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Strong Demand, Tight Supply Strengthen Case for New Apartment Development
高需求、低供應驅使公寓建造重新啟動；2011 年第二季度公寓銷售量同年比猛增近八成

By: Randyl Drummer (CoStar)

Investors continue to prefer U.S. apartment buildings over most commercial properties, even commercial office space, as total multifamily sales volume jumped nearly 80% in the second quarter over the same period last year.

Although still just a fraction of its mid-2007 peak, the nearly $15 billion in sales in the quarter brought total investment for the first half of 2011 to $24.5 billion, according to CoStar Group data.

The average per-unit price of apartment properties reached $88,500 in the quarter -- the highest since the third quarter of 2008, said CoStar Global Strategist Michael Cohen during CoStar's Mid-Year 2011 Multifamily Review & Forecast.

Meanwhile, strong renter demand continues to push down apartment vacancy rates and nudge up rents. With capitalization rates for existing properties seeing strong compression in some high-flying markets, larger multifamily developers have responded by starting to ramp up their development pipelines with new projects.

Top coastal markets continued to dominate sales volume in the first half of 2011, including Washington, D.C with $2.6 billion; Los Angeles, $2.3 billion and the San Francisco Bay Area, $2.1 billion. In Atlanta, where investors have sought a large number of distressed properties, sales totaled $1.3 billion in the first six months. In Phoenix, a housing bust market where fundamentals have picked up markedly, also logged $1.3 billion in sales.
For the second quarter, the top five transaction markets were New York City, with $1.35 billion; D.C., $1.3 billion, Los Angeles, $1.21 billion; Atlanta, $764 million and San Francisco, $689 million. Those markets accounted for about 36% of all sales volume nationwide during the quarter, with CBDs and well-located submarkets seeing the lion’s share of deals.

Institutional investors were by far the most active net apartment buyers, with net purchases of $1.6 billion on total acquisitions of $3.9 billion. REITs, private equity and owner/users were also net buyers, while REITs were also net sellers in a few markets such as Portland, Phoenix, the San Francisco Bay Area and Atlanta.

Average apartment capitalization rates continued to fall in the second quarter to slightly below 7%, while weighed average cap rates, driven by the large high-priced transactions in prime markets, declined to 5.7%. However, cap rates for mid-size value-add and opportunity deals are also declining. Cap rates on smaller transactions remain in a holding pattern.

Top deals in the second quarter included the acquisition of a 25% interest in a 20-property foreclosed portfolio by The Related Cos. from Fannie Mae for about $300 million; TIAA-CREF’s acquisition of The Corner at 200 West 72nd St. in New York from Gotham Organization and Phillip International for $209 million, or 1.07 million per unit; and Canada Pension Plan Investment Board’s $84 million acquisition of a 44% interest in a 654-unit property in Seattle from New Tower Trust Co.

Supply Tight Now, But Construction Starts Are Rising

Job growth has been the traditional source of apartment demand in the past. But in this cycle much of the demand is coming from many former homeowners who have become renters since the beginning of the housing crisis. That trend, combined with a growing number of young people forming households, is driving competition for a diminishing supply of apartments, powering the improvement in apartment fundamental since 2009.

CoStar forecasts total supply additions of just 30,000 units in the 54 largest markets in 2011, just one-third of the pre-recession average of apartment delivered between 2003 and 2008. However, multifamily construction starts are starting to tick up, with more than 70,000 starts in the first two quarters of 2011, suggesting a rise in completions in coming years, particularly in the 2013-2015 time period, Cohen said.

"It's worth paying attention to the supply front," Cohen said. "This is where I think the apartment market could be a victim of its own success. While we are forecasting below-average annual supply growth, we need to monitor the permitting data and the starts data."

Vacancies, Rent Concessions Continue to Decline

Renter demand, while not at the outsized levels of 2010, remains very strong across the board, led by the fast-growing southern metros and the rebound in Detroit. Demand growth equaled about 66,000 units in the first half compared to the extraordinary increase of 105,000 units in the first six months of 2010, which was the strongest since 2005. However, the 45,000 units absorbed in the most recent quarter was more than the absorption of the two previous quarters combined, Cohen noted.

Wal-Mart Banking on Smaller Formats to Drive U.S. Growth
沃爾瑪美國同店銷售量近期持續下降，為求突破，沃爾瑪將重心轉移到較小型店鋪與以前未開發的城市和鄉村

By: Elaine Misonzhnik (Retail Traffic)

The time may have come for Wal-Mart Stores Inc., the ultimate big-box retailer, to shift its focus from superstores to smaller convenience stores in its effort to drive U.S. growth.

Today, the retailer remains in command of the U.S. retail market, in spite of several quarters of less-than-stellar performance in its U.S. division. Yet the Bentonville Behemoth will have to step up its game if it wants to hold onto that position against competitors including Target, the dollar stores and discounters like Kohl's and TJX Cos. Inc.

Wal-Mart has long been used to dominating the U.S. retail landscape, and the consumers' shift toward value in recent years has served to strengthen its market-leading image. In July, Wal-Mart had once again claimed the top spot on the National Retail Federation's Top 100 Retailers list, with more than $307 billion in U.S. sales in 2010 and 4,358 international stores.
Wal-Mart's main competitor and second runner-up Target barely came close with $65.8 billion in sales and 1,750 stores.

Yet for the past two years, Wal-Mart has also been posting same-store sales declines for its Wal-Mart U.S. division, which analysts attribute largely to its lackluster offerings in apparel and home wares and to price deflation in the electronics sector, which has fueled much of Wal-Mart U.S.' growth in years past.

In the second quarter of its fiscal 2012, Wal-Mart U.S. reported a 0.9 percent drop in same-store sales, following a 1.1. percent drop in the first quarter and a 1.8 percent drop in the fourth quarter of its fiscal 2011. The declines go back to the second quarter of its fiscal 2010. What's more, Wal-Mart U.S. is not likely to post positive same-store sales until the third quarter of its fiscal 2012, and even then the comps should be moderate, ranging from 1 percent to 2 percent, according to Wayne Hood, an analyst with BMO Capital Markets.

Wal-Mart has adapted a multi-strategy approach to boost same-store sales performance at Walmart stores, including a greater selection in its general merchandise categories and an increasing focus on multi-channel shopping.

During a call with analysts, Wal-Mart U.S. CEO Bill Simon said, "We are expanding our offerings in important categories to regain customers, and we're adding back items in key brands. We're confident that the back half of the year will see ongoing improvement in apparel sales. Comp sales for home declined in the mid-single digits for the quarter. We remain committed to strengthening this important category."

However, limited product selection is only part of what has turned off consumers in recent years, according to Robin Sherk, senior analyst with Kantar Retail, a Columbus, Ohio-based retail consulting firm. The falling same-store sales at its supercenters might be a reflection of the fact that many U.S. shoppers no longer favor one-stop-shop mega-boxes.

“The supercenter was their vehicle for growth in the past. Is it their vehicle for growth going forward? I would question that,” Sherk says. “They’ve been adding products [for a while] and people are still not coming back into the box. I do find that a little bit concerning.”

Wal-Mart’s store opening strategies in recent months would seem to confirm Sherk’s theory. The retailer plans to open between 140 and 160 new and converted domestic stores this year, yet the number is down from the previous target of 185 to 205 stores. The decrease will affect primarily the conversion of former discount stores into supercenters, rather than the opening of brand new units.

At the same time, with new openings, the company will devote a lot of attention to smaller format stores in previously untapped urban and rural markets, including its Walmart Markets (formerly Neighborhood Markets) and Walmart Express stores.

“Smaller-format urban store tests—ranging anywhere between 20,000 and 40,000 square feet per location—may be a way to reinvigorate slumping U.S. sales by increasing the frequency of customer visits,” according to a note from R.J. Hottovy, an analyst with Chicago-based research firm Morningstar.

The strategy would be in keeping with the larger trend among U.S. big-box operators toshrink the average size of their units.

What ails the giant

The troubles experienced by Wal-Mart U.S. have to do in part with the limited selection it offers in several general merchandise categories, including apparel and home décor, according to Craig Johnson, president of Customer Growth Partners, a New Canaan, Conn.-based retail consulting firm. In the apparel category, for example, Wal-Mart has so far been concentrating on socks, underwear and t-shirts, but “it’s a relatively small portion of the overall apparel category.” This has allowed Target, as well as Kohl’s and TJX, to gain a bigger share of the apparel market.

Recognizing that it’s lagging its competitors, Wal-Mart executives have committed themselves to improving general merchandise selection within its stores. Yet it will take time to implement the changes.

“We do not expect work on the general merchandise side of the business to be done until the second half of the year,” writes BMO’s Wayne Hood. “Moreover, it may take even longer for customers to catch on and return to the stores.”

Wal-Mart has had better luck in the grocery business, where it’s been posting same-store sales increases in the low single digits. Wal-Mart already accounts for approximately 20 percent of all grocery sales in the U.S., according to the Morningstar report. The opening of more Walmart Market stores, which devote a large portion of their space to food, will allow the company to capitalize on the strength of that segment. This year, Wal-Mart will open between 15 and 20 Neighborhood Markets. The stores average 42,000 square feet, about a fourth of a typical 185,000-square-foot Walmart supercenter.

Walmart Markets showed a 3 percent increase in the second quarter, which is prompting the company to accelerate its growth plans.

Groceries will also drive its smaller Walmart Express Stores, which will average 15,000 square feet. The first Walmart Express opened on July 27 in Chicago. The Chicago store carries groceries and everyday necessities and includes a pharmacy. Merchandise selection at upcoming Express stores will differ from market to market, to allow the company to gauge what kind of assortment would work best, according to comments made by Simon during Wal-Mart's first quarter call with analysts. For example, some of the stores will contain pharmacies; others won't.

Wal-Mart expects that by the end of the year, it will open between 15 and 20 Express stores. All of the stores should contain a grocery component.

Finally, Wal-Mart has been working on better integration of its various sales channels, with programs like Pick Up Today, which allows customers to order items on walmart.com and pick them from a bricks-and-mortar store on the same day. To date, the program has been rolled out at approximately 3,000 stores.

"It adds an element of convenience and immediacy," says Sherk.

Bright spots

In spite of challenges facing Wal-Mart U.S., Wal-Mart Stores Inc. also has several things going right. Sam's Club, the retailer's wholesale club division, remains strong. In the second quarter of its fiscal 2012, Sam's Club reported comparable sales were up 5.0 percent. The chain has also seen a steady increase in new membership.

Now reports have emerged that earlier this year, Wal-Mart tried to improve Sam's Club competitive advantage over wholesale club leader Costco by bidding for BJ's Wholesale Club. The bid failed, but the retailer could easily afford other acquisitions, given its debt to capital ratio of 0.37.

"With leverageable assets on its balance sheet and steady operations, this firm could support substantial incremental debt for a large acquisition or to recapitalize its balance sheet," according to R.J. Hottovy.

The acquisition that would make the most sense for Wal-Mart going forward, however, won't be on the wholesale side, says Sherk. She notes that as Wal-Mart continues to grow its smaller format stores, it might want to look at one of the dollar chains as a speedy way to gain market share in a new market.

Right now, "it's making very small plays into smaller formats," she notes. "If you look at the growth in the dollar channel, Wal-Mart looks like a drop in the bucket. In that sense, I think if they acquired someone of that size, that would immediately expand their presence."

Private Equity Firms Grow their CRE Investment War-chests
相比其他傳統投資工具，私募股權公司仍受地產投資的高回報吸引，增加商業地產投資專用款項

By: Jonathan Keehner and Beth Jinks (Bloomberg)

Fortress Investment Group LLC (FIG), Colony Capital LLC and Starwood Capital Group LLC are among a record number of private-equity firms raising real estate funds, according to people familiar with the process, driving down fees in a business reeling from earlier losses.

There are 441 private-equity firms raising real estate funds, 63 more than a year ago and almost twice the number in 2008, according to London researcher Preqin Ltd. Companies including Related Cos., the New York developer founded by Stephen Ross, and asset managerAllianceBernstein Holding LP (AB) have wooed investors and almost completed fundraising, said two of the people, who asked not to be named because the process is private.

“Despite the turmoil of 2008, sponsors can still make a compelling pitch that there are opportunities to invest in commercial real estate either by making loans or buying properties and debt,” said Ben Thypin, director of market analysis for Real Capital Analytics Inc. in New York. “Commercial real estate is still seen as a space for outsized returns.”

Managers, many still suffering losses on funds raised from 2005 through 2008 as property prices peaked, are back in the market because some pools are winding down after the typical three-year commitment period, said David Hodes, managing partner at New York advisory firm Hodes Weill & Associates. With firms seeking $150 billion for real estate, some are offering lower fees and committing more of their own capital, Preqin said in an August report.

‘Long, Dry Season’

“Managers that have performed well on a relative and absolute basis, treated their investors well throughout the financial crisis and demonstrated an ability to invest in this current environment will raise their next round of capital,” Hodes said in an interview. “For many of the others, it is going to continue to be a long, dry season.”

For funds raising $1 billion or more this year, the average management fee has fallen to 1.33 percent, according to Preqin, less than the industry standard of 1.5 percent and below the average charged by those funds in 2007 and 2008.

Real estate funds accumulated $135.2 billion in 2007 and $142.4 billion at their 2008 peak, or 21 percent of all private- equity raised that year, before dropping to $50.7 billion in 2009 and $44.2 billion last year, according to Preqin. Funds raised in 2007 faced an average annual loss of 14.2 percent as of December, and those raised in 2008 were down an average of 2.2 percent, Preqin reported.

Related, AllianceBernstein

At this time last year 378 private-equity firms sought $134 billion for real estate funds, according to Preqin, with the same number of managers seeking $199 billion in 2009.

Related is almost done raising $1 billion for a distressed real estate fund and has taken control of properties in Manhattan, Chicago and Florida, another of the people said. The developer, hired in 2008 by Deutsche Bank AG to oversee finishing the defaulted Cosmopolitan casino resort in Las Vegas, has told clients that, unlike many private-equity firms, it will manage distressed projects. That will allow it to limit fees by not relying on other operators, the person said.

AllianceBernstein, a New York-based fund manager with $456 billion in assets, is close to raising $1 billion for a real estate pool after securing a commitment from Singapore's state-owned investment company Temasek Holdings Pte., one of the people said. That fund, led by former Goldman Sachs Group Inc. (GS) partner Brahm Cramer and iStar Financial Inc. President Jay Nydick, has offered to some investors to forgo the usual fee on commitments and only charge a fee on invested capital, according to an offering document.

Fortress, Colony

Fortress, the New York-based buyout and hedge-fund firm run by Daniel Mudd, and Thomas Barrack's Colony in Santa Monica, California, are amassing debt funds that will target real estate opportunities, the people said. Colony, which said it bought 370 million euros ($534 million) of troubled real estate loans from German banks this month, has raised about half of its $1 billion target, one of the people said.

Northwood Investors LLC, the New York firm started by former Blackstone Group LP (BX)executive John Kukral; Boston-based Rockpoint Group LLC; and Barry Sternlicht's Starwood Capital in Greenwich, Connecticut, are each seeking about $2 billion for real estate funds, the people said.

Cerberus Capital Management LP, the New York-based private equity and hedge-fund manager, is in the early stages of marketing its next real estate fund, according to a person familiar with the process. The firm's last property fund, which raised about $1 billion in 2008, exceeded its target of 20 percent annualized gains as of the first quarter, the person said.

Wall Street's Exit

Representatives of Related, Cerberus, Colony, Fortress, Starwood, Rockpoint, AllianceBernstein and Temasek declined to comment. A Northwood representative didn't respond to telephone calls.

Private-equity firms may benefit from diminished Wall Street competition, after some banks exited or were left to rebuild their real estate businesses when the credit crunch halted the flow of cheap debt financing and depressed property values starting in 2007, the year before Bear Stearns Cos. and Lehman Brothers Holdings Inc. collapsed.

Losses, manager turnover and a new regulatory environment limiting risky investments have affected Goldman Sachs's Whitehall property funds and Morgan Stanley's real estate investing

business. Lehman Brothers, the largest underwriter of mortgage-backed securities at the market's peak, filed for bankruptcy in September 2008 and is liquidating assets.
That void may help larger private-equity groups catch bigger targets.

$4 Billion Target

Brookfield Asset Management Inc. (BAM/A), which manages about $150 billion in assets including $76 billion of commercial property, is aiming to raise $4 billion for a global real estate fund, the company told analysts in May. The Toronto firm led an investor group including Bill Ackman's Pershing Square Capital Management LP that brought mall owner General Growth Properties out of bankruptcy in November.

Blackstone in New York, the world's biggest private-equity firm, with $159 billion under management, has said it's raising its seventh real estate fund with a target of about $10 billion. The firm told investors in a letter yesterday it has already raised $4 billion, four months after kicking off fundraising.

Carlyle Group LP is gathering a new fund for U.S. property deals, said a person briefed on the plan who asked not to be named because the Washington-based fund is private.

China Feels After-effects of Economic Stimulus
中國感受到經濟刺激政策的滯後效應：北京方面大量抵擋金融危機波及的項目正對通貨膨脹推波助瀾；包括購物中心和辦公樓在內的許多建造項目仍幾乎空置

By: David Pierson (Los Angeles Times)

Reporting from Beijing—
Housed in a five-story glass cube with a multiplex cinema and western brands like Gap and Sephora, the Care City Shopping Mall in southwest Beijing has all the ingredients for a great retail experience — except actual shoppers.

The visitors milling around on a recent muggy afternoon appeared most interested in the free air-conditioning and the food court. Salesclerks had little to do but nap, yawn or fiddle with their cellphones.

"It gets better on weekends," said a hair-clip vendor flipping through a magazine.

Opened last year amid a nationwide construction frenzy, this sleepy mall may ultimately prove successful. But for now, the project shows why China won't be spending big in the event of another global recession: It's still paying for the last one.

To shield its economy from the fallout of the 2008 financial crisis, Beijing orchestrated a massive economic stimulus. It invested billions in infrastructure projects and encouraged banks to open the credit spigot to fund construction of apartments, office towers and retail centers.

The strategy catapulted China past Japan to become the world's second-largest economy; its growth helped keep the global slump from deepening. China splurged on Australian iron ore, Chilean copper and Saudi Arabian oil to fuel its construction boom. While the U.S. economy was mired in recession, with negative year-over-year growth in gross domestic product in 2008 and 2009, China's economy expanded by more than 9% annually over the same period.

But like taking steroids, there were side effects. The burst of credit has fueled inflation, which is proving painful for average Chinese. Soaring prices for pork, vegetables and other staples have authorities worried about the potential for social unrest. So has a property bubble that has put home ownership out of reach of millions, exacerbating the gulf between rich and poor.

Meanwhile, the nation's debt levels have reached new heights. A national audit released in June found outstanding loans to local governments, among the biggest players in the building binge, amounted to $1.65 trillion, or nearly a third of China's GDP.

There are also serious questions about how much new investment China needs. Although the construction blitz created millions of short-term jobs, there is slack demand for some of the resulting projects. Apartment towers in some cities are largely empty, as are malls and skyscrapers in others. China's steel industry is saddled with so much extra capacity that it has been accused of dumping product overseas.

"If all this investment remains unprofitable for the long term, there will be serious risk to the banking system," said Yi Xianrong, a researcher at the Chinese Academy of Social Sciences, a government think tank. "The problem is it's become a tool for local government officials to compete and a hotbed for corruption."

Faced with these risks, China has been trying to gradually cool its economy by hiking interest rates and tightening lending standards. Signs of a slowdown are already emerging in lower auto sales, factory closures and scuttled real estate deals.

But the big concern inside and outside of China is a so-called hard landing. If Europe and the U.S. fall back into recession and demand for Chinese-made goods declines, Beijing won't be able to juice its economy like it did the last time around.

"It's a lesson on the limits of stimulus. The more you do it, the less and less you'll get out of it," said Patrick Chovanec, a professor at Tsinghua University's School of Economics and Management in Beijing. "You've already tapped all the good investments out there. A second time, you'd just be shoveling money out the door.... It will just compound their problems."

The best solution for China, analysts said, is to turn its own citizens into shoppers whose buying power can drive the economy forward. Personal consumption accounts for about 40% of GDP in China, compared with about 70% in the U.S.

But closing that gap won't be easy, given that China's development model favors industry over consumers.

Beijing has deliberately kept the value of the country's currency, the yuan, weak to keep its exports cheap and give Chinese factories an edge over foreign competitors. But a weak currency exacerbates inflation and erodes the buying power of Chinese households.

Consumption in China is growing — at a robust 8% a year. Crowds at Apple stores and Pizza Hut outlets in the country's biggest cities point to pent-up demand. China's newly minted millionaires are attracting luxury brands including Porsche and Cartier.

Yet China's per capita annual income of $7,600 ranks below Angola and Albania. Although disposable income is rising, most households remain obsessed with saving because the social safety net is so flimsy. Individuals must shoulder most of the expense for their own healthcare, education and retirement.

A recent uptick in the value of the yuan against the dollar has some observers speculating that China is moving more aggressively to fight inflation and ease trade tensions with the West.

The country may be better able to weather any global recession when ordinary citizens such as Cheng Yaohua start opening their wallets at the Care City Shopping Mall instead of using it as a place to cool off on summer afternoons.

A migrant from central Henan province, Cheng earns $300 a month. He admired the styles on display in the window of the Gap store. But he shops in flea markets instead.

"The clothes over there cost a tenth of my monthly salary," said Cheng, a 22-year-old cellphone salesman, nodding at the multi-story Gap. "After I paid for rent and food, I'd have nothing left if I bought something there."

CMBS Tries to Bounce Back from Bump in the Road

商業按揭抵押證券（CMBS）試圖東山再起：最近發生的事件（各類債務評級下調）導致大型證券化的取消和 CMBS 市場的放緩，但專家仍預計 CMBS 在 2011 年剩下的時間里會有增長，儘管增速緩慢

By: DAVID BODAMER (Retail Traffic)

The CMBS market had been having a pretty good year in 2011. CMBS issuance in the first seven months of 2011 amounted to $20.8 billion—the best stretch since the securitization market dried up in late 2007. The delinquency picture also showed improvement.

But then in late July the market got thrown for a loop. Standard & Poor's pulled its ratings on two transactions worth a collective $2.7 billion after it had found "potentially conflicting methods" in how it was rating securitizations. As a result, Citigroup and Goldman Sachs had to cancel the sale of a $1.5 billion securitization. That came amid the rancorous debate in Washington on the national debt ceiling and just before Standard & Poor's downgraded the U.S. credit rating from AAA to AA+. All of which triggered a tumultuous stretch on equities markets.

Yet experts believe that despite being a bit shaken, the CMBS market will continue to reemerge through the rest of 2011, albeit at a slower pace. Earlier in the year, some thought origination volume might reach $50 billion. Now, expectations are more tempered, with some thinking volume may end up between $30 billion and $40 billion.

"I'm pretty sure CMBS is going to take off the rest of August and come back after Labor Day," says Dan Fasulo, managing director with Real Capital Analytics, a New York City-based research firm. "But CMBS as an asset class still remains attractive in my mind on a risk adjusted basis compared with a lot of other things out there."

Indeed, Gary E. Mozer, principal of George Smith Partners Inc., a Los Angeles-based real estate investment banking firm, says that the marketplace is in a state of flux right now, with loans being re-priced rapidly. Yet there does remain money out there looking to finance deals. For the most part, Mozer says bids are coming in between 5.75 percent and 6.25 percent for 10-year loans.

"There is a lot of demand for debt. Transactional volume is increasing. We're just at a moment where people don't know how to price it," Mozer says. "As competition picks up and as we see markets price out, we will have a lot better indication of where things are going."

Spreads have widened in recent weeks. In early July the 10-year AAA CMBS swap spread to Treasuries had narrowed to 179 basis points, according to Trepp LLC, a New York City-based research firm. But on August 12, as a result of Treasury rates dropping and uncertainty with CMBS, the spread had jumped to 301 basis points—the widest it's been since October 2010.

"Recently, spreads have been so volatile that it has been difficult for originators to price loans" says Eric Thompson, managing director with New York City-based Kroll Bond Ratings. "Hopefully, as we go into the fall, that volatility settles down."

Some observers believe the problem with the Goldman deal—GS Mortgage Securities Trust 2011-GC4—was that it was too large, complex and risky for this stage of the cycle, when the market is still getting comfortable with CMBS after securitization caused so many issues during the financial crisis. The trust was a $1.48 billion offering backed by 70 conventional fixed-rate loans that are secured by liens on 130 properties. Goldman Sachs Mortgage Co. contributed 24 loans, Citigroup Global Markets Realty Corp. contributed 40 loans, and Starwood Property Mortgage Sub-3 LLC contributed six loans.

"Transactions that are not plain vanilla—things that don't fall into the conduit/fusion category, but rather are more complex or more off the run—that's the kind of trade that's not easy to get done right now at all. What remains more questionable is whether people can execute even vanilla conduit/fusion deals," says Kim Diamond, senior managing director with Kroll Bond Ratings. "Volume will be lower than what many anticipated. Based on what's transpired, I think it will be in the $35 billion to $40 billion range."

David Lynn, managing director with New York City-based Clarion Partners, agrees with that assessment. He adds, however, that despite the turbulence caused by the Goldman issuance, the CMBS story for much of 2011 has been positive. And CMBS bonds are delivering higher and safer yields than many potential alternatives for investors, such as equities, Treasury bonds, corporate bonds and dividend returns. "CMBS is beating all of those," he says. And with Federal Reserve Chairman Benjamin Bernanke announcing recently that the Federal Funds Rate will be held near 0 percent through 2013, it assures that interest rates will remain low for another two years, adding some certainly back to the picture.

"More loans will be rolled over," Lynn says. "We've also been through the worst of the real estate cycle. This gives real estate ample time to recover and we are now having some good momentum. There's positive rent growth—albeit low—and vacancy is declining in most markets. … All things considered CMBS looks relatively good, with the caveat being it has to be simpler and well underwritten."

Mortgage Rates Keep Dropping
房貸利率持續下跌；今日 30 年固定利率跌至 3.875%

By: E. Scott Reckard (Los Angeles Times)

Mortgage rates are continuing to fall amid economic uncertainties and a sagging stock market, with the 30-year home loan available this week at an average 4.32% — the lowest fixed rate of the year, according to mortgage company Freddie Mac.

The typical rate for a 15-year fixed mortgage was 3.5%, Freddie Mac said Thursday — the lowest since Freddie began tracking it in 1991.
Despite 30-year rates averaging about 4.5% and the cheapest housing prices in eight years, home lending has slipped this year to the lowest level since 1997.

But with rates near record lows, the Mortgage Bankers Assn. says loan applications have spiked more than 20% because of the latest surge in refinancings.

The increase occurred despite a slight decrease in applications to buy homes. Refinance applications were up by 30%, the trade group said Wednesday.

Greg McBride, senior analyst for rate tracker Bankrate.com, said people with large mortgages in expensive markets like California should feel a particular sense of urgency if they are considering refinancing.

As a result of the credit crisis, the limit for a conforming loan — one that can be backed by Freddie Mac and or Fannie Mae — was increased to $729,750 in the most expensive regions to support the housing market. That increase is set to expire Oct. 1, when the conforming loan limit will fall back to $625,500.

Loans higher than the conforming limit, known as jumbos, are available — but rates have been running at least half a percentage point more than for conforming loans. And as McBride pointed out, people refinancing into a jumbo loan are required to have more equity in their homes, typically 25% or 30% instead of the 20% requirement on smaller mortgages.

For someone refinancing a $700,000 loan, "It means you've got to get the loan closed by the end of September before the goal posts move," McBride said.

Freddie Mac surveys lenders early each week, asking them what conforming loan rates they are offering to borrowers with good credit and 20% down payments or, in the case of refinancings, at least 20% equity in their homes.

The borrowers in the latest survey would have paid 0.7% of the loan amount in upfront lender fees and discount points, along with additional payments for appraisals, title insurance and other third-party costs, Freddie Mac said.

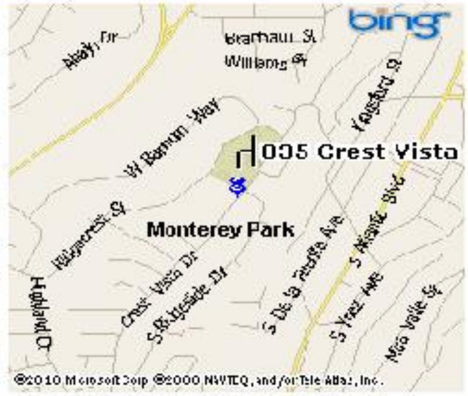
Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)
消費者市場利率：房貸、基本利率、等等

(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	0-0.25	0-0.25	-	-2.00
Prime rate*	3.25	3.25	3.25	3.25	-	-1.75
Libor, 3-month	0.30	0.29	0.33	0.25	-0.03	-2.51
Money market, annual yield	0.57	0.57	0.73	0.56	-0.14	-1.96
Five-year CD, annual yield	1.78	1.83	2.38	1.78	-0.59	-2.46
30-year mortgage, fixed	4.39	4.40	5.21	4.32	-0.23	-2.06
15-year mortgage, fixed	3.60	3.60	4.57	3.58	-0.50	-2.39
Jumbo mortgages, $417,000-plus	5.05	5.04	5.89	5.04	-0.54	-2.59
Five-year adj mortgage (ARM)	3.15	3.14	5.79	3.00	-0.62	-2.86
New-car loan, 48-month	4.08	4.37	6.17	3.75	-2.09	-2.70
Home-equity loan, $30,000	4.77	4.78	5.17	4.75	-0.31	-0.62

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: