2008. The fact that the firm has managed to secure a buyer for all of its U.S. holdings for what seems to be a reasonable price and even got multiple bids for the portfolio signals a new stage in the market cycle, according to several brokers and two real estate research firms. As a whole, Centro's total portfolio is worth $16.8 billion, while it has $16.3 billion in debt.

According to a release issued early Tuesday morning, BRE Retail Holdings, an affiliate of Blackstone Real Estate Partners VI L.P., has entered into a binding stock purchase agreement with Centro Group (including Centro Retail Trust) to acquire Centro's U.S. assets, including its management platform, for a total price of $9.4 billion. Overall, the company owns 588 mostly grocery-anchored centers. According to Centro, the value ascribed to Centro Retail's portfolio is $4.3 billion, representing a 1.3 percent discount to the property book value as of December 31, 2010.

Centro Retail's net proceeds of $500 million will be used to retire the bulk of the entity's expiring Australian debt facilities. As a result of these repayments, Centro Retail will reduce its leverage level from 75 percent to 43 percent.

"After careful consideration of alternatives and multiple bids for the platform and individual portfolios, the offer from Blackstone was compelling and its acceptance was deemed to be in the best interests of [Centro Retail] securityholders," Centro Retail Chairman Peter Day said in a statement. "The completion of the sale will be a significant step for [Centro Retail] in its restructure and will significantly simplify its business model by becoming an Australian-only REIT with a high quality investment portfolio. The sale unlocks significant financial capacity which will be used to recapitalize [Centro Retail]."

Centro Retail is now working with its parent firm to combine the remaining retail assets in Australia into a single portfolio under one umbrella.

Grading the portfolio

Brokers familiar with the portfolio, such as Rich Walter, president of Faris Lee Investments, say the bulk of the assets include solid class-B+ and some class-A properties, as well as some lesser-quality centers in tertiary markets.

For example, Centro holds dozens of properties in Florida, Georgia and Ohio with average occupancies in the low and mid-80s, according to Keven Lindemann, director with the real estate group at SNL Financial LC, a Charlottesville, Va.-based research firm.

Largest Retail Real Estate Deals

Acquirer	Target	Date	Size (msf)	Price
General Growth Properties	Rouse Co.	Aug. '04	44.5	$12.6B
Blackstone Group	Centro retail portfolio	Mar. '11	29.4	$9.4B
Simon Property Group	Mills Corp.	Mar. '07	42.4	$7.9B
Developers Diversified / TIAA	Inland Retail Real Estate Trust	Feb. '07	50.6	$6.2B
Macquarie Bank Ltd.	Spirit Finance Corp.	July '07	30.3	$3.5B

Source: Real Capital Analytics retailtrafficmag.com

As a result, Centro's U.S. portfolio, while stable, doesn't quite match the quality of some of the better performing U.S. shopping center REITs, like Federal Realty Investment Trust or Regency Centers, Lindemann says. Its main attractions include its nation-wide scope and its high proportion of grocery-anchored centers, a property type now considered recession-proof.

"Knowing how troubled that portfolio was a couple of years ago, the fact that they were able to exit this quickly is a very positive sign," says Dan Fasulo, managing director with Real Capital Analytics (RCA), a New York City-based research firm. "Who would have thought we'd be seeing a $10 billion deal already this early in the cycle? It's a very healthy sign that liquidity is returning to the commercial real estate space."

In January, the most recent month for which statistics are available, sales of significant retail properties in the U.S. reached $2 billion, approximately twice the volume recorded in January 2010, according to RCA. Cap rates on retail transactions averaged 7.7 percent.

Blackstone's plans

For its part, Blackstone has not made any statements about the deal or its intentions. In addition, market observers have not yet been able to figure out what kind of cap rate the deal works out to. Real Capital Analytics estimates that the price for the 29.4-million-square-foot portfolio is about $270 per square foot.

Going forward, experts predict that the firm will try to sell off the worst performing assets, then spend some time improving fundamentals at the core centers. Since Blackstone usually holds its real estate acquisitions only short-term, the expectation in the market is that after a few years the firm will either sell the portfolio or put it through an IPO.

In certain of its deals, including its acquisition of Equity Office in 2007, Blackstone pre-sold parts of the portfolio even before the transactions closed. A repeat of that strategy will be difficult, however, given the investment sales conditions today, according to Lindemann. Plus, Blackstone would likely have to refinance many of the properties in the portfolio on an individual basis, making it difficult to sell off a large number of assets at once, according to Gerry Mason, executive managing director in the New York City office of Savills LLC, a real estate services provider.

More likely, the firm will hold onto existing property managers from Centro's U.S. division, according to Walter, and attempt to add value to core assets.

After a few years, Blackstone will "probably have a bunch of fun options," according to Fasulo. "They can team up with some institutional capital, or they can look at an IPO and form a public REIT. If they create enough value, they can wind up selling huge regional chunks of the portfolio."

STC 資產管理 MANAGEMENT
Lic. No. 01299442

Apartment Investors in U.S. Not Scared by Vinyl Siding in Search of Yield
隨著美國公寓租賃需求的持續上漲，投資者將目標從 A 級公寓（位於大城市中心狀況良好的地產）擴展到 B 級公寓（有增值空間的地產）

By: Oshrat Carmiel (Bloomberg)

Orchard Pointe, a 17-year-old, vinyl-sided apartment complex in Vancouver, Washington, wouldn't have drawn a second look from Invesco Real Estate in early 2010, when most multifamily-property investors wanted newer, trophy buildings in coastal markets such as New York and San Francisco.

"We wouldn't have even considered it," Greg Kraus, head of acquisitions at the Dallas-based real estate arm of asset manager Invesco Ltd. (IVZ), said in an interview.

By December, the firm had purchased the 388-unit Orchard Pointe, located about 15 miles (24 kilometers) from downtown Portland, Oregon, on behalf of a client for more than $31 million. It plans to raise rents after spending about $4 million to renovate the garden apartments, including removing the vinyl siding, Kraus said.

As U.S. demand for rental housing surges, investors are venturing beyond class A properties, or newer, well-leased buildings in centrally located neighborhoods of big cities. Orchard Pointe was the first class B property -- older, with higher vacancy rates or requiring improvements -- that Invesco had bought in three years, before credit markets seized and commercial property values tumbled.

"It really reflected our belief that fundamentals are improving," Kraus said.

Apartment-building sales climbed 96 percent to $33.7 billion in 2010 from a year earlier, according to Real Capital Analytics Inc., a commercial-property research firm in New York.

'Value Add' Apartments

"Value-add" apartments -- class B properties, distressed acquisitions, real estate that requires renovation and buildings where cash flow can be increased -- accounted for 33 percent of sales in the fourth quarter, compared with 25 percent a year earlier, said Sam Chandan, Real Capital's chief economist. Such deals made up 61 percent of apartment transactions in the fourth quarter of 2005.

The U.S. homeownership rate is at a 10-year low, in part because the foreclosure crisis is forcing former owners to rent and discouraging would-be buyers. Foreclosure filings increased in almost three-quarters of U.S. cities last year, and the number of homes receiving a filing is likely to jump 20 percent this year, according to data provider RealtyTrac Inc.

Apartment rents climbed 4.3 percent in last three months of 2010, the most since the third quarter of 2006, according to research firm Axiometrics Inc. The Dallas-based company projects a 6 percent increase in U.S. rental revenue in 2011.

"Those improving fundamentals are driving the willingness of investors to explore value-add opportunities as opposed to paying premium prices for core properties," Chandan said. "That is a feature of the multifamily market that we do not see to the same degree in other sectors."

Demand for Apartments

Demand for apartments will rise further as the job market recovers and the children of baby boomers move away from home and seek apartments, Ron Johnsey, president of Axiometrics, said in an interview. Supply is tight, with monthly starts of multifamily properties averaging an annualized 112,000 units in 2010, compared with 280,000 units in 2008, according to the Commerce Department.

