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  蒙特利公園豪宅

Chinese Investors Target Smaller, Low-Cost U.S. Real Estate Markets
中國大陸在美國房地產的投資將會快速成長，除傳統沿海市中心外，二線城市也越來越受中國投資者青睞

By: Ignazio Messina

For at least a decade, the founder of the “China CEO Club” has crisscrossed the United States promoting the sizzling growth in his homeland.

His targets were elite groups of business leaders to alert them about the tremendous business opportunities in the People’s Republic.

Last year, it was Toledo Mayor Mike Bell who got the pitch from Simon Guo, the Chinese translator and deal broker whose friendship and association with Perrysburg businessman Scott Prephan ultimately led to the first major international transaction for the city of Toledo — the sale of The Docks restaurant complex for $2.15 million to Chinese investors.

“Simon is the key. He is the key to everything,” said Mr. Prephan — a former real estate developer and now real estate salesman whose friendship with Dean Monske, Mr. Bell’s former deputy mayor for external affairs, allowed him to connect the dots from Toledo to China and in the process collect a 5 percent commission.

The Docks deal is part of a burgeoning trend across America in which Chinese with high net worth — and the Chinese government through the China Investment Corp., a $300 billion sovereign wealth fund — are spending billions to invest in American businesses and buy U.S. real estate.

The two Chinese investors who purchased The Docks are now negotiating with city officials to buy and develop the stalled Marina District project in East Toledo.

Experts say Chinese companies and Chinese citizens with lots of cash, who are also encouraged by their own government to expand overseas, will invest in American property at an increasing rate.

Most are still buying in America’s mega commercial centers, but a few are now carving out pieces of the Rust Belt.

Ben Carlos Thypin, director of market analysis at Real Capital Analytics Inc., a research firm with offices in New York, said Chinese investments are edging into smaller markets such as Toledo and Milwaukee, rather than only investing in places such as New York and Chicago.

Lower-cost targets

“Over the past couple years, most if not all Chinese investment has been going to those major markets,” Mr. Thypin said. “In the past year we saw one in Milwaukee. What’s happening in Toledo is a continuation of that trend.”

He said part of Toledo's appeal to Chinese investors is a much lower cost.

"They can buy a lot of land and build a lot more for their money as long as they are comfortable with the place," Mr. Thypin said. "It will serve as some kind of base for a long period rather than a financial investment … I imagine they are doing their homework and that is why they are going to Toledo, because it is so cheap and they can afford for this to take a long time."

Many questions remain unanswered, however, including precisely how the two investors — Wu King Hung and Yuan Xiaohona — made their millions and what they intend to do with the Marina District, which has long been heralded as a key component to the near-downtown Toledo redevelopment.

Even their identities remain a question.

Initially, city officials refused to divulge the names of the potential Chinese investors. A Blade reporter obtained Mr. Wu's name from the secretary of one of the businessmen who accompanied Mr. Bell to China in September on a mission to market the city.

The Blade obtained Ms. Yuan's name in February from her Toledo attorney through a city official, but that same attorney, David Squillante, told the newspaper last week that she signed her name on documents as Siu Hung Yuen when she was recently in Toledo to meet with city officials. He wouldn't explain the discrepancy.

Ms. Yuan has said she is part of a "shareholder company" and her business has been primarily in commercial and residential real estate, chiefly in the Chinese city of Shenzhen, but details on the Chinese investors' backgrounds is in short supply.

Neither Ms. Yuan, Mr. Guo, nor Mr. Wu could be reached for comment for this story.

Hard to track

Chinese investors have a practice of investing through conduits a lot of the time, which makes their investments opaque and difficult to track, said Mr. Thypin, the New York market analyst.

"There is a problem dealing with Chinese companies here or there. You do not know who is the guy behind the guy, behind the guy," Mr. Thypin said.

"As their investments spread to places that are less used to foreign investments, perhaps there will be more scrutiny to these firms, who they are, and whether they are coming from the government or the private [sector]."

China's investment in the United States was $448 million in 2003 and that figure increased to more than $2.3 billion by 2009. Chinese investors also have bought foreclosed housing and sought stakes in automobile and energy companies.

Part of the investments come from the China Investment Corp., an investment institution established as a wholly state-owned company under the Company Law of the People's Republic of China and headquartered in Beijing.

Last month, Ms. Yuan told The Blade that the money to purchase The Docks came from totally private sources.

Even with Chinese investment in the United States growing exponentially, how is it that a mayor with a background in firefighting and a real estate salesman with a checkered development background and an office above a pizzeria, could pull off an international investment deal with Chinese investors who acknowledge they had never heard of Toledo before last year?

Mayor Bell, the city's former fire chief whose popularity and charisma helped get him elected, acknowledged that he was able to parlay those skills into "forming relationships" with Chinese officials who, through Mr. Guo and Mr. Prephan, led the two Chinese investors to Toledo.

The relationship has developed so much so that Mr. Bell next month has been invited to speak briefly in China at the wedding of Mr. Wu's son, Jimmy Wu.

And the mayor credits old fashioned glad-handing.

"The key to the reason this is working so well is we keep establishing relationships," Mr. Bell said. "We are doing what door-to-door salesmen used to do. We are trying to get people to take a look at cities that are midlevel, not just places like Chicago, because we believe our quality-of-life is high and we have less complications than a big city."

The mayor said he is not concerned that he does not know details of Mr. Wu's and Ms. Yuan's business history or from where their money comes.

"I know the same amount that I know about where Chrysler gets its money or where any other foreign company gets its money," he said. "I am doing the appropriate due diligence we would do for any company and we are trying to do the best we can for the city of Toledo."

The Prephan link

Mr. Bell said he also is not concerned about Mr. Prephan's past business and legal problems.

Mr. Prephan, who is the local contact for Dashing Pacific Group — the company set up by the Chinese investors to buy the Docks — has become an unlikely figurehead shepherding the relationship between the city of Toledo and Chinese investors.

The Bowsher High School and Bowling Green State University graduate shares office space above a pizzeria on West South Boundary Street in Perrysburg.

A certified public accountant, he once co-owned the mall in Bowling Green and has developed hundreds of condominiums and homes in northwest Ohio and southeast Michigan.

But since the national and local real estate market collapse in late 2007, Mr. Prephan has had more than $2.3 million in court judgments levied against him and real estate partnerships he's involved with, had property in Waterville put into receivership, and is in danger of losing part of a major waterfront development on Sandusky Bay in Ottawa County.

Partly because of those financial troubles, he said he has focused more acutely on business opportunities in China.

Since first leading Mr. Bell, Mr. Monske, and a local business delegation to China in September, Mr. Prephan continues to promote the city's desire to attract Chinese investment.

Mr. Prephan was to be paid $107,500 in commission for the $2.15 million Docks' sale that closed on March 18, but creditors from failed business loans have filed a complaint in Wood County Common Pleas Court in an attempt to keep him from collecting that cash.

Mr. Bell said Mr. Prephan has been valuable to the city and his civil legal problems have not been a concern.

"The investors have a comfort level with him," Mr. Bell said. "I would not have met any of these individuals if we hadn't gone to China … and they needed a contact and they were comfortable with Scott and he has been in the business for a long time, so this is not someone who is new on the scene."

Mr. Prephan has been arranging meetings between Mr. Bell and additional Chinese investors interested in deals within the city for when the mayor returns to China sometime next month.

The Perrysburg businessman began making trips to China about six or seven years ago after attending seminars locally about doing business there.

"I went to China because my initial goal was development and building opportunities," Mr. Prephan said. "There has been a creation of a new middle class in China that never existed before with incredible buying power."

He said much of his success in luring Chinese investors to Toledo has come from his relationship with Mr. Guo, a prominent deal broker between Chinese and American businessmen who once translated for former Secretary of State Henry Kissinger while in China.

"He is by far my strongest connection to China," Mr. Prephan said. "The flood gates really opened when the mayor and Dean [Monske] went over there and nurtured some of foundations we had laid."

Early last year, Mr. Prephan and Mr. Guo went to a chief executive officers' conference in New York, where Mr. Prephan was introduced to Mr. Wu. That meeting included about 43 chief executive officers from China who were visiting the United States to learn about investment opportunities.

"What I did was — and this is on a continuous basis — the most important thing about doing business in

China is to develop the right relationships," Mr. Prephan said. "Simon knows both cultures very well and he is able to transcend the difference between the two."

Elsewhere

Toledo's effort to attract international investment is not unique.

Milwaukee Mayor Tom Barrett first hosted a delegation of elected officials from Ningbo, China, in 2006 — several months after his October, 2005, trade mission to the country.

Martha Brown, Milwaukee deputy commissioner of development, said a Beijing-based company called the Toward Group in 2008 purchased for $6 million the vacant Northridge mall in northwestern Milwaukee, with the intent of opening a Chinese-style mega mall.

The company reportedly cited the low cost of doing business in Milwaukee as part of the decision to invest there.

So far, the mall remains vacant, Ms. Brown said.

Robert Lawrence, professor of trade policy at Harvard University's Kennedy School of Government, said the emergence of a huge middle class in China has generated an internal demand for investment.

"China has a stunningly high savings rate — almost half of its gross domestic product — and for the most part they have been investing their savings at home, but they have also been accumulating high amounts of foreign exchange revenues because they are buying high amounts of U.S. government debt, but in addition they are searching around for profitable places to invest their savings," Mr. Lawrence said. "Given the volume of investments they are making, they have a voracious need to find high returns … within China itself, the returns are rather low because there has been so much investment."

Mr. Lawrence, co-author of the forthcoming book Rising Tide: Is Growth in Emerging Markets Good for the United States? said Chinese investments in the United States will continue.

"From one vantage point, real estate is the most unmovable asset you can have, so in a sense, why would we be against it?" he added. "Why should we be concerned if our real estate is being bought? It is [another] thing when they buy out intellectual properties, or factories — ways that hurt us."

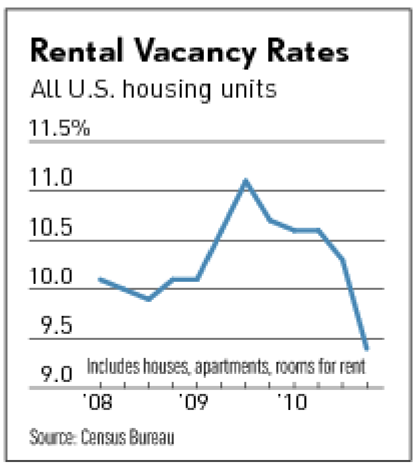
Are Small Apartment Buildings A Smart Investment?
公寓租賃需求量預期增加，FHA（政府保證）貸款所需頭款小至 3%，導致小型投資者趨向小型公寓投資

By: Kathleen Doler

Recovering rents, rising occupancy rates and low sales prices are enticing investors to become landlords. The sweet spot for smaller investors is multiunit buildings with up to four units, according to market followers.

This size of apartment property can qualify for conventional financing backed by Fannie Mae (FNMA) and Freddie Mac (FMCC) with 20% to 25% down. When a landlord lives in one of the units, financing insured by the Federal Housing Administration may be available with as little as 3.5% down.

"I'm seeing rents go up in the markets where employment is strong: New York City, Seattle, Washington, D.C.," said Lesley Deutch, vice president of John Burns Real Estate Consulting, in Lake Worth, Fla. "All markets will be on the positive side this year."



How much rent growth just depends on where you are, Deutch says.

"Financing is starting to free up for more creditworthy investors," said Peggy Abkemeier-Alford, president of Rent.com in Santa Monica, Calif. "So small investors are scooping up multiunits."

In 2003, homeownership was 69% says Abkemeier-Alford. Now it's 66.5%, and "every 1% decline in homeownership equals 1 million new rental households."

Competition Big And Small

One caveat for investors is that smaller rental properties must compete with the many vacant homes now being rented out.

Slammed by a credit crisis and the recession, commercial real estate isn't out of the woods yet. But the apartment sector, which is part of it, is flashing encouraging signs for both big and small investors. In February sales of apartment portfolios priced $2.5 million and up rose 50% from a year ago to more than $2 billion, according to Real Capital Analytics. But it's still just a fraction of the activity seen a few years ago, and distressed properties accounted for 41% of February's sales.

Abkemeier-Alford predicts rents in top markets will rise 5% to 6% this year, and in bottom markets she expects 2% growth.

The national rental vacancy rate climbed to more than 10% on average over the past couple of years. But "in the most recovered markets in 2011 it will be around 5%, a big decrease," Abkemeier-Alford said.

Real Capital's analysis of large apartment deals found investor demand outstripping offerings around Washington, D.C.; Boston; Southern California's Orange County; San Francisco; Raleigh, N.C., and a number of Florida markets.

"In our area, sales of multiunit properties are very brisk," said Al Ricci, a broker at Ricci Realty in the Southern California city of Orange.

Where The Renters Are

Ricci works in an area called Old Town, near Chapman University. He says some parents are now buying multiunit properties to house their students plus other tenants. Rising rents, low vacancy rates, high on-campus student housing costs and low sales prices are bringing parents into the market as investors, according to Ricci.

He says triplexes that sold for $750,000 and up in 2007 are now priced at $600,000. But in his area, due to demand, "rents haven't changed." Ricci is the listing agent on three multiunit properties and expects to move all of them in 60 to 90 days.

Rental properties are an option for hands-on investors. Here, town houses line a Beaverton, Ore., street in 2009.

In Seattle, new hiring by Amazon.com (AMZN) should reduce rental vacancies and potentially drive rent increases, says Glenn Roberts, managing broker of Lake and Company Real Estate. "Amazon has leased 1.7 million square feet right next to downtown — they're really expanding," Roberts said. "And a lot of their employees won't be homebuyers yet, so they'll need to rent."

Roberts believes multiunit properties near downtown are an investment opportunity. "In the last 30 days, 13 multiunits have sold and closed, but there are 50 pending right now," he said.
The availability of low-down FHA loans for multiunits is often overlooked.

"People have been a little out of touch with FHA financing," said Rebekah Radice, a mortgage planner with Benchmark Mortgage in Colorado Springs, Colo. And some folks think FHA only offers small loans. But it raised the lending limits in high-cost areas, and then extended those raised high-cost loan limits to Sept. 30, 2011, Radice says.

FHA loans require mortgage insurance, paid in monthly premiums. After an April hike, the cost will range from an annual 0.25% to 1.15% of the loan amount atop a 1% upfront fee.

Michael Simpson, a multiplex property investor in Sacramento, Calif., advises new landlords to screen tenants, keep an eye on their properties and keep detailed books.

Simpson also says that potential landlords should research how their city or town treats multiunit properties. In Sacramento, any property with more than three units requires more extensive permits for remodels than a single-family building, he notes.

Office-Space Occupancy on the Rise
兩年多以來，辦公樓出租率與租金首次略微上揚

By: A.D. Pruitt

The amount of occupied office space in the U.S. continued to inch higher during the first quarter of 2011 as businesses slowly began to expand.

Average effective rents, which include such benefits as free rent and interior work, rose by 0.5% to $22.20 a square foot, according to property-research firm Reis Inc. This marked the second consecutive quarter of rent increases and more evidence the industry has finally turned the corner after more than two years of dramatic rent and occupancy drops.

However, rents are still well below the highs of 2008, when effective rents reached $25 a square foot. Also the improvement varies among regions. Among the 79 markets tracked by Reis, the nation's capital continued to boast the lowest vacancy in the first quarter with a 9.2% rate. The district was followed by New York City at 10.7%.

On the other end of the spectrum, Detroit and Phoenix tied for the highest vacancy rates of 26.6%. Detroit continues to suffer from high rates of joblessness and population declines, while Phoenix is still hurting from the housing crisis.

The national vacancy rate inched down slightly to 17.5% from 17.6% in the fourth quarter, which was the highest level in 17 years. "As the overall economy continues on its current path of expansion, we expect that rents and vacancies will continue to improve in 2011," said Ryan Severino, a Reis senior economist. He noted the potential risks to the recovery include concerns about Europe's financial woes and unrest in the Middle East and Northern Africa.

