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COMMERCIAL REAL ESTATE MARKET UPDATES

GENERAL
市場概括

- The Recovery Will Be Bifurcated
  有資金的借貸與貸款人將積極投資在現今市場，但缺乏資金的人將持續面對挑戰
- Investment-Grade Properties See Largest Year-Over-Year Gain Since 2006
  投資級地產的交易價與去年同期相比增長 10.6%
- Case for Green Buildings Grows Stronger for Owners and Occupants
  新報告持續顯示環抱建築有助於縮減長期運營費用，改善室內健康環境，以及提高員工生產率
- IPD: U.S. Real Estate Among National Top Performers
  美國地產的投資回報率與其他國家相比表現頗佳

INVESTMENT OPPORTUNITIES
投資機會

- Recent Notable Distressed Property Deals
  近期高回報的不良資產交易

RETAIL
購物商場

- Wealthy U.S. Individuals Invest in Commercial Property in Quest for Yield
  富有的美國投資者將資金從低回報的銀行存款與債券轉移到高回報的商業地產

RESIDENTIAL
住宅

- U.S. Existing Home Sales Slump in February
  美國二手屋的二月份銷售下降 9.6%，房價創 2002 年以來 最低

FINANCING
貸款與資金

- 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

The Recovery Will Be Bifurcated
有資金的借貸與貸款人將積極投資在現今市場，但缺乏資金的人將持續面對挑戰

By: Mark Heschmeyer (CoStar)

These are the best of times for cash-rich borrowers and lenders, but they continue to be tough times for less well-funded borrowers and lenders. Just as the investment markets are bifurcated with top-notch properties in top-tier cities commanding escalating prices and lower tier properties and cities still fighting uphill climbs, so too does it appear that the capital markets are split between the haves and have-nots.

"There seems to be a dam that is keeping the flood of capital provided by the Federal Reserve from flowing to smaller real estate borrowers and properties," said Chris Macke, senior real estate strategist for CoStar Group. "Expanding the recovery in commercial real estate hinges on breaking this dam."

The split between cash-rich businesses and those in need of capital has set the stage for a bifurcated economy, with growing challenges for small- and medium-sized companies.

"Depending on where you stand, the debt maturity crunch ahead could either look like a crack in the pavement or the entrance to the Grand Canyon," Deloitte LLP reported in a new paper this week entitled: *A Tale of Two Capital Markets.*

In it, lead researcher Dr. Ajit Kambil, research director, CFO Program, Deloitte United States, reported that cash is also unevenly distributed across industries, not just among companies within a particular sector. Unless the financial services industry lends or invests its cash in varied industries, companies outside of financial services could face potentially severe credit constraints.

Deloitte said the convergence of growing demand for debt with supply constraints has created a new normal in the capital markets. A more accurate descriptor would be two new normals - reflecting dramatic differences between cash-rich and cash-challenged companies. Competition for capital will most likely favor investment grade companies over non-investment grade companies as both seek to refinance debt obligations.

What is true across industries is also true within the commercial real estate industry, according to CoStar Group. Last September, CoStar's Property & Portfolio Research (PPR) subsidiary "delved into how larger banks are much better positioned than smaller banks to "earn their way out" of the current cycle," said Mark Fitzgerald, a CoStar debt strategist. "And as they recover, with life insurers in better shape as well, this contributes to the bifurcated market, as both of these sources of capital tend to lend on larger, coastal assets, whereas small banks are in worse shape, and this will hurt the recovery in secondary and tertiary markets."

Since the downturn began, earnings for larger banks, while far from strong, have outperformed their smaller counterparts, CoStar reported. Perhaps the most important reason why this is so is the portfolio composition for larger institutions. The 20 largest banks hold 61% of all bank assets but are underexposed to commercial real estate loans. The bigger banks also have been more aggressive in

taking write-downs.

CoStar's Fitzgerald projected that large banks will "earn their way out" of the Recession in about two years, while regional and community banks could take two to four times as long.

As the economic recovery develops, CoStar Group projects that it will bring mixed blessings to CRE investors.

