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What Impact Will Debt Ceiling Have On Commercial Real Estate?
如果國債限額的問題導致美國債券評級降級，商業地產的復蘇可能會減緩甚至下滑

By: Randyl Drummer (CoStar)

With Washington facing a showdown in less than two months for reaching a deal on the government's debt ceiling, many observers are weighing the potential impact on the commercial real estate recovery depending on various scenarios the Congress may pursue in dealing with this matter.

On May 16, the U.S. government smashed through the $14.29 trillion statutory limit that the government could borrow to finance obligations such as Medicare, Social Security, military salaries and interest on the national debt. The Treasury Department is using what Secretary Timothy Geithner called "extraordinary measures" to keep the government afloat until Aug. 2, at which point the nation will exhaust its borrowing authority and default on its debt obligations.

On April 18, Standard & Poor's downgraded its outlook on U.S. debt from stable to negative, meaning that if fiscal deterioration is not reversed, the nation's current stellar AAA rating will be downgraded. Soon after the House of Representatives last week rejected a measure to raise the ceiling, prolonging a budget standoff between Democrats and Republicans, Moody's Investors Service also warned that the U.S. government's top credit rating could be in jeopardy.

If there's no progress on increasing the statutory debt limit in coming weeks, Moody's expects to place the U.S.'s rating under review for possible downgrade due to the "very small but rising risk of a short-lived default," the rating firm said.

Although Moody's fully expected political wrangling prior to an increase in the statutory debt limit, the degree of entrenchment into conflicting positions has exceeded expectations, the firm said. "The heightened polarization over the debt limit has increased the odds of a short-lived default."

"The real question commercial real estate should be asking is how large the budget cuts will need to be to get Republicans to buy into raising the debt ceiling, and what impact those budget cuts will have on GDP. Commercial real estate demand is correlated with GDP," observed Chris Macke, senior real estate strategist for CoStar Group.

"If the government cuts spending, somebody has to make up the difference, or the economy will shrink. That means commercial real estate needs corporate America to increase its hiring and investment levels."

A white paper addressing the topic issued by Cassidy Turley posited the potential CRE impact from three debt ceiling outcomes, ranging from the U.S. defaulting on its debt (deemed least likely) to raising the debt ceiling with drastic short- and long-term cuts to government spending (also not very likely) to the most likely scenario: The U.S. raises the debt ceiling and makes smaller short-term cuts combined with larger cuts and reforms to Social Security and Medicare/Medicaid in the long term.

"The safe bet is that Congress and the Administration will come to terms and raise the debt limit as

they've done 70 times in the past 60 years," said Cassidy Turley Chief Economist Kevin Thorpe, co-author of the white paper. "If it breaks that way, the economic recovery and by extension, the real estate recovery should continue."

In fact, if lawmakers raise the debt limit and frame their decision in the right way, "it could send a signal that the federal government will be more fiscally responsible going forward. All of a sudden, all this uncertainty could be replaced by certainty and the market could actually take off," Thorpe said.

The details on the larger cuts are likely to be worked out starting in the fall, with the short-term budget resolution enacted on April 15 resulting in $38.5 billion in cuts from 2010 levels, about a 1-2% reduction in total federal outlays. Longer term, the goal is to reduce the annual deficit from the current fiscal-year figure of nearly 11% of GDP to 2-3% by mid-decade, with further reductions following that.

Assuming a 2% short-term reduction, then the decline in government spending would shave off approximately 0.4 percentage points from real GDP growth in 2012, lowering Cassidy Turley's forecasted growth rate for the U.S. economy of 4% in 2012 to 3.6%.

Granted, even modest cuts in federal spending will have a tangible impact on real estate, particularly markets closely tied to the federal government such as Washington, D.C., and markets in the Midwest and Southern California.

"It's reasonable to assume that the days of massive federal hiring in D.C. are over; we're already seeing signs of that," Thorpe said. "But I see very little from the budget proposals of both sides that suggest significant cuts in the areas of information technology and cyber-security, regulatory oversight -- many of the areas that drive demand for real estate in the greater D.C. region. But we don't know the specifics yet."

Moody's said the nation's credit rating would be maintained if the debt limit is raised and default avoided. However, the future rating outlook will depend on the results of deficit reduction talks.

What effect would it have on commercial real estate investment if debate drags on through most of the summer until near or close to the Aug. 2 drop deadline?

"Our assumption is that an agreement will be reached with modest near-term cuts to spending on a scale that will not significantly slow the economy or CRE recovery," said CoStar Real Estate Strategist Kevin White. "If an agreement isn't reached by early August, the Treasury will probably find other creative ways to push off default."

Waiting until the 11th hour to raise the ceiling does inject a level of uncertainty into the marketplace, Thorpe acknowledges.

"For commercial real estate, this is a big deal. That's two months from now and it does have people in wait-and-see mode in terms of investment decisions.

"You have to ask, where would CRE be today if the debt ceiling was already raised? I think the market

would be in a stronger position."

Under the worst-case scenario, most believe that a U.S. default on its debt would be devastating for the country, the economic recovery and commercial real estate. The Treasury Department would have no choice but to deeply slash spending, which would sharply reduce short-term economic growth. More importantly, a default could permanently damage the country's credit and ability to borrow.

"It would wreak havoc on the property markets in the form of massive layoffs, surging interest rates, spiking vacancy across all product types including trophy assets -- in other words, results much like those from the recent financial crisis, only worse," Cassidy Turley said.

If Congress raises the ceiling but approves deep spending cuts such as the House's aggressive proposal to cut nearly $6 trillion over the next decade while also cutting taxes, it could also deeply hurt the recovery, the Cassidy Turley white paper said. Under the House plan, total federal outlays would shrink by $89 billion in fiscal year 2012 compared to those in fiscal year 2011. Some analysts have estimated that the U.S. would create 900,000 fewer jobs in 2012 under the House plan.

Cassidy Turley emphasized that stronger up-front fiscal discipline has both short and long term benefits. Decreased spending would result in less bond issuance, causing investors to bid up the price of the existing bonds, likely pushing interest rates lower.

However, nearly 1 million fewer jobs would result in a "significant reduction in potential demand for [commercial real estate] space," Cassidy Turley said. Net demand for office space would decrease by an estimated 38 million square feet in 2012, Cassidy Turley estimates.

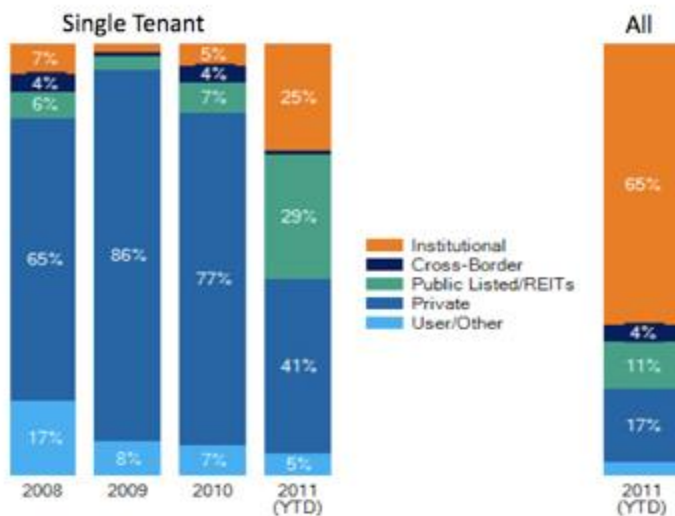
"By our estimates, [the deep cuts scenario] would slow the vacancy and rent recovery for all CRE sectors by one year," the white paper said.

Institutional Investors Overtake REITs in New CRE Acquisitions
機構投資者的商業地產收購量超越房地產投資信託基金

By: Ben Johnson (NREI)

As we approach the halfway mark of 2011, institutional investors have increased their appetite for commercial real estate, overtaking publicly traded real estate investment trusts (REITs) as the leading purchasers of retail and office properties in the first quarter of 2011.

Institutions pumped nearly $14 billion into the retail sector from January through April of this year, according to New York-based real estate research firm Real Capital Analytics. That compares to just $3.2 billion invested in retail properties for all of 2010.



In particular, institutional investors grew their share of the single-tenant retail market from just 5% for all of 2010 to a 25% market share in the first four months of 2011. Their acquisitions totaled $427 million from January through April compared with $161 million for all of last year.
Why are institutional buyers and REITs much more intent on owning single-tenant retail properties than they were a year ago? “There have been more portfolios trading,” says Bob White, president of Real Capital Analytics.

Typically large-scale investors such as institutions are not interested in smaller-dollar transactions, including single-tenant retail.

“But many of the recent REIT/institutional deals have been portfolio sales where there is much more activity this year. Those [deals] were pretty tough to finance a year ago,” notes White. “So some of the rise in institutional and REIT investment is just because portfolios are trading again.”

Yields in the single-tenant retail sector today are higher than those for the office and apartment sectors, says White. Indeed, capitalization rates for single-tenant retail averaged 7.66% for the first quarter of 2011 compared with 7.4% for office and 6.67% for apartments.

“I also think that as the economy turns around slowly, the institutional/REIT crowd is feeling a bit more comfortable understanding the [creditworthiness] of the retailers. It wasn’t too long ago that everyone lost faith in credit ratings in general,” says White.

Developers were the largest sellers of retail properties in the first quarter of 2011, according to Christopher Macke, senior real estate strategist at CoStar Group in Washington, D.C. “This is due to their capital constraints and need to decrease their debt loads,” he says.

Office Gets Attractive

When it comes to attracting institutional capital, the retail sector has not been alone, as office buildings have also garnered significant attention.

According to CoStar, institutional investors overtook publicly traded REITs as the largest acquirers of U.S. office buildings in the first quarter of the year, a sign of widening demand that may have the net effect of pushing property prices higher.

In fact, institutions were larger purchasers of office buildings than REITs in three of four quarters last year, says CoStar’s Macke. He notes that institutional demand for commercial real estate is on the rise due to the improving economy and relatively low yields being generated in alternative asset classes.

Pension funds, insurance companies and sovereign wealth funds added $1.39 billion of office buildings to their portfolios in the first quarter of 2011. During the same period, acquisitions of office properties by REITs totaled $1.1 billion, according to CoStar.

That represents a dramatic turnaround from a year ago when institutions were net sellers, notes Macke. According to CoStar, investment-grade commercial property prices rose 2.2% in March 2011 from a year ago.

Office sales more than doubled to $10.2 billion in the first quarter from a year earlier, according to Real Capital Analytics.

Many institutional investors are plowing more capital into commercial real estate these days. For example, in late May the Texas Teacher Retirement System (TRS) committed an additional $200 million to Chicago-based LaSalle Investment Management for global real estate co-investment opportunities. This additional investment follows the $205 million committed by TRS to LaSalle in 2009. TRS has $108.2 billion in total assets under management.

“Assuming that the institutions continue their net buying and the REITs continue as well, that should portend a positive direction for pricing in commercial real estate,” says Macke.

Bolstered by Recent Success, Retail REITs Remain Bullish
購物商場房客需求量增加；房地產投資信託基金對名牌折扣大型商場感興趣

By: David Bodamer (Retail Traffic)

Retail REITs have the wind at their backs as both tenant sales and demand for new space are rising, the investment sales market is picking up steam and a plethora of financing options are now available. Those were the big themes for nearly every retail REIT that presented at NAREIT's REIT Week held this week in New York City.

Most companies in the sector are projecting FFO and NOI gains for 2011. Share prices and total returns are up significantly from their March 2009 lows.

There were even some murmurs about development. Outlet centers are a particularly popular segment today, but some companies are selectively seeking to build grocery-anchored centers, town centers and even a handful of regional malls. More commonly, every REIT is looking for redevelopment and expansion opportunities within its portfolio.

Courting outlets

Perhaps the most interesting theme was the fact that many regional mall REITs are exploring the outlet mall space. Simon Property Group—with its acquisitions over the years of Chelsea Property Group, Prime Outlets and Mills Corp.—is already well established in the sector. Simon and Tanger Outlet Centers form a near duopoly in the space and own the majority of the existing upscale outlet centers in the country.

Taubman Centers also currently operates two outlet centers and has ambitions to build five to 10 more in the next decade.

Taubman Chairman, President and CEO Robert Taubman spent a good portion of of his presentation on discussing outlets.

Regional malls and outlets offer "a different kind of experience. One tends to be open-air. One tends to be much further from an urban area—although start-up development is becoming much closer to cities. But if you look at the brands, much of them tend to be the same," Taubman said. "Part of the reason we've been encouraged to go into the business is that the senior executives of retailers want more locations in the outlet sector. … We looked at the top 30 markets in the U.S. and we do believe there are good opportunities to be built. The only question is who is going to build them?"

In addition, CBL & Associates Properties is in a joint venture to develop an outlet center in Oklahoma and has its eyes on further opportunities. And Macerich Co. is working on building an outlet center in Phoenix. It too is aiming to build additional centers.

For its part, General Growth Properties seemed to be the outlier and preached a more cautious approach to outlets.

"I'm of the belief that if you were to do it on a development basis, it takes a long time to build a credible business," said General Growth CEO Sandeep Mathrani during his firm's presentation at REIT Week. "Will we venture into it? Yes. … But it will not be the driving force of our growth. I'd be more likely to do it on a joint venture basis than to do it on my own."

Much of the interest in the sector stems from the premise that it is the one retail property type that is currently under-developed in the United States. According to Steven Tanger, Tanger president and CEO, "The outlet center industry only has 150 quality outlet centers with 50 million square feet. ... Compare that with 176 million square feet of total retail space in the Chicago market alone. … There is room for growth." Tanger argued that there is room to build up to 100 outlet centers in the country.

"Outlets are now a distribution channel for virtually every one of brand name manufacturers and retailers we work with," Tanger said. "If five years ago they were going to open 10 stores, they may have opened three outlets and seven full-price locations. Now they are talking about seven outlets and three full-price stores. … [Outlets are] probably the only sector that is under-retailed."

Intensifying Assets

Aside from the outlet sector, there was little discussion of new development—with a few notable exceptions.

Taubman argued that there is space to build 15 to 20 new regional malls in the U.S. in the next decade and the firm's goal is to build four or five of those. Sales-per-square-foot at the firm's existing centers has now exceeded 2007 levels. At the end of the first quarter, the 12-month trailing average for its portfolio was $581 per square foot. The peak in 2007 had been $555 per square foot. Barring any headwinds, Taubman said tenant sales could reach $600 per square foot by the end of the year. Among shopping center owners, Regency Centers talked the most about pursuing development opportunities. It has a goal of $75 million in new starts in 2011 and $100 million in new starts in 2012 and 2013.

The activity is being driven by interest from grocers and other large tenants. Regency Centers President and COO Brian Smith said the firm had 35 percent more meetings at this year's ICSC RECon than last year and many were to discuss retailer expansion plans.

"We had nine meetings … with heads of real estate [of major retailers]," Smith said. "There was a lot of talk about development. All retailers with ambitious expansion plans are looking to development because there is none going on."

Importantly, the developments Regency is pursuing now will focus heavily on the larger tenants and feature very little inline space, because leasing demand remains weaker from mom and pops and other small shop users. In fact, the developments Regency is working on now will feature an average of just 11,000 square feet of small shop space.

There was much more discussion of redevelopment, expansion and renovation. Many REITs pursue this activity on an ongoing basis.

"We expect to send $2 billion to $3 billion on the existing portfolio—redeveloping, expanding, modernizing and adding … amenities," said Simon Property Group Chairman and CEO David Simon during his presentation. "We started that a year-plus ago. Some of our peers are talking about starting that now, but we're already well into that process."

Others are taking a harder look at assets now—after spending much of the past two years concentrating on maintaining occupancies and incomes and working on repairing balance sheets. In general, REIT operators argue that the returns that can be generated on redevelopments and expansions exceed what can be gained from attempting new ground-up development or acquiring centers.

"As the economy is getting better and we have circumstances with a weak anchor and we can recapture a store, we are working on a number of things," said Weingarten Realty Investors President and CEO Drew Alexander during his firm's presentation. "It's tough to quantify and say that it will be a tremendous amount of money (on redevelopment) in one fiscal year. … We are focused on redevelopment opportunities and think there will be some…. But the returns when we do will be fabulous."

Developers Diversified Realty President and CEO Dan Hurwitz made a similar point during his presentation.

"[O]verall to go out and find new sites to provide growth opportunities for retailers [is difficult]. It's much wiser to do that in redevelopment play," Hurwitz said. "Those projects are zoned and entitled. And retailers are being flexible in their prototypes to accommodate redevelopment. … So we're better off focusing on redevelopment than development."

Michael Pappagallo, executive vice president and COO of Kimco Realty Corp., said during his firm's session that returns on expansion, outparcel development and redevelopment can be in the double digits. "I think more than anything in the next three to five years, that's where (growth will come) in the Kimco portfolio, especially as the company pares down to the 600 core assets in the portfolio," Pappagallo said.

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Costco to Open 25 North American Stores in 2012 and 12 Stores Internationally
Costco（大型零售批發商）計劃 **2012** 年在北美開 **25** 家新店，在國外開 **12** 家店

Source: Costco Q3 2011 Earnings Call

Richard Galanti (CFO, Executive VP, Director)

“In terms of expansion plan for ’12, we’re still, let me say, 4 or so months out from the beginning of the fiscal year. There are currently 30 active projects on the current construction list. My guess is that figure for ’12 will ultimately be around 25 plus and including about a little under 1/2 and about 12 or so outside of North America. So we continue to ramp up in other countries where we have been pretty successful overseas.”

Best Buy Plans to Shrink Big-Box Store Presence by 10%
Best Buy（大型連鎖電器零售商）計劃在未來 **3-5** 年著重發展網上購物并縮減大型店 **10%**

By: Krista Klaus (Kansas City Business Journal)

Best Buy Co., the nation's biggest electronics retailer, plans to cut its big-box store square footage by 10 percent during the next three to five years because of expected growth in its online business.

Best Buy Co., the nation's biggest electronics retailer, plans to cut its big-box store square footage by 10 percent during the next three to five years because of expected growth in its online business.
Best Buy (NYSE: BBY) has nine full-service stores in the Kansas City area that often anchor shopping centers.

Retail broker Drew Quinn **of** the Kansas City office of Colliers International speculated that two to three local stores could close as a result of the reorganization during the next five years.

"There seems to be a downsizing in the marketplace of these junior (boxes), whether it be Jo-Ann Fabric or Best Buy or PetSmart," Quinn said. "They're recognizing they can be more efficient with their inventories and cut their rents. It is not just Best Buy that is out in the market talking about this."

Quinn said the bottom line is that retail vacancies will continue as more companies look to cut costs. "Landlords are going to have to go to enormous expense to re-tenant these spaces to keep these guys," Quinn said.

Shari Ballard, Best Buy Americas president, told investors Thursday that the changes will generate as much as $80 million in annual savings. Ballard and other Best Buy executives outlined the new strategy at the company's first analyst meeting in three years.

The electronics retailer has about 1,100 big-box stores, ranging in size from 20,000 square feet to 58,000 square feet for a total of 42 million square feet, according to the company website.

Ballard said Best Buy will increase its presence in the form of stand-alone Best Buy Mobile stores, express kiosks and other formats. In the United States, the retailer has about 180 Best Buy Mobile stores, which typically take about 2,000 square feet.

The Richfield, Minn., company has faced competition from online retailers such as Amazon.com Inc. (Nasdaq: AMZN) and discount stores such as Wal-Mart Stores Inc. (NYSE: WMT).

Best Buy reported a sales decline in December, typically the electronics industry's strongest month.
CEO **Brian Dunn** told investors the company began taking steps more than a year ago to re-engineer its business model and come up with ways to cut costs in four key areas: store portfolio, total work force, product acquisition and flow, and procurement.

"Savings in these areas are planned to be redirected to investment in high-growth opportunities and fueling a more competitive price position," Dunn stated in prepared remarks.

On Thursday, Best Buy shares closed at $29.46, down 2.6 percent. The stock has lost more than a third of its value during the past five months.

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RECENT DISTRESSED PROPERTY DEALS

BEVERLY HILLS OFFICE BUILDING

45,000 SF *Built in 1957*

Recently sold for: $10,750,000

Previously sold in 2007 for: $16,000,000 ($355/SF)

HILTON GARDEN INN – SIX FLAGS IN VALENCIA

96,000 SF *Built in 1991*

Recently sold for: $10,200,000 ($106.25/SF)

2010 Assessed value: $15,095,994

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Regulators Debate Finance Reform for CRE Lending
如果貸款新法（多德-弗蘭克華爾街改革和消費者保護法）不被正確使用，可能會導致二級市場縮小、減少信貸供應、並增加借款人的貸款成本

By: Mark Heschmeyer (CoStar)

Though the commercial real estate markets have noticeably begun the process of recovery, even while the residential housing markets have tumbled back into recession, CRE lending is drawing heightened scrutiny from financial regulators, and the government regulators and the politicians who side with them. The outcome of the ongoing tug -of-war with the CRE industry and the politicians on their side may hold major ramifications for the future of capital flow to the industry.

The issues they are debating are at the heart of implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted by Congress to resolve issues that are believed to have led or contributed to the financial meltdown, including failures and gaps in financial regulation, and the concept now generally called "too big to fail."

The law itself provides mostly high-level direction to financial regulators, leaving "an extraordinary number of details and critical decision-making to regulatory discretion." As a result, the ultimate nature and future of reform rest in the hands of regulators.

Various regulatory agencies and Congressional panels are presently receiving public comments on a range of issues involving implementation of Dodd-Frank, including those affecting CRE. It is not yet clear which set of arms will have the most pull and how the new law will shape up, but it is clear that they are all fighting to avoid falling into the same pit.

Patrick M. Parkinson, Director, Division of Banking Supervision and Regulation Commercial Real Estate at the Federal Reserve Board laid out the problem in testimony earlier this year before a Congressional Oversight Panel.

"Weakness in real estate markets, both commercial and residential, continues to be a drag on overall growth in the economy. Construction of nonresidential structures continues to lag because of weak fundamentals in the sector, including high vacancy rates and low property values, factors that are unlikely to change in the near term," Parkinson said. "CRE-related issues also present ongoing problems for the banking industry, particularly for community and regional banking organizations."

"Credit losses for bank CRE loans typically continue well past the trough of recessions, and we expect this pattern to continue in this cycle. Working through the large volume of troubled CRE loans will take time as banks go through the difficult process of loan workouts and loan restructurings," he said.

Outstanding CRE debt has contracted 6% from its peak in 2008, while outstanding CRE loans at banks have contracted by almost 12%. The majority of the decrease in bank loans was associated with reductions in construction and development loan balances, which were largely the result of foreclosures and charge-offs.

Over the last three years, FDIC-insured institutions had set aside more than $640 billion in loan loss provisions and, in the process, written off more than half a trillion dollars in bad loans.

Despite the decline in aggregate CRE loans, however, almost 1,200 commercial banks, or 18% of all banks, had high CRE loan concentrations at the end of the third quarter of 2010. CRE concentrations have been the dominant factor in bank failures. Of the more than 300 commercial banks and thrifts that have failed since the beginning of 2008, more than 75% had high CRE concentrations at year-end 2007.

"Since the beginning of 2008 through the third quarter of 2010, commercial banks have incurred almost $80 billion of losses related to CRE exposure, equating to a little more than 5% of the average exposure outstanding during this time. In past cycles, CRE credit and market fundamentals generally lagged the larger economy by a year or more. Given this historical experience and the recent improvement witnessed in the broader economy, it is estimated that banks have taken roughly 40% to 50% of the CRE losses that they will realize over this cycle. Using past cycles as a guide, we expect that the remaining losses will likely be incurred over the next few years," Parkinson said.

Parkinson said at those hearings that CRE exposures will continue to be a focus for the Federal Reserve and the agencies they are working with, including the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corp. (FDIC).

The U.S. Government Accountability Office (GAO) issued a report late last month calling for enhanced guidance on commercial real estate risks.

The GAO report examined, among other issues, past supervision practices of the FDIC, the Federal Reserve and the OCC. The federal banking regulators had issued statements and guidance encouraging banks to continue lending to creditworthy borrowers and explaining how banks can work with troubled borrowers. However, some banks had stated that examiners' treatment of CRE loans had hampered their ability to lend.

The GAO found that examiners generally provided support for exam findings on loan workouts, but identified some inconsistencies in applying the 2006 CRE concentration guidance. Moreover, regulatory officials had varying views on the adequacy of the 2006 guidance, and some examiners and bankers noted that the guidance lacked clarity on how to comply with it. As a result, examiners and bankers may not have a common understanding about CRE concentration risks, the GAO said.

The GAO recommended that federal banking regulators should enhance or supplement the 2006 CRE concentration guidance and take steps to better ensure that such guidance is consistently applied.

Skin in the Game

One of thorniest credit risk skirmishes currently being played out is over the issue of loan securitization, in which lenders pool their mortgages into securities to be sold to investors. The process removes loans from lenders books while restocking their vaults for future lending.

According to critics, during the period leading up to the recession the originators and securitizers seldom

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retained meaningful "skin in the game." These market participants received immediate profits with each deal while assuming that they faced little or no risk of loss if the loans defaulted. As a result, securitizers had very little incentive to maintain adequate lending and servicing standards, according to federal regulators. The substantial and immediate profits available through securitization skewed the incentives toward increased volume, rather than well underwritten, sustainable lending.

Dodd Frank seeks to address that issue by requiring lenders and originators to retain a share of future securities issued. The proposed rule to address this issue generally would require sponsors of asset-backed securities to retain at least 5% of the credit risk of the assets underlying the securities and would not permit sponsors to transfer or hedge that credit risk. The tug of war being waged in this regard is over what percentage should be retained and by what financial institutions.

Lisa Pendergast, president of the Commercial Real Estate Finance Council (CREFC), expressed concern about pending regulations to implement the Dodd-Frank law's risk retention ("skin in the game") provisions, warning that they are hampering the recovery of the commercial mortgage-backed securities (CMBS) market.

Speaking before the U.S. Senate Subcommittee on Securities, Insurance and Investment Hearing last month, Pendergast said that prior to the onset of the economic crisis, CMBS deals were the source of approximately half of all CRE lending, providing approximately $240 billion in capital to the CRE finance market in 2007 alone. After plummeting to a mere $2 billion in 2009 at the height of the crisis, the CMBS market began to see signs of life in 2010 with $12.3 billion in issuance. Thus far in 2011, just under $10 billion CMBS have been issued, with projections for full-year volume ranging from $30 to $50 billion.

"One of the overarching questions faced at this juncture is whether CMBS will be able to satisfy the impending capital needs posed by the refinancing obligations that are coming due," Pendergast said. "Without CMBS, there simply is not enough balance sheet capacity available through traditional portfolio lenders such as banks and life insurers to satisfy these demands."

"As the regulatory process moves forward, many will argue that implementing certain requirements - or the failure to implement certain requirements - will be a death knell for the market," Pendergast said. "The more likely outcome is that the failure to get the details right will restrict the overall amount of capital that is available through the securitization finance markets. The proposed rules impose additional costs on and will - in some cases - disincentivize issuers and disrupt the efficient execution of capital structures that securitization provides."

"If not properly constructed, the risk retention rules could potentially result in a significantly smaller secondary market, less credit availability, and increased cost of capital for CRE borrowers," she said. "As our members continue to work through the proposed rule to better crystallize our views, we cannot overstate the stakes, given that this rule will directly impact credit availability and the overall economic recovery."

CREFC asked federal regulators for more time to analyze the risk retention proposals. And this week, six federal agencies approved a notice that extends the comment period on the proposed rules to Aug. 1. Originally, comments were due by June 10, 2011.

STC 資產管理 MANAGEMENT
Lic. No. 01299442

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

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	Yield/Rate (%)		52-Week		Change in PCT. PTS	
Interest Rate	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0-0.25	0.00	0.00	-	-2.00
Prime rate*	3.25	3.25	3.25	3.25	-	-1.75
Libor, 3-month	0.25	0.25	0.54	0.25	-0.29	-2.57
Money market, annual yield	0.61	0.62	0.78	0.59	-0.17	-1.73
Five-year CD, annual yield	1.90	1.97	2.58	1.90	-0.68	-1.88
30-year mortgage, fixed	4.57	4.58	5.21	4.32	-0.36	-1.84
15-year mortgage, fixed	3.77	3.83	4.57	3.71	-0.61	-2.23
Jumbo mortgages, $417,000-plus	5.11	5.16	5.89	5.11	-0.66	-2.42
Five-year adj mortgage (ARM)	3.16	3.16	5.79	3.15	-0.90	-2.71
New-car loan, 48-month	3.82	3.91	6.42	3.82	-2.57	-3.12
Home-equity loan, $30,000	4.79	4.80	5.17	4.78	-0.35	-0.05

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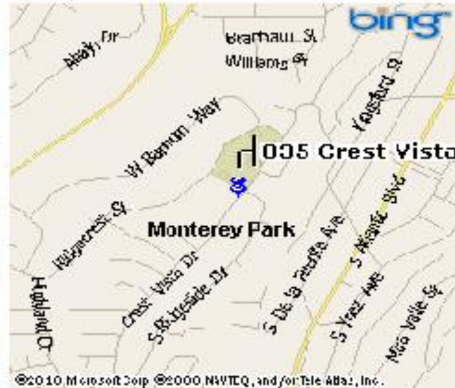
Monterey Park Luxury Residence
蒙特利公園豪宅

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:	

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.

Presented By

Contact: **John Hsu** Home Ph: **626-913-3881**
Contact DRE: **01093005** Fax:
Office: **STC Management**

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:

Exterior Features

Pool: **No**
Spa:
Patio:
Sprinklers:
Structure:
Outdoors:
Fence:
Roofing:
Lot/Community: **Patio Home**
Legal:

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.