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High Gas Prices Negatively Impacting Discretionary Spending at Retail Shopping Centers
高油價負面影響可支配支出；零售業銷售量 10 個月來第一次下降

By: Mark Heschmeyer (CoStar)

With gas prices again causing pain at the pump for consumers, the United States and the International Energy Agency intervened by releasing a combined 60 million barrels of oil from their emergency oil reserves in an effort to bring down prices.

Gasoline prices have dipped as the Fourth of July weekend approaches, but the high cost of fuel is still roiling retailers by taking money out of consumers' pockets and providing a strong disincentive for driving to the local mall or shopping center. And the impact is expected to continue for a few months at least.

Retail sales drifted into negative territory in May after 10 consecutive months of gains, according Garrick H. Brown, research director for Terranomics in Sacramento. The continued impact of gas pricing, plus weak May car sales combined to finally send these numbers into the red.

Several reasons have been advanced for the slowdown in spending, including bad weather (which hampered construction) and the Japanese earthquake (which disrupted industrial activity), adding to the lingering drag from falling home prices and state-government cutbacks.

However, says Kevin White, a real estate strategist for CoStar Group, "While these factors have no doubt played a role, it seems clear that the spike in oil prices from $90/barrel late last year to nearly $115/barrel in April deserves most of the blame."

White points out that while in the first three months of the year, U.S. consumer spending rose at its fastest pace since early 2007, real gains were offset by inflation.

"Higher inflation, driven largely by rising gas prices, neutralized most of these gains, reducing 'real' (inflation-adjusted) consumption growth to a modest 2%," White reported to CoStar clients this week. "Americans spent liberally, but their dollars did not go as far. Since consumption accounts for 70% of U.S. GDP, the hit to economic growth was palpable."

Oil prices have since retreated from their $115/barrel, but not quickly enough to prevent energy from taking a toll on second quarter performance. In addition, current prices are still more than prices at the same time last summer.

"Although consumers will see the cash-flow benefit soon, some of the lagged, second-round effects of the hit from gas earlier this year - weaker stock prices and job growth - could weigh on spending in the third quarter. I don't expect we'll really pick up momentum until the fourth quarter," White said.

That sentiment was backed up the Research Division of Federal Reserve Bank of St. Louis in a report this week entitled 'Where is an Oil Shock?' That report concludes that sharp increases in oil prices affect economic activity adversely, but even sharp decreases in oil prices have no effect on improving the economy.

White is advising real estate clients to continue to stress their assumptions against downside scenarios.

Peter Muoio, senior principal at real estate research firm Maximus Advisors and former global head of Deutsche Bank Real Estate Research, reported this month that stabilization of consumer spending bodes well for recovery, though many risk factors have prevented a solid improvement in most metro areas.

"Recent increases in the price of gasoline and food will directly and negatively impact discretionary spending, threatening chain stores and shopping centers," Muoio said. "With the growing prevalence of e-commerce and online retailers, we could be left with a glut of vacant retail space as in-store demand shrinks."

"While high gas prices are the immediate culprit of the most recent decline in retail sales, the commercial real estate industry needs to start asking when corporate America will create the necessary employment growth that leads to higher wages, the needed counter to rising gas prices," added CoStar Group Senior Real Estate Strategist Christopher N. Macke.

Best Buy Cuts Down Space as Internet Rattles Big-Box Stores
大型電器連鎖店 **Best Buy** 開始縮減目前經營的 **42,000,000SF**；計劃 **3-5** 年內縮減 **10%**

By: Joe Gose (NREI)

When Circuit City began liquidating $1.3 billion in merchandise in early 2009, market observers declared that Best Buy's long-term growth prospects never looked better.

Two years later, the Minneapolis-based retailer is aiming to reduce its roughly 42 million sq. ft. big-box footprint in the U.S. by 10% over the next three to five years. Stretched consumers and competition from discounters and Internet rivals have contributed to weak sales.

The consolidation could save the company some $70 million to $80 million a year. Best Buy is considering subleasing space in existing stores as one way to achieve the reduction.

Best Buy's comparable store sales dropped 1.7% in the first fiscal quarter that ended May 28 on a year-over-year basis after growing 2.8% during the same period in 2010.

Investment Firms Seek High Yields Through Smaller Distressed Assets
通過購買小規模高空屋率的商業地產、解決其問題并降低空屋率，投資者可將穩定后的資產快速翻倍

By: David Bodamer (Retail Traffic)

Last week, Los Angeles-based Westwood Financial Corp. announced it had acquired the 6,336-square-foot Stroh Ranch Retail Center in Parker, Colo. The center — 21 percent leased at the time of the deal — is emblematic of the type of property that Westwood is targeting as it plans to spend $100 million buying small, distressed strip centers.

Westwood purchased the center for an undisclosed price, but paid half of what the property fetched at the peak of the market.

The company seeks retail centers that contain less than 20,000 square feet of gross leasable area (GLA). Westwood has invested $30 million on those types of assets over the last 12 months. With more properties that fit that mold hitting the market, Dykstra thinks the firm may hit its $100 million goal before the end of 2011.

So far, Westwood has acquired five distressed assets as part of the effort and is continuing to seek properties that range in price from $1 million to $10 million.

Built in 1999, the Stroh Ranch Retail Center in Parker, Col., currently counts Pizza Hut as its only tenant after Blockbuster vacated last year, leaving the property 21 percent leased.

Joe Dykstra, executive vice president at Westwood, says the firm's philosophy is that in many cases it can acquire small, well-located strip centers with high vacancies, quickly address issues at the property, and re-lease the space in order to quickly flip the stabilized asset back into the market. Generally, the firm is targeting cash-on-cash returns north of 20 percent on these kinds of deals.

"It's a lot easier to fix these small problems than some of larger properties that might require a long-term business plan," says Dykstra. "We don't want to own small properties long term. In most of these properties, the issue is leasing," he emphasizes.

"We're looking for properties that are well-conceived. We're not looking for something at the edge of town. Other than the fact that the rents were above market and it has some vacancy, it is still a good property."

Dykstra says there have been more of these kinds of properties available in recent months as small banks and special servicers increasingly pursue an exit strategy.

"It's very clear that servicers and some of the banks are being aggressive in disposing of smaller assets," he says. "There's a lot of product out there, and there is a lot more coming."

Sellers increasingly capitulate

Other distressed retail assets controlled by special servicers and banks have sold in recent weeks. In one case, Houston-based Baker Katz, a full-service commercial real estate brokerage firm and X Team International partner, acquired the 120,000-square-foot Four Corners Shopping Center in Tomball, Texas, for an undisclosed price.

The center includes a 45,000-square-foot former Kroger space and is 35 percent occupied by such retailers as Tuesday Morning, Rent-A-Center, Firestone and Domino's Pizza. The seller was LNR Property LLC, which obtained the property in foreclosure in 2010.

In another deal, Cardinal Equities, through its affiliate Paradise Capital Group, has acquired from U.S. Bank a 50,000-square-foot retail and office complex in Dos Vientos Ranch, a master-planned community in Thousand Oaks, Calif.

Built in 2008, the property was foreclosed on by the construction lender in late 2009. It is 20 percent occupied. Paradise Capital has engaged CB Richard Ellis to head up leasing for the center.

"This is a wonderfully designed and well-thought-out retail center, and we view it as one of the retail jewels in our portfolio," Paradise Capital Group President Peter Cohen said in a prepared statement.

"Unfortunately it fell victim to the perfect storm of unforeseen circumstances. We are in a position to aggressively market the office and retail space in order to attract the best possible tenant mix to serve Dos Vientos and the surrounding area," added Cohen.

Dykstra strongly believes that Westwood has several competitive advantages it can exploit in pursuing these types of deals. The properties it is pursuing are smaller than what most firms it size target, so it is competing instead with local buyers who might not as be well capitalized. Westwood tends to pay all cash in these deals, enabling it to close quickly.

Moreover, as a firm with a large portfolio of shopping centers, Westwood has relationships with national tenants.

As of December 31, Westwood owned 104 retail properties —predominantly neighborhood centers — that contained about 6.4 million square feet of retail GLA. It has inked deals with several big-name tenants, including Chipotle and Massage Envy to fill vacancies at some of the other small, distressed retail centers it has acquired.

By and large, the issue facing most distressed retail centers that Dykstra visits is that the properties were acquired by their previous buyers at the height of the market with large amounts of debt and rents north of $30 per square foot.

At the peak of the market, shopping center effective rents nationally topped out at $17.64 per square foot in the first quarter of 2008, according to Reis Inc. At the end of the first quarter of 2011, effective rents were $16.55 per square foot.

In the last few years, however, many retail centers have experienced a rise in vacancies coupled with a dramatic drop in market rents as retailers have retrenched.

"If you lose two or three guys, you might be breaking even, or maybe even losing money and under water on your loan," says Dykstra. "You don't have cash flow. You run out of reserves. And then you have no ability to pay tenant improvement allowances or broker commissions to re-lease the space, even at lower rents. So, you're stuck."

Some of these centers have sat languishing for 18 to 24 months as lenders or receivers came in and did little to resolve the issues. But today, as the investment sales market has begun to heat up, there is new motivation to sell the centers.

Many special servicers have much larger distressed assets that require their full attention, so they have a sense of urgency about disposing of the smaller assets.

Not for the faint of heart

When Westwood takes over a financially troubled property, it often has to cover a ton of expenses including foreclosure costs, back taxes, rent taxes, deferred maintenance, and other assorted costs that are not typically part of transactions for stabilized centers. Still, taking all that into consideration, the firm expects it can generate its 20 percent cash-on-cash returns.

In many cases — because the previous owner was paralyzed and had no ability to pay broker fees or tenant improvement (TI) allowances — potential tenants may have shied away.

"You have to reintroduce property to the market," says Dykstra. "But you put your name out there, and now maybe tenants take another look."

All told, Dykstra says that the firm is generally able to sign leases in the "high teens to low $20s per square foot range" on these assets.

Previous Westwood purchases toward the firm's $100 million goal include the September 2010 portfolio acquisition of 68 former McDonald's-owned properties located across the U.S.

Westwood also has purchased a non-performing note, a real estate owned (REO) strip center, and an opportunistic investment property from a private individual, all within the last year.

Hotel Investors Inflate Property Prices Past Demand for Lodging
近期投資者以高出 **2006** 年高峰期的價格購買酒店，但被緩慢復甦的經濟而影響的酒店業可能無法支撐如此高價

By: Nadja Brandt (Bloomberg)

Record prices being paid by investors for U.S. hotels may be outpacing gains in room rates and stays as the slow economic recovery damps a lodging revival.

Prices for lodging properties climbed to about $185,000 a room in the first quarter, according to research firm Real Capital Analytics Inc. Values had peaked at $153,000 per room in 2006, then plunged 37 percent to a low two years ago.

This year's jump is the result of a surge in luxury-hotel transactions and more purchases by real estate investment trusts, particularly in large cities. While lodging occupancies and rates are climbing, the gains aren't enough to keep up with prices being paid for some full-service properties, said Rick Kleeman, managing partner at Wheelock Street Capital LLC, a real estate investment firm in Greenwich, Connecticut.

"Asset prices on average have led fundamentals," said Kleeman, whose company bought the Courtyard San Diego Downtown and the Hyatt Westlake Plaza, both in California, this year. "Obviously you have fundamentals improving, but clearly the economy is not picking up as fast as we had hoped. It's not the '06 or '07 crazy market but, on average, the market has run ahead of itself."

Occupancies in the top 25 U.S. markets climbed to 63 percent in the first quarter from 60 percent a year earlier, according to Smith Travel Research Inc. of Hendersonville, Tennessee. At hotels with the costliest rooms, stays rose to 67 percent from 63 percent.

The U.S. recovery is showing signs of slowing. The Standard & Poor's 500 Index has tumbled 5.9 percent from an almost three- year high in April, and manufacturing, employment and housing are trailing economists' estimates.

Increases Since Lehman

In the 24 months following September 2008, when Lehman Brothers Holdings Inc. failed, contributing to the U.S. recession, hotels fetched prices as much as 71 percent higher than during the lodging industry's peak, according to New York- based Real Capital.

The JW Marriott New Orleans sold in February of this year for $94.3 million, up from the $55 million price paid in January 2008. The Hilton Garden Inn Chelsea in New York City sold in September 2010 for $68.4 million, 24 percent higher than its $55 million price in October 2007, Real Capital said.

Values have gained even outside major cities. The Holiday Inn in Oak Hill, West Virginia, sold for $3.5 million in July 2010, up 40 percent from when it last sold, in September 2007.

"Pricing is pretty aggressive," Barry Sternlicht, founder of real estate investor Starwood Property Trust Inc. (STWD), said in an interview at the New York University International Hospitality Industry Investment Conference in New York on June 6. "Even for generic hotels you get 20, 30 bids."

'Well Below' Peaks

Daily room rates averaged $94.05 last year, and revenue per available room, an industry measure of occupancy and rate, was $42.40, according to Real Capital. That's "well below" the 2008 peaks of $106.65 and $54.42, said Ben Thypin, an analyst at the firm.

Hotel sales in the Americas are likely to jump as much as 25 percent this year, Jones Lang LaSalle Inc.'s hotel investment-services unit said on Jan. 4.

Values have been driven up chiefly by demand from REITs, which purchased $1.6 billion of hotels in the first quarter. That's 44 percent of those traded and five times the total of REIT purchases in all of 2007, the peak year for hotel sales, Real Capital said.

Mondrian Los Angeles

REITs are focusing on full-service properties in large cities. This week, Pebblebrook Hotel Trust (PEB) agreed to buy stakes in six New York boutique hotels for $152 million, and earlier this year bought the Mondrian Los Angeles for $137 million and the W Hotel in Boston for $89.5 million. Pebblebrook planned to spend $400 million to $600 million on hotels during the balance of 2011, Chief Executive Officer Jon Bortz said in April.

Sunstone Hotel Investors Inc. (SHO), the Aliso Viejo, California- based owner of 33 lodging properties across the U.S., in March agreed to buy a majority stake in the Hilton San Diego Bayfront hotel, valuing it at $475 million. The property, completed in December 2008, originally cost $350 million, according to its developer, Atlanta-based Portman Holdings LLC.

Sunstone acquired the hotel at a valuation of 13.4 times 2010 earnings before interest, taxes, depreciation and amortization, "meaningfully below our corporate EBITDA multiple," Sunstone President Kenneth Cruse said in an e-mail.

"Our valuation of the hotel is a function of its in-place cash flows, protected location, future growth potential and competitive supply trends -- all of which are very attractive," he said.

'Justify a Price'

"If people are buying at par or a slight premium, they can justify a price with future growth," said Charles Pinkham III, vice president of development at Portman.

That reasoning has contributed to hotel capitalization rates, a measure of investment yield, falling to record lows of 4 percent last year, according to Steve Rushmore, president and founder of HVS, a hospitality-consulting firm. He expects rates of 3 percent to 5 percent in the luxury tier, and 4 percent to 7 percent for upper-upscale properties, the segment one level below luxury.

“Pricing even at midscale hotels is pretty aggressive at a 6 percent cap rate,” Sternlicht said during a panel discussion at the NYU hospitality conference. “Usually it’s more around 9 to 10 percent.”

New York Hotels

In April, FelCor Lodging Trust Inc. (FCH) agreed to buy the Royalton and Morgans boutique hotels in New York City from Morgans Hotel Group Co. (MHGC) for $140 million, or about $500,000 per room. FelCor expects a minimum cap rate of 5 percent at the hotels, said Stephen Schafer, a company spokesman.

FelCor, based in Irving, Texas, looks for acquisitions that, “purchased at a substantial discount to replacement cost, will earn a 10 percent cash yield within a short time,” he said in an e-mail.

Some buyers say the prices being paid for hotels are justified as long as they’re below what it would cost to build the same property at the same location from the ground up.

“When you buy below physical replacement cost at a time nobody is building, it’s usually a good investment,” Jonathan Gray, co-head of real estate at Blackstone Group LP (BX), said at the New York conference.

Pebblebrook, based in Bethesda, Maryland, seeks properties priced at 20 percent to 50 percent below the cost of building new, CEO Bortz said in an April interview.

Replacement Costs

In some cases, hotel values have begun to creep ahead of even replacement costs, Mark Elliott, a partner at Atlanta-based brokerage Hodges Ward Elliott Inc., said at the NYU conference. That may be the first step toward a resumption of hotel construction. In such cities as New York, “hotels are routinely trading at $200,000 per key above what it would cost to replace them,” he said.

“Hotel demand is closely correlated with overall economic growth, so if you think you know what 2014 hotel demand is going to be, you’d have to know what 2014 GDP is going to be,” said Kleeman of Wheelock. “We are less certain we have that answer. One thing you can say for sure for hotels is things can change overnight.”

Student Housing a Surprising Bright Spot for Developers, Investors
隨著公立大學入學率增加與貸款機構對學生住房的青睞，學生住房市場看好、開發復蘇

By: Randyl Drummer (CoStar)

With development near a standstill for most new office, industrial and retail space, institutional capital has increasingly turned its focus on a few distinct property niches benefitting from advantageous demographic and business trends, such as medical offices, data centers and self-storage facilities. More recently, student housing, a specialized niche within multifamily, has generated particularly strong buzz among developers and their financiers.

"Student housing is certainly the darling of commercial real estate now, and probably the most liquid sector right now. We're going to see a continuing trend toward more development," said Travis Prince, senior associate with the Jackman Prince group of Marcus & Millichap in Tampa, FL, which specializes in student housing advisor and brokerage. "The veteran national operators with strong sponsors who came through the downturn relatively unscathed are getting more active, and there are also a number of local players with good relationships with their universities, a good understanding of their markets and the ability to get smaller-scale development done."