On the one hand, economic recovery enables banks to earn their way out faster, achieve better execution on poorly underwritten or nonperforming loans, and therefore sell distressed CRE assets at a faster pace.

On the other hand, such economic recovery minimizes the attractiveness of the distressed asset opportunity, as pricing is firmer and disposition of assets is likely to be at a controlled pace.

Furthermore, the modest pace at which banks return to health will minimize the amount of "fuel" (leverage) available to propel a robust rebound in asset values.

With limited leverage, borrower liquidity now also matters. And in that regard, big firms hold the edge. The 9,000 largest companies hold $9 trillion in cash reserves and that level of liquidity makes them more fundable.

An analysis of non-investment grade debt and changing credit spreads finds smaller companies are especially vulnerable to increasing spreads and volatility in credit markets. Differences in cost or difficulties in access to capital can be a key source of competitive disadvantage.

Deloitte research said that most non-investment grade debt is generally concentrated among small companies with market capitalization of less than $5 billion while larger companies' debt is almost completely investment grade. For the most part, smaller companies tend to have lower credit ratings and company size is a key variable in credit ratings.

Deloitte research found that prior to the recession, companies in the aggregate were accumulating cash in excess of what they needed to grow. This was fortunate as many companies entered the recent recession with unprecedented amounts of cash on their balance sheets - allowing them the flexibility to navigate the worst of the credit crisis.

These cash reserves are unevenly distributed and mainly reside in the financial services industry, with about $2 trillion of cash outside financial services. Unless this cash is deployed to refinance companies, there is a potential deficit in refinancing non-financial service industry debt.

Investment-Grade Properties See Largest Year-Over-Year Gain Since 2006
投資級地產的交易價與去年同期相比增長 10.6%

By: Randyl Drummer (CoStar)

January CoStar Commercial Repeat Sales Index Illustrates How Rapidly Prices were Falling a Year Ago - And How Much They've Improved

CoStar's index tracking repeat sales of investment-grade commercial properties jumped 10.6% in January over the same period last year, the largest year-over-year gain since the height of the real estate boom in 2006.

The increase in the index for higher-quality properties hit a five-year high for January despite dipping slightly from December, a reflection of how hard the index fell a year ago and how strongly it has recovered within 12 months.

"Pricing is all relative," said Chris Macke, CoStar senior real estate strategist. "The fact that January's reading was negative on a monthly basis but the largest gain since 2006 on a year-over-year basis indicates how fast the index was falling a year ago -- and how much it has improved since then."

The volume of investment-grade repeat sales transactions rose 54% in January from a year ago, a significant increase that reflects the appetite of buyers for trophy office, apartment, retail and hotel properties. Sales pairs of general grade properties, which reflect sales of non-investment grade buildings, declined 1% over the year-ago level.

The differences between changes in general sales versus investment-grade sales transaction counts and volumes are significant, Macke said.

"The investment grade pair count volume increase of 54% and the 1% general grade increase reflects the split in the market, which is caused by available financing to a large degree," he said.

Sale pair counts for investment and general grade property likely will both increase slightly when additional closings are recorded.

Meanwhile, the general grade index was down 11.3% in January versus the same period last year, even though general real estate index edged up slightly by 0.4% during the first month of 2011.

After being down 2.4% for the past three months and down 11.3% for the past year, the smaller property index may be approaching the market bottom for the first time in the past three years.

The CoStar National Composite Index, an equal-weighted analysis of both the investment grade and general grade indices reflecting the broad overall market, was flat in the first month of 2011. The composite is down 2.6% and 6.6% for the past three and 12 months, respectively, and down 30.7% from its August 2007 peak.

The March report of the CoStar Commercial Repeat Sales Indices (CCRSI) includes data through January. The CCRSI, a comprehensive and accurate measure of U.S. commercial real estate prices, includes a total of 32 sub-indices in addition to the monthly national composite index, including breakdowns by property sector, region, transaction size and quality, and market size.

CoStar tracked more than $211 billion in total sale transactions in 2010, a 79% increase over 2009. However, sales transaction volume remains 63% below peak market levels, despite the clear recovery taking hold in real estate markets.

