COMMERCIAL REAL ESTATE MARKET UPDATE

GENERAL
市場概括

- STC Management Increases Revenue 30% and Decreases Expenses 20% for 40-Unit Apartment

  STC資產管理幫助 40 戶的公寓樓增加收入 30%減少開銷 20%

  Within eight months, the STC Management Team raised occupancy from 77% to 100% and increased revenue by 30%.

- Foreign Investors Rejuvenate the U.S. Commercial Real Estate Market.

  外國投資者為美國商業地產市場注入活力

  It's no secret that commercial real estate in the U.S. has had its fair share of struggles as the economy gets back on track. But when compared to other parts of the world, the U.S. is still one of the most attractive options for foreign investors with capital to spend.

- CRE Price Index Rises for Seventh Consecutive Month

  商業地產價格指數去年 11 月增長 0.6%，連續第七個月上漲

  The national General Commercial and Investment-Grade indices both rose over the previous month for the seventh consecutive time since May 2011, boosted by a stabilizing commercial property recovery during the second half of the year.

RETAIL
購物商場

- Office Depot Rolls out Simplified Store Layouts

  文具店Office Depot簡化店內佈局方便顧客以增強業內競爭力

  Office Depot set out to make shopping at its stores easier to compete in a crowded field that includes Staples, Wal-Mart and Amazon.

- Family Dollar to Open up to 500 New Stores in 2012

  零售店Family Dollar將在 2012 年繼續積極擴張，500 家新店有望開張

  Family Dollar plans to continue aggressive growth in the current fiscal year.

- Outlook for Las Vegas Retail Centers Remains Turbulent

  拉斯維加斯購物中心前景仍喜憂參半

  The retail sector in Las Vegas will remain hit or miss for shopping centers, with some thriving this year and others continuing to struggle. Local firm Applied Analysis has reported that the submarket's retail vacancy rate reached 10.6% in Q4, up from 10.3% the same period a year before. It was an improvement from 10.9% in Q3 2011.

INDUSTRAIL

工業倉庫

- [Manufacturing Momentum Shifting to the U.S.]

勞工成本相對降低，製造業在美國捲土重來，有望增加工業倉庫需求

The cost of manufacturing in the U.S. is improving in relation to other countries as U.S. workers have become even more efficient, partly again as a result of the recent recession as companies 'did more with less.'

FINANCING

貸款與資金

- [Major Banks Increase Lending as Economy Picks up]

隨經濟好轉，主要銀行貸款量猛增

Large banks are lending again as the economy shows more signs of recovery. Citigroup and Wells Fargo recently posted their strongest loan growth since the financial crisis.

- [Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)]

消費者市場利率：房貸、基本利率、等等

NEWLY LEASED

近期租出

Private Investigation Agency
@ Downey Office Space
Office 辦公 | 1033 SF
Lease commences in February, 2012

Art Studio

@ Rowland heights Plaza 羅蘭廣場

Education 教育 | 900 SF

Lease commences in January, 2012

STC Management Increases Revenue 30% and Decreases Expenses 20% for 40-Unit Apartment

STC 資產管理幫助 40 戶的公寓樓增加收入 30％減少開銷 20％

When STC began managing a 40-unit apartment complex in Anaheim, the apartments suffered from a high vacancy rate and major deferred maintenance.

Within eight months, the STC Management Team raised occupancy from 77% to 100% and increased revenue by 30%. To instill a sense of belonging for the residents, STC hosted Halloween and Thanksgiving parties at the apartment complex.

In addition, STC decreased expenses by 20% through using vendors from STC's Approved Vendor List. Furthermore, numerous free capital improvements were completed through utilizing public programs, with total savings of over $130,000 for the Owner.

Capital improvements that STC implemented with zero cost to Owner includes:

- Free toilets from the Anaheim Public Utility Department
- Free interior and exterior lighting upgrades from Southern California Edison
- Free wall heaters from the Gas company
- Free landscape plants from the City of Anaheim
- Free tree trimming and concrete sidewalk repair from the City of Anaheim

在 STC 剛剛接手安納罕的這間 40 戶的公寓樓時，這間公寓正在遭遇高空置率和維護不及時的問題。

八個月內，STC 管理團隊將出租率從 77％提升至 100％，並增加了 30％的收入。為了給房客帶來歸屬感，STC 還主辦了萬聖節和感恩節的晚會。

此外，STC 通過使用經 STC 認可的服務供應商，將公寓的開銷縮減了 20％。通過利用公共項目，眾多設施得到了免費的改善，為房東省下了超過 13 萬的開支。

STC 為房東進行的零成本設施改善包括：

- 來自安納罕公共設施部門的免費馬桶
- 來自 Southern California Edison 的免費室內外照明升級

- 來自煤氣公司的免費牆式暖氣
- 來自安納罕市的免費綠化植被
- 來自安納罕市的免費樹木修剪和混凝土人行道修理

Foreign Investors Rejuvenate the U.S. Commercial Real Estate Market.

外國投資者為美國商業地產市場注入活力

By Dave Liniger (CIRE Magazine)

The numbers tell the story: For the first time since 2007, cross-border acquisitions topped $7.8 billion in third quarter 2011. What's more, these buyers accounted for more than 10 percent of all sales volume — another recent high, according to Real Capital Analytics.

Underpinning global investment activity is a mix of buyers who are looking for quality assets, investment safety, and high returns. U.S. commercial markets possess these strengths, says George Ratiu, manager of quantitative and commercial research with the National Association of Realtors.

"The U.S. is attractive to global investors because it has a mature and stable economic environment, which provides investors with quality assets and capital safety," Ratiu says. "Another factor is the rising availability of investment capital in China. While Chinese real estate continues to be a powerful magnet for international investors, Chinese investors are looking to diversify their holdings, and the U.S. is an ideal choice. Also, the soft dollar is making dollar-denominated assets a relative good buy."

Canadians Lead the Way

Looking at the overall picture, our neighbors from up north are the largest group of international investors, and they're flocking to the U.S. in droves. In 3Q11, Canadian capital represented one-third of all foreign commercial acquisitions, followed closely by Latin American and Asian investors, according to Real Capital Analytics.

Investors based in Hong Kong and China have also ramped up activity, with acquisitions surging to nearly $1.5 billion in the past year — a major increase considering these investors acquired practically nothing 18 months ago. South Koreans are right on their heels, totaling well over $1.1 billion worth of commercial investments over the past year.

The surge in Canadian acquisitions is a relatively new phenomenon, driven mostly by strong economic conditions and a stable Canadian dollar, says Jim Fetgatter, chief executive of the Association of Foreign Investors in Real Estate, a trade organization that represents foreign investors interested in U.S. real estate.

"Canada's economy never went through the financial crisis we did during this recession, so the U.S. is an ideal choice, plus there are limited investment opportunities in Canada due to the smaller size of its commercial market," Fetgatter says.

It might be surprising to some that despite the influx of cross-border acquisitions, purchasing U.S. real estate is actually a difficult endeavor for foreign investors, due in large part to Foreign Investment in Real Property Tax

Act legislation. FIRPTA mandates that foreign investors be taxed on dispositions of U.S. real property interests. It makes transactions more costly and time-consuming for inbound investors.

“No other type of foreign investor is taxed on capital gains in the U.S. except for real estate investors,” Fetgatter says. “The manner in which foreign investors tailor their acquisitions for tax purposes depends on whether the U.S. has a double taxation treaty with that country and what kind of investor they are. For example, high-net worth individuals are taxed diff erently than foreign pension funds in relation to how they’re able to structure their investments.”

Secondary Markets Gain Steam

Traditional commercial gateway markets such as Manhattan, which accounted for 40 percent of foreign purchases through 3Q11, are still the hot destinations for global investors. But cities like Miami, Houston, Seattle, Dallas, and San Diego are making gains in commercial investment activity.

In Miami, for example, foreign investors purchased more than $650 million worth of commercial properties as of mid-October. Asian investors led the way, accounting for about 63 percent of all foreign capital in the city, according to RCA data.

JM Padron, CCIM, broker/owner of Re/ Max Commercial Associates in Fort Lauderdale, Fla., is seeing this fi rsthand. Large multinational companies, such as Genting Malaysia Berhad and Hong Kong’s Swire Group, have recently announced major multimillion-dollar investment projects in downtown Miami.

And that’s just the beginning.

“Asian investors are defi nitely prominent in South Florida investments, but we’re also seeing major players come in from Brazil and other Latin American countries; Brazilians account for 35 percent of commercial buys in downtown Miami,” Padron says. “Israel also is an important investor in South Florida; the Dizengoff Group has invested $85 million, mostly in anchored retail centers and bulk condo deals.” Nationally for foreign investment, office sales have recovered quite nicely, accounting for over half of cross-border acquisitions as of June 2011 — a 65 percent year-over-year increase over 2Q10, according to RCA. The retail and apartment sectors, however, recorded the largest gains, signaling an emerging preference for those property types.

If 2011 numbers are any indication, more foreign investors will be looking to diversify their holdings — and they’ll be investing their capital in the U.S.

CRE Price Index Rises for Seventh Consecutive Month

商業地產價格指數去年 11 月增長 0.6％，連續第七個月上漲

By Randyl Drummer (CoStar)

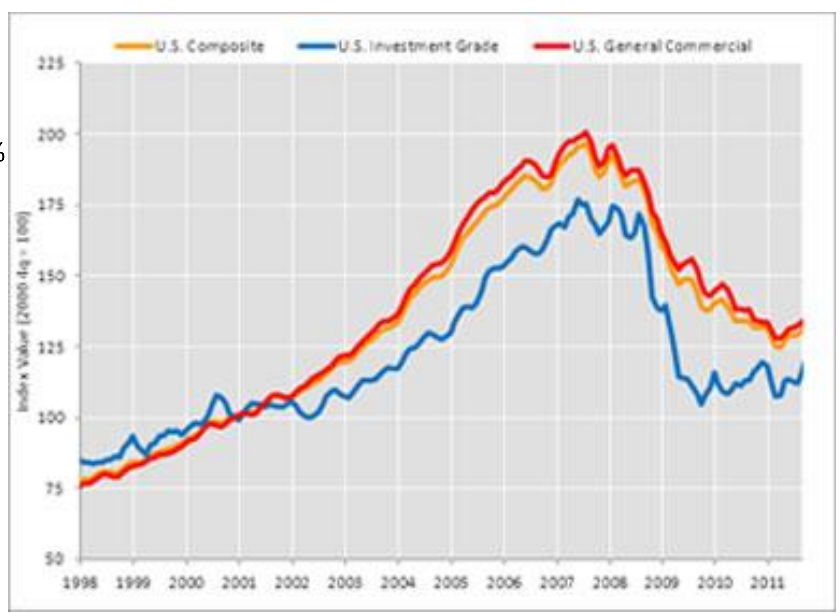
The CoStar National Composite Index of commercial real estate pricing rose for the seventh straight month since last spring as investment-grade sales made solid pricing gains in November 2011, and the level of distressed sale transactions continued to decline during the month.

The composite index rose 0.6% in November from the previous month, with prices now an average 1.8% higher compared to the same period a year ago, according to this month's release of the CoStar Commercial Repeat Sale Index (CCRSI), which tracks sale pair transaction data through Nov. 30.

November also brought the second consecutive year-over-year increase in the composite index. Last month, CoStar reported that the index rose 2.2% in October from the same period a year earlier, the first year-over-year improvement in the composite since the U.S. economy took a dive in 2008.

The national General Commercial and Investment-Grade indices both rose over the previous month for the seventh consecutive time since May 2011, boosted by a stabilizing commercial property recovery during the second half of the year.

Despite the gains, the real estate recovery continues to be less robust than previous economic cycles, with the composite index remaining 31.8% below its August 2007 peak during the height of the real estate boom.



The investment-grade index recorded a solid 2.2% increase in November, however, based on 105 sale pair transactions, with average prices now 6.4% higher than the same period a year ago. The general property sales index rose slightly by 0.3%, with prices up 1.1% from the year-earlier period based on 633 transactions.

"This modest-but-steady recovery largely reflected the impact of improving market fundamentals, which have continued to attract investors and buyers despite a lending environment for smaller properties that has remained constricted," according to the CoStar report.

While the 738 repeat sale pairs in November was slightly lower than the one-year average, transaction volume remained stable and the deal size was 15.8% larger than the year's average. Deal counts are expected to rise slightly in coming months as CoStar records additional sale closings.

In addition to benefitting from improved occupancy, absorption and rents in most property types, rising investment-grade sale prices also reflected a less-constrictive environment for real estate financing. The ongoing process of repositioning CRE portfolios and recapitalizing mortgage loans has also favored the higher-quality assets over the last year.

While still high by historical levels, the percentage of transactions that sold under distressed condition has fallen from 35.4% of all transactions in March to 24.5% in November. The ratio of distressed sales fell sharply from 53% of all investment-grade deals in March 2011 to 22% in November. Significantly, distressed general property sales fell from 33% in March to 25% in November 2011, another sign of the broadening recovery and easing of downward pressure on prices.

However, the overall level remains high and distress continues to be a significant factor of property pricing, CoStar analysts said.

"We believe that broad-based rental growth and wider availability of real estate financing are necessary to sustain and accelerate the recovery," CoStar said in the report. "Although distress sales gradually declined over the past eight months, the overall level was still high, suggesting that distress continues to be a significant factor of CRE pricing."

In addition to the national Composite, Investment Grade and General Commercial indices, which are reported monthly, CoStar releases quarterly updates on 28 sub-indices, including breakdowns by office, industrial, retail, and multifamily property sectors; by region, transaction size and quality, and by market size.

Office Depot Rolls out Simplified Store Layouts

文具店 **Office Depot** 簡化店內佈局方便顧客以增強業內競爭力

By: Natalie Zmuda (AdvertisingAge)

For Office Depot, the problem wasn't attracting shoppers but converting them to buyers.

A year ago, the retailer set out to address what it viewed as a core issue: Customers in stores had difficulty finding everything they needed and lacked a clear understanding of the breadth of products available. Those were serious failings, especially considering that Office Depot competes with players ranging from Staples to Walmart Stores to Amazon in the highly commoditized office-supplies category.

In response, Office Depot created the In-Store Customer Experience initiative. Spanning departments from marketing to merchandising to customer service, the effort came to life in two lab stores early last year and is being rolled out in all 1,132 locations. It's supported by the new "It's Depot Time" campaign.

"It's been an amazing transformation to the store experience," said Bob Moore, chief marketing officer for Office Depot. "We're helping customers find what's new, exciting, different and can make their lives easier. We're helping them save time."

In the lab stores, popular products were made more accessible. More navigational signage was added, and fewer words were used on signs in the stores.

"We're making sure we have the right products in the right place," Mr. Moore said. "And from a marketing point of view, we were giving them too much messaging, so we simplified our messaging."

Office Depot is also embracing smaller stores, which it says are more convenient for customers.

The "It's Depot Time" campaign, handled by Zimmerman Advertising, will run throughout 2012 and is getting more investment than past campaigns, Mr. Moore said. TV ads show split screens with business owners (including Nascar's Tony Stewart) asking questions, and "Rachel," a perky Office Depot associate, highlighting ways the retailer can save customers time.

To deliver on the advertising's promise, associates are being trained to ask open-ended questions, such as, "What brings you to Office Depot today?" rather than "yes" or "no" questions that discourage dialogue.

"We had them doing a lot of tasks in terms of store operations that took them away from our customers," Mr. Moore said. "We really empowered them to engage our customers and to have the time to help them through the shopping experience."

TV and radio ads, which highlight the changes but without explicitly saying that anything is different, have begun airing in 12 markets; a national rollout is expected. The campaign will also include digital, print, direct mail and in-store executions. And for the first time, Office Depot will run Spanish-language TV and radio ads, also handled by Zimmerman.

Early results from Advertising Benchmark Index, which measures ads' effectiveness across all media channels, indicate that the campaign is resonating. According to ABX, the "It's Depot Time" TV ads are scoring higher than recent ads from both Staples and OfficeMax. The data show that the ads are changing perceptions of Office Depot's reputation for the better, as well as providing a strong call to action.

The radio ad didn't do well, though, with listeners indicating that they disliked it and did not want to hear it again.

Though the campaign and emphasis on the store experience are steps in the right direction, analysts remain skeptical about Office Depot's long-term prospects. The company reported third-quarter sales of $2.8 billion, down 2% from a year earlier.

Family Dollar to Open up to 500 New Stores in 2012

零售店 Family Dollar 將在 2012 年繼續積極擴張，500 家新店有望開張

By Ely Portillo (charlotteobserver.com)

Matthews-based Family Dollar plans to continue aggressive growth in the current fiscal year, CEO Howard Levine told investors at the company's annual shareholder meeting Thursday.

Family Dollar plans to open 450 to 500 new stores this year. The retailer currently operates about 7,100 stores. Levine said the company plans to open its 11th distribution center this year, to serve its stores in California as it ramps up new locations there.

Levine said the company will continue its store renovation program, making over another 1,000 stores, and keep pushing to increase the amount of private brand goods and goods bought directly from Asian factories in its stores.

The company also increased its quarterly dividend to 21 cents a share, up from 18 cents.

Customers remain stressed by economic fallout from the recession, Levine said. "Times are tough, and our customers are buying what they need, not what they want," he said.

A handful of shareholders attended the meeting and asked Levine questions directly.

Family Dollar is the nation's second-largest "dollar store" chain, behind Dollar General.

"What's the personality of the company likely to be in five to 10 years, given all the changes?" asked one woman. Levine said the retailer is taking steps to ensure it appeals to both "core customers" and new "trade-down customers."

Shareholders also asked Levine about energy efficiency in stores and whether communities were resisting new Family Dollar stores being built. Levine told them that a new LEED-certified store built in South Carolina would help future stores be more energy efficient, and that opposition to new Family Dollar stores was rare.

Outlook for Las Vegas Retail Centers Remains Turbulent

拉斯維加斯購物中心前景仍喜憂參半

By Steve Green (VegasInc)

The retail sector of the commercial real estate market remains choppy in the Las Vegas area.

In a probable repeat of 2011, some strip malls and shopping centers are expected to thrive in 2012, while others will likely face financial troubles because of high vacancy rates and tenants struggling to pay their rent.

Last year was turbulent for the local retail sector, with owners of big centers Town Square Las Vegas and the District at Green Valley Ranch turning them over to lenders amid financial difficulties.

Yet 2011 also saw the opening of Tivoli Village in western Las Vegas, home to plans for continued expansion with the $350 million, 700,000-square-foot Las Vegas Renaissance indoor mall across Alta Drive on Rampart Boulevard.

Last year also saw WinCo Foods commit to the market and launch construction of two stores

John Stewart, a principal at shopping center owner Juliet Companies, said this week that as far as neighborhood shopping centers go, centers anchored by such well-known national retailers as Target, Walmart and Kohl's — all proven drivers of traffic to shopping centers — were generally doing better during the recession than properties without such nationally prominent anchors.

"This really has shown a flight to quality," Stewart said.

In the meantime, banks continue to sue underperforming centers that can’t meet loan payments, and bankruptcies continue locally in the sector.

Local advisory firm Applied Analysis last week reported the local retail vacancy rate was 10.6 percent in the fourth quarter.

That’s up from 10.3 percent in the fourth quarter of 2010, but it’s an improvement from the 10.9 percent measured in 2011’s third quarter.

Confirming Stewart’s argument about centers tending to do better if they’re anchored by national tenants, Applied Analysis found the lowest vacancy locally at 7.2 percent in “power centers’’ — places anchored by the likes of Best Buy and PetSmart.

Any way the numbers are analyzed, the brutal damage inflicted by the recession is obvious in the Las Vegas area, which is littered with empty big-box and small-store retail space.

Retail vacancies in 2006 and 2007 ran locally at just 3.2 percent and 4.1 percent, respectively. That means they've more than tripled in six years, and experts expect them to remain high for years to come because of broader economic problems.

"Although economic signals suggest an economic recovery is under way, the debt overhang — primarily caused by the housing market — is likely to linger over consumers for years to come. With wealth continuing to shrink due to depreciating home values and limited income growth, a return to pre-recession demand levels in the commercial retail real estate market remains years away," Applied Analysis Senior Manager Jake Joyce said in his company's latest retail report.

Ongoing troubles in the industry were illustrated Friday when O'Bannon Plaza LLC filed for voluntary Chapter 11 bankruptcy protection in Las Vegas.

O'Bannon owns a strip mall at 2201-2267 S. Rainbow Blvd., north of Sahara Avenue, which includes anchor Sin City Furniture Co.

The mall appears to have a good amount of vacant store space, 6,000 square feet, at 2211 S. Rainbow Blvd., which was formerly occupied by Las Vegas Golf and Tennis. The bankruptcy filing notes O'Bannon and Las Vegas Golf and Tennis have been tied up in a lawsuit since 2007 over allegations Las Vegas Golf and Tennis was repeatedly burglarized and security at the mall was not adequate to prevent the break-ins.

Elsewhere around town, U.S. Bank sued two strip mall owners last month, claiming they had defaulted on their loan payments. In each case, the bank is asking that a receiver be appointed to supervise the properties and collect the rents while the bank pursues foreclosure.

One suit was filed in Clark County District Court against Las Vegas Plaza Ltd. LLC and a sister company, owner of a strip mall called The Plaza at Charleston at 5635, 5665 and 5695 E. Charleston Blvd., east of Interstate 515 and east of Nellis Boulevard. That center, which includes Anytime Fitness as a tenant, has several vacancies. The lawsuit says the center's owners have defaulted on $4.2 million in loans.

Another suit was filed by U.S. Bank against Las Vegas Center Ltd. LLC, owner of a new but unoccupied center at 5705 and 5735 E. Tropicana Ave., east of Boulder Highway. That suit says the center owner has defaulted on a $3.8 million loan.

Neither of the shopping center owners has responded to the lawsuits.

Manufacturing Momentum Shifting to the U.S.

勞工成本相對降低，製造業在美國捲土重來，有望增加工業倉庫需求

By Mark Heschmeyer (CoStar)

After decades of watching American companies move jobs overseas, manufacturing is beginning to make a comeback of sorts here in the U.S. -- and sooner than some expected.

"There is no shortage of areas that were crippled by the financial crisis, and United States manufacturing ranks high on that list," noted a new report issued by Chat Reynders and Patrick McVeigh, the principals of Boston-based investment management firm Reynders, McVeigh Capital Management. "Production jobs were already fleeing overseas in favor of inexpensive labor in the mid-2000s, and the combination of the domestic consumer recession and a burst of Chinese market dominance only amplified the situation.

"Signs indicate, however, that U.S. companies are feeling pressure based on high unemployment, historically high profit margins, and historically low labor costs. It is simply becoming harder for companies to justify moving jobs offshore," Reynders and McVeigh noted.

In their report Workforce Rising: Why U.S. Manufacturing Is Poised for a Comeback, the two identified economics and innovation as each having a hand in resurrecting American manufacturing.

Advances in production technology are creating new opportunities; fracking, for example - the process of fracturing underground shale to reach natural gas and oil deposits - is demonstrating the dramatic impact that innovation can have.

Royal Dutch Shell plc is planning to bring thousands of jobs and more than $1 billion in investment to the Appalachian region for a chemical plant, fed by natural gas. Ohio, Pennsylvania and West Virginia are vying for the project.

In the auto industry, a renewed emphasis on domestic production has taken center stage in some labor negotiations. GM pledged to invest $2.5 billion in U.S. factories and to retain domestic work that was slated for outsourcing to Mexico. Similarly, Ford signed a new labor contract in October that calls for 12,000 new jobs and a total of investment of $16 billion in U.S. jobs and plants by 2015. Meanwhile, Mercedes' total new investment in its Tuscaloosa, AL, plant is expected to hit $2.4 billion by 2014, and work in the facility will create 1,400 jobs.

"As the momentum gains in different industries, three drivers are breathing life back into manufacturing, and each of them points to important near term investment opportunities in companies that stand to benefit," Reynders and McVeigh noted.

Globalization is gradually coming full circle as companies explore insourcing or homeshoring - bringing their manufacturing workforces back to America. Cost advantages of outsourcing production are becoming less significant, and despite (or perhaps because of) the difficult economic climate, the U.S. is in a better position to compete for such jobs.

As the wage gap between the U.S. and China shrinks, the days of cheap labor in China are waning, the two noted. The cost of wages in China is on the rise at a predicted 15% to 20% annually, while U.S wage rates are increasing at a much slower 2% clip.

The cost of manufacturing in the U.S. is improving in relation to other countries as U.S. workers have become even more efficient, partly again as aresult of the recent recession as companies 'did more with less.' In the first quarter of 2009 alone, productivity rose nearly 13%, according to White House statistics. Between 2002 and 2010, only one of 19 other industrialized countries managed to improve its unit labor cost position in manufacturing more than the United States.

A particularly bright spot for U.S.-based manufacturers has been a boom in domestic energy production. The country has seen a surge in American natural gas production, which has lowered energy costs for manufacturers, reduced pollution, and driven investment in the industries that supply equipment to the natural gas sector and those that use natural gas to fuel production-all of which have helped firms make the decision to keep jobs in the U.S. American service firms are taking advantage of new global markets.

As economies in other nations grow, there's more demand for U.S. engineers, software developers, researchers, and consultants. At the same time, a range of barriers that once made it hard to market those services across borders have come down. As a result, the United States is poised to expand its trade surplus in services to $146 billion in 2010. Since 2003, that surplus has nearly tripled.

Also, for most of 2011, Federal Reserve Board surveys of business conditions reported manufacturing activity expanding in most districts across the country -- reversing a slowdown in prior periods.

The strongest reports came from subsectors such as heavy equipment manufacturing and steel, for which demand has been boosted by robust growth in the energy, agricultural, and auto manufacturing sectors.

By contrast, demand remained somewhat weak for firms in housing-related subsectors, such as a door and furniture manufacturers and the makers of lumber and wood products. Export sales of assorted manufactured products generally performed well although slower economic growth in China and Europe held back sales for some manufacturers.

Other momentum changers, Reynders and McVeigh said are rising transportation costs and a shift among manufacturers to a more holistic view of production.

Transportation costs have drastically increased in the past few years due to the high price of oil. By reallocating resources to the U.S., companies can reduce the distance to the point of sale and eventually benefit from more accessible, cheaper fuel in domestic natural gas.

"Less obvious but just as significant is a fundamental shift to a more holistic view of production. Industries are taking a closer look at the full cycle of product delivery as reflected by the Total Cost of Ownership (TCO). TCO evaluates the entire cost incurred by companies when purchasing a manufacturing part, including the burden of controlling quality and delivery, transportation, oil consumption, inspection of labor, inventory carrying, and freight and packaging," Reynders and McVeigh said. "If the buyer performs a cost-benefit analysis of the TCO, they would find it is cheaper and more predictable to keep manufacturing close to home."

Grubb & Ellis in its 2012 market forecasts says trends such as homesourcing could begin to have real benefits this year but certainly by 2013.

Demand will accelerate in 2012, but given the sluggish domestic and overseas economies, only by about 15% to 130 million square feet. Large blocks of space will continue to outperform, Grubb & Ellis reported.

Third-party logistics providers are becoming an integral part of supply chains of an increasing number of companies, a trend that will continue to drive the Class A distribution sector.

For the recovery to accelerate more significantly, the market needs the return of business and consumer confidence so that smaller, local businesses will commit to more space at longer terms. However, the requisite level of confidence is unlikely to emerge until the second half of the year, and the November elections could delay it until the end of 2012.

"Near and on-shoring has the potential to accelerate demand for general industrial space. Caterpillar's decision to shift some production from Japan to North America could prove to be an exception," Grubb & Ellis reported. "However, given the supply chain disruptions following the earthquake in Japan, the flooding in Thailand and rising labor costs in China, more U.S. manufacturers are likely to follow.

The more meaningful acceleration will be in new supply, which will double to 40 million square feet. Assuming a stronger economic recovery in 2013 and 2014, new deliveries will easily double again in 2013 and potentially in 2014, matching the 155 million square feet that was completed in 2008. While selective speculative building commenced in 2011, 16 or more markets across the county will see new construction begin this year without a lease already in place.

Major Banks Increase Lending as Economy Picks up

隨經濟好轉，主要銀行貸款量猛增

By SUZANNE KAPNER (Wall Street Journal)

Big U.S. banks are reopening the lending spigot amid signs that an improving economy is spurring companies and individuals to borrow more. On Tuesday, Citigroup Inc. and Wells Fargo & Co. recorded their strongest loan-growth numbers since the financial crisis. The figures confirm a warming trend highlighted Friday by J.P. Morgan Chase & Co.

The lending gains mark a change from the past few years, when lackluster figures opened the banks to criticism from politicians and others that the firms' tight grip on their cash was keeping economic growth under wraps. Banks responded that, after the bursting of the credit bubble that led to the financial crisis, consumers and companies were unwilling to borrow.

The data offer the latest signal that the deleveraging that swept the economy following the 2007-08 turmoil may be easing. "

Companies that are credit-worthy haven't been in a borrowing mood, but we are starting to see that change," said Jeffrey Harte, a principal with Sandler O'Neill + Partners LP.

At Citi, retail-banking loans rose 15% from a year ago to $133 billion, as the New York bank lent more to individuals and local businesses. At San Francisco-based Wells, commercial and industrial loans rose 11% from a year earlier to $167 billion at Dec. 31, amid what Chief Financial Officer Tim Sloan called broad-based growth.

All told, loans outstanding at the companies and J.P. Morgan rose by $41 billion from a year ago in the fourth quarter, to $2.14 trillion. That's the first increase for the three giant lenders since 2008, when crisis-related acquisitions led to big expansions at J.P. Morgan and Wells Fargo. Bank of America Corp., the Morgan, is due to post its fourth-quarter numbers on Thursday.

The expansion is good news for the U.S. economy at a time when unemployment remains high and investors are fretting about the prospect of an economic downturn or market shock spurred by Europe's debt crisis. Increased credit availability stands to help U.S. businesses that have been looking to finance new growth.

Demand is "everywhere," J.P. Morgan Chase Chief Executive James Dimon said during a conference call last Friday. "Industrial, consumer, Asia, Latin America, trade finance, corporations, all types of corporations."

The lending pickup is a bright spot in a mostly dour big-bank earnings season featuring declining revenue and mixed profits. Big U.S. financial firms are under pressure in the markets as weak economic growth, tighter regulation and a decline in trading and deal making crimp their earnings outlooks. Citigroup stock fell 8.2% on Tuesday following its weaker-than- expected fourth-quarter earnings report; Wells Fargo edged up 0.7%.

But strong lending growth, as long as the loans are of high quality, should boost earnings in coming years.

"From what we can see so far, there is actual demand for loans, as opposed to banks going down the credit spectrum and loosening their standards," Sandler's Mr. Harte said.

The lending gains are being driven in part by a retreat by European lenders tied to theregion's debt crisis. As banks on the continent sell assets to raise capital and reduce their dependence on scarce dollar funding, big U.S. lenders are stepping in. Mr. Dimon said on Friday that "a little bit" of the bank's lending increase can be attributed to a pullback in lending by hobbled European competitors.

The banks' numbers aren't the only source of positive signs for the economy. Household borrowing on credit cards, car loans, student loans and other kinds of installment debtrose at a 9.9% seasonally adjusted annual rate in November, the Federal Reserve saidthis month, marking the fastest monthly increase since November 2001.

Recent borrowers include Tom and Tevie Dante Fraser, who closed in September on a new credit line for their Fulton County, Ga., classic-car business. They got the line and refinanced a mortgage on their showroom with Wells after the bank they had borrowed from previously was taken over by a competitor.

The new loan will let the couple make opportunistic buys at the car auctions "on the spot," Ms. Fraser said, allowing the couple to expand their business.

At Citigroup, corporate loans surged 24% from a year ago to $219 billion. Another bright spot was trade finance—the management of money, credit and investments for large corporations; Citigroup was able to increase this type of lending by 50% in the period, as it picked up share from European banks that are paring back as a result of the region's debt crisis.

"In the fourth quarter, we began to see some good demand for loans pretty much spread around the world," Vikram Pandit, Citigroup's CEO, said on a conference call with analysts and investors on Tuesday.

J.P. Morgan's total loan book was up 4% during the fourth quarter, as lending to middle-market and corporate banking clients rose 12% and loans retained by the investment bank were up 28%. Executives said the latest-quarter gain would have been 9% if the firm hadn't been allowing loans tied to its 2008 acquisition of Washington Mutual Inc. to run off, or mature without being replaced by new loans.

"I believe you are seeing real loan growth," Mr. Dimon said.

At Wells Fargo, commercial and industrial loans rose 11% from a year ago, while commercial real-estate lending rose 6.6%. The figures were boosted by loan purchases, particularly from retrenching European lenders, which CEO John Stumpf said would continue. The bank recently purchased loan portfolios from Allied Irish Banks and Bank of Ireland, both of which are retrenching following government bailouts.

But the European shake-out is far from the only driver of loan growth.

Ronald Duffy closed last Friday on a $600,000 loan from Wells Fargo that he says he will use to a buy a laser-cutting machine for his company, Laser Cutting Services in Tualatin, Ore. He expects the new machine to allow him to take on more capacity at lower rates.

"The banks had been very tight-fisted, and they are still being extremely cautious," Mr. Duffy said. "But they are lending to companies that they consider to be an acceptable risk."

Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)

消費者市場利率：房貸、基本利率、等等

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	Yield/Rate (%)		52-Week		Change in PCT. PTS	
Interest Rate	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0-0.25	0-0.25	0-0.25	-	0.00
Prime rate*	3.25	3.25	3.25	3.25	-	0.00
Libor, 3-month	0.56	0.56	0.58	0.25	0.26	-0.61
Money market, annual yield	0.51	0.51	0.65	0.49	-0.12	-1.40
Five-year CD, annual yield	1.40	1.43	2.07	1.40	-0.67	-1.52
30-year mortgage, fixed	4.09	4.05	5.16	4.01	-0.83	-1.34
15-year mortgage, fixed	3.44	3.39	4.43	3.38	-0.76	-1.53
Jumbo mortgages, $417,000-plus	4.72	4.73	5.86	4.71	-0.90	-2.04
Five-year adj mortgage (ARM)	3.07	3.05	3.79	3.00	-0.52	-2.56
New-car loan, 48-month	4.03	4.19	5.19	3.75	-1.15	-3.04
Home-equity loan, $30,000	4.92	4.89	5.17	4.71	-0.20	-0.26