"The multifamily sector is probably the only commercial real estate sector that has very positive fundamentals behind it," said Jeffrey Baker, New York-based managing director at Savills LLC, a real estate investment bank that raises capital for multifamily owners and developers. "You've got a demographic that is producing more households that want to rent an apartment. You've got virtually no new supply that's been added over the last several years."

Household Formation

The homeownership rate may decline to 65 percent by 2015 from 66.5 percent in the fourth quarter of last year, creating 4.5 million new renter households, according to a March 2 report by Green Street Advisors Inc. About 2 million of those households may end up in professionally managed apartments, the Newport Beach, California-based real estate research company said.

Equity Residential (EQR), the largest publicly traded apartment owner in the U.S., plans to make about $1 billion in property acquisitions this year, Chief Executive Officer David Neithercut said on a Feb. 3 earnings conference call. The Chicago-based company will seek assets with "a little bit more risk," as the competition to buy safer properties has intensified and driven up prices.

Capital Chasing Deals

The company, which acquired three prime Manhattan high- rises in the beginning of 2010 from developer William Macklowe, turned at the end of the year to properties such as Northpark Apartments in Burlingame, California, a 40-year-old garden- apartment community of 510 units near San Francisco International Airport.

"I am not suggesting that we will never buy or won't buy a stabilized asset, but there is an awful lot of capital chasing those," Neithercut said on the February call. The capitalization rate, a measure of investment yield, has sunk to as low as 4 percent for the newest, fully leased properties in the coastal markets where Equity Residential operates, he said.

Cap rates are a property's net income divided by the purchase price.

AvalonBay Communities Inc. (AVB), the No. 2 U.S. apartment owner, will increase the concentration of "B assets" in its portfolio to 25 percent from 15 percent. The move isn't related to the growing

competition for multifamily properties, CEO Bryce Blair said in an interview. Rather, the company's research showed that class A and class B assets perform similarly in the long run. For that reason, AvalonBay, based in Alexandria, Virginia, is seeking to diversify its portfolio with properties at a variety of prices, he said.

Marina del Rey

"Conventional wisdom is that the 'A' asset on Central Park is always going to outperform the 'B' asset in Central Queens -- well, that's not necessarily true," Blair said. "If you've overpaid for an asset on Central Park or are in an area with an oversupply of other 'A' assets, and you have a very unique property in Central Queens, the Queens property may outperform the Central Park property."

At AvalonBay's class B and C properties in the Los Angeles submarket of Marina del Rey, effective rents had an annual growth rate of 4.3 percent in the 10 years through 2009, compared with 2.2 percent for its class A properties there, according to a November investor presentation on the company's website.

Class C Properties

The declining rate of homeownership fueled creation of an estimated 700,000 new renter households in the U.S., half of which were in multifamily buildings, AvalonBay's Blair said on a Feb 3. call with analysts and investors. That helped push the firm's rental revenue from apartments leased at least one year up 2.5 percent in the fourth quarter compared with a 4 percent decline in the first quarter of 2010.

Nationally, effective rents at class A and B properties climbed 5.3 percent in the fourth quarter over a year earlier, according to Axiometrics estimates. By the final quarter of 2011, class B properties may see effective rent growth of 5 percent over the year-earlier quarter, compared with 4.8 percent for class A properties. Rent on class C properties may increase 5.3 percent.

Revenue from class C properties increased 5.3 percent in the fourth quarter, after bottoming at negative 8.7 percent in the third quarter of 2009, Axiometrics estimates.

The interest in value-add properties will come primarily from investors who are paying cash, or from real estate investment trusts and pension funds, which don't need to take on high loan-to-value debt and tend to hold assets for a long time, said Mike Kelly, president of Caldera Asset Management, a Denver-based multifamily consulting firm.

Multifamily Financing

The crisis in commercial real estate was compounded by property owners who borrowed on assumptions of future rent, known as underwriting, that were too rosy, he said. These days borrowers can get a loan only against the last 90 days of the property's income, rather than future projections, Kelly said.

"You're going to get tremendous rent growth -- you just can't underwrite it," Kelly said of value-add properties. "These guys can't underwrite the giant rent growth and not get laughed out of the room for it."

Fannie Mae and Freddie Mac, which offer financing for multifamily acquisitions, "are much more heavily weighted to core assets since the downturn," Chandan of Real Capital said in an e-mail. Value-add properties accounted for 12 percent of Fannie and Freddie lending by dollar volume in 2010, he said.

'Little Less Heady'

The biggest metropolitan areas, notably New York and the suburbs of Washington, D.C., have led the apartment recovery, as their growing job markets lure investors to well-leased properties, especially trophy assets considered the best in the market. Cap rates on Manhattan properties averaged 5.1 percent in the fourth quarter, compared with the national average of 6.6 percent, according to Real Capital.

In Washington, cap rates averaged 4.8 percent in the quarter, the research firm said.

"Rather than buying in D.C., where you get 50 bids on the asset that was just put out there, you'll probably look at traditional top 20 markets and go into the ones that are a little less heady -- an Atlanta or a Charlotte," Baker of Savills said. "We're starting to see that happen. They don't have a lot of choice if they have certain yield requirements."

Atlanta apartment properties carried cap rates of 7.7 percent in the fourth quarter, and Charlotte had yields of 5.2 percent, according to Real Capital.

Eyelashes, Makeup

At Invesco, the interest in higher yields is shifting the firm's attention this year to the greater Portland, Oregon, market, as well as Denver and the New Jersey suburbs of Philadelphia -- all places that didn't even rank this time last year, Kraus said.

Invesco will spend about $4,800 a unit at Orchard Pointe to improve the kitchens, electrical fixtures and other "eyelashes and makeup," according to Kraus. The complex was bought for a cap rate of 6.8 percent. With the upgrades, Invesco is estimating a 5-year unlevered return of 12 percent, he said. With leverage, the yield may be 19 percent.

"There are a lot of good properties that the capital hasn't aggressively been chasing," Kraus said. "People are looking and believing that they can underwrite a recovery."

STC 資產管理 MANAGEMENT Lic. No. 01299442

Retailers' Growth Plans up 40%
新報告概述 **400** 多個零售商 **2011** 年的擴展計劃

By: Mark Heschmeyer (CoStar)

With shoppers returning to the malls, retail expansion plans have kicked in to higher gear.

"Following the strong performance during this year's holiday sales season, many chains further upped their growth plans. Right now, expansion plans are up 40% over last year's levels," said Garrick Brown, ChainLinks Retail Advisors research director.

ChainLinks Retail Advisors today released its inaugural version of its National Retailer and Restaurant Expansion Guide. The report details the current expansion plans for more than 400 hundred of the largest U.S. retail and restaurant chains.

"Nearly every region in the United States is experiencing an increase," Brown explained. "However, the strongest surge in growth plans has been in those markets where unemployment is lowest. The greater Washington DC area remains highly desirable, as does the greater Eastern Seaboard from Boston to the Carolinas. We have also seen a considerable increase in retailer requirements in the Chicago market. Texas remains extremely popular. And though both have elevated unemployment, both Florida and California have also seen a spike in retailer demand in most markets. Regardless, numbers are up across the board whether in the Pacific Northwest or the Gulf Coast states."

"Ultimately," Brown said, "the current surge demonstrates to us two key factors; the return of optimism within the retail sector, and the desire to expand quickly now-while rents are still low."

According to the report, some of the most active retailers currently include;

- 7-Eleven is hoping to open as many as 350 stores in the U.S. and Canada this year.
- 99 Cents Only is planning on at least 25 new units.
- Aldi is planning on at least 100 new stores in 2011.
- Apple will add at least 50 new stores in 2011.
- AT&T--expect at least 100 new cellular stores this year.
- Bottom Dollar Food could add as many as 110 stores in 2011.
- Burlington Coat Factory is planning on at least 20 new stores.
- Chico's could add as many as 40 units in the next 18 months.
- Citi Trends may open as many as 65 new stores this year.

- CVS will open as many as 275 stores this year.
- Dick's Sporting Goods could see as many as 40 new stores this year.
- Dollar General plans on 625 new stores in 2011.
- Dollar Tree will open as many as 275 stores this year.
- Family Dollar has 300 stores on tap for 2011.
- Five Below plans on at least 50 new stores this year.
- Forever 21 could be looking at as many as 50 new stores this year.
- Fresh & Easy could open as many as 60 stores this year.
- HHGregg could be opening as many as 60 stores this year.
- Jo-Ann Stores could open as many as 50 units in the next twelve months.
- Pep Boys may open as many as 55 new stores.
- Ross Dress for Less/dd's Discount are likely to open 60 stores this year.
- Save-A-Lot will open as many as 100 new stores this year.
- Tractor Supply has plans for as many as 75 units in 2011.
- ULTA has 60 stores planned this year.
- Verizon Wireless should add at least 125 stores.
- Walmart could be adding as many as 400 stores throughout North America over the next 30 months.

Restaurant operators have also upped their growth plans, though franchise operators remain the most active segment of the marketplace. Some of the most active restaurant chains currently include:

- Auntie Anne's is looking to add at least 50 units this year.
- Baskin-Robbins is looking at opening at least 60 standalone and 100 co-branded units.
- Bojangles Chicken n Biscuits could open as many as 50 units this year.
- Buffalo Wild Wings should hit the 100 new unit mark this year.

- Charley's Grilled Subs has plans for at least 100 new units this year.
- Checkers/Rally's has plans for as many as 125 units.
- Chick fil-A should hit the 80 new unit mark this year.
- Chipotle will open as many as 130 new stores this year.
- Cold Stone Creamery would like to top 100 new units in 2011.
- Denny's will be opening at least 111 new restaurants this year.
- Dunkin Donuts could see as many as 350 new units this year.
- Five Guys Burgers and Fries should top 200 new stores in 2011.
- Genghis Grill is hoping to open 100 restaurants this year.
- IHOP will open between 50 and 70 new units in 2011.
- Little Caesar's will open at least 100 new stores this year.
- Marco's Pizza is looking at opening at least 75 new units.
- Panda Express will open a minimum of 100 stores this year; likely more.
- Panera Bread will open about 100 new restaurants this year.
- Penn Station East Coast Subs is hoping to open 100 units in 2011.
- Pinkberry is likely to hit the 100 new unit count for the coming year.
- Popeye's will likely open 130 new restaurants this year.
- Red Mango is likely to open 100 new units this year.
- Smashburger is likely to open at least 100 new restaurants in 2011.
- Sonic would like to open as many as 85 units this year.
- Starbucks will open 100 new US stores this year.
- Wingstop will open as many as 90 new units in 2011.

"This publication is unlike any other in the commercial real estate industry in terms of the depth and the scope of the data it includes," said Matt Kircher, president of ChainLinks Retail Advisors. "This is the first in a series of new reports that we will be launching this year that we are very excited about. Our goal is to create nothing less than the gold standard in the industry for retail research reporting."

Founded in 1979, ChainLinks is a leading retail real estate advisory services organization in North America serving America's retailers, landlords, and investors. It is comprised of privately owned companies in 60+ cities with more than 800 retail brokers.

Banks' Commercial Mortgage Default Rates Fell – Now What?
雖然由銀行貸款的商業地產拖欠率在 2010 年第 4 季度稍微下降，但銀行依然面對許多挑戰（法拍庫存的處理等等）

By: Sam Chandan (The New York Observer)

The default rate for commercial real estate mortgages held by the nation's depository institutions-including mortgages at least 90-days delinquent and mortgages in non-accrual status-fell to 4.28 percent in the fourth quarter 2010 (Q410), down from 4.36 percent in the third quarter.

The Q410 result marks the first improvement in banks' commercial mortgage distress metrics this cycle. However modest the amelioration in outcomes, it coincides with evidence that commercial real estate investment and credit market health improved markedly in the final months of last year, even as property fundamentals have measured only lackluster gains.

Long Road to Normal

The rate of growth in banks' defaulted loan balances had slowed considerably in the first three quarters of 2010, declining for the first time in Q410. The $573 million increase in the default balance in Q310 was just a fraction of the $7.2 billion spike in Q209, when default balances were rising at their fastest pace. In Q410, the default balance fell by almost $1 billion, and now stands at $45.8 billion.

The drop in the rate and balance of defaulted loans comes on the heels of 17 consecutive quarterly increases in the former. At the low point in defaults, in Q1 and Q2 of 2006, the default rate was just 0.58 percent. By comparison, the current default rate is just shy of its record high of 4.55 percent, reported in 1992.

And so while the new results can be greeted with cautious optimism, it is clear that legacy challenges have yet to abate for many institutions.

As banks have worked through only a subset of these loans—including delinquencies, there are $57 billion in problem loans on bank balance sheets—the potential for significant additional losses remains a key feature of the marketplace, particularly in secondary and tertiary markets, where recovery rates on liquidated exposures remain relatively weak.

Multifamily Default Rate Rises

While the commercial default rate declined on the margin, the multifamily default rate fell sharply between the third and fourth quarters, from 4.67 percent to 3.74 percent. The record-setting improvement in the multifamily loan metric coincides with increasingly broad-based improvements in the sector's cash flow fundamentals, leading early gains in for other property types.

Over the course of the downturn, the increase in the default rate for multifamily mortgages had been more dramatic than for commercial real estate generally. At its peak in Q310, the multifamily default rate was nearly 20 times higher than the 0.24 percent default rate measured in early 2005. The

improvement raises hopes that the locus of bank stress may be shifting away from new defaults and toward challenges related to unwinding distress, especially in cases where related property fundamentals are firming.

Constraints of Legacy Issues

The weight of unresolved distress is manifest in greater regulatory and supervisory oversight when making new loans, as well as adjustments in lending standards and many banks' willingness to extend new credit in the sector.

As a result of these shifts, banks have been drawing down their exposure to commercial real estate, making new loans at a slower pace than that at which maturities, amortization and distress have removed exposure from their balance sheets.

The latest data suggest that the decline in bank balances is beginning to moderate, though it lags behind other capital groups, where lending may now be increasing. In Q410, total commercial real estate mortgage balances fell by $2.1 billion, a smaller decline than in past quarters. For the year, balances fell by $20.5 billion. Multifamily balances increased slightly over the year, by $2 billion.

Smaller Banks: Lower Default Rates, Higher Concentrations

Default rates are highest at the largest institutions (those with $10 billion or more in assets), where the concentrations in commercial real estate are lowest and the capacity to absorb related losses benefits from diversification. At smaller institutions (those with less than $1 billion in assets) default rates are generally lower.

For example, at banks with between $100 million and $1 billion in assets, the commercial mortgage default rate was 3.42 percent in Q410, lower than the average across all bank lenders.

But concentrations in commercial real estate, multifamily lending and construction lending remain much higher at smaller institutions. Combined with the lagging recovery in values in secondary and tertiary markets, where these banks dominate lending activity, the greater concentration still implies a much more limited capacity to manage related losses.

Continued Implications for Credit Availability

Increases in lending activities of large institutional lenders, including life companies, have resulted in an improvement in credit availability in many of the largest and most liquid metropolitan areas and for the highest-quality properties. This trend will see further support from an increase in securitization activity. But outside of the major metros-including New York, Washington, D.C., and San Francisco, among a select few others-transaction activity and bank credit remain relatively constrained.

The decline in bank-held commercial mortgage defaults suggests that the sector's contribution to bank distress may be nearing a plateau. Nonetheless, banks still face serious challenges in drawing down their

default and real-estate-owned balances, and in working toward a normalization of credit in the markets where bank lending is most critical for the recovery.

STC 資產管理 MANAGEMENT
Lic. No. 01299442

CMBS Buyers' Faith Rewarded as U.S. Delinquency Numbers Level Off
2011 年 2 月的商業抵押擔保證券拖欠率的上漲率是經濟衰退以來最小

Source: TreppWire February 2011 Delinquency Report

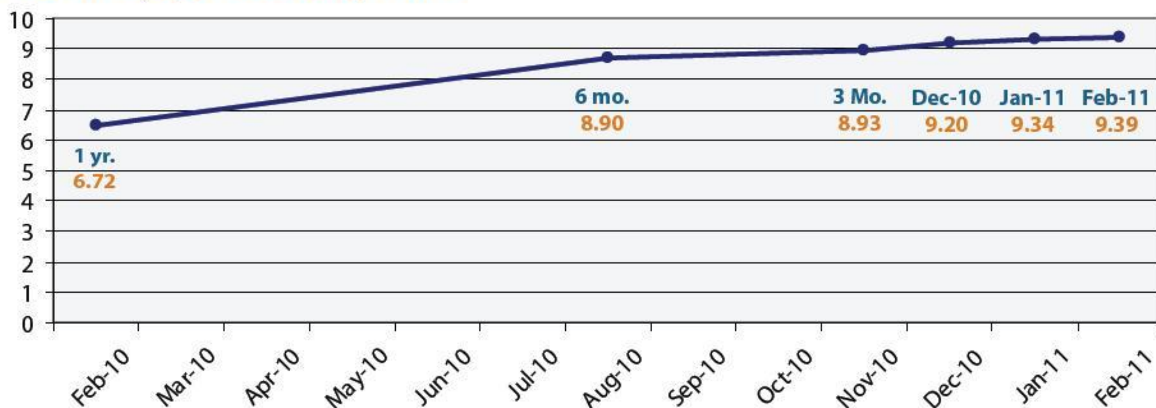
U.S. Delinquency Rate Edges Up in February to Set New All Time High; Increase is One of the Smallest in Over Two Years, However.

Commentary: The faith that investors have shown in the legacy U.S. CMBS market over the last few months was validated on Wednesday when the Trepp Delinquency Report reported that the core delinquency rate for February had one of its smallest increases since the beginning of the credit crisis.

In February, the delinquency rate for U.S. commercial real estate loans in CMBS edged up 5 basis points putting the rate at 9.39%. That is once again the highest percentage of loans 30+ days delinquent, in foreclosure or REO in the history of the CMBS market. This 5 basis point increase however is arguably the smallest increase since we started publishing our numbers 18 months ago.

There was a dip in the delinquency rate in October 2010 when the huge Extended Stay Hotel (ESH) loan was liquidated at a loss. If one removes the ESH loan from the equation, February's 5 basis point jump is the smallest in almost two years.

The rate of increase has averaged 23.8 basis points per month over the previous twelve months (after backing out the Stuyvesant Town impact in March and the Extended Stay Hotels impact in October). The percentage of loans seriously delinquent (60+ days delinquent, in foreclosure, REO or non-performing balloons) is now 8.75%, an increase of 16 basis points.



The Numbers

- Overall U.S. delinquency rate edges up to 9.39%, an increase of 5 basis points

- Percentage of loans 30+ days delinquent or in foreclosure: February: 9.39% | January: 9.34% | December: 9.20%
- If defeased loans were taken out of the equation, the overall delinquency rate would be 9.90%, up 4 basis points from January 2011
- Percentage of loans seriously delinquent (60+ days delinquent, in foreclosure, REO or non-performing balloons) is at 8.75% - up 16 basis points from January 2011

Historical Perspective

- One year ago, the overall U.S. delinquency rate was 6.72%
- Six months ago, the overall U.S. delinquency rate was 8.90%
- One year ago, the rate of U.S. loans seriously delinquent was 5.97%
- Six months ago, the rate of U.S. loans seriously delinquent was 8.14%

Despite Improvement, the Multifamily Sector Remains Worst Performing Major Property Type; Industrial Sector Sees Rate Jump Again

- Multifamily rate changes course – dips 24 basis points - remains worst major property type with a delinquency rate of 16.6%
- Industrial rate climbs 32 basis points – delinquency rate now 10.44%
- Lodging delinquency rate falls 47 basis points – back below 15%
- Office delinquency rate up 22 basis points – rate now above 7%
- Retail delinquency rate at 7.81% after rate jumps 9 basis points

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)

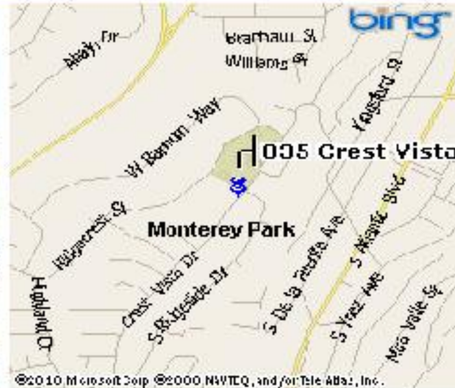
Consumer Money Rates

	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	-	-3.00
Prime rate*	3.25	3.25	3.25	3.25	-	-2.75
Libor, 3-month	0.31	0.31	0.54	0.25	0.06	-2.63
Money market, annual yield	0.63	0.63	0.82	0.61	-0.19	-2.05
Five-year CD, annual yield	2.00	2.01	2.64	1.98	-0.63	-1.47
30-year mortgage, fixed	4.95	4.95	5.43	4.32	-0.21	-1.25
15-year mortgage, fixed	4.25	4.26	4.58	3.71	-0.15	-1.40
Jumbo mortgages, $417,000-plus	5.53	5.56	6.19	5.32	-0.53	-1.71
Five-year adj mortgage (ARM)	3.73	3.72	5.79	3.31	-0.49	-1.95
New-car loan, 48-month	5.12	5.13	6.83	5.12	-1.71	-1.77
Home-equity loan, $30,000	5.15	5.16	5.21	5.06	-0.06	-0.59

STC 資產管理 MANAGEMENT
Lic. No. 01299442

Monterey Park Luxury Residence
蒙特利公園豪宅

ML# : H10118939 **835 Crest Vista DR Monterey Park 91754** **List Price: $ 1,200,000**



Basic Information

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

Interior Features

Bedrooms: **11**
Bath(F,T,H,Q): **6, 0, 0, 0**
FirePlace: **See Remarks**
Cooling: **Central**
Laundry:
Rooms: **See Remarks**
Eating Area:
Floor:
Utilities:

Property Description

Beautiful traditional eastern-style home with numerous bedrooms and unique elegance. Large, spacious bedrooms on both floors in well-kept condition. Custom-built in 1986 with addition of the back part of the house in 1992. Spacious backyard with a zen garden, large waterfall, and bountiful fruit trees. Also includes a large storage shed. Home is located in a secluded, safe neighborhood right next to a large park and tennis courts, and provides 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** Home Ph: **626-913-3881**
Contact DRE: **01093005** Fax:
Office: **STC Management**

School Information

School District:
Elementary:
Junior High:
High School:

© 2010 CRMLS. Information is believed to be accurate, but shall not be relied upon without verification.
Accuracy of square footage, lot size and other information is not guaranteed.

STC 資產管理 MANAGEMENT Lic. No. 01299442

Investment Opportunity
投資機會

10 Centerpointe

La Palma, California

Summary: The property is part of the Centerpointe La Palma project, a twelve (12) building complex comprised of office buildings, a R&D building, retail strip centers, and an inn. The project possesses tremendous upside potential and is a prime opportunity for a new owner to re-tenant space and take advantage of improving rents. Situated near the 605 and 5 freeways and with immediate access from the 91 freeway via Orangethorpe Avenue., 10 Centerpointe offers excellent linear visibility and traffic exposure. At the proposed price, the property presents an amazing opportunity to purchase an Orange County location well below the estimated replacement cost.

Pricing: $1,995,000 **Cap Rate (Year 3):** 8.72% **Current Occupancy:** 78%

NOI (In Place): $96,292 **NOI (Year 3):** $199,890

Property Specifications

Rentable Area: 12,536 SF **Land Area:** 2.05 Acres (89,293)

APN Number: 276-081-63 & 276-081-64 (2 Parcels)

Tenants: The Market Place, H&K Media Group, Café Latte Da, Tokyo Grill, Source One Staffing, Next Day Signs

If you are an interested investor, please contact our investments division at: investment@stcmanagement.com