In January 2011, CoStar recorded 483 pair sales compared to 434 in the same month of 2010, an increase of 11%. CoStar expects to see pair volume running closer to 20% ahead of January 2010 once additional sales from that period are confirmed and added to the database, in line with the 22% higher volume observed in December 2010 versus December 2009.

Distress sales as a percent of total sales increased in each of the four quarters of 2010, with an increase of just over 20% in the fourth quarter and an increase of 18.5% for all of 2010. By property type, the highest percentage of distress in the fourth quarter was found in the hospitality sector at 36%, followed by multifamily (24%), office (21%) and industrial and retail (both near 19%).

By transaction count, General Grade Index sales accounted for 68% of total transactions in January. By volume, Investment Grade Index sales represented 78% of the total. The average investment grade deal size was $10.5 million in January -- down from nearly $16 million in December but more in line with long-term averages. The average dollar size for general real estate was $1.4 million in January, compared to $1.6 million in December.

Also in the March release, CoStar announced a one-time change in the index methodology effective this month. The monthly numbers are now based on a two-stage/frequency-conversion of rotating quarter procedure, which roughly means the monthly changes will now be anchored to quarterly changes, which results in slightly less noise in changes and movements compared with direct monthly estimates. The quarterly indices methodology and approach have not changed.

Case for Green Buildings Grows Stronger for Owners and Occupants
新報告持續顯示環抱建築有助於縮減長期運營費用，改善室內健康環境，以及提高員工生產率

By: Randyl Drummer (CoStar)

Evidence continues to stack up in the form of updated studies by CoStar Group, CB Richard Ellis, McGraw Hill Construction and other commercial real estate leaders that green practices are reducing long-term operating and occupancy costs, improving occupant health and boosting employee productivity - though not all those variables are fully understood or measureable as yet.

Those were among the findings of the spring update of "Current Trends in Green Real Estate," the latest presentation on sustainability presented jointly by CoStar Group, the U.S. Green Building Council (USGBC) and this month, CB Richard Ellis, which explored the experiences, views and expectations of landlords, tenants and other occupiers on such issues as indoor air quality, water and energy efficiency, building materials and the relative economic costs and benefits of green practices at the property and investment levels.

"The kind of benefits we see from green building might include increased tenant retention, faster absorption and higher rents based on higher productivity as tenants gain experience in better work environments," said Norm Miller, vice president, analytics, CoStar Group. "Right now, there are clear advantages through increased absorption and higher rents for most but not all markets, and there's a significant payoff for long-term oriented owners. But we're going to continue to monitor and study these benefits and costs."

Miller delivered an update on the economics of green real estate at the CoStar webinar, while David L. Pogue, national director of sustainability for CB Richard Ellis, spoke about the Los Angeles-based firm's industry-leading sustainability efforts. Chris Pyke, USGBC vice president of research, detailed the latest information regarding USGBC's LEED certifications, including results from a new Comfort & Productivity Index, designed to measure the attitudes of owners and occupants of buildings certified for LEED for Existing Building Operations and Maintenance (LEED-EBOM).

Sustainable buildings were likely to generate stronger returns for investors than traditionally managed properties, with owners anticipating a 4% higher return on investment (ROI), and an additional 5% increase in building value, according to the results of an ongoing study involving CB Richard Ellis, the University of San Diego and McGraw Hill Construction based on a national office portfolio managed by CBRE.

In the second year of the study, just under 80% of the owners surveyed believe that sustainable properties perform well in attracting and retaining tenants, bringing a 5% increase in occupancy and a 1% increase in property income. Team members of CBRE along with Miller and other researchers presented the findings at the USGBC Greenbuild Conference in November.

"We think [sustainability] is the right thing to do, the good thing to do. But at the end of the day, we needed to begin demonstrating some hard outcomes," Pogue said.

CBRE expanded the study beyond buildings with the Energy Star label to include buildings with LEED EB (Existing Buildings) certification from USGBC. The study surveyed 156 institutionally owned buildings managed by CBRE in 10 mamjor U.S. markets representing 52.5 million square feet. The buildings had a strong average Energy Star rating of 88 and more than 50 of the buildings were designated LEED EB. McGraw Hill queried 588 tenants about their attitudes and experiences in green buildings.

The survey found that while sustainable practices and attitudes vary considerably across different types and sizes of organizations, nearly 80% of publicly traded firms implemented at least one green practice. Large publicly traded companies already in LEED buildings felt that occupying green space was important to their current employees and their public image.

"Clearly, the publicly traded companies felt more strongly [about green practices] than either the privately held companies or the nonprofits, privately held companies being the lowest," Pogue said.

The CBRE/USD/McGraw Hill survey also found:

- Green buildings demonstrate higher average occupancy levels than the general market.
- LEED and Energy Star buildings show higher rental rates. Non-LEED buildings had 4.81% lower average rents than the broader market while LEED buildings were 7.38% higher.
- Nearly half of commercial building owners expect to see heightened green building activity in three years compared to 2010. "There is momentum in the marketplace, at least among the institutional owners we represent," Pogue said.
- Institutional owners are mostly investing in green practices with the expectation of an economic payoff, with 93% of those surveyed anticipating a decrease in operating costs, while 79% and 73% expected to attract more tenants and receive better building ROI, respectively.
- Just under 80% of owners agree or strongly agree that LEED status can be achieved affordably with low-cost features. Pogue estimated the average cost to upgrade existing buildings to LEED (EBOM) of the 100 or so buildings CBRE has managed at about 25 cents per square foot.
- Owners are driven most by holistic business benefits rather than looming government regulation or social goals, with nearly 80% citing energy reduction and 72% citing competitive advantages from offering 'green' features. Building managers are driven overwhelmingly by cost savings. There is no tree hugging among property managers.

Preliminary findings suggest occupants have high satisfaction rates with green upgrades, with 75% saying they remain satisfied well after the projects are completed. Nearly 95% of building managers reported higher tenant satisfaction immediately after green upgrades. About 16% of occupants reported tangible productivity increases.

Occupants cited building day lighting and views, access to public transit and healthier indoor air quality as features they desired, green building features the USGBC's Pyke cited as a priority in LEED certifications.

Pogue cited research partner McGraw-Hill Higher Education's move to a LEED Silver building in Dubuque, IA as a case study for occupier attitudes about efficient buildings. Some 93% of workers reported being more satisfied after moving to the green building; while 61% said they were more productive; 55% reported producing higher quality work and 12% observed being healthier, with fewer sick days. Overall, 74% thought LEED certification is important and produced higher employee engagement in corporate activities.

"This is a real-world example of a corporate occupier who moved into a LEED space and was able to track the results. Our goal this year is to get more of these kinds of corporate experiences," Pogue said.

The study shows that the market for new and retrofitted green buildings is growing dramatically, with 35% of all new construction in 2010 being green. Energy efficiency is good business and reports of tangible business benefits such as increased ROI, occupancy and rent from green projects are becoming more consistent and measurable over time, Pogue noted.

The value of LEED is recognized in the marketplace and while measuring and benchmarking energy efficiency and benefits remains a challenge, the consensus in the industry is that it will be critical to uncovering the real value of sustainable practices, Pogue said.
There's still a false perception out there that green building costs significantly more, Miller said.

"We've talked to developers, subs, architects, engineers. Those that have experienced higher costs are less experienced -- the more experience the team has, the lower the cost," he said.

Miller pointed out that while rent premiums for landlords in green building vary by market and tenant mix, they average between 5% and 8% nationally. Miller noted that as of Dec. 19, 2010, the General Services Administration (GSA) no longer are entering into leases of 10,000 square feet or more unless the building is Energy Star labeled.

"The buildings that hit the Energy Star score but haven't applied yet have a big incentive if they want GSA as a tenant," he said, adding that GSA is having trouble in some markets finding buildings that meet the criteria. "Even though GSA isn't allowed to pay more than market rent, when you have tenants like that, you're more likely to see rent premiums."

Buildings with higher LEED or Energy Star scores also tend to see faster absorption into the market.

Some studies, including CBRE/McGraw Hill's latest survey, have noted overall higher overall vacancies in LEED buildings. However, Miller said it's most likely because those building tend to be newer and hit the market at the wrong time during the recession and downturn.

Capitalization rates are about 50 basis points lower on LEED versus non-LEED buildings, Miller said. However, many appraisers don't fully understand the value and impact of certification -- or they simply

don't have enough sales comps in their market to make a judgment.

"It's going to take time before appraisers recognize the value we see from our data," Miller said.

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INVESTMENT OPPORTUNITIES 投資機會

RECENT DISTRESSED PROPERTY DEALS

FORMER DOWNTOWN L.A. STOCK EXCHANGE

70,000 SF Downtown LA

Recently sold for: $3,067,055 ($44/SF)

2010 Assessed Value: $7,390,000

LONG BEACH MARINA OFFICE COMPLEX

140,000 SF   Built in 1979

Recently sold for: $4,000,000 ($29/SF)

Previous loan amount in 2007: $10,000,000

POMONA INDUSTRIAL COMPLEX

200,000 SF   8 Acre Lot

Recently sold for: $3,740,500 ($19/SF)

If you're interested in learning more, please contact us at investment@stcmanagement.com

IPD: U.S. Real Estate Among National Top Performers
美國地產的投資回報率與其他國家相比表現頗佳

By: Suzann D. Silverman (CP Executive)

The U.S. commercial real estate industry is not only recovering, it is performing better than real estate in many other nations. That's according to findings of IPD, which hosted a conference to unveil its U.S. annual real estate index and discuss the state of the market. But in this volatile market, performance varies not just by market but by submarket, as well as by property type and quality of property.

"What's interesting is really the shape of recovery," observed Simon Fairchild, managing director for IPD North America. "(Real estate) recovered probably stronger than most people expected despite the debt overhang and fundamentals have been less impacted as well."

According to the IPD index, the United States turned in a 14.2 percent total return for 2010, about half income return and half capital appreciation. That's compared to negative 18.7 percent in the previous year and negative 35.2 percent total over the previous two years. The United Kingdom performed slightly better last year, delivering a total return of 15.1 percent. Among other countries, by comparison, Canada saw an 11.1 percent return, the Netherlands came in at 10.4 percent, Australia at 9.5, Denmark at 5.3, Sweden at 4.6 and still-suffering Ireland at negative 2.4.

For the United States, the performance was the third best in the past decade, according to IPD North America director of performance and risk analytics Jim Valente, who predicted a few more quarters of appreciation. After that, he noted, it becomes a question of where net operating income growth is going to come from as yields come down. And there is still a significant difference between primary and secondary markets, he added. "We're not seeing the growth lift all the ships."

That applies to property types as well: He predicted a steady demand for apartments, while power centers are doing better than expected, given big-box performance and an increase in Internet shopping during the past year and a half. Office is doing well, he said, although with the decline in employment so much greater than the decline in available office space, it is unclear where occupancy improvements are going to come from. Industrial will probably do better in the second half, he said.

Overall, there is still room for the 10-year Treasury rate to go up before mortgage rates rise significantly, but with cap rates starting to drop, it begs the question, "Are we back in a situation we were in just a few years ago?"

The economy rebounded a little bit last year, with more expected this year, affirmed Steven Cochrane, managing director of Moody's Analytics, during his economic overview. He has already pared back his expectations for GDP growth this year, from 3.9 percent in January to 3.5 percent, citing such concerns as oil prices and government cutbacks. But he predicted 4.1 percent next year, expecting real economic growth to take place then (he does not anticipate job growth reaching sufficient levels to support growth before then). In 2012, he forecasted, there will also be 2 percent profit growth.

However, this year, the recovery will expand from the small metropolitan areas, where it began in the manufacturing sector, to larger ones, he said. Already, the only states still in recession are Nevada and Mississippi, while North Dakota and Alaska are actually expanding, thanks to energy production. And "broadly speaking, the recovery is now in place across the country." The strongest metro areas, he said, are Boston, Washington, D.C., Seattle, San Jose and Dallas.

The forecasts were followed by a panel discussion among Jeff Barclay, managing director at Goldman Sachs; Michael Giliberto, president of S. Michael Giliberto & Co.; Bob Ruggles, RVA, U.S., president of Altus Group; and Bob White, founder & president of Real Capital Analytics. Barclay warned of a "distinct" bifurcation among markets and even among submarkets, with pockets of strength in the office market varying by geography and industry. In the industrial sector, he said, "I think there are opportunities that haven't been realized."

Ruggles agreed, noting that the industrial sector has held value for the past year and a half; the major industrial markets are filling up and rents will follow, he said. He expressed less optimism regarding the office market, citing shadow space.

Assets and property types that have yet to experience a capital markets boost will see it, White affirmed. He said he is bullish on Class A rents next year, although Class B and C properties are going to have a harder time improving.

The debt side is likewise showing improvement, Giliberto said, suggesting that investors who plan to keep loans on their books for seven to 10 years are going to see continued progress going forward, especially this year. He also predicted the potential for 5 to 15 percent more appreciation in returns, with perhaps 12 to 13 percent this year. Ruggles agreed, citing low to mid teens returns.

"There is still an opportunity to get some very good returns," Ruggles said.

Wealthy U.S. Individuals Invest in Commercial Property in Quest for Yield
富有的美國投資者將資金從低回報的銀行存款與債券轉移到高回報的商業地產

By: Margaret Collins & Oshrat Carmiel (Bloomberg)

When Sumeet Parekh bought a retail property in Manhattan's TriBeCa neighborhood in January, individual investors provided about a quarter of the financing.

Morgan Stanley (MS) put up a little more than half of the $6 million purchase price, and Parekh contributed about $1.25 million. He got the rest from wealthy investors, who contributed increments of $100,000 to $625,000 in hopes of a 10 percent annual return and a portion of the building's appreciation, said Parekh, a principal at San Diego-based HP Investors, which owns and invests in commercial properties.

High-net-worth individuals invested $2.1 billion in commercial real estate last year, up from $579 million in 2009, according to Real Capital Analytics Inc., a New York-based research firm. Apartments were the properties most sought after by investors last year, accounting for 32 percent of deals they were involved in, according to Real Capital, which has tracked more than $5 trillion in global sales transactions since 2001.

"Commercial property looks damn attractive versus other asset classes right now," said Dan Fasulo, managing director at Real Capital. "Everyone's looking for some form of inflation protection. They're buying gold, they're buying oil, or you can buy property. It has inflation protection characteristics, plus it gives you a check every month."

Prices for commercial property have dropped 42 percent since their peak in October 2007 through December, according to the Moody's/REAL Commercial Property Price Index. The index posted gains in three of the last four months of 2010 as individual and institutional investors including the Hartford Financial Services Group Inc. bet on a rebound.

Apartment Demand

Demand for apartment buildings has risen as the foreclosure crisis forces more people to rent and the children of baby- boomers move from college dorm rooms to their first residences. Rents climbed 4.3 percent in the last three months of 2010, the most since the third quarter of 2006, according to Dallas research firm Axiometrics Inc., while U.S. homeownership rates in December remained at a 10-year low, according to data compiled by Bloomberg. Axiometrics projects a 6 percent increase in U.S. rental revenue by the end of 2011 from December 2010.

"There's a lot more equity that wants to get in the real estate market, particularly from high-net-worth individuals," who want the higher returns without the onus of managing a property, said Robert Knakal, chairman of the New York-based commercial property brokerage Massey Knakal Realty Services. "They don't want to get a call at four in the morning that something is broken, or there's a fire or the toilet is stuffed up," Knakal said.

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Low CD Yield

Low yields on other investments are driving investors to real estate, said Knakal. “Look at what your options are: Are you going to buy a CD and get 50 basis points on your money? Or buy a 10-year Treasury and get 3.46 percent?” he said.

The average capitalization rate on commercial properties excluding hotels was 7.2 percent as of the fourth quarter last year, Real Capital data show. Cap rates are a property’s net income divided by the purchase price.

Investment-grade U.S. corporate bond yields were 4.01 percent as of March 7, according to the Bank of America Merrill Lynch index. Rates for 10-year certificates of deposit averaged 1.48 percent as of March 7, according to Market Rates Insight, based in San Anselmo, California.

Clients from athletes to entrepreneurs have moved 3 percent to 5 percent of their cash into real estate deals in the last year as a way of adding assets that may protect portfolios from inflation and stock market volatility, said Rick Flynn, head of the family office group for Rothstein Kass, an accounting and advisory firm in Roseland, New Jersey, serving those with a net worth of at least $10 million.

Not Complicated

“Families are really excited because everything else they’ve been sold in the last five years had a lot of complicated structures that they never really understood, whether it’s a hedge fund or a structured product,” said Toby Moskovits, chief executive officer of Heritage Equity Partners in New York, whose firm has advised families who invested $30 million in apartment deals in the past six months.

The building Parekh bought has a major tenant, Petco Animal Supplies Inc., he said. Investors have an equity stake in a partnership that owns the property and get a share of its cash flow and future appreciation based on how much they contributed, said Parekh. His firm told investors they would receive at least a 10 percent return on their investment annually after it collected the monthly rent and paid bank debt.

Holding Period

Individuals are tying up their money for an estimated holding period of 10 years to 15 years, according to the operating agreement, Parekh said. The property may be sold earlier, he said. Parekh takes a fee of less than $350 a month for managing the property and a portion of the property’s cash flow after investors are repaid, he said. Parekh, 34, used to acquire and manage real estate investments in New York for Washington-based Carlyle Group, the world’s second-biggest private-equity firm, he said.

Investors who concentrate their money in one or several properties may take on more risk, while investing in a real estate investment trust, or a REIT, provides more diversity across the market and greater liquidity, said Craig Leupold, president of real estate research firm Green Street Advisors Inc. in

Newport Beach, California. The Bloomberg REIT Index of 124 publicly traded property owners, including apartments, office buildings and shopping centers, climbed 23 percent in the past year.

"You have to be very careful of being lured by yield," said Lew Altfest, president of New York-based Altfest Personal Wealth Management, whose clients have a minimum of $1 million in investable assets. If a property owner defaults, a family could end up managing a property, be involved in litigation and incur legal costs before a property can be repossessed and put up for sale, Altfest said.

Illiquid Asset

"Anytime someone purchases real estate they have to understand they are buying an illiquid asset," said Jeff Sica, president of Sica Wealth Management in Morristown, New Jersey. Sica said he helped in real estate deals with a combined value of $200 million for four families in the last year with an average holding period of 10 years. He seeks apartment buildings with a cap rate of 6 percent to 9 percent annually.

Families should compare what they may be charged in "promotes," which are similar to carried interest fees paid to private equity and hedge funds, to other investments, said Wayne Heicklen, an attorney and chairman of the real estate department at the law firm Pryor Cashman LLP. Heicklen said he has worked on deals including Parekh's purchase in TriBeCa.

Investors should also investigate the sponsor and inspect the property, said Heicklen. "They were offering great yields yet the tenant wasn't there for the full time and the location was bad," he said of one property his clients were evaluating.

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U.S. Existing Home Sales Slump in February
美國二手屋的二月份銷售下降 **9.6%**，房價創 **2002** 年以來最低

By: Alex Kowalski (Bloomberg)

Sales of previously owned U.S. homes dropped more than forecast in February, sending prices to the lowest level since 2002 and indicating the market is struggling to recover.

Purchases decreased 9.6 percent to a 4.88 million annual rate, less than the 5.13 million median forecast of economists surveyed by Bloomberg News, figures from the National Association of Realtors showed today in Washington. The median price fell 5.2 percent from a year earlier.

Foreclosures are adding to a glut of distressed properties on the market and pressuring values, leaving some Americans with bigger mortgages than their homes are worth as joblessness hovers near 9 percent. The figures underscore the Federal Reserve's view that the housing market "continues to be depressed" even as the rest of the economy improves.

"The demand for housing just isn't there," said Mark Vitner, senior economist at Wells Fargo Securities LLC in Charlotte, North Carolina. "We have to clear this inventory of foreclosures. We think that happens in the second half of the year."

Estimates of the 76 economists surveyed by Bloomberg ranged from 4.8 million to 5.39 million.
Stocks rose as Japan made progress in cooling nuclear reactors at a crippled plant. The Standard & Poor's 500 Index gained 1.5 percent to 1,298.38 at the 4 p.m. close in New York. Treasuries fell, pushing up the yield on the benchmark 10-year note to 3.33 percent from 3.27 percent late on March 18.

No Recovery

"One cannot say that we are in a recovery right now," Lawrence Yun, chief economist at the Realtors' association, said at a press conference. "If the price decline persists, even with job recovery, it could hamper some buying enthusiasm."

Distressed properties accounted for 39 percent of sales, and the share of all cash transactions was 33 percent, the highest since at least August 2008, when the agents' group began tracking the monthly figure.

Sales fell in all regions in February, led by a 12 percent drop in the Midwest and a 10 percent decrease in the South.

The median price decreased to $156,100 last month from $164,600 in February 2010.

The number of previously owned homes on the market rose 3.5 percent to 3.49 million from January. At the current sales pace, it would take 8.6 months to sell those houses compared with 7.5 at the end of the prior month. Supply in the eight months to nine months range is consistent with stable home prices, the group has said.

Tax Credit

Housing, the industry that precipitated the recent recession, is having trouble gaining strength after the government's homebuyer tax credit expired and caused sales to plunge to a 3.86 million rate in July. Fed officials, in a statement following their March 15 monetary policy meeting, said that while the "economic recovery is on a firmer footing," residential real estate is still "depressed."

"Many potential home buyers are finding mortgages difficult to obtain and are also worried about additional declines in house prices," Fed Chairman Ben S. Bernanke told lawmakers during a March 2 testimony. "There's no demand for construction to build houses" until more people want homes, he said.

Home prices dropped in the 12 months to December by the most in a year, according to the S&P/Case-Shiller index of home values. In 20 cities, prices fell 2.4 percent, the biggest year- over-year decrease since December 2009, the group said Feb. 22.

Foreclosure Outlook

In addition to an unemployment rate lingering near 9 percent, some underlying home values are less than the mortgages on the properties. That indicates foreclosure filings may climb about 20 percent in 2011, reaching a peak for the housing crisis, RealtyTrac said earlier this year.

Cheaper homes and distressed properties are making it difficult for builders as well. Housing starts fell in February to the slowest pace since April 2009 and building permits slumped to a record low, Commerce Department figures showed March 16.

For housing, employment "is the most important part today or biggest impediment," said Larry T. Nicholson, chief executive officer of Ryland Group Inc. (RYL), a Calabasas, California- based homebuilder catering to first-time buyers.

Whether potential buyers "have a job and they're going to keep their job or whether their hopes of employment are out there is still the biggest challenge for us today," Nicholson said at an investor conference March 8 in Orlando, Florida.

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	0.00	0.00	0.00	-	-2.25
Prime rate*	3.25	3.25	3.25	3.25	-	-2.00
Libor, 3-month	0.31	0.31	0.54	0.28	0.03	-2.30
Money market, annual yield	0.59	0.61	0.82	0.59	-0.23	-1.93
Five-year CD, annual yield	1.99	2.01	2.64	1.98	-0.61	-1.35
30-year mortgage, fixed	4.86	4.90	5.43	4.32	-0.29	-0.89
15-year mortgage, fixed	4.10	4.16	4.58	3.71	-0.32	-1.09
Jumbo mortgages, $417,000-plus	5.85	5.54	6.19	5.32	-0.17	-1.37
Five-year adj mortgage (ARM)	3.54	3.62	5.79	3.31	-0.69	-2.28
New-car loan, 48-month	4.93	4.91	6.59	4.90	-1.59	-1.87
Home-equity loan, $30,000	5.13	5.13	5.20	5.06	-0.06	-0.49

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:

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Accuracy of square footage, lot size and other information is not guaranteed.