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COMMERCIAL REAL ESTATE MARKET UPDATE

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The CRE Recovery Continues
商業地產漸趨穩定，但速度較去年底放緩；專家預計下半年速度會回暖

By: Mark Heschmeyer (CoStar)

Commercial real estate (CRE) fundamentals continued to strengthen in the second quarter of 2011, albeit at a much more moderate pace than the end of last year. The temperate recovery is consistent with global economic trends, which softened in the first half of the year in the face of the Japanese earthquake and the oil-price shock.

While the economy continues to face challenges - including a struggling housing market, anemic job growth, and federal and state fiscal pressures - economic growth is expected to pick up in the second half of the year as energy prices ease and global supply chains are restored. As the economy gathers momentum, the CRE recovery should also accelerate, according to Kevin White, a real estate strategist with CoStar.
Office Market Rebounds

Based on initial quarterly findings, office fundamentals continued to improve during the second quarter. Although demand was not as robust as previous quarters, the fact that supply additions hit a 10-year low helped to support the eight-basis-point decline in vacancy.

As was the case during the first quarter, preliminary second quarter absorption came in short of expectations, as continued macroeconomic uncertainty caused enough uneasiness among business owners for them to delay leasing decisions.

"The office market posted its fifth consecutive quarter of positive net absorption while speculative space under construction reached more than 9.8 million square feet," noted Chris Macke, senior real estate strategist for CoStar Group, in analyzing preliminary numbers.

"Second quarter net absorption increased to more than 12 million square feet, a more than 39% increase from the previous quarter's net absorption of 8.7 million square feet."

"However, this level remains down from the robust fourth quarter net absorption rate of more than 24.8 million square feet," Macke said.

CoStar economists will broadcast full second quarter property reports later this month on www.costar.com.

CoStar utilizes a census methodology basing its national results on changes to the entire population of office buildings as opposed to the commonly used practice of sampling, which generates estimates of national results based on results for a portion of the larger markets.

CoStar's national population of office buildings upon which its results are based includes more than 10 billion square feet of office properties and believes its research methodology presents the most complete picture of property market conditions across the country.

"We remain confident that strong absorption (at par with 2005 levels) awaits in the not-too-distant future," said Adrian Ponsen, a real estate economist with CoStar. "The most recent job

numbers show financial activities employment bottoming out, and professional and business services (60% of office-using employment) growing faster than it did on average during 2005-'07. Combined with today's relatively cheap rents, this foreshadows rapid acceleration in office demand growth."

"Macroeconomic concerns (particularly surrounding the U.S. debt limit) may very well continue to weigh on business owner psychology and leasing during the third quarter. But most conditions necessary for an absorption recovery have already fallen into place," Ponsen said.
Retail: 8 Quarters of Positive Absorption

The recovery continues to push forward, but retailers have throttled back their rate of expansion. Net absorption has slowed to its lowest level since the first quarter of 2010, but weak supply growth has kept vacancies moving in the right direction, according to CoStar economist Ryan McCullough.

"The retail real estate market has now experienced eight quarters of positive net absorption, longer than the office or industrial markets, which have each experienced five consecutive quarters of positive net absorption," Macke said.

"Second quarter net absorption increased to 11.1 million square feet, 700,000 square feet, more than the previous quarter's net absorption of 10.4 million square feet," Macke said. "This however remains well below the robust fourth quarter net absorption rate of more than 26.5 million square feet."

The two-year average net absorption rate is 12.4 million square feet, he noted

"This slowdown should be no more than a temporary slump; an economic uptick in the second half of the year should be enough to stimulate retail sales and encourage retailers to become more aggressive with expansion plans. The construction pipeline is at its lowest level in many years and poses no immediate threat to fundamentals. Expect to see vacancy compression accelerate over the next several quarters," McCullough noted.
Industrial Market Held Back Slightly

The warehouse market continued to gradually improve in the second quarter. As modest demand growth met deliveries that are probably at a low for the cycle, vacancies continued to come in for the fifth consecutive quarter, said CoStar economist Shaw Lupton.

While most industrial indicators have improved markedly in the past year, housing starts remain oppressively low, and the economic events that took a bite out of growth in the first half of the year could continue to hold demand back in the near term, Lupton noted.

"Ultimately, economic expansion will result in a quickening of warehouse absorption. Deliveries are expected to inch up in the near term but should remain low relative to history until warehouse rents grow significantly next year, providing developers with the green light to build," Lupton said.

Investors to the Rescue of the Housing Market
在未來的兩年內，住宅地產的投資者將以 **3:1** 的比例超過傳統借款人；他們將會幫助銀行清理問題

By: Lew Sichelman (Los Angeles Times)

Real estate investors will outnumber traditional borrowers 3 to 1 during the next two years, a new survey says, helping clear millions of repossessed properties from banks' books and pave the way for a recovery.

Who is going to lead the housing market out of the doldrums?

Certainly it won't be move-up buyers. People who already own homes are not likely to be venturing forth to find another one until they can sell their current residences. And with all those foreclosures gumming up the works, it's tough to stand out in the crowd unless you're willing to give your place away.

It probably won't be first-time buyers, either. Despite the most affordable prices and loan rates in ages, rookies have shown a marked propensity to remain on the sidelines. After all, why rush? Who wants to buy a house, only to see its value go down? Why not wait until we know values have hit bottom?

That leaves investors. According to a new survey from the California outfit that operates the official website of the National Assn. of Realtors, real estate investors will outnumber traditional borrowers 3 to 1 over the next two years.

Investors are sometimes thought of as bottom feeders who pick off properties from financially troubled sellers who see no other way out. And while there most likely will be a bit of that going forward, this time around the main prey will be banks, not strapped consumers.

That's a good thing. The overwhelming consensus is that before the sinking housing market can right itself, banks must rid themselves of millions of houses and apartments they've already taken back or will repossess in the future. Get them off their books and into the hands of users. Only after houses under duress are cleared from the decks will housing find its footing.

Investors often are in and out in a flash, buying a place, splashing some paint on the walls, maybe updating the appliances and then reselling at a good, if not huge, profit. Again, while there will be some "flipping" in the future, the survey by Move Inc. found that most investors will buy and hold for at least five years, long enough for many neighborhoods to stabilize.

Moreover, nearly half say they plan to invest their own time and energy to repair, maintain and improve their properties. And 30% say they'll hire a contractor to do the work.

These would-be investors still expect to reap decent returns. Nearly half of the 200 investors queried — a statistically relevant sample — expect to make a profit of 20% or more when they sell after their five-year or longer hold. In the meantime, most will put their investments to work as rentals. Some may even live in their properties until they jettison them sometime down the road.

In other words, says Move Chief Executive Steve Berkowitz, today's investors, many of whom are new to real estate, are not your stereotypical deal-driven sharks. Rather, he says, they are mostly entrepreneurial individuals who "will make vital contributions to local communities by investing their own money and sweat equity [that] over the long run will help improve housing stocks, home values and property tax bases in thousands of local communities."

Flow of Real Estate Capital Surges
地產公司與基金上半年募款 **300** 億美元預備投資商業地產

By: Mark Heschmeyer (CoStar)

Companies and funds reported raising $35.48 billion from investors in the second quarter for real estate-related deals and refinancings.

The amount of funding raised brings the total inflow for the first six months of the year to more than $66.43 billion from approximately 1,075 funds and firms. It took nine months to raise the same amount last year.

CoStar Group tracks the fundraising activity of almost 3,000 entities on an ongoing basis and adds about 125 new entities per month.

Of the money raised in the second quarter, about $5.42 billion was to be used primarily to repay debt, while about $30.5 billion was primarily targeted for investments and acquisitions. Of that amount, approximately 18% or about $5.49 billion was earmarked for non-property-related investments, including debt, mortgage or securities purchases.

That leaves approximately $25 billion of the money raised available for property investments.

Of the total amount raised in the second quarter, $17.22 billion was from publicly offered shares in REITs and real estate operating companies with more than $5.55 billion specifically to be used debt repayment or refinancing.

The other $18.54 billion raised in the second quarter came from private fund raising efforts and is all earmarked for new investment. Of that amount, pooled investment funds including private equity and hedge funds raised $9.96 billion.

The highest percentage of funds raised (approximately 22%) was earmarked primarily for hospitality-related investments. Funds targeting debt and mortgages raised about 15% of the total. Office-, multifamily-, health care- and industrial-related amounts each accounted for about 10% to 13% of the totals.

The top six money-raisers in the second quarter brought in more than $8.6 billion - or about one-fourth of the total amount.

The top three sponsors raising money were: Lone Star Funds, KSL Capital Partners and W. P. Carey & Co.

Lone Star Funds, a Dallas-based global investment firm that acquires distressed debt and equity, was the clear winner in the quarter. The group publicly reported raising $2.6 billion in the quarter for its second real estate fund. (Industry reports say the group has closed out the offering for Lone Star Real Estate Fund II raising a total of $5.5 billion; however, Lone Star has not confirmed that amount.) REF II was known to have received $300 million in commitments from the Teacher Retirement System of Texas and $100 million from each the New Jersey Division of Investment and the Oregon Investment Council.

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KSL Capital Partners, a Denver-based private equity firm dedicated to investments in travel and leisure businesses, reported raising more than $2 billion for its KSL Capital Partners III. The final closing significantly exceeded the original target amount of $1.5 billion. Investors in the fund include public and private pensions, foundations, endowments, institutions and high net worth individuals and families.

W. P. Carey & Co. LLC, a New York-based investment management company that provides long-term sale-leaseback and build-to-suit financing for companies worldwide and manages a global investment portfolio of approximately $11 billion, reported raising $1.5 billion for its Corporate Property Associates 17 - Global Inc. CPA-17 is a REIT that invests primarily in income-producing commercial properties and owns interests in a diversified pool of 135 properties. The publicly held non-traded REIT just this week acquired a 24-property portfolio of self-storage facilities from A-American Self Storage for about $86 million. The properties comprise 1.6 million square feet across 18 properties in California, five in Illinois and one in Hawaii.

Combining Bank Debt with New Capital

One notable trend among firms raising new capital this quarter was their efforts at combining that money with new bank lending agreements.

For example, ProLogis Inc., which sold $1.05 million of its common stock in a public offering this quarter, also entered into a $1.75 billion global senior credit agreement with a syndicate of 20 banks. An accordion feature to the financing agreement will allow ProLogis to increase the credit facility to $2.75 billion.

Senior Housing Properties Trust in Newton, MA, raised $258.75 million in a common stock offering. SNH used the proceeds to repay amounts outstanding under its revolving credit facility. The company then entered into a new $750 million unsecured revolving credit facility. The new facility also includes a feature under which the maximum borrowing may be increased to up to $1.5 billion in certain circumstances.

Tanger Factory Outlet Centers Inc. in Greensboro, NC, raised $118 million through a common stock sale. The company paid down its senior unsecured lines of credit. It then closed on the $150 million senior unsecured bridge loan committed by Wells Fargo Bank.

And, Kennedy-Wilson Holdings Inc. in Beverly Hills entered into an agreement with two global institutional investors, including an affiliate of Fairfax Financial Holdings Ltd. This transaction will result in gross proceeds of approximately $51.4 million and broaden the company's shareholder base. In addition, the company's joint venture with The LeFrak Organization refinanced two of its multifamily properties with new debt in the amount of $56.4 million at an average interest rate of 4.6%.

Marcus J. Mollmann, president and founder of Reliquid, a Denver-based firm that facilitates the financing of commercial real estate by connecting sources of capital, said the process of raising more equity has generated 2.5 times more interest since the fourth quarter of 2010 if a borrowers' equity need is greater than $5 million.

"Multifamily, closely followed by anchored retail, is the favored asset class with regards to investor interest, generating interest 20% more than average," Mollman said. "The next most favored asset class is office, followed closely by unanchored retail and hospitality."

"Location and quality still reign," Mollman added. "By a 2 to 1 margin, there is more interest in Class A and B properties in Class A and B locations than Class C properties in Class C locations."

"Surprisingly, there is broad, equal interest in opportunistic, value-add and core plus investment opportunities," he said. "Most surprising is the demand for development opportunities, multifamily development that is."

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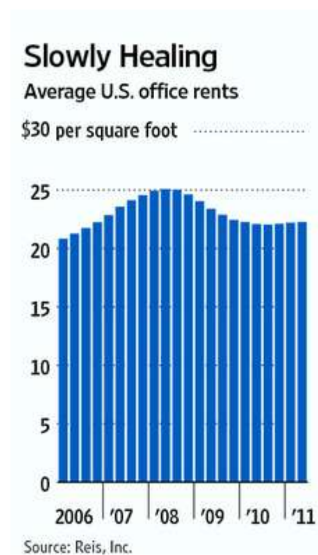
Employers Are Occupying More Space, but at a Slower Pace
新租賃顯示放緩跡象，證明經濟復甦的不穩定性 **|** 雇主在第二季度租的辦公樓面積少於年初

By: Eliot Brown (The Wall Street Journal)

In a sign the economic recovery's recent stumbles may be spilling over into the real-estate market, employers took on less office space during the second quarter than earlier in the year. In all, the amount of occupied office space rose by 3.7 million square feet from April to June, according to real-estate research firm Reis Inc. While that was the third consecutive quarter in which firms added space, the gains were down from the first quarter, when occupied space rose 5.5 million square feet. Reis tracks the office markets in 79 U.S. metropolitan areas.



Rents, meanwhile, rose an average of 0.2% during the second quarter. The office data come as U.S. job growth—always a prerequisite for improvement in the office sector—has been slower than anticipated. In May, the economy added just 54,000 jobs, according to the Bureau of Labor Statistics, and economists predict the figure for June may not top 100,000.

The measured pace of growth in the office sector has only begun to chip away at the vast quantities of unfilled space across the country. Between January 2008 and September 2010, tenants emptied out of 138 million square feet, pushing the vacancy rate from 12.6% to 17.6%, according to Reis. Since October 2010, the amount of occupied space has grown by just 11.9 million square feet.

The amount of new leasing, "relative to the overall inventory, it's not a large amount," said Ryan Severino, an economist at Reis. "We are generally trending in the right direction, even if it is a slower, more inconsistent recovery than market participants would like to see."

The sector's improvements have been led by resilient markets such as New York and Washington, where job growth has been relatively steady and outpaced that of the nation.

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"We had a big first quarter from a leasing perspective, and it still was solid for the second quarter," said Ric Clark, chief executive of Brookfield Office Properties, which owns office buildings in many major U.S. cities. While many firms are keeping to their existing sizes, Mr. Clark said some energy and law firms have been looking to expand. "It's not huge expansion, but it's some," he said.

Late last month, Nomura Holding America Inc. signed a lease for 900,000 square feet of space at Worldwide Plaza in Midtown Manhattan, opting to leave its home in the World Financial Center in lower Manhattan. The move, which is slated for 2013, speaks to the ambitions of expansion in Manhattan for the Japanese investment bank, which currently has 545,000 square feet in New York. Overall, rents in the New York City region were up 0.6% from the first quarter, and 3.6% from a year earlier, according to Reis.

Washington, with the nation's lowest vacancy rate of 9%, has benefitted from government-fueled job growth, which has spurred growth in a variety of related industries. In April, law firm Skadden, Arps, Slate, Meagher & Flom LLP announced it was signing new leases for about 415,000 square feet, expanding its presence by about 50,000 feet.

New office construction—which was all but nonexistent for the better part of three years—has also begun to emerge in the stronger markets. Multiple developers have announced projects in the Washington, D.C., area, including a venture led by office landlord Hines Interests LP, which this spring announced a groundbreaking on a mixed-use development slated to contain 520,000 square feet of office space.

In New York, Boston Properties Inc. in May announced its intention to start construction on a 39-story Skidmore Owings & Merrill-designed office tower on Eighth Avenue, after signing law firm Morrison & Foerster LLP as a tenant.

While major coastal cities have been performing well, some of the cities hardest hit by the recession have yet to see conditions hit bottom. Las Vegas, which has one of the highest vacancy rates in the nation at 24.9%, saw rents paid by tenants fall by 0.3% compared with the prior quarter, according to Reis. Rents in Phoenix, with a vacancy rate of 26.5%, fell 0.1%.

Opportunistic Investors Place Their Bets On Land
機會主義的投資者下注土地（土地交易量翻倍）

By: Matt Hudgins (CCIM)

Even at bargain-basement prices, most land investments today are a gamble. A land buyer is placing a bet that demand for commercial real estate projects will return before property taxes and other holding costs eat up the potential return to be made from the site’s eventual sale or development. And since the onset of the recession, few investors have been willing to take that risk.

“The land market is dead,” says Dan Fasulo, managing director of Real Capital Analytics. “That said, activity is perking up in a few select markets around the country.” The New York-based research company tracks commercial real estate transactions, but with few land sales occurring, it hasn’t published a land investment report for years.

Though the market for commercial land is weak, U.S. transaction volume in the sector topped $1 billion in both the fourth quarter of 2010 and the first quarter this year, RCA found. That’s up from roughly $500,000 per quarter throughout 2009. During the peak year of 2007, quarterly volume averaged $8.6 billion.

In Manhattan and a few other markets, well-heeled investors are buying and holding land until the demand for new construction returns. And they may not have long to wait. Construction nearly ground to a halt after the collapse of Lehman Bros. in 2008, Fasulo notes, and vacancy rates across commercial property types are declining despite slow economic growth. He predicts that development will come roaring back in primary markets this year as investors and developers race to deliver the first new projects.

“This kind of window with little to no development in the U.S. is almost unheard of in the post-World War II era,” Fasulo says. “I’d be a land buyer right now. As they say, they’re not making any more of it, and prices look reasonable versus a few years ago.”

Commercial Investment Real Estate queried CCIMs across the country to find out where land sales are hottest, which markets offer the best bargains, and what CCIMs are doing to close deals. Our review begins with a surprising success story for one of the markets hardest hit by the housing bust.

Florida Comes Around

Demand is heating up for well-located tracts suitable for apartments or seniors housing in Florida, according to T. Sean Lance, CCIM, managing director and president of Troubled Asset Optimization in Tampa, Fla.

Early this year, Lance brokered an acquisition of a downtown Tampa tract by The Related Group. The Miami-based developer plans to construct a 360-unit luxury apartment complex on the site of a failed condominium project, which had reverted to Regions Bank as real estate owned.

"Half the land deals I've done lately have been bank-owned deals," says Lance, who has land transactions set to close in Orlando and Southeast Florida.

Commercial construction has largely evaporated since 2008, and in Florida, the supply of apartments already had dwindled due to conversions of rental properties into condominiums. As the ranks of renter households have increased, multifamily vacancy rates have been falling across the state, bringing opportunities to boost rents.

"The demand for apartments is never going to be higher than it will be for the next two or three years, particularly in Florida," Lance says. And with land prices down approximately 50 percent since the peak, by Lance's estimation, apartment construction is becoming feasible again for urban infill locations and is fueling transactions.

Demand for other types of commercial real estate hasn't yet recovered. Florida experienced anemic job growth in the past year and the state's unemployment rate of 10.6 percent in March was well above the national average of 9.2 percent. There is little demand for new office, industrial, or retail space, and Florida's single-family market remains flooded since the housing bust.

"We are so over-retailed that we are not going to start to see recovery [in retail occupancy] until 2016," says Bill Eshenbaugh, CCIM, president of Eshenbaugh Land Co. in Tampa.

Yet Eshenbaugh's company has closed approximately 70 land transactions since the beginning of 2010, all of them cash sales. In addition to apartment developers, buyers have included land bankers — investors who are taking advantage of low pricing to buy tracts for development a few years down the road. Residential land that was priced between $40,000 and $50,000 an acre in 2006 is selling for as little as $10,000 an acre today, Eshenbaugh says.

But don't expect lenders to finance such risky acquisitions, he warns. "You better be prepared to buy today for cash, and you better be prepared to show your cash when you make your offer."
Texas Fast Track

While fundamentals in the Lone Star State have suffered since the beginning of the recession, the state avoided a housing bubble and enjoys the nation's strongest job growth. The Dallas-Fort Worth-Arlington area gained 69,000 jobs from March 2010 to March 2011 to lead employment growth among the nation's major metropolitan areas, followed by Houston-Sugar Land-Baytown in the No. 2 spot with the addition of 51,800 jobs year-over-year, according to the Bureau of Labor Statistics.

Vast reserves of oil and natural gas, as well as diverse regional economies in Houston, Dallas, and the Central Texas cities of Austin and San Antonio, have sustained commercial real estate performance in the Lone Star State. While demand is insufficient for more than a select few speculative developments, there is steady activity among companies buying land to construct space for their own use, according to Keith P. Grothaus, CCIM, vice president in the commercial land services division of Caldwell Cos. in Houston.

Most buyers today in Houston are restaurateurs, industrial companies, medical service providers, banks, or other users seeking tracts to build their own space, Grothaus says. And

financing is available for many of those deals. “Because our economy is better than most of those around the country, our buyers have the ability to get financed to build some buildings.”

U.S. LAND DEALS
Transactions $2.5 million and above

Year	Quarter	Total transaction volume	Number of transactions
2005	05Q1	$4,744,682,798	391
	05Q2	$4,252,885,551	402
	05Q3	$4,781,591,390	353
	05Q4	$5,170,412,453	349
2006	06Q1	$4,347,291,316	410
	06Q2	$4,560,285,090	378
	06Q3	$6,879,125,117	411
	06Q4	$7,055,217,439	357
2007	07Q1	$5,404,179,538	388
	07Q2	$7,709,290,946	420
	07Q3	$12,995,703,942	475
	07Q4	$8,434,644,127	416
2008	08Q1	$4,082,276,612	333
	08Q2	$1,832,386,369	207
	08Q3	$1,296,902,151	145
	08Q4	$1,067,386,669	126
2009	09Q1	$510,707,348	81
	09Q2	$366,733,091	75
	09Q3	$558,733,736	81
	09Q4	$721,114,632	75
2010	10Q1	$637,391,964	73
	10Q2	$918,494,763	80
	10Q3	$785,071,559	89
	10Q4	$1,664,241,751	134
2011	11Q1	$1,022,551,235	90

Source: Real Capital Analytics

A much smaller group of buyers is picking up land at attractively low prices to hold for resale or development in a few years when demand improves. With the exception of well-located apartment developments, those land-bank plays can’t qualify for financing in today’s risk-averse banking environment. That has resulted in the frequent use of seller financing.

By offering to help the buyer with either a direct loan or assumable mortgage, sellers often are able to garner a higher price than they would get from a cash sale. “There just isn’t any conventional financing for investments,” Grothaus says.

At the top of the cash-buying food chain, real estate investment trusts have been buying land with good access to the expanding Port of Houston, which is expected to experience an increase in consumer goods traffic in 2014. That’s when the widening of the Panama Canal will give larger cargo ships access to the Gulf and East Coast ports.

In Central Texas, a recently completed toll road has touched off a frenzy of land transactions on Austin’s largely undeveloped east side. Texas Highway 130 provides an alternative to a traffic

bottleneck in downtown Austin, allowing drivers on Interstate 35 to skirt the metro area between Georgetown, north of Austin, and Buda, a small city south of Austin and north of San Antonio.

Joyce Weedman, senior vice president at NAI REOC Austin, estimates that about 30,000 multifamily and single-family housing units are in various planning stages for development on vacant tracts along a 10-mile stretch of Texas 130, from the municipal airport northward to Samsung's massive semiconductor manufacturing plant. Other developments planned for the area include an automotive race track where proponents hope to one day host the first U.S. Formula 1 racing event since 2007.

"There are definitely some opportunities in commercial land available for investors in Austin," Weedman says. "But because of all the considerations having to do with types of soil, environmental issues, and politics, you really have to work with somebody who knows what they're doing. Any land investor coming to Austin needs to get a good engineer, a good real estate attorney, and a very experienced real estate broker."

High-Risk Markets

Across U.S. apartment, office, retail, and industrial properties, average asset values were down 42.8 percent in January from the peak of October 2007, according to the Moody's/REAL National All Property Price Index. With the price of existing space available at such a discount, new construction doesn't pencil out for most investors or occupiers outside of core locations in primary gateway markets like New York City or Washington, D.C.

Without demand, land values have plummeted, particularly in Las Vegas, California's Central Valley, and other markets that rode high on the housing bubble. But that very lack of demand has created opportunities for investors with a long-term view.

"The Sacramento area and Northern California have taken a real hit as a result of the economy slowing down," says Guy Spitzer, CCIM, vice president at the Sacramento-area office of Cornish & Carey Commercial Newmark Knight Frank. "In Sacramento, land that sold for $2,000 an acre [at the market peak] might be $25 an acre now."

California's housing bubble inflated fastest in the Central Valley around Sacramento because the market has space for large-scale residential development, which is lacking in the state's more landlocked cities, Spitzer says. By the same token, California's population growth will be largely driven by the Central Valley once the state's economy regains its footing, bringing strong demand for development sites.

That logic applies to the decimated Las Vegas area as well, according to Charlie Mack, CCIM. The owner of Las Vegas-based Mack Realty, Mack relates the example of a well-situated retail parcel with highway frontage that sold before the market crash for nearly $30 per square foot. Today the same site is listed for sale by a bank at a little more than $5 psf, "and my gut tells me it will probably sell close to $4 psf."

Mack points out that deflated land values in his market have lowered property tax burdens — and land holding costs — significantly. “It’s a perfect time for land investors to purchase in Las Vegas because land costs are at historical lows, and holding cost is very low.”

Looking Ahead

Demand for infill sites already is returning in the primary markets, where asset values for stabilized apartments, retail, industrial, and even office properties are approaching pre-recession levels. The question is, when will that recovery occur for the rest of the nation?

Fasulo of RCA advises investors to keep an eye on the spread between current asset values and replacement costs for completed commercial buildings. The wider the spread, the more investors will want to move out on the risk spectrum and build rather than buy. That will put a premium on usable sites.

REITs — especially apartment REITs — will begin a flurry of site acquisitions this year in a race to be the first developers to introduce new projects in primary markets, Fasulo predicts. Other investor types will follow that lead in the ensuing years and in other property types as demand recovers.

With research and a finger on the pulse of demographic trends, CCIMs can help their clients make the right choices for land investments while taking advantage of prices near historic lows. “Some of the land investors that really went out on a limb in 2009 and early 2010 have been vastly rewarded for those purchases already,” Fasulo observes. “The smart money is in land right now.”

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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

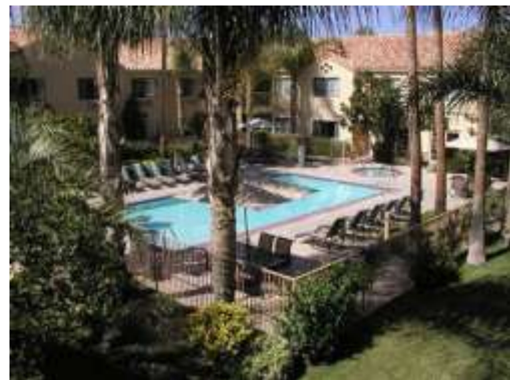
Previously sold in 2007 for: $16,000,000 ($355/SF)

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

Sellers Brace for New Mortgage Caps
聯邦政府計劃逐步撤出房屋貸款，**10** 月 **1** 日將迎來住宅貸款額的新限制（洛杉磯某些地區的最高貸款額將由**$729,750** 降至**$625,500**）

By: Nick Timaraos & Alan Zibel (The Wall Street Journal)

The federal government is readying its first retreat from the mortgage market, with the size of loans eligible for government backing set to decline in October.

As an emergency measure three years ago, Congress raised to as high as $729,750 the maximum loan amount that Fannie Mae, Freddie Mac and federal agencies could guarantee.

That made it easier—and cheaper—for borrowers in pricey housing markets to obtain mortgages, because the government guarantees that investors receive payments on those mortgages even if homeowners default.

Jumbo Declines

Now those limits are set to decline modestly in hundreds of counties across the U.S. as the government attempts to reduce its outsized footprint in the mortgage market and create room for private investors to compete. Government-related entities stand behind more than nine of 10 new mortgages, and taxpayers have sunk $138 billion into Fannie and Freddie, underscoring the eagerness to dial down the government's share.

The new limits will vary widely by location, but will drop to $625,500 in top-tier markets such as New York, Los Angeles and Washington, D.C.

Even though the new limits won't take effect until Oct. 1, some lenders are already warning borrowers that they will stop accepting applications for loans that exceed the new limits much sooner, to ensure the loans are funded before the cutoff date.

Industry groups are making the case on Capitol Hill that reducing current limits in some of the largest markets is "the exact wrong way to go," said Jerry Howard, president of the National Association of Home Builders. But Obama administration officials say the limits should fall as scheduled, and Republican lawmakers have introduced measures to shrink the Federal Housing Administration's reach more aggressively.

Had the lower limits been in place last year, Fannie and Freddie would have backed 50,000 fewer loans, according to the Federal Housing Finance Agency. The bulk of the affected loans —about 60%—are in California, with another 20% in Massachusetts, New York and New Jersey.

Parts of the country with less expensive homes also would be affected; their limits are scheduled to fall as low as $417,000 for Fannie and Freddie loans and as low as $271,050 for FHA loans.

Limits for Fannie and Freddie-eligible mortgages will fall in 250 counties, and FHA limits will drop in about 600 counties. While that is a fraction of the nation's 3,000 counties, economists at the National Association of Home Builders say those densely populated areas account for 27% and 59% of the nation's housing stock, respectively.

The possibility of lower loan limits is causing considerable anxiety in coastal California and other high-end housing markets that will serve as test cases for how the government's withdrawal from housing will affect the market and local economies.

Homeowners whose mortgages are too big to qualify for a government-backed mortgage must seek a so-called jumbo loan, which often carry higher interest rates as well as larger down-payment requirements, sometimes more than 20%.

"Sellers are going to have to reduce their prices if borrowing costs rise," said Scott Sheldon, a loan officer with First Cal Mortgage in Petaluma, Calif.

One of Mr. Sheldon's clients, Ed Barr, has been pre-approved for a $662,000 loan backed by the FHA, the largest mortgage the agency can insure in Sonoma County, Calif. He is racing to close a sale before the limit drops to $520,950.

Mr. Barr, who owns a wine-making machinery company, said he has excellent credit but a recent divorce left him with little cash for such a purchase. "I don't have any other alternative," the 48-year-old said. Without the loan backed by the FHA, which allows for down payments as low as 3.5%, "the sale won't happen."

Scaling back loan limits underscores a broader challenge facing the government: It wants more private players to hold mortgage risk, but it doesn't want to destabilize fragile housing markets.

Craig Van Sant is looking to pay $500,000 for a home with a $20,000 down payment in Rancho Cucamonga, Calif. Once the FHA limit drops to $335,000, he would need to more than double his down payment. The only upside, he said, is that "home values slide even more, allowing us to buy more house, if we can pull together all the cash."

Investors and some academics say the government needs to shrink its footprint if private markets are to re-emerge, and that big loans for pricey homes are a reasonable place to start. "Credit unions, small banks, and hedge funds are all eager to buy these loans," said Brian Brady, a mortgage banker at World Wide Credit Corp. in San Diego.

For now, interest rates for jumbo loans are relatively low, which could cushion the impact of changing loan limits. Rates on 30-year fixed-rate jumbos averaged 5.07% last week, compared with 4.62% on government-backed loans, according to financial publisher HSH Associates. The jumbo rates are near the lowest mark since HSH began its count in 1986, and the spread is the lowest since mortgage markets seized up four years ago.

But rates are only part of the equation. Because jumbos aren't being securitized, banks must keep them on their balance sheets and are generally requiring larger down payments and

stringent income qualifications."It'll be a real test of private lenders and their ability to fill the void," said Mark Zandi, chief economist of Moody's Analytics.

Corrections & Amplifications

An earlier version of the sortable chart, "Declines for FHA loans," incorrectly listed the loan-limit changes for Seattle. The limit is falling there by 11%, not 35%.

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

1985

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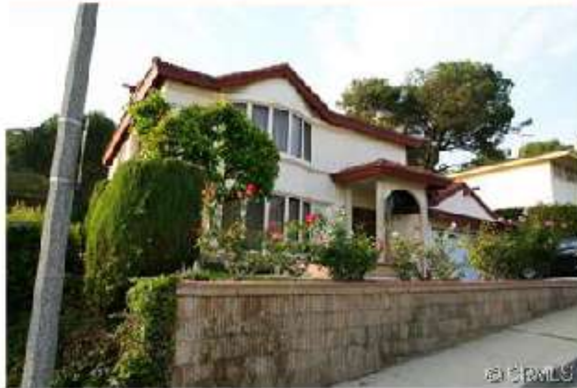
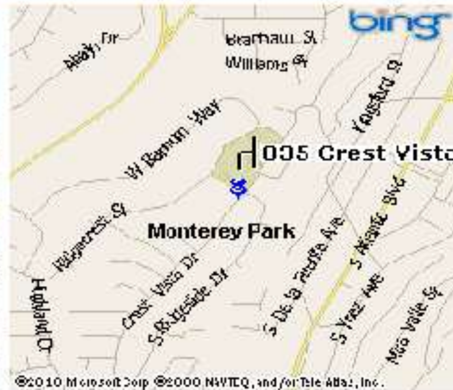
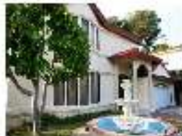
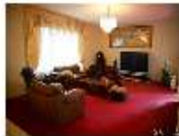
Monterey Park Luxury Residence
蒙特利公園豪宅

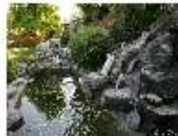
ML# : H10118939	835 Crest Vista DR Monterey Park 91754	List Price: $ 1,200,000











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 trees. Also includes a large storage shed. Home is located in a secluded, safe neighborhood right next to a large park and tennis courts, and provides views of a beautiful cityscape from its many balconies upon sunset. Please call for appointments at least 24 hours in advance.

Exterior Features

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

Presented By

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

School Information

School District:
Elementary:
Junior High:
High School:

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