Washington is benefitting from rising demand from companies like Sterne, Kessler Goldstein & Fox, which is planning to expand into 120,000 square feet of space. The intellectual property law firm had occupied 88,000 square feet and will make a decision where to lease the new space within a few weeks. "We're growing and are looking to stay and expand or grow into a new space," says Robert Burger, chief operating officer of the firm which employs 310 people. It is being represented by CB Richard Ellis.
The improving office market has begun to resuscitate development in the hottest markets. For instance, Boston Properties Inc. recently said it will likely restart construction this year on a $1 billion 40-floor Manhattan skyscraper that's been on hold since 2009. In Northern Virginia, developer Monday Properties is building a 35-story office tower.

Corrections & Amplifications:

Monday Properties is building a 35-story office tower in Northern Virginia. An earlier version of this article incorrectly reported that Monday Properties plans to build the office tower.

INVESTMENT OPPORTUNITIES 投資機會

RECENT DISTRESSED PROPERTY DEALS

WEST COVINA MARKETPLACE AT THE LAKES

95,000 SF Built in 1995

Recently sold for: $10,000,000 ($105/SF)

Previously sold in 2007 for: $24,000,000 ($252/SF)

PLAZA VERMONT APARTMENTS/RETAIL

70,000 SF Built in 1995

Recently sold for: $6,400,000 ($80,500/unit)

2010 Assessed value: $8,500,000

GLENDALE RETAIL/OFFICE

14,290 SF Built in 1989

Recently sold for: $1,200,000 ($85/SF)

2010 Assessed Value: $3,500,000 ($244/SF)

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

Renewed Urbanization Will Drive Change in Retail Strategies
最新研究表明，嬰兒潮一代將越來越多遷移至購物便利的大型市中心，所以住宅與購物混合式建築較受歡迎

By: David J. Lynn (NREI)

Changing demographics and shifting land use patterns will significantly influence development of retail investment strategies going forward.

These trends taken together represent a progression toward greater urbanization in the U.S., a movement back toward the cities and to higher density living and diverse patterns of mixed-use development.

This evolving trend stems from contemporary choices of Baby Boomers and Echo Boomers, rising transportation costs, and community and government preferences toward mixed-use, higher-density, walkable communities and away from suburban sprawl.

The renewed urbanization represents a significant turn from suburbanization patterns of the past decades. Retailers are already adapting their formats to respond to these changes.
Investors will also need to reformulate retail strategies, given changing patterns of demand and land use. A closer look follows.

Urban Amenities: Intergenerational Attraction

The social preference will be the strongest attraction for Baby Boomers to urban areas. Retiring Baby Boomers will have a net migration to rural areas if they follow behavior of their predecessors, according to John Cromartie and Peter Nelson in their 2009 study, “Baby Boom Migration and Its Impact on Rural America,” published by the Department of Agriculture’s Economic Research Service.

However, that same study and Ania Wieckowski’s “Back to the City” in the May 2010 Harvard Business Review concluded that aging Boomers will appreciate urban amenities such as proximity to health care and families, and walkable, active communities.

Many Baby Boomers exhibit empty nest syndrome when their Generation Y children leave home. In real estate, this typically is thought to entail leaving behind their large suburban home for smaller, more manageable living quarters in vibrant, entertainment-driven environments.
As retirement looms for the older Boomers, 17 million, or 25 % of the cohort, will be senior citizens within the next decade.

Baby Boomers have indicated in analyses that they are most concerned with obtaining affordable housing. They will also want to be in communities that are walkable or have public transit for both philosophical and physical reasons.

It is likely they will prefer and eventually have to stop driving. For this reason, it is likely they will seek smaller, easier shopping formats that are closer to home.

Indeed, walkability has become an important factor. Zillow, the popular online real estate database, in July 2007 began rating the walkability of the property to retail and transit infrastructure and other services on a scale of 0 to 100.

For these reasons, we believe the Baby Boomers will either be inclined to move to or remain in urban areas. Also in the near term, they are unlikely to retire at typical retirement age.
When they do retire, we expect at most they will exhibit a relatively insignificant urban outmigration from cities compared with the influx of Echo Boomers.

Dave Schreiner, vice president of active adult business development for Pulte Homes, bets his company will profit from baby boomers' preference for more urban environments.

"A large number of Del Webb (the Pulte active adult brand) residents are starting new businesses, getting retrained and staying connected to the workforce. They don't leave it entirely," says Schreiner. "That's one advantage of positioning our newer communities close to large metropolitan centers. That's where the jobs are."

Different generation, different motives

The factors driving Echo Boomers toward urban areas is somewhat different. The desire for vibrant and cultural social experiences is the same, but their economic motivation for urban living is much stronger and clearer.

The overwhelming majority of Echo Boomers are primarily focused on career development and economic opportunity. This is illustrated by shifts in U.S. Census Bureau statistics that report 64% of 25- to 34-year-olds look for the city they desire to live in before looking for an actual job.

From 1990 to 2000, the Echo Boomers showed a 250% increase in positive likelihood to live within three miles of a central business district. This indicates that there is an assumption that a city holds opportunities Echo Boomers desire.

In line with these noted urbanization trends of U.S. population is the forecasting by the population division of the Department of Economics and Social Affairs of the United Nations.
The department lists the United States in the top five countries in the world for rapid speed of population decline in rural areas at -0.67% over the last 10 years. The urban population, meanwhile, has increased at an average of 1.38% over the same period.

Impact of rising fuel costs

Increasing transportation costs also are a major force behind urbanization trends. Despite increased resources devoted to developing alternative energy, it is clear that the majority of the energy to meet demand for the foreseeable future will come from fossil fuels.

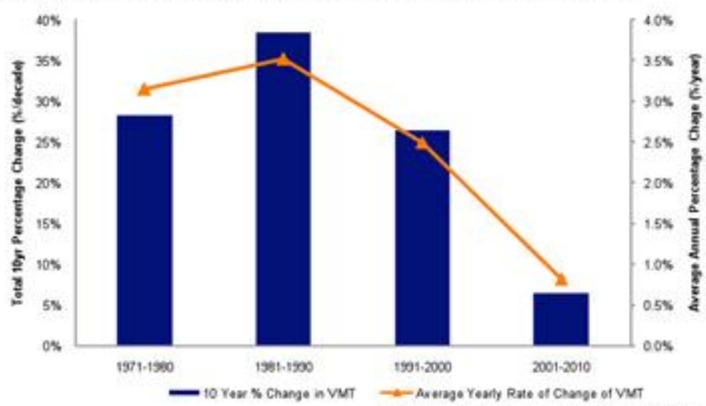
There appears to be no major commercial innovations on the horizon that will interrupt the upward pressure on oil prices.

An assumption can be made that due to increased automotive travel costs, people will drive less and prefer to live in areas where they are closer to work, necessities and entertainment.

The fact is that this has already been happening, according to data from the Federal Highway Administration. Total vehicular miles traveled (VMT) in the United States has generally increased year-over-year for the past 30 years. However, this increase has begun to decelerate rapidly over the last two decades.

As seen in Figure 1, the last increase in VMT occurred between the 1970s and the 1980s. Since then, the percentage increase of annual VMT has decelerated.

Figure 1. Percentage Change in Vehicular Miles Traveled by Decade Decelerates



Source: Federal Highway Administration

The peak decade-over-decade increase was 38.5% from 1981 to 1990. The following decade the VMT increased by 26.5%, and from 2001 to 2010, the VMT has only increased a total of 6.5%.

This deceleration is occurring despite a growth in population and income, and despite overall economic expansion of the United States. A direct conclusion is that people are shifting their means of travel away from the automobile.

At the same time, public transportation systems have become better developed, and transit-oriented development is also being pursued in numerous metro areas.

Changes are by design

Some of the shift toward mixed-use and high-density design can be attributed to widespread changes in industry standards of city planners, urban designers and the real estate sector.
Over the last 10 to 15 years, the generally accepted idea of what constitutes a good neighborhood has changed quite a bit, and it is not suburban sprawl.

It has become clear to industry professionals that mixed-use design, walkable communities and access to public transport is not a fad and will continue to be important in the future.

Most architecture and planning colleges and universities train new planners in the design of integrated mixed-use communities. Architecture and planning schools have ubiquitously taught some form of "New Urbanism." The next generation of planners is likewise being inundated with the tenants of thoughtful urban design.

Real estate trade organizations, especially the Urban Land Institute, have produced numerous publications on the value of developments that effectively combine density, open space, multiple transportation options and walkability among a mix of real estate uses.
While zoning was for many decades strictly confined to regulating separation between different land uses, many community planning boards, especially those in need of urban revival, are increasingly enticing developers with zoning law variances, tax incentives and public-private partnerships to undertake retail and mixed-used development.

Consequences for the retail sector

As a proxy for demand for retail in urban areas, we have examined retail rent growth in first tier and top-performing metropolitan statistical areas (MSAs) across the U.S.

We examined the trailing five-year recorded rent growth from CBRE Econometric Advisors and the ING Clarion Research and Strategy Group's projected five-year rent growth for a given MSA overall. Then we compared that to submarkets of the MSA that could be considered the central business district (CBD). Because of data deficiencies and complications, New York City and Los Angeles were omitted from this study. The results can be seen in Figure 2.

Figure 2. Rent Growth in CBDs vs MSAs as a Proxy for Demand for Urban Retail Locations

	MSA			CBD	
Market*	Annual Rent Growth (5yr trailing avg)	Annual Rent Growth (LTAvg)	Annual Rent Growth (5yr forecast)	Annual Rent Growth (5yr trailing avg)	Annual Rent Growth (5yr forecast)
Atlanta***	-0.34	2.30	-1.32	-0.88	-0.77
Austin	0.78	3.41	4.00	-0.54	4.80
Boston	-2.20	1.00	0.20	3.50	1.00
Charlotte***	2.22	3.30	3.74	3.08	4.36
Chicago	-5.48	2.49	-2.02	-5.80	1.40
Denver	-2.14	2.80	2.30	-3.30	1.20
Edison***	-0.22	1.00	4.66	2.11	4.52
Fort Worth***	0.52	2.66	1.96	-2.72	4.16
Houston	1.60	1.26	2.89	5.30	3.00
Miami	2.08	1.56	2.58	7.50	2.50
Salt Lake City	-0.72	1.70	2.46	-3.00	3.10
San Diego	0.08	3.60	-1.48	-12.60	-0.20
San Francisco	2.00	2.72	0.10	10.60	0.00
Seattle	2.78	3.39	0.62	8.40	1.00
Washington DC	1.32	2.79	1.62	9.60	1.60
AVERAGES**	0.554	2.404	1.487	1.416	2.111
CBD rent growth % greater than MSA:				255%	142%
% occurrence CBD rent growth greater than MSA:				53%	67%
				(HISTORICAL)	(FORECAST)

* excluded LA and NYC due to data deficiencies.
** excluded Chicago MSA in 5yr trailing average because overly influencial.
*** not included in ING top tier 1 & 2 markets, but in top 15 retail growth markets.

Sources: CBRE Econometrics Advisors (history), ING Clarion Research and Strategy (forecast)

The results indicate that 53% of the time in the last five years, the rent growth for retail assets in the CBD has outpaced the overall MSA rent growth. The magnitude of average rent growth has been about 2.5 times greater in the CBD than in the MSA.

For the five-year forecast, the CBD rent growth outpaces the MSA 67% of the time, and is on average 1.5 times greater in magnitude.

This projection suggests that more often than not the demand for — and lack of supply of — retail space in CBDs will exhibit significantly more robust rent growth than less dense areas of the greater MSA encompassing that CBD.

This is a reasonable conclusion considering the proven and projected increased in demand for urban places and the relatively limited supply of such locations.

The results of this data analysis indicate a potential business preference for denser urban locations over outer edges of the MSA. Given our analysis of demographic and land use trends, we expect this divergence to continue and potentially widen in the future.

Supermarkets, Fitness Centers, & Theaters Replace Traditional Anchors at Regional Malls
隨著越來越多百貨商店的倒閉，區域購物中心的主要租客逐漸轉型為超市、健身中心、電影院等

By: Elaine Misonzhnik (Retail Traffic)

The long-in-the-making decline of department stores has been forcing regional mall firms to search for alternative anchors for years. In the past decade, big-box stores, restaurants, discounters and other large space users have all popped up as alternative anchors.

Today, as mall owners deal with the latest round of department store closings, a new crop of replacements has emerged. Supermarkets, wholesale clubs, gyms, theaters and even jumbo-sized specialty retailers are all taking space formerly occupied by the likes of Sears, Boscov's, Mervyn's and other department store chains. Less commonly, owners have also signed leases with non-retail uses like theaters, spas, medical facilities, colleges and religious institutions.

Last fall, for example, Tennessee-based Rush Fitness Complex, a regional workout chain, opened a 30,000-square-foot facility at Walnut Square, a 492,028-square-foot regional mall in Dalton, Ga. The space used to be occupied by Goody's Family Clothing, but after the chain went bankrupt in 2009, the mall's owner, Chattanooga, Tenn.-based CBL & Associates Properties Inc., approached Rush about coming to the center. The location has been working out great, according to Larry Gurney, founder, president and CEO of Rush.

In another case, at the 992,322-square-foot Harrisburg Mall in Harrisburg, Pa., managing agent Jones Lang LaSalle Retail recently brought in Broadway Classic Productions, a local theater company, to take up a 7,000-square-foot ground floor space that formerly belonged to a Boscov's department store.
In addition, Australia-based mall operator Westfield Group has been signing deals with both Costco and Aldi to come to its centers. And apparel retailer Forever 21 has been snapping up spaces at malls throughout the country.

Mall owner Westfield has been experimenting with supermarket tenants recently, including this Seafood City store at Westfield Southcenter in Seattle.

A quality that many of these new tenants share is that in the past they have eschewed regional malls or occupied non-anchor spaces, but have now switched gears. It's part of a broader trend where there is less segregation of tenants by property type. So retailers that, say, may have exclusively located in power centers in the past are being more flexible about the kinds of spaces they are willing to consider. There are both short-term and long-term factors at work behind the trend.

These tenants are looking at malls at a time when the vacancy rate for regional mall anchors remains near its cyclical high. The downturn had a significant impact on many anchor tenants. Mervyn's and Gottschalks closed for good. Boscov's went through Chapter 11 reorganization. Macy's and Dillard's closed dozens of stores. As a result, Reis Inc., a New York City-based research firm, estimates that anchor vacancies at regional malls reached a peak of 4.0 percent in the first quarter of 2010 and have declined only slightly to 3.9 percent in the most recent reading. That's double the low point of 2.0 percent in the second quarter of 2006.

Many traditional mall anchors are not expanding rapidly and instead have focused on building cash reserves. In addition, department stores have been losing market share for years. Department stores' share of the U.S. retail market dropped from more than 7 percent in 1990 to about 2.5 percent in 2010, according to research by Customer Growth Partners, a New Canaan, Conn.-based consulting firm.

"Certainly there has been a little bit of a reaction on the part of mall developers to the shrinking and consolidation of department stores and junior boxes," says David Neuhoff, vice president of redevelopment with CBL, adding that he expects more consolidation and/or bankruptcies among traditional anchor tenants. "But now you are also seeing developers being proactive and looking to the future."

Today, about one in every four malls in the country features at least one unconventional anchor, estimates John Bemis, executive vice president and director of leasing and development with Jones Lang LaSalle Retail, an Atlanta-based third party property manager. And mall owners are looking for alternative tenants that drive foot traffic, like a department store does.

New alliances

One of the more interesting recent trends has been the emergence of supermarkets and warehouse clubs as potential mall anchors. In the past, mall owners and supermarket operators have had doubts about how well grocery stores fit into the typical regional mall mix.

Supermarket chains were concerned about the premium rental rates and high common area charges they would have to pay for a mall store versus a location in a strip center. And both mall operators and supermarket executives worried about the added car traffic, parking issues and loading issues a supermarket would create in a mall. But those attitudes have begun to change as mall owners face a plethora of vacancies at their centers.

The challenge has been convincing supermarket operators that they can go inside regional malls and be successful, Neuhoff notes. Many supermarket chains already operate locations next to regional centers, but since the strategy is fairly new in the U.S., they are still working out issues like whether to have an internal entrance, and how to best handle loading and parking.

Westfield has been among the first mall owners to pursue this strategy: in August, the firm signed a deal with Costco to open stores at Westfield malls in Los Angeles, Sarasota, Fla. and Wheaton, Md. In the past, Costco had faced some challenges breaking into infill markets because there were so few available sites that fit its criteria, according to David Messner, vice president of real estate with the chain. But as more department stores started closing down their doors, Costco saw an opportunity to grow its portfolio. As of 2010, Costco operated eight stores at regional malls.

Observers think the strategy makes sense. Not only are some of these retailers large enough to occupy anchor boxes—many Costco stores, for example, measure more than 100,000 square feet—they drive high foot traffic more regularly than department stores, according to Jeff Green, president of Jeff Green Partners, a Phoenix-based real estate consulting firm.

Westfield is also experimenting with supermarkets. In September, the firm signed a 20,000-square-foot lease with German discount supermarket chain Aldi for its first U.S. store in a regional mall.
Aldi will open in a former Steve & Barry's space at Westfield Chicago Ridge mall in Cook County, Ill. One industry source says that European supermarket operators might be more comfortable with the idea of leasing space at malls because it's already a common strategy across the Atlantic.

CBL, for its part, has been having exploratory conversations with domestic supermarket chains and specialty grocers about potentially opening mall stores. "We would love to incorporate grocers like Trader Joe's or Fresh Market, which are excellent traffic drivers to the mall," says Neuhoff.

Getting in shape

Fitness clubs like Rush can also work as good substitutes for department stores because the larger chains occupy big chunks of space and bring in regular visitors. In fact, fitness clubs often attract a more diverse pool of potential customers than a traditional mall anchor because there are people who come to the mall to exercise who would not have gone in just to shop, says a CBL spokesperson.

Meanwhile, fitness club operators benefit from having an easily identifiable address, plenty of parking and a second entrance inside a mall that exposes the brand to passersby, says Gurney, of Rush Fitness. Rush opened its first club at a Simon mall in Knoxville, Tenn. in 2001. But the club at Walnut Square was only its second location in an enclosed regional mall in 10 years.

"I think it's done really well for us and we are looking for more [locations] like that if it has the right dynamics and the right pieces."

Fitness chains as a group are in heavy expansion mode right now—companies from Planet Fitness to LA Fitness to Anytime Fitness are opening new locations. Hastings, Minn.-based Anytime Fitness alone plans to open 900 new clubs over the next 24 months, putting it on the list of the fastest growing retailers, according to a report produced RBC Capital Markets and Retail Lease Trac.

A spokesman for Anytime Fitness says that 99 percent of its clubs are currently located in strip centers, but the chain does have about a dozen units in enclosed malls and would be willing to open more if the opportunity came about.

"With people concerned about health and obesity, our industry is really something that's growing and not something that's going to move away," says Gurney. "And with a lot of the boxes closing out there, we create a lot of traffic [for mall owners]. A lot of people use health clubs two, three, four times a week."

Today, Rush Fitness operates 23 locations, but its long-term plans call for hundreds of clubs all around the United States.

Forever expanding

Another firm that's been making a lot of noise in leasing mall anchor space is apparel chain Forever 21. The company has been a popular mall tenant since the late 1980s. Up until recently, however, it occupied inline space. But in the last few years, the firm has jumped on the opportunity to grab large boxes and open stores in the 80,000-square-foot to 90,000-square-foot range.

In 2008, Forever 21 purchased 15 Mervyn's leaseholds in an open auction. It initially tried to buy all 150 Mervyn's stores. Since then, the retailer has been snapping up boxes belonging to other mall anchors. In July, for example, it took over a lease for a 43,000-square-foot space at South Coast Plaza in Costa Mesa, Calif. from Sears Holdings Corp.

Movie theaters and community theaters are often willing to take over empty department store boxes.

"In many cases for them, it's a function of being able to access a market they couldn't ordinarily get into," says Bemis. "Forever 21 was not going to be able to find itself a location at South Coast Plaza" without the Sears lease.

At the same time, malls throughout the country have started to bring in non-retail uses like live theaters, libraries, medical facilities, government buildings and religious institutions.
For example, Jones Lang LaSalle recently leased some mall locations to beauty schools Paul Mitchell and

Aveda Institute, says Mark Hunter, senior vice president of retail services with the firm. "I think you are seeing enclosed malls reinvent themselves to cater to a broader customer base," he notes.
And when all else fails, firms can opt to chop up the space and put a cluster of retailers or restaurants together as a way of creating an alternative anchor.

Cost analysis

What makes alternate anchors particularly attractive is that mall owners don't have to swallow huge rent discounts to take them on, Bemis notes. That's because department stores have typically paid below market rents in exchange for serving as traffic drivers. So even if a fitness club or a supermarket chain expects to see significant perks, the landlord can give them what they want and not take too much of a hit on its NOI.

In the fourth quarter of 2010, rents for anchor spaces at regional malls averaged $26.27 per square foot, about the same as the year prior, according to Reis statistics. In contrast, rents for inline space averaged $38.79 per square foot. During the current market cycle, anchor rents peaked at $30.12 per square foot in fourth quarter of 2008.

The bigger issue for mall owners might be the cost of converting former department stores to new uses. Some of the new tenants are not used to the high ceilings typically employed by department store chains or might need to create new stairwells between floors, while others, like medical and educational facilities, need infrastructure for equipment and technology, according to Jane Lisy, vice president of marketing with Forest City Enterprises, a Cleveland, Ohio-based real estate operating company. If the mall owner decides to split the box into smaller units, that costs money as well.

When Forever 21 opened a new store in a vacant department space at Forest City-owned Antelope Valley Mall in Palmdale, Calif. in February 2009, the mall owner had to spend an undisclosed amount retrofitting the space to accommodate the chain's smaller footprint. Ultimately, however, Forest City decided the costs were worth it to bring Forever 21 to its property. The leasing team knew that Forever 21 wouldn't build a new store in the mall, notes Lisy.

"It can get cost prohibitive and it requires some creativity," she says about retrofitting. "We've looked at bringing in alternative tenants and in some cases it didn't make sense. But at Antelope Valley, it was an opportunity for us to use the [vacant] space and get the tenant that we wanted."

PIMCO Forming New Mortgage REIT
全球最大的債券基金 PIMCO 成立了新投資信託基金，預備投資與地產債券相關的資產

By: Mark Heschmeyer (CoStar)

Pacific Investment Management Co. (PIMCO), the world's largest bond fund, is forming a new real estate finance company that intends to acquire residential and commercial real estate-related debt.

To be called PIMCO REIT Inc., the Newport Beach, CA-based company has filed documents with the U.S. Securities and Exchange Commission requesting approval to raise $600 million through a public offering of common stock that will trade on the New York Stock Exchange.

Founded in 1971, PIMCO manages investments totaling more than $1.2 trillion as of Dec. 31, 2010. That figure included securitized holdings of more than $372 billion, of which $46.9 billion were in dedicated directly to mortgage and real estate-related strategies. PIMCO’s other assets consisted of $268.6 billion in residential mortgage-backed securities and $81.6 billion in mortgage credit holdings such as non-agency RMBS and CMBS.

Jennifer Bridwell, who leads PIMCO’s mortgage-related product development efforts, will be CEO of the new REIT.

Analysts said the availability of additional capital would certainly be good news for the industry at this point in the cycle, especially if it results in more widespread liquidity. "We don't need more senior debt chasing trophy properties in New York City and Washington, DC as much as we need senior debt chasing the quality but non-trophy properties outside of those markets, that would have the greatest benefit for the industry," noted Chris Macke, senior real estate strategist for CoStar Group.

In its preliminary registration filing, PIMCO said that the U.S. mortgage finance system is undergoing historic change.

"Significant increases in regulation and public policy are influencing which investors will have the financial ability to hold real estate-related assets. We believe that private non-bank capital will represent an increasing share of these assets in the years to come," the company wrote.

Regarding commercial real estate assets, the company said in its filing that the significant declines in CRE values and the related significant contraction in capital has been exacerbated by financial institutions significantly reducing their commercial real estate lending activity in an effort to retain capital.

The firm estimates that approximately $2 trillion in commercial real estate loan maturities are expected over the next five years.

"We believe that this deleveraging process in commercial real estate provides an attractive opportunity to acquire and originate debt collateralized by quality commercial real estate assets," PIMCO wrote.

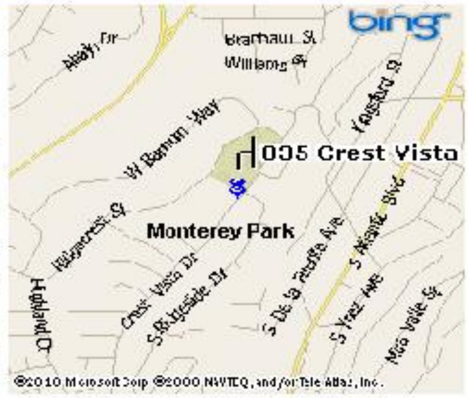
Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)
消費者市場利率：房貸、基本利率、等等

(Reprinted with Permission of the Wall Street Journal)

	Yield/Rate (%)		52-Week		Change in PCT. PTS	
Interest Rate	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0.00	0.00	0.00	-	-2.25
Prime rate*	3.25	3.25	3.25	3.25	-	-2.00
Libor, 3-month	0.30	0.31	0.54	0.28	0.01	-2.43
Money market, annual yield	0.63	0.63	0.79	0.59	-0.16	-1.74
Five-year CD, annual yield	1.99	1.94	2.64	1.92	-0.60	-1.30
30-year mortgage, fixed	4.96	4.92	5.43	4.32	-0.41	-0.92
15-year mortgage, fixed	4.19	4.15	4.58	3.71	-0.36	-1.28
Jumbo mortgages, $417,000-plus	5.57	5.55	6.19	5.32	-0.60	-1.71
Five-year adj mortgage (ARM)	3.63	3.59	5.79	3.31	-0.68	-1.92
New-car loan, 48-month	4.38	4.89	6.59	4.38	-2.11	-2.40
Home-equity loan, $30,000	5.05	5.14	5.19	5.05	-0.14	-0.00

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: