

COMMERCIAL REAL ESTATE MARKET UPDATES SPECIAL EDITION

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近期高回報的不良資產交易

ETTV Super Mom Singing Contest @ STC Center (May 1, 2011)
東森超級媽媽歌唱大賽@東區第一會館(STC Center)



May 9,
2011



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L.A. COUNTY INDUSTRIAL MARKET Q1 2011 OVERVIEW

洛杉磯縣：2011年第一季度工業倉庫報告



The Industrial Recovery 工業倉庫復蘇概況

Source: CBRE

The nation's industrial market finally began to recover during the second half of last year, when the availability rate fell for the first time in 11 quarters. The industrial sector was hit particularly hard by this recession, which pushed the availability rate up 490 basis points (bps) to a record 14.6%. With a record amount of available space, rents naturally started to drop, falling 17% nationally, with the hardest-hit markets reporting rental declines of greater than 40%.

Although the availability rate is now beginning to fall, it remains near record levels and continues to pressure rents in most markets. Like most recoveries, this one has been uneven. Many markets have already begun to experience rental growth; in fact, in Q1, 21 of the 58 major industrial markets that we cover reported quarterly rental growth, more than double the ten that reported quarterly rental growth over the past year.

Although many factors affect the performance of industrial markets, most are heavily dependent or focused on a specific industry or sector. To try to understand the different ways the recovery is affecting the nation's industrial markets, we have classified each of our sector-driven markets as either distribution, high-tech, manufacturing, or port. We have classified those that are driven by multiple sectors as multi-use, while those that are not heavily influenced by any sector are categorized as regional.

Looking at availability rates by market classification, it is clear that distribution markets are showing the strongest improvements while regional markets—those focused mainly on serving the needs of the local population—are showing the slowest recovery.

Market Type	Last 12 Months	Last Quarter
Distribution	-116	-61
Manufacturing	-27	-22
High-Tech	-26	-17
Multi	-15	-9
Port	-14	-7
Regional	1	-4
Sum of Markets	-40	-20

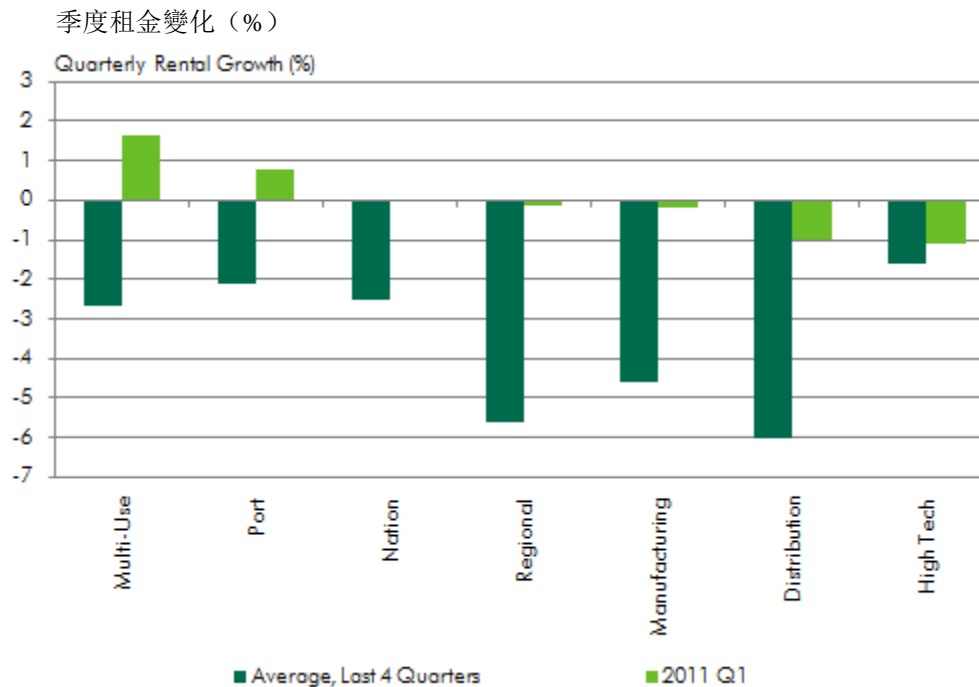
Distribution Markets Have Experienced the Strongest Decrease in Availability Rate (BPS change)
Source: CBRE-EA Industrial Outlook, Summer 2011.



During the recession, as availability rates rose across the board, every single market we cover reported falling rents. With availability rates now dropping, current and potential property investors will be asking whether availability rate decreases are translating into rent growth. Falling availability will *eventually* lead to rental growth, but with 33 markets reporting falling availability rates in Q1, and only 21 reporting rent growth, there is clearly a lag.

The reason for the lag is tied less to the speed with which availability has fallen, than to its overall level. The rapid drop in distribution markets' availability rates has not led to rent growth because there are still large amounts of unoccupied space in many of those markets. More space will need to be absorbed and the market will need to tighten before improvements can translate into rent increases.

Due to the recent resurgence in the nation's industrial sector, manufacturing-centric markets are now beginning to benefit, with rents essentially flat in the recent quarter. High-tech markets, historically the most volatile of the market classifications, continue to show weakness with respect to rent growth.



Ports Lead Other Major Classifications in Terms of Rental Growth Source: CBRE-EA Industrial Outlook, Summer 2011.



Of the major market classifications, ports have clearly been the leader during the recovery. Benefiting from both strong trade growth and more space constraints—which raise construction costs and reduce new completions—the nation's major port markets did not see rents fall quite as much as the other classifications, and—unsurprisingly—have been the first to recover. Distribution markets—the largest of which are Atlanta, Dallas, and Riverside—were particularly hard hit during the recession. Rents in Riverside fell by more than 40% peak to trough before turning positive in the most recent quarter, while in Atlanta, where rents fell by more than 25%, they remain very weak.

The industrial sector needs faster economic growth if it is to experience any meaningful, widespread recovery. The economic recovery, while appearing to be sustainable, has yet to show signs of accelerating like recoveries typically do after recessions. Much uncertainty continues to weaken consumer and business confidence, which helps to explain the generally tame labor market recovery.

Businesses, which continue to benefit from high profits and growing cash reserves, will start to invest and hire once some of this economic uncertainty dissipates. Historically low construction levels will continue to help but, ultimately, stronger economic growth will be necessary if the industrial sector is to experience a robust recovery.



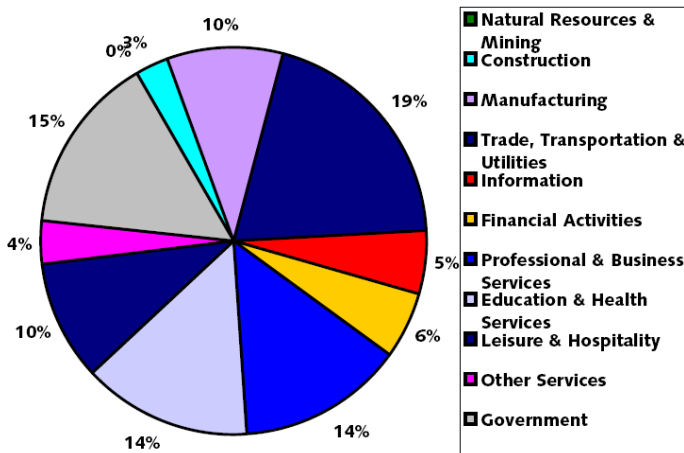
ECONOMY

EMPLOYMENT

Total Employment by Industry 各行業就業分佈

製造，貿易，運輸和公用事業組成洛杉磯市場29%的就業人數

Percent of Total Employment by Industry



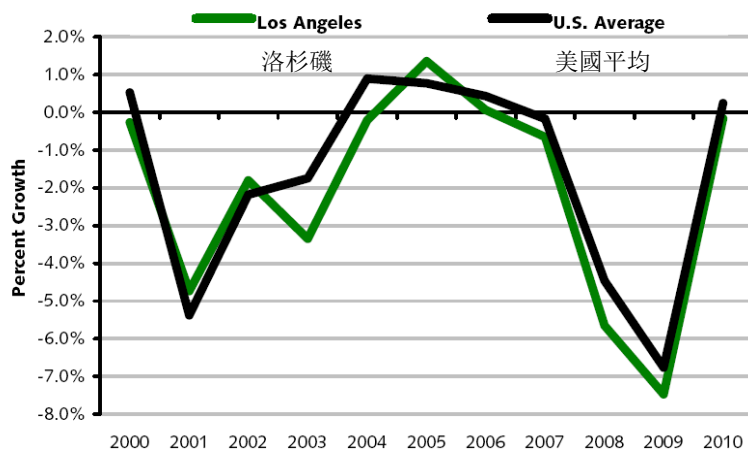
Source: Department of Labor, Bureau of Labor Statistics

AT A GLANCE:

Manufacturing, trade, transportation, and utilities comprise a significant portion of the market's labor force – 29% of total employment in the Los Angeles market.

Industrial Employment Growth 工業倉庫就業成長率

Number of Industrial* Jobs Added Per Year



AT A GLANCE:

The Los Angeles area added fewer jobs than the national average from 2007-2009. However, recent job growth has steadily matched that of the rest of the U.S.

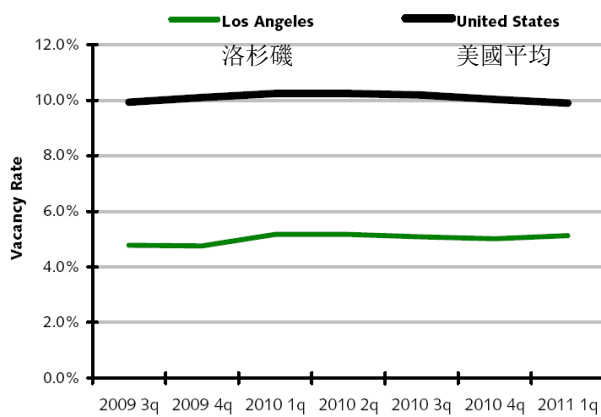
Source: Department of Labor, Bureau of Labor Statistics. * Industrial employment is defined as jobs in the Manufacturing, and Trade, Transportation & Utilities industries



THE LOS ANGELES INDUSTRIAL MARKET 洛杉磯工業倉庫市場

L.A. Industrial Vacancies Still Much Lower than the National Average 洛杉磯工業倉庫空屋率遠小於美國的平均

Past 7 Quarters



Source: CoStar Property®

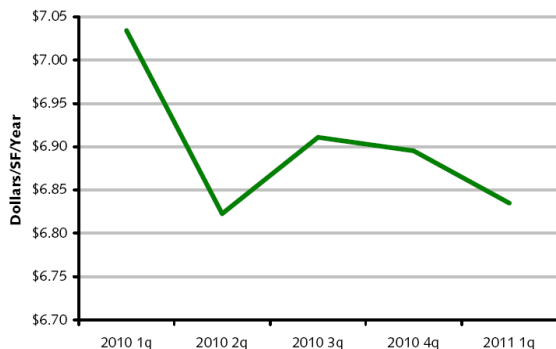
AT A GLANCE:

The Los Angeles industrial market ended the first quarter of 2011 with a vacancy rate of 5.1%, slightly up over the previous quarter.

Overall rental rates remained flat over the previous quarter.

Upper SGV Market Rental Rates Decreasing 北圣蓋博谷租金下滑

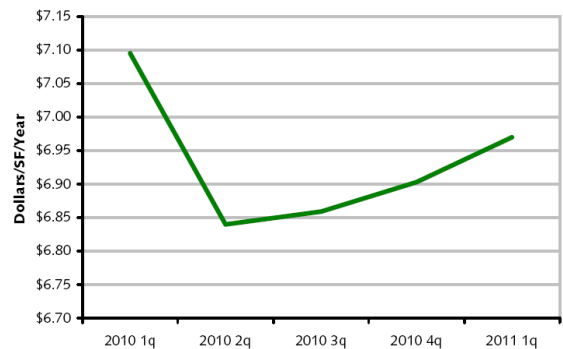
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Southwest SGV Market Rental Rates on the Rise 西南圣蓋博谷租金上漲

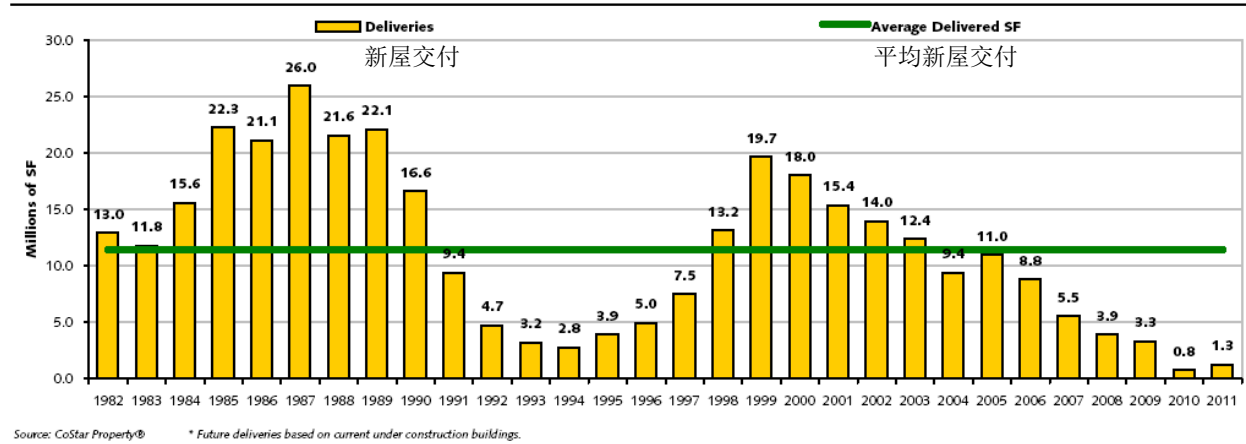
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

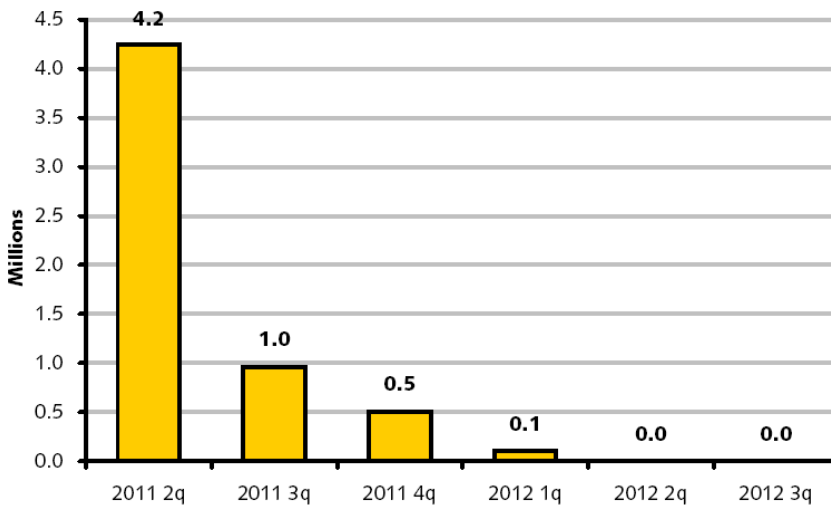


Delivery of New Warehouses Still at a Historical Low 工業倉庫新屋交付創歷史新低



Available Space Expected to Soon be in Short Supply 可用空間在未來幾年預計供不應求

Space Scheduled to be Available for Occupancy*



AT A GLANCE:

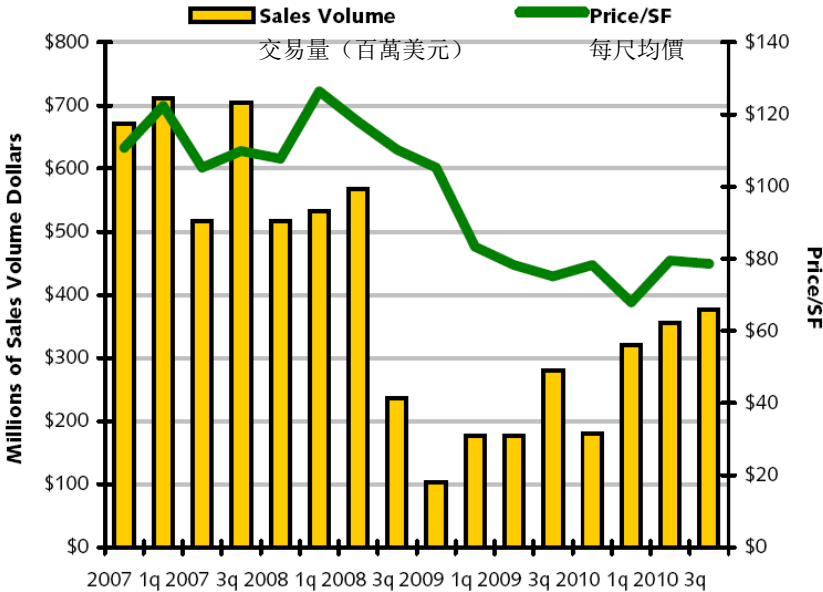
New industrial construction starts and deliveries remain at a historic low, but have shown some signs of recovery in 2011.

Regardless, available spaces will soon be in short supply as recovering businesses begin taking up existing inventory.



Prices Stabilize & Sales Volume Steadily Increases 交易價穩定，交易量上漲（15,000SF以上的工業倉庫）

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

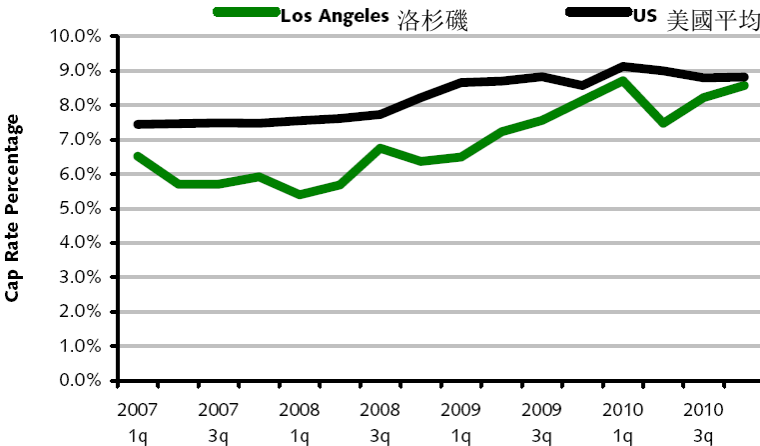
AT A GLANCE:

Pricing on industrial property in the Los Angeles area has stabilized as demand from investors has increased.

Sales volume has steadily increased in the last two years as investors look for bargains on properties.

Cap Rates on the Rise 投資回報率上漲

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

AT A GLANCE:

Cap rates, after a brief dip in early 2010, have risen again and are approaching the national average.



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)

Interest Rate	Yield/Rate (%)		52-Week		Change in PCT. PTS	
	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0-0.25	0-0.25	0-0.25	-	-2.00
Prime rate*	3.25	3.25	3.25	3.25	-	-1.75
Libor, 3-month	0.27	0.27	0.54	0.27	-0.16	-2.42
Money market, annual yield	0.62	0.65	0.79	0.59	-0.14	-1.76
Five-year CD, annual yield	2.00	2.00	2.64	1.92	-0.64	-1.54
30-year mortgage, fixed	4.71	4.80	5.21	4.32	-0.41	-1.14
15-year mortgage, fixed	3.95	4.04	4.57	3.71	-0.44	-1.50
Jumbo mortgages, \$417,000-plus	5.30	5.40	5.99	5.30	-0.69	-1.84
Five-year adj mortgage (ARM)	3.93	4.19	6.52	3.91	-0.56	-2.05
New-car loan, 48-month	4.19	4.25	6.53	4.19	-2.59	-2.64
Home-equity loan, \$30,000	5.07	5.04	5.17	5.04	-0.09	0.21

May 9,
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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 tree. 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.

May 9,
2011



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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