An influx of institutional debt and equity capital has led to the uptick in development activity. Pension funds, life companies and government-sponsored enterprises Fannie Mae and Freddie Mac are all eager to lend, in some cases, quite aggressively, noted Alexander Goldfarb and James Milam of Sandler O'Neill in a recent research note. While sponsorship is critical, the sector's attractiveness is bringing new faces, and possibly new platforms and private company IPOs, said the analysts, who are bullish on the sector.

On the down side lurks the always ominous risk of underwriting and future supply gone wild. "While banks are showing restraint on development for now, we do not expect this trend to last, and thus believe that supply will come back," the Sandler O'Neill analysts wrote.

The sparse development funding for now will offer more chances for publicly traded student housing REITs such as Education Realty Trust (NYSE: EDR), American Campus Communities (NYSE: ACC) and Campus Crest Communities (NYSE: CCG), -- already armed with an equity advantage over merchant developers, to repack their construction pipelines.

Experienced private market operators like Greystar, Campus Apartments, Capstone Companies, Opus Development, and regional firms such as Houston-based Dinerstein Companies are also lining up debt and equity sponsors and have announced or broken ground on thousands of new units in recent months.

"There's a tremendous amount of traditional as well as non-traditional equity that has come courting the strong student housing operators," Prince said. "The sponsor is driving everything with ample amounts of debt and equity. Developers have told me that they've actually been able to bid lenders against each other on certain student housing projects -- and at very, very competitive terms."

REITs Hold The Equity Grenades

Ted Rollins, CEO of Campus Crest Communities, and Mike Hartnett, chief investment officer acknowledged the "surprising" amount of institutional money now trained on the student sector, as well as the quick move by local and regional developers to jump into the market.

"When Mike and I started the business seven years ago, student housing was not as well accepted institutionally," Rollins said. "The current investor focus on the multifamily business is driving capital flows to the student sector in search of yield. It's become a viable product type to finance."

Lower income volatility coupled with barriers such as shorter time windows to lease units, and the need for intensive hands-on property management, are qualities that Goldfarb and Milam believe will attract even more institutional capital to campus dwellings.

Banks are more amenable to providing financing for strong campus housing projects within walking or biking distance of major campuses. But the willingness to underwrite new development has its limits. Securing debt remains difficult to impossible for many poorly located projects, Rollins said.

"A lot of the private market's access to debt capital for construction loans is still somewhat constrained, held back by bank terms and the amount of equity required," he said. "We're actually seeing people coming to us as a capital source for both debt and equity."

Relatively limited competition in the highly fragmented student housing market should continue to create opportunities for investors, according to a recent white paper by Credit Suisse's Customized Fund Investment Group (CFIG).

"The off-campus student housing market has seen a significant increase in demand from enrollment growth at public universities," Credit Suisse said. "A second driver of demand is a lack of university capital and expertise to build or manage new on-campus facilities. Attractive student housing opportunities are likely to be found among cities that have large student populations like Austin, Charlotte, Chapel Hill and Philadelphia."

Apartments continue to trade at premiums to student housing, but the spread is narrowing. While capitalization rates have compressed rapidly on conventional multifamily transactions, especially in the coveted higher-end product in top markets, cap rates in student housing deals have remained typically 50 to 100 basis points higher, averaging in the upper 7% range.

Distance to Campus Is Key

Attractive Class A infill assets within a short walk of campus in first-tier markets are seeing prices bid up and cap rates pushed down, however. On the flipside, deals in secondary and tertiary markets on properties too far from campus see less interest and fewer trades.

"From what we hear from buyers, there may be a 150-200 basis-point spread between a Class A deal next to campus and a C or B deal two or three miles away," Prince said. "You can easily go to an 8 or 9 cap on those deals."

While the flight to quality has been the main point of conversation, some real value-add plays are available for investors swooping in at a very low per-bed basis on a lender-or servicer-controlled deal where the property has underperformed and the buyer sees an opportunity to turn it around over the next leasing season or two, he said.

Industry observers said the publicly traded REITs, which offer vertically integrated solutions for the complex process of developing, leasing and managing student properties, will continue to be major players in the student housing space

"A lot of experience goes into successfully running student housing and it’s a very specific science. It’s not for the novice; you need a seasoned operator that understands how these properties get leased, the nuances of how to find quality tenants, and how to maintain a property that has good buzz versus one that has negative vibes," said Ronald M. Dickerman, founder and president of Madison International Realty, a New York-based real estate private equity company.

Madison announced this week it has acquired an 80% equity interest in a portfolio of two Class A student housing communities totaling 898 units in Gainesville and Tallahassee, FL for $30 million. Madison partnered with Collier Companies, the third largest private student housing operator in the U.S., who is keeping a sizable equity interest in the deal, Dickerman said.

"For us, the winning formula in student housing is finding the best-quality properties as close to campus as possible, near the biggest universities with a housing supply/demand imbalance," Dickerman said.

One full-service operator with an eye toward growth is Campus Crest Communities, which went public last year and has developed $500 million in student housing to date. The REIT is actively conducting due diligence on 80 potential development sites and has more than $130 million in wholly owned or joint-venture projects slated for occupancy in the 2011-12 academic year, including developments at Indiana and Perdue universities in Fort Wayne, IN; Austin Peay State University in Clarksville, TN; University of Missouri in Columbia, MO; University of North Texas in Denton and Valdosta State in Georgia.

Campus Crest targets sites near the campuses of high-growth colleges and universities in strong secondary markets. The REIT offers property and asset management, development and construction and wholesale supply services.

The company's marketing efforts emphasize its high-end units and the stark contrast with the no-frills campus residences of the past, with their often cramped quarters and lack of privacy.

Today’s developments, often gated communities with amenities such as game rooms, spas, sports facilities and coffee bars, more resemble upscale apartments, sporting separate bedroom suites, bathrooms and spacious kitchens.

Corigin, a private holding company in New York, developed and master-leased five NYU student properties housing some 2,400 students near NYU during the last real estate cycle. While demand has remained strong, opportunities for developers to deliver new units in Manhattan are few and far between, noted Ryan Freedman, Corigin chief executive.

In a constrained urban environment, developers have to look carefully at the highest and best use of an asset, which is rarely student housing and more often standard multifamily, which requires less hands-on management.

“If you look at the portfolios of a lot of the public companies, you see that the great majority of student properties lie outside core urban environments. We do look to expand development, but we very high barrier to entry, so it will be a slow expansion."

Not so with another REIT, Austin-based student housing developer American Campus Communities, Inc., which has been the most active of the REIT developers. ACC announced recently it has broken ground on four owned projects in Arizona, New Mexico, Georgia and Texas totaling 3,249 beds at a combined cost of about $156.6 million. All the properties are located on or near campus and are expected to be ready for occupancy for the fall semester of 2012.

Private companies have been in the hunt as well. Greystar Student Living, the student housing platform of the Dallas-based multifamily owner, developer and manager, was recently awarded management of Circle West Campus a new, 477-bed development of studios, one, two, and four-bedroom apartments within walking distance to The University of Texas at Austin.

The property will have upscale amenities such as a resort-style pool, tanning beds, a community study café and lounge, rec rooms with TVs, a poker table and gaming systems like Xbox 360. The first units are expected to be ready for occupancy in June 2012.

Mainland Chinese Investments Revive Two San Gabriel Valley Developments
中資挹注 華人區 2 大建設復工

Source: World Journal (June 25, 2011) by Qing Yang

中國大陸資金大規模進軍南加州商業房地產開發市場，因資金不濟一度被迫滯後的蒙特利公園市 The Towne Center 和天普市羅斯密大道皮亞查廣場（Piazza Mall）工程，雙雙因中國金主鼎力相助，資金問題迎刃而解。

繼近年大手筆投資美國汽車、節能電池及知名酒店後，中國資金近期開始大規模進軍美國綜合商業開發市場，其中占盡地緣、人氣之利的聖蓋博谷華人聚集城市大型綜合開發項目，成為大陸財團的投資熱點。

因 資金不足等原因進展緩慢的蒙特利公園市嘉偉街（Garvey Ave.），和嘉惠爾街（Garfield Ave.）東南角的 The Towne Center 開發案，據知情人士表示，近期已得到大陸陝西財團的投資，以數千萬美元入股成為大股東。擱置近兩年的開發工程，可望很快「完全無需貸款，現金 進行」。

蒙特利公園市城市建設發展局表示，The Towne Center 預計在本月底完成地盤基礎平整，工程可望兩年後完成。

負 責 The Towne Center 開發案的蒙市文華實業負責人 David 文未正面確認中國財團的投資數額。據蒙市議員黃維剛表示，整個開發案預計建設 109 個單位集合住宅，平地零售商舖面積 7 萬至 7 萬 2000 平方呎，開發工程 還將包括一個多層停車場，預計停車位逾 700 個。

知情人士表示，開發商當年花 2000 多萬元徵下 Towne Center7 萬多平方呎土地。近期中資及新的集資 4000 至 5000 萬元。由於大筆資金注入，該開發案之前有意收購附近地區原屬蒙市市府的停車場計畫亦 進展順利。該停車場占地 2 萬餘平方呎，估價 108 萬元，收購合同簽訂已進入尾聲。結束後將 The Towne Center 同時開發。

黃維剛表示，保守估計 The Towne Center 竣工後可為蒙市新增 100 個以上工作機會。
此外，因市議員涉嫌受賄案和經濟不景氣而延遲五年的天普市皮亞查開發案，目前也同樣因中資注入而進展快速。

由 華裔開發商 Randy Wang 最初投資 7500 萬元的天普市羅斯密大道（Rosemead Blvd.,）與拉斯吐那斯街（Las Tunas Drive）交口的皮亞查工程，占地四英畝，原計畫建成 12 萬 4000 平方呎的零售店、52 間一臥室的複合公寓、餐飲街和餐館等。後因開發商與天普市府在 工程高度未能達成協議，繼而引發地方官員索賄受賄事件，包括天普市市長、前市長、市議員等多人被告，加上接踵而來的經濟風暴，皮亞查工程被迫一拖再拖。

過去半年，開發商成功通過 EB5 投資 50 萬美元，獲移民綠卡方式，從中國引進 2000 萬至 3000 萬元外援。開發案並更名 Temple City Gateway。

天 普市副市長喻穎章表示，開發案目前已順利申請到開發許可證（Condition Use Permit），將著手進行設計和建設，一樓將作為商店和餐館用途，二樓以上則作為辦公室，預計可能會有兩棟大型獨立餐館、一家超市、以及數家大型商店。 空置五年多的黃金地段，可望重聚人氣。

INVESTMENT OPPORTUNITIES 投資機會

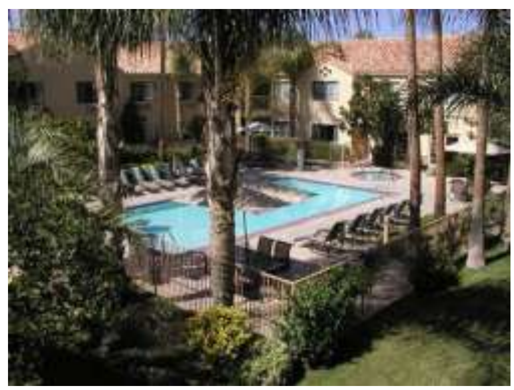
RECENT DISTRESSED PROPERTY DEALS

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

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

Nearly Half of Commercial Mortgages that Mature in 2011 are Underwater
近一半 **2011** 年到期商業地產貸款的貸款額高於其地產價值

By: CRE Direct Staff

Roughly half of the $346 billion of commercial mortgages that mature this year have principal balances greater than the value of their collateral, according to Trepp LLC.

And 63 percent of the $360 billion of loans held by banks, insurance companies and CMBS trusts that come due next year are similarly underwater. That percentage falls to 61 percent of the $367 billion of loan maturities in 2013 and 55 percent of the $339 billion of maturities in 2014.

The heavy concentration of underwater loans that are coming due is expected to continue driving the secondary loan-sales market, which has allowed lenders to efficiently dispose of underperforming mortgages. It's also likely to continue pushing property owners to raise equity to fund recapitalizations. Trepp, a New York research firm, found that the volume of maturing loans that are underwater bubbles back up to 75 percent of maturities in 2015.

By comparison, 34 percent of the $326 billion of maturities in 2010 were underwater before reaching their maturity dates, as were 20 percent of last year's $321 billion of maturities.
Mortgages with loan-to-value ratios of more than 100 percent are considered underwater. That often can trigger a borrower's option to default, rather than pay down the debt.

Trepp's determination of underwater mortgages is due largely to a decline in property values as measured by sources that include the Moody's/Real Commercial Property Price Indices, which weigh values based on completed repeat sales of at least $2.5 million. Those indices' all-property component fell 3.7 percent in April and was down 48.9 percent from its peak in October 2007.

Trepp also attributed the rising number of underwater loans this year and next to a surge, during 2006 and 2007, in the issuance of loans with five-year terms that are beginning to be reached.

The ratio of maturing loans that are underwater would decline as property values rise. Trepp noted that higher-quality assets have been less likely to have underwater loans because their values have held up better than lower-quality properties.

But CMBS debt and loans held by banks are more likely to have higher LTV ratios than loans held by insurance companies. Insurers generally have had tighter underwriting standards.

Banks, which hold 33.4 percent of all commercial mortgages, according to the Mortgage Bankers Association, hold $204.5 billion of loans that mature this year. Another $212.5 billion of their loans mature in 2012.

CMBS trusts hold $53.5 billion of loans with maturity dates in 2011 and $53.4 billion that mature next year. A total of $21.6 billion of loans held by insurers mature this year and $23.2 billion mature next.

All other lenders hold $66 billion of commercial mortgages that mature in 2011 and $70.7 billion of 2012 maturities.

Trepp expects the increase in underwater loans to prompt lenders to try to sell their distressed notes. "We hear that a lot more debt product is coming to market," said Matthew Anderson, a managing director at Foresight Analytics, a Trepp subsidiary. "A lot of lenders are better capitalized now than a few years ago, so they can absorb some losses when they sell debt and there's a sense that prices for distressed assets are starting to rise."

Anderson also expects to see more borrowers in the market for co-investors to recapitalize their properties. The thinking being that a lower leverage level would facilitate refinancings.

About 70 percent of the underwater loans maturing this year and next have LTVs of more than 100 but less than 110 percent, meaning that their balances are less than 10 percent greater than their underlying asset values. "Those would be the best candidates for restructuring, with the idea being that the borrower brings in more equity," Anderson added.

Recapitalizations in June include Invesco Real Estate's purchase of a stake in 230 Park Ave. in Manhattan. The 1.2 million-square-foot office building backs $636.6 million of debt that includes a $278.6 million senior loan, which is securitized through Credit Suisse Commercial Mortgage Trust, 2006-C1. The senior debt matures in December 2012.

Invesco now co-owns 230 Park with Monday Properties, and their venture has lined up fresh financing that will be used to retire some of the building's existing debt.

A venture of Monday and Goldman Sachs' Whitehall Street Real Estate Fund paid $1.15 billion for the building in 2007. Its recapitalization valued the property at $750 million.

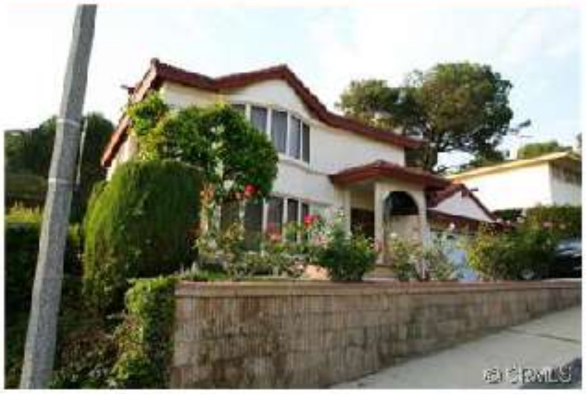
Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)
消費者市場利率：房貸、基本利率、等等

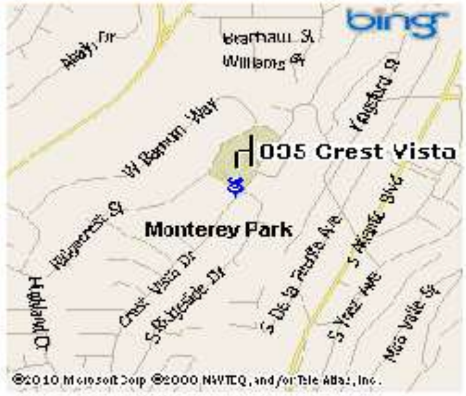
(Reprinted with Permission of the Wall Street Journal)

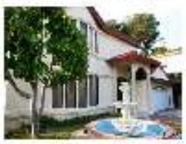
	Yield/Rate (%)		52-Week		Change in PCT. PTS	
Interest Rate	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0-0.25	0.00	0.00	-	-2.00
Prime rate*	3.25	3.25	3.25	3.25	-	-1.75
Libor, 3-month	0.25	0.25	0.53	0.25	-0.29	-2.54
Money market, annual yield	0.62	0.62	0.77	0.59	-0.15	-1.80
Five-year CD, annual yield	1.91	1.86	2.53	1.86	-0.63	-2.14
30-year mortgage, fixed	4.70	4.56	5.21	4.32	-0.08	-1.67
15-year mortgage, fixed	3.87	3.77	4.57	3.71	-0.40	-2.03
Jumbo mortgages, $417,000-plus	5.18	5.13	5.89	5.09	-0.49	-2.25
Five-year adj mortgage (ARM)	3.36	3.18	5.79	3.14	-0.61	-2.39
New-car loan, 48-month	3.76	3.77	6.42	3.76	-2.65	-3.08
Home-equity loan, $30,000	4.80	4.81	5.17	4.78	-0.34	-0.15

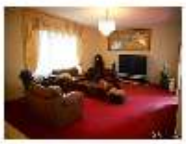
Monterey Park Luxury Residence
蒙特利公園豪宅

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: