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COMMERCIAL REAL ESTATE MARKET UPDATE

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- Asian CRE Market Expected to Slip in 2012

  2012 年亞洲商業地產市場預計將有所下滑

  Commercial real estate services firm Cushman & Wakefield recently projected that most of the CRE market in the pacific region of Asia, as well as Hong Kong will struggle in many commercial facets in 2012.
- Bloomingdale's Gears Up for Chinese Shoppers as Obama Speeds Up U.S. Visas

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  Bloomingdale's expects a significant uptick in sales to big-spending tourists from China and Brazil, as a result of Obama administration changes to the visa program.
- Maturing Commercial Loans Threaten Real Estate Market

  大批即將到期的 2007 年貸出的商業貸款恐將威脅地產市場

  The commercial real estate industry has to watch for the nearly $580 billion worth of commercial debt coming due this year. These loans were made during the boom year of 2007, when underwriting standards were lax.

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  Amazon.com Inc is dipping its toes into the physical world as the largest online retailer offers more products in stores that may benefit from hands-on interaction with shoppers.
- Selling a Business on Facebook

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  Barbara Taylor of Synergy Business Services, a business brokerage firm, used social media to help sell a flower shop in Bentonville, Ark., in only a few months. After posting a notice about the sale on several Facebook pages, the advertisement drew thousands of likes and caught the eye of the eventual buyer.
- Big Box Retailers Think Small

  各大型零售店受電子商務衝擊開始縮小店面

  Big-box retailers are scaling back their store sizes as e-commerce activity erodes their margins. Retailers such as Office Depot and Best Buy are developing new store concepts that require less space. Best Buy stores averaged 40,000 square feet in 2007. In 2011, new leases were on average 33,000 square feet.

- Apple Might Open Stores Inside Sam's Club

  Apple或在會員制批發超市Sam’s Club 里開店

  Apple reportedly is in talks to open stores inside 47 U.S. Sam's Club locations, expanding on an existing partnership. Sam's Club stores already sell iPhones, iPads and iPods.

- More Retail Centers Installing Electric Vehicle Charging Stations

  為迎合顧客，更多的購物商場升級設施，如安裝電動汽車充電站

  Sales of electric cars are on the rise and retailers and shopping centers across the country are adding electric-car charging stations to help them fuel up. Walgreens has added stations at about 800 stores, Macy's is testing them at a handful of locations in San Diego, and Kohl's and Best Buy have launched tests as well.

- Retail Outlook: Cautious Optimism as Tipping Point In Shopping Center Rents Expected In 2012

  購物商場展望：2012 年購物商場租金有望上漲，整體形勢趨樂觀

  Retail property rents are expected to begin to rise later this year as demand for store space in shopping centers and malls slowly soaks up available space and, combined with the dearth of new space under development, finally tips the supply and demand balance.

OFFICE

- How a Landlord Revitalized and Redefined a Distressed Downtown Office Tower

  通過重整改造，新房東扭轉辦公樓頹勢

  In 2003, only a third of City National Plaza (then known as Arco Plaza) was occupied. A new landlord spent $185 million to restore and retrofit the complex, brought in City National Bank as the anchor tenant and set out to make the place more welcoming. Recently, an interior design firm moved into the former lobby space, providing entertainment to pedestrians and attracting potential customers.

INDUSTRAIL

工業倉庫

- Warehouse Occupancy Rising, Market Remains Stable and Positive, Still Not at Point for Higher Rents, New Construction

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  After Years of Inactivity By Developers, 2012 Will Likely Be A Turning Point For New Warehouse Supply.

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- Tenant with Disability Wants to Keep Companion Pet

  因殘疾房客的看護寵物提高房租是否合法？

  A tenant with anxiety disorder is urged by his psychiatrist to get a companion animal. But in exchange for allowing a dog, the manager wants to raise his rent. Is that allowed?
- Leasing Big-Box Space Requires Innovation

  大型店面租賃需創新，如將剩餘空間轉租給互補型商家

  Instead of closing space in underperforming retail centers, some big-box tenants such as Best Buy and Kmart are looking at subleasing as an option. The goal is to sublease to complementary retailers that would not compete with them.

FINANCING

貸款與資金

- US Banks Have Too Much Cash; Low Rates Limit Investment Options

  美國的銀行現金過剩，低利率限制投資回報

  Because U.S. banks have too much cash from deposits, they're being forced into buying securities with low interest rates that result in decreasing their yield on investments, experts say. The bottom line for banks will probably continue to take a hit unless they can boost lending, experts say.
- No More Fear and Loathing of CRE Lending for Banks

  銀行重返商業地產借貸業務

  Five Years After the Onset of the Great Recession, Banks Are Ready To Venture Back in to Commercial Real Estate; Yes, Not Even Las Vegas is Off Limits Anymore.
- SBA Lending Returns to Pre-boom Levels

  小型企業管理局貸款恢復到經濟衰退前的水平

  We are seeing numbers back to the pre-recession pace; we're off to a start that can lead us to project a really great year for 2012.
- Borrower Trends 2012: Capital Markets Recovery Holds Steady

  2012 借款趨勢：資本市場穩定復甦

  The volume of multifamily and commercial real estate lending is a far cry from the frothy days of 2005 through 2007. Yet the flow of capital is growing and both borrowers and lenders are optimistic that financing will continue to improve in 2012.
- Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)

  消費者市場利率：房貸、基本利率、等等

Asian CRE Market Expected to Slip in 2012

2012 年亞洲商業地產市場預計將有所下滑

Source: ARGUS

Commercial real estate services firm Cushman & Wakefield recently projected that most of the CRE market in the pacific region of Asia, as well as Hong Kong will struggle in many commercial facets in 2012.

Top quality office space is expected to witness a leasing decline between 5 and 15 percent, according to the report. When looking at performance from the fourth quarter of 2012 in Hong Kong, rents dropped 4 percent compared to the third quarter. In addition, the average monthly rent in the central part of Hong Kong dropped nearly 6 percent compared to the previous quarter.

"Occupants of Greater Central office buildings have cut or even halted their expansion of office space amid unfavourable factors, such as the European sovereign debt crisis, global economic uncertainties and lacklustre performance of the local stock market," said John Siu, executive director of Cushman & Wakefield.

However, the firm added that the APAC region should still see economic growth of 5 percent this year, making it a strong investment location.

The declines in the fourth quarter, which are expected to continue as the year goes on, are not the only difficulties in the worldwide commercial real estate market. Europe is expected to struggle over the next few months, as it could be entering another recession. However, North American commercial properties may be improving as the year goes on.

Bloomingdale's Gears Up for Chinese Shoppers as Obama Speeds Up U.S. Visas

隨歐巴馬總統簡化赴美簽證流程，有望將時間由四個月縮短至三週，高檔購物商場，如 Bloomingdale's,有望迎來大批中國購物者

By Ashley Lutz(Bloomberg)

For the past decade, Michael Gould says he's watched with envy as a "stupefying" number of Chinese tourists lined up outside the doors of high-end boutiques in Paris, Rome, and other European cities.

"We find it frustrating to see business going elsewhere," says the chief executive officer of Macy's Inc. (M)'s Bloomingdale's chain. Luring more foreign shoppers to New York is more complicated than just spiffing up store windows, though. Post- Sept. 11 security policies mean some wealthy foreign shoppers have to wait months for travel visas to the U.S.

So last May, Gould and his counterparts at Macy's and Saks Inc. (SKS) began lobbying the federal government to make it easier for tourists to enter the U.S. from China and Brazil. Retailers say shoppers from both countries have become big spenders when they visit, and demand for visas among Chinese and Brazilians has increased, Bloomberg Businessweek reports in its Feb. 13 issue.

The average Chinese tourist spends $6,000 while in the U.S., according to the Commerce Department. In January, President Barack Obama gave the State Department 60 days to come up with a way to decrease the time that Chinese and Brazilian tourists have to wait for a visa from four months to three weeks.

'Highly Respected' Brands

"We have the kind of brands that are highly respected by these visitors," says Gould, "and the faster they can get here the better."

About 40 percent of foreign travelers to the U.S. need a visa to pass through customs. Before the Sept. 11 attacks, applicants filled out paperwork and waited about three weeks for an answer. Afterward the federal government also began requiring travelers to submit to an interview with a State Department employee and to answer questions such as: Have you booked your tickets? and, How much will you spend in the U.S.?

Even with the long wait for travel papers, the sagging dollar had would-be tourists from China and Brazil lining up at American embassies last year, with officials issuing 34 percent more visas to Chinese and 42 percent more to Brazilians than in 2010.

"This is a winning situation for retailers because a key reason overseas visitors want to come is to shop," says David French, chief lobbyist for the Washington-based National Retail Federation. The group's president, Matthew Shay, visited U.S. officials at the embassy in Beijing last year to ask for help in speeding up the process.

Stringent Security

America's share of global tourism dropped 30 percent from 2000 to 2010, in part because of the "more stringent security requirements imposed after 2001," according to the Obama administration's executive order calling for consular officials to interview 80 percent of the visa applicants from China and Brazil within three weeks of receiving their paperwork.

The president also ordered State to issue 40 percent more visas for Chinese and Brazilian tourists in 2012.

"The more folks who visit America, the more Americans we get back to work," Obama said.

The State Department says it's starting a pilot program to cut down on interviews of "low-risk" tourists, such as those who received visas in the past, a change that Peter Boogaard, spokesman for the Homeland Security Department, says "does not diminish the security of the United States."

With roughly 1.4 million Chinese and more than 1 million Brazilians expected to come to the U.S. this year under the new program, Bloomingdale's is preparing for the influx by hiring more multilingual sales staff, planning overseas advertising campaigns, and increasing orders of iconic American brands with prominently placed logos --- think Ralph Lauren (RL) -- that store managers say foreign tourists like to show off back at home.

"We're expecting an enormous uptick in growth," says Gould.

Maturing Commercial Loans Threaten Real Estate Market

大批即將到期的 2007 年貸出的商業貸款恐將威脅地產市場

By Aaron Levitt (Investopedia)

After being one of the worst hit sectors during the credit crisis and global recession, commercial real estate came back with a vengeance. Broad-based funds like the First Trust S&P REIT ETF saw assets swoon as investors rushed into the beat-up sector. With high dividends and low interest rates, REITs have become a go-to choice for many retiring baby boomers. However, a potential problem is brewing.

Billions of dollars worth of commercial real estate loans made during the boom year of 2007 are about to come due this year. Considering the contracted lending environment, softened real estate values and minuscule economic growth, refinancing all the debt could be a major problem. For investors, it's something to consider and potentially act upon.

A Looming Problem

There's plenty of anxiety facing the commercial real estate sector moving into the new year. A plethora of commercial loans and commercial mortgage backed securities (CMBS) are due for payment in 2012. Nearly $580 billion in commercial debt will mature this year. This includes roughly $55 billion worth of CMBS bonds. The New York City real estate market alone will experience more than $70 billion worth of maturities throughout the year. A huge chunk of all of this debt was mortgages originated in the boom year of 2007. According to S&P, these loans are cause for concern due to many of these mortgages having high loan-to-value ratios.

Under normal conditions, a firm would purchase a building worth $100 million with 80% debt. Loans were typically interest-only, meaning zero was paid on the principal. At the time of maturity, the borrower owes $80 million. However, as property values have softened, most buildings are only worth a fraction of the original purchase price. This means that the ratio of the loan to the value of the property is now extremely high. Analysts at CoStar estimate that total average loan-to-value of 2012's maturing debt is around 94.1%.

Given the extremely tight lending environment, most finance firms and banks have zero appetite for high leveraged loans. S&P estimates that between 50 and 60% of the five-year term loans may fail to refinance. Already, 579 loans originated in 2007, worth around $5.33 billion, have experienced some losses. Add the slowing global economy to the mix and you have a recipe for potential disaster.

Where to Focus

With real estate and REITs making their ways into more portfolios, there could be potential problems on the horizon for many investors. Defaults in the CMBS sector could rise and we could see another wave of dwindling property values. To that end, investors may want to hedge their real estate bets. The ProShares Short Real

Estate allows investors to bet against the Dow Jones Real Estate Index and could provide a safety net, if things really turn sour. In addition, those investors who are really worried, the Direxion Daily Real Estate Bear 3X ETF adds leverage to the mix.

Not everyone will run into trouble refinancing. For example, Vornado Realty Trust was recently able to refinance a $430 million loan, easily. Analysts cite mall operator Simon Property Group and SL Green as being able to navigate the new lending environment with ease. The common point between these firms is that they are giants in the REIT industry. To that end, the mega-cap focused iShares Cohen & Steers Realty Majors ETF could be an investor's best bet. The fund tracks 31 of the nation's largest REITs and this focus on quality should help protect against any "funding" mishaps. The ETF also yields a healthy 2.97%.

The Bottom Line

With billions of dollars worth of commercial real estate and CMBS loans coming due in 2012, REIT investors could be in for a bumpy ride. Most of these debts originated in 2007, when the market peaked. Analysts expect that the refinancing will be difficult and defaults will rise. For investors, focusing on quality or adding a hedge will be key during the new year. The previous ideas are great ways to do just that.

Amazon to Open Retail Store in Seattle

電子商務網站亞馬遜將在西雅圖開實體零售店

By Alistair Barr (Reuters)

Analysts said the move may be inspired by the success of Apple Inc, which has hundreds of its own glitzy stores to show off iPhones, iPads and other gadgets and accessories.

Quidsi, an online retailer Amazon acquired in 2010, opened its first retail store in Manhasset, New York, last year to sell expensive cosmetics and perfumes under the BeautyBar name.

Amazon also plans to open a physical store in its home town of Seattle in coming months to showcase and sell its growing line of gadgets, including the Kindle Fire tablet, industry blog Good E-Reader reported this weekend.

At a conference in late 2011 run by the National Association of Real Estate Investment Trusts, some industry players hinted that Amazon might launch a retail store presence like Apple to let consumers test its gadgets, according to Cowen & Co. analyst Jim Friedland.

"The primary goal of the test is to determine if a physical retail presence can accelerate sales of Kindle devices and follow-on consumption of digital content at an attractive return on invested capital," Friedland wrote in a note to investors on Monday. An Amazon spokeswoman declined to comment.

Such moves are a major departure for Amazon, which has thrived by competing aggressively on price with traditional retailers that are saddled with the cost of leasing physical stores.

But Amazon's line of Kindle devices may sell better if consumers have a chance to try them out before buying.

These gadgets are already sold at other retailers, including Target, Best Buy and Staples. However, Amazon is likely looking at the potential benefits of having its own stores, analysts said.

If Amazon brings out other gadgets, like a smart phone, or a larger tablet, having an Amazon store will help the company explain how to use these gadgets and the other services tied to them, Friedland said.

Apple Inc, which Amazon now competes against in the tablet market, has had huge success with its chain of retail stores which numbered 361 at the end of 2011.

"I don't expect to see a bunch of Amazon Supercenters anytime soon, but seeing Apple's success with retail and realizing that Amazon is more than just an e-tailer now, I think it's smart for them to explore the opportunity," Colin Sebastian, an analyst at RW Baird, said.

Amazon often tests new concepts in the Seattle area, the analyst noted.

Amazon has to collect sales tax on online sales in states where it has a physical location. A retail location in Seattle would not trigger new obligations like this because the company already collects sales tax in Washington state, Sebastian noted.

BEAUTYBAR

Amazon also collects sales tax in New York state, where Quidsi's BeautyBar store is located in an up-scale shopping mall called Americana Manhasset.

"It's very much about the brick and mortar retail store experience," said Andrea Sanders, creative director at Americana Manhasset.

Consumers can have their hair blow-dried at the BeautyBar store's "Blow Dry Bar" or get facials, peels and waxing services from a licensed aesthetician in the "Treatment Room," she explained.

"That's an experience that you can't get online," she added in an interview with Reuters.

LOWER RETURNS?

Such efforts could dent Amazon's return on invested capital and hurt the company's positive working capital dynamic, Cowen's Friedland warned.

Amazon shares closed down 2.4 percent at $183.14 on Monday.

Wal-Mart Stores, the world's largest traditional retailer, generates a return on invested capital, or ROIC, of 19 percent, the analyst noted.

Amazon's ROIC is typically about 35 percent, although returns are currently lower because of big investment projects the company is pursuing, according to Friedland.

Having retail stores may also dilute the competitive advantages of Amazon's online retail business, including vast selection and convenience, the analyst added.

"The initiative is just a test and a national rollout is not a forgone conclusion," Friedland said.

Amazon launched an online grocery store called Amazon Fresh in Seattle almost five years ago and the company has not expanded that because the business has yet to generate an attractive return, the analyst noted.

Selling a Business on Facebook

通過社群網站 Facebook，花店成功在幾個月內轉讓

By BARBARA TAYLOR(The New York Times)

An independent florist with a reputation for unusual arrangements, Bloom is a fixture in historic downtown Bentonville, Ark., an area whose rapid growth was recently accelerated by the opening of the Crystal Bridges Museum of American Art.

I don't usually work with businesses as small as Bloom, but it's a special business that's held a special place in the community. Plus, I'd been a customer since it opened and knew the owner well. I dispensed with the usual formalities under which my business brokerage firm accepts clients, made a hand-shake agreement with the seller and immediately got to work. There was one big problem: I had four months to sell the business before the seller was going to pack up and move to Chicago to take a job.

Four months to sell a business is not a lot of time. Most businesses take approximately a year to sell, regardless of their size; surveys say you should expect anywhere from six to 18 months. By the time the listing advertisements went live in mid-August, I could hear the clock ticking. I knew I would have to step up the intensity to get Bloom sold, and I asked the seller if I could unleash an all-out blitz on social media. She agreed.

Despite years of tweeting, posting, liking and friending, I had had no luck finding a buyer for any of my firm's listings using Facebook, Twitter or LinkedIn. Still, I kept at it, hoping that one day my investment in social media would prove worthwhile.

On Sept. 12, I posted the following on about a dozen Facebook pages with a link to my ad on BizBuySell.com:

Charming Florist in Heart of Historic Downtown: Sitting pretty in one of the most desirable locations in Benton County! Escape the cubicle. Stop and sell the flowers.

A little corny, I know, but it got people's attention.

One of those people was Daniel Hintz, executive director of Downtown Bentonville, Inc. — an organization that facilitates capital projects, business partnerships and community events in the historic downtown area. When he saw the post, Mr. Hintz said, "Our first instinct was to generate buzz to help foster new investment and keep a dynamic and successful brand in downtown." He hit the "share" button. With the help of 3,792 "likes" on the Downtown Bentonville Facebook page, the ad's reach was immediately amplified.

The downside of my Facebook post was that many people guessed the identity of the business, even though it wasn't named in the ad. Most sellers hope that their business will be sold quickly, confidentially and for the highest possible price. When you're trying to sell a business quickly, however, those last two items can be tricky. In the case of Bloom, the seller was contacted repeatedly, and confidentiality pretty much went out the window. The owner dutifully referred those who inquired at the store to my firm.

Ultimately we fielded close to 20 inquiries. One came from Russ Dietz, who saw the Downtown Bentonville post in his Facebook news feed. He and his partner, Heath Nicholas, owned a catering company in Bentonville and were interested in complementary businesses. Mr. Nicholas clicked through to my ad, where he was able to see some high-level financial information on the business. He and Mr. Dietz closed the sale in December (another co-owner, Kim Murray, signed on after the sale). The seller did not get her full asking price — the 2011 average sales-to-asking price across industries was 88 percent — but she made it to Chicago in time to start the new job.

I'm far from having figured out how social media will help my firm sell businesses, but I've had my first taste of success. I've tried to analyze why the Bloom post on Facebook received such an overwhelming response, while similar Main Street posts have fallen flat. I think Bloom's ties with the a local community were especially strong. "Our organization can activate a wide network of influencers to help make things happen," Mr. Hintz said. "Someone knows someone who knows someone."

Have you gotten unexpected results for your business using social media?

Big Box Retailers Think Small

各大型零售店受電子商務衝擊開始縮小店面

By Sarah Portlock / The Star-Ledger (nj.com)

As shoppers do more of their buying online and brick-and-mortar stores look to cut costs, big box retailers are starting to open stores that, well, aren't so big.

Companies like Office Depot, Walmart and Best Buy are reworking their merchandise mix and shrinking their stores, while other companies are creating new concept brands and squeezing into denser, urban settings to save on overhead expenses and boost sales per square foot.

"If you're a retailer and you're building a box, the question is what is the matrix — how do you make money," said Howard Davidowitz, chairman of Davidowitz & Associates, a national retail consultancy in New York. "If online sales keep sucking up more and more sales, and you say, 'Well, we're just going to keep building the same size box,' isn't that sort of crazy?"

"Given the phenomenal growth of online retailing in the past seven or eight years," he added, "it just means you need a smaller footprint."

Best Buy stores, for example, averaged 40,000 square feet in 2007, according to CoStar, which tracks the commercial real estate industry, but new leases in 2011 were closer to 33,000 square feet, and new leases for the electronics store hhgregg and children's store, buybuy Baby, dropped by several thousand square feet. Best Buy has also rolled out 280 standalone Best Buy Mobile stores, which average 1,400 square feet and have 10 locations in New Jersey, a spokeswoman said. And last spring, Modell's opened an 8,900-square-foot store in Ramsey, about half the size of its typical stores, a spokesman said. half its normal size in Ramsey.

In Hoboken, Office Depot recently opened a 5,000-square-foot store that is part of a strategy to replace its typical 26,000-square-foot locations as those leases expire, said Kevin Peters, president of Office Depot's North America division. The company saved shelf space by offering a fraction of its products, but what it stocks makes up 90 percent of its sales.

"We spent quite a bit of time over the last year or so talking with customers about what they valued most, and what they told us is helping them save time and money was critically important — specifically, time," Peters said, who admitted he found his own stores tough to navigate. "It was clear to us that we needed a bit of a makeover."

Hoboken's population of local businesses and home offices made it an attractive site, and it offers free same-day delivery in the area to better accommodate the pedestrian-friendly neighborhood, said district manager Tom Shea.

Walmart has also launched two brands with smaller footprints — Neighborhood Markets, which are 40,000 square feet and Walmart Express, at 15,000 square feet — and opening a New Jersey location of one of those brands in the future is "certainly is a possibility," said spokesman Bill Wertz.

Statewide, there is "considerable" activity around 10,000-square-foot spaces, said retail real estate broker Chuck Lanyard, president of the Goldstein Group in Paramus. And as retailers are trying to be more creative when they look to expand, said Matt Harding, president and chief operating officer of the North Plainfield-based Levin Management Corp., which manages more than 85 shopping centers in six states. Landlords have become more flexible if a prospective tenant wants a smaller space.

"Given where the economy has been, retailers are looking across the board at what they can do, and if they can shrink the size of their store and lower their operating costs, then they're going to do that," he said.

The shift is in the experimental stages, as retailers try to balance what to stock in a physical store and what can be shipped to customers from a warehouse overnight, according to Jesse Tron, spokesman for the International Council of Shopping Centers.

"They're playing with different concepts to see what works best," Tron said. "It remains to be seen if it continues, or how it continues, and into what formats and how exactly they're going to flesh a lot of that out."

At the Office Depot in Hoboken, the concept seemed to be working. Victoria Balson, who runs her own interior design business from her apartment two blocks away, needed some client binders and printer ink. On her way back from the gym, she ducked into the store, figured out immediately where the items were stocked, and made her purchase within minutes.

"It's a lot more convenient than driving to Jersey City and Staples," Balson said. "Now, I can just walk over here."

Apple Might Open Stores Inside Sam's Club

Apple 或在會員制批發超市 Sam’s Club 里開店

By: Christina Cheddar Berk

Apple and Sam's Club, Wal-Mart Stores' warehouse clubstore, are reported to be in talks to put Apple stores within 47 of Sam’s U.S. locations, according to a report in 9to5Mac, a website for Apple enthusiasts.

The report, which cites unnamed sources for the information, said the move would expand an existing partnership between the two retailers. Sam's Club already sells Apple’s iPhone, iPad, and iPod lines at its stores.

According to the report, the rumored talks are in an early stage and other plans are being discussed, including having Sam’s simply sell a broader range of Apple products such as its Macs, without adding “store-within-a-store” features such as tables and displays that are similar to those in standalone Apple Stores.

If a decision is reached to add Apple stores within Sam’s Clubs, there is sure to be more debate about how far Apple can go with these “store-within-a-store” before it starts to hurt Apple’s own standalone retail business.

For the moment, these partnerships are limited in number and sometimes not even near Apple’s 360 standalone stores, which tend to be in larger U.S. cities.

And likely they have been very helpful to Apple, which is why the company may be expanding beyond it’s initial partnership with Best Buy to Target.

However, it may be worse news for Apple’s partners, as with every new deal their little mini-Apple store loses a bit of its polish.

More Retail Centers Installing Electric Vehicle Charging Stations

為迎合顧客，更多的購物商場升級設施，如安裝電動汽車充電站

By Shan Li (LA Times)

"Charge it" may soon have new meaning at shopping malls and retail centers across the country.

As sales of electric cars begin to pick up, retailers nationwide are installing electric vehicle charging stations in their parking lots so customers can plug in and juice up their vehicles while browsing inside.

Leading the way is drugstore chain Walgreen Co., which is installing chargers at about 800 stores nationwide, including about 100 Southland locations.

Macy's Inc. is installing chargers at a handful of department stores in San Diego. Kohl's Corp. is undertaking a pilot program to equip 33 stores nationwide with charging stations, and Best Buy said it will test them at 12 locations, including San Diego and Los Angeles.

Retailers view the chargers as a good investment for the future, a way to one-up competitors and burnish a green reputation. Although adoption of electric cars has been tepid so far — only about 17,000 sold in the U.S. last year — many retail chains are hoping to win goodwill with eco-conscious, high-income customers by offering an amenity that very few actually need yet.

California leads the nation with about 89,000 registered electric cars on the road last year, according to the Department of Motor Vehicles.

One roadblock for electric car sales has been the need for drivers to regularly recharge the batteries and the limited number of public places to do so.

There's even a term for it: "range anxiety," or the fear of getting stranded on the road with no outlet in sight. Only 5,084 public chargers are scattered around the country, and more than a quarter of them are in California, according to the U.S. Department of Energy.

Retailers are moving quickly to fill that void. And, for now, most are providing electricity for free.

At Walgreen "we said, 'Let's lead in this area,'' said Menno Enters, the Deerfield, Ill., drugstore chain's director of energy and sustainability. "We're all about convenience, and many of our stores are located around commuter routes. We realized that Walgreens was ideally situated to implement a strategy for electric chargers."

If the electric car movement takes off, Walgreen is hoping to snatch sales from nearby gas stations that "seek the same convenience-type customers," Enters said.

In the last three months, furniture giant Ikea has equipped five California stores along with a store in Portland, Ore., and one in Seattle with charging stations. Additional chargers are coming to locations in East Palo Alto, Calif., and Tempe, Ariz.

The Swedish retailer doesn't track how often the stations are used, but the chargers have been conversation pieces, said Ikea spokesman Joseph Roth.

"You can just stand and watch folks driving by in the parking lot. They see the space and you can kind of see that 'oh wow, that's kind of neat' look on their faces," Roth said. "We view it as another aspect of the shopping experience."

Whether shoppers think so is up for debate.

At an Ikea in Covina during a recent weekend, most shoppers walked into the store with nary a glance at the three chargers planted squarely in front of an entrance in the parking garage.

Although she's a frequent patron of the store, Jennifer Ingalls, 48, said she's never noticed the stations.

"I'm all for green, but that doesn't make me want to shop here more," said the 48-year-old human resources assistant. "I'm a big truck fan myself."

Retailers usually get most of the costs covered with subsidies by partnering with a handful of companies such as ECOtality and Coulomb Technologies that specialize in installing and supporting charging stations. These companies have in turn received money — millions of dollars, in some cases — from the Energy Department to build up an infrastructure that encourages increased use of electric vehicles.

Retail Outlook: Cautious Optimism as Tipping Point In Shopping Center Rents Expected In 2012

購物商場展望：2012 年購物商場租金有望上漲，整體形勢趨樂觀

By Randyl Drummer (CoStar)

Retail property rents are expected to begin to rise later this year as demand for store space in shopping centers and malls slowly soaks up available space and, combined with the dearth of new space under development, finally tips the supply and demand balance.

Improvements in market fundamentals are starting to spread into secondary markets and smaller shopping centers typically occupied by Mom-and-Pop businesses, according to CoStar's 2011 Retail Review & Outlook, presented by Senior Real Estate Strategist Suzanne Mulvee and Real Estate Economist Ryan McCullough.

Despite the overall positive signs, market economists remain cautious in the face of the muted overall demand for retail space.

"Our retail outlook is guarded. We've seen a decent recovery to date, but not as great as everyone would like," Mulvee said. "Because of the lack of new construction, we're encouraged by the trend continuing a slow, steady recovery of fundamentals."

While asking rents continued to decline in the fourth quarter, the pace of decline slowed to 1% or less in most markets and should begin to rise again in 2012, McCullough said. Concessions are declining in many areas and selected retail centers are already seeing a slight improvement in effective rents, especially those in high-density and more affluent metros, he added.

"What's different is that we expect this will be the year that rents come back," Mulvee said. "And as rents start to come back, the (leasing) volume will come back and all of a sudden, it's going to start to feel better across the sector and across the industry."

U.S. retail logged about 14 million square feet of positive absorption in the fourth quarter -- a decent number but still about half the average quarterly absorption from 2006 to 2008, according to CoStar data.

The retail sector recorded about 49 million square feet of absorption for 2011, down slightly from 2010's 53 million square feet.

How a Landlord Revitalized and Redefined a Distressed Downtown Office Tower

通過重整改造，新房東扭轉辦公樓頹勢

By Roger Vincent (Los Angeles Times)

When the skyscrapers at Arco Plaza opened in 1971, security was lax compared with modern standards. Visitors could enter either tower from any direction, walk to an elevator bank in the middle and push a button.

For more than a decade, though, that's been impossible. Tenants and their guests are funneled through guarded entrances on one side of each tower where they must display proper credentials before heading upstairs at what is now known as City National Plaza.

The new procedure left thousands of square feet of dead space between the closed-off entrances and the elevators. After years of lying fallow, the space in one tower has been activated again — with an office tenant.

After a challenging build-out that included creating a separate air conditioning system and running plumbing along the underground garage ceiling, interior design firm Shlemmer+Algaze+Associates has set up operations at the bottom of the north tower.

The space is a mammoth fishbowl, with floor-to-ceiling windows that rise nearly 30 feet and make the office visible from three of the city's busiest streets — 5th, Flower and Figueroa. Most companies would prefer more privacy, but the design firm relishes the attention, Chief Executive Nelson Algaze said.

"The street is entertaining us and we are entertaining the street at the same time," he said.

Making the ground floor pop with light, color and activity is all part of landlord Thomas Properties Group's plan. When the company bought the complex in 2003, it was a failing monument to an earlier era when the finance and petroleum industries ruled downtown.

The Arco Plaza complex, with two 52-story towers and an underground mall filling an entire city block, was headquarters to the Atlantic Richfield Co. oil business and the Southern California headquarters of Bank of America.

For decades, Arco Plaza was one of the best business addresses in Los Angeles. Japanese real estate company Shuwa Investments Corp. bought it in 1986 for $650 million, a record price for Southern California real estate. By 2003, though, only about a third of the complex was occupied.

Arco and Bank of America had both moved out, and financially troubled Shuwa had let the property slip into such disrepair that it was no longer considered top-tier office space. Thomas Properties spent $185 million to restore and retrofit the complex, brought in City National Bank as the anchor tenant and set out to make the place more welcoming.

Where the wide plaza on Flower Street had been dramatic but sterile, the new owners set out tables with umbrellas so people could linger. In a smaller building between the two towers, upscale restaurants Drago Centro and Chaya Downtown opened.

Most recently, architecture firm Gensler set up shop above the restaurants and a City National bank branch, taking the so-called jewel box building "from uninviting to lights-on welcome," said Tom Ricci, an executive vice president at Thomas Properties.

The landlord, which is headquartered in the complex, had been trying unsuccessfully for years, though, to find tenants for the lifeless lobby space in the towers.

"We have had a difficult time getting tenants and their brokers to see the potential," Ricci said. "We figured if we could do it once we would have something to show."

Shlemmer+Algaze, which designs office interiors, decided the unusual space would be a good place to showcase its work, Ricci said. The firm closed its Pasadena branch and moved 35 employees downtown in December after the complicated construction process.

The office is "a box within a box," Algaze said, with its own heating and air conditioning system concealed above a conference room. Other engineering challenges involved not only bringing plumbing and electricity along the garage ceiling below but also drilling through the granite floor.

The firm is now on permanent public display, but Algaze said he is not obsessed with keeping the place neat.

"Design offices are collaborative offices, meant to be a little chaotic," he said. "We're not doctors or lawyers."

Shlemmer+Algaze's place in the north tower's spotlight has not gone unnoticed, Thomas Properties' Ricci said. Other firms are suddenly interested in similar digs across the plaza.

"It's amazing how many inquiries we have now for the south tower," he said.

Warehouse Occupancy Rising, Market Remains Stable and Positive, Still Not at Point for Higher Rents, New Construction

倉庫租用率升高，市場仍積極穩定，較高租金時機未到，新項目開工

By Randyl Drummer (CoStar)

With the gradual return of economic growth, including higher levels of manufacturing and consumer spending, the vacancy rate for U.S. warehouses continued to decline at the end of 2011 as the property sector was buoyed by its strongest quarter for net absorption since late 2008.

The vacancy rate tracked across 210 markets by Property and Portfolio Research (PPR), CoStar's analytics and forecasting division, declined to 9.6% in the fourth quarter, down by a slight 24 basis points from the previous three months, and a nearly 80-basis-point decline from the same period a year ago, according to data presented at CoStar's 2011 Industrial Outlook and Review.

The 40 million square feet of absorption in the fourth quarter was an increase over both the previous quarter's 30 million square feet and the 23 million square feet absorbed in fourth-quarter 2010. About two-thirds of CoStar-tracked metros showed positive absorption and decreases in vacancy rates in their industry property sectors.

With six straight quarters of positive absorption now, warehouses racked up about 110 million square feet of net absorption in 2011, the strongest year since 2008.

Meanwhile, construction of new warehouse space remained at a historically low ebb, "Overall, it looks like a pretty positive picture on the demand side," said Rene Circ, the recently named director of industrial research for PPR. Circ co-presented the review this week with PPR Managing Director Hans Nordby and senior real estate economist Shaw Lupton. "One would hope we were further along, but overall, it's stable and positive," Circ said.

Wide Gap remans Between What's Vacant and What's Available

As it has for some time, demand growth as reflected by gross absorption -- the total amount of industrial space leased, not counting space that has been vacated -- remained flat in the fourth quarter. Along with resumed demand, a sharp reduction in the number of company closures, downsizing and consolidations has helped keep the amount of vacated space in check.

While net asking prices are stabilizing, rents remain the laggards in the warehouse story. Asking rents improved in 88 markets but worsened in 122 markets in the fourth quarter. "Rents are way down and have a pretty long way to go," Circ noted.

Rents aren't yet growing because the gap remains wide between the vacancy rate and the availability rate. The former is based on space that is actually vacant, while availability is based on space being marketed by landlords who are anticipating vacancy. The availability rate remains above 14%, Circ said.

"It's hard to start pushing rents when there is 14% of stock available. Until that spread narrows, it's hard to assume strong rent growth."

A majority of absorption in the quarter was conentrated in 10 markets, which accounted for about half of 2011's net absorption, led by more than 12.2 million square feet of net space occupied in the Inland Empire of Southern California. That market benefited from a rise in container traffic at the ports of Los Angeles and Long Beach, which posted their highest volumes since before the recession. The Inland Empire saw the top deal of 2011, Hewlett Packard's lease of 1.4 million square feet in two buildings in San Bernardino.

Dallas and Atlanta also posted strong absorption, which was expected, Lupton said. However, in one of the year's biggest surprises, Detroit, which has suffered economic doldrums for the past decade, logged 6.4 million square feet of net absorption as the auto industry and other Midwest manufacturing has recovered, the fourth-highest total among metros for 2011.

"We're seeing large deals linked to consumer goods companies, third-party logistics firms, and online retailers that are driving large takedowns of space," Lupton said, noting that Amazon.com took space in Phoenix, Indianapolis, Philadelphia, Seattle and Nashville totaling more than 3.5 million square feet.

While some of the first speculative warehouse construction commenced in the Inland Empire last year, the amount of new supply in the pipeline remains almost unbelievably low, Circ said. However, between rising demand and obsolescence of aging buildings, 2012 will be a turning point for new construction, he added.

Tenant with Disability Wants to Keep Companion Pet

因殘疾房客的看護寵物提高房租是否合法?

By Martin Eichner(LA Times)

Question: For several years I have been undergoing psychotherapy for a nervous illness, which has now been diagnosed as a general anxiety disorder. I live at an apartment complex that does not allow pets, but my psychiatrist has recently urged me to get a companion animal, which she thinks would give me a positive relationship that would alleviate my anxiety.

A friend helped me find a very nice cocker spaniel puppy that was up for adoption. I asked my community manager to allow me to adopt this dog and bring him to live with me. The manager refused, telling me that he was only obligated to allow a service animal such as a guide dog.

He said he did not have to accommodate a pet that merely kept me company. When I pressed my right to a companion animal, the manager offered to allow me to keep the puppy but said I would have to purchase renter's insurance and pay a $500 pet deposit along with a $75-a-month rent increase.

I am a low-income person, living on disability. I cannot afford these additional payments. What are my rights under the law?

Answer: Federal and state fair housing laws require housing providers to make reasonable accommodations in rules, policies and procedures when they are necessary to afford a person with a disability equal enjoyment of his or her home. A tenant has a disability under the federal fair housing act if he or she has a physical or mental impairment that substantially limits one or more major life activities, or if there is a record of having such impairment or if the tenant is regarded as having such impairment.

The state of California provides an additional protection. In California the physical or mental disability need only limit a major life activity. The limitation does not need to be substantial.

A disabled tenant wanting to request a reasonable accommodation must establish a causal connection between the disability and the request. The accommodation request can be made orally or in writing, although we strongly recommend a written request. In the request, the tenant should clearly specify what the accommodation would be and, if the need for the request is not readily apparent to the landlord, why such a request is being made. The tenant does not have to go so far as to name the disability, and such a demand by a landlord would be improper. It is advisable to include a support letter from the treating physician recommending the request, which in your case could be your psychiatrist.

A companion animal that helps alleviate anxiety is recognized as a reasonable accommodation for your type of disability, entitled to the same status as a guide dog or other service animal. Assuming that the disability is not readily apparent to your landlord, he could request documentation verifying the need for the companion animal. Absent an undue financial and administrative burden, a housing provider is then expected to grant the request.

Your manager is not permitted to pass the cost of the accommodation to you and therefore cannot charge a pet deposit, increase your rent because of the pet or require insurance not required of all other tenants. Contact your local fair housing agency for more information or assistance with your request.

Leasing Big-Box Space Requires Innovation

大型店面租賃需創新，如將剩餘空間轉租給互補型商家

ByBill Brown(Atlanta Business Chronicle)

Around Atlanta, many closed big-box retail locations have gotten a new start as healthy discount retailers like TJ Maxx/Marshalls, Wal-Mart Neighborhood Markets and others take advantage of the vacancies, making attractive deals to take over the space.

But where does that leave big-box space in lower-quality locations? That's where retail property owners need to get creative, and there are signs that many are.

Word in the market is that instead of trying to close underperforming locations, a number of retailers, like Best Buy and Kmart, are looking at subleasing part of their space to make their current locations work. Of course, they are looking to sublease to complementary retailers, not stores that would compete with them.

The idea is that by lowering their overhead, the retailers can better match the lower sales volume many stores face in the new economy.

Meanwhile, if a location calls for it, it's possible to turn a retail location into something else entirely. In Carrollton, for example, a Staples-anchored shopping center is now transforming several spaces into medical office space, because of its proximity to a nearby hospital.

Unfortunately, many owners of class "C" and "D" retail properties aren't as fortunate in terms of their locations. And if the space is vacant, leasing it is going to come down to price – if the price is attractive enough, someone will lease the space.

US Banks Have Too Much Cash; Low Rates Limit Investment Options

美國的銀行現金過剩，低利率限制投資回報

Source: Dow Jones Newswires

America's banks have an unusual problem: They have more cash than ever but they are making much less from it.

With more deposits than loans, banks have been forced to buy securities. But persistently low interest rates have been squeezing the investment yields on these securities. Banks' earnings likely will continue to be hit by lower profit margins unless they can boost their lending business.

Bank customers made $7.5 trillion in deposits last year, 10.7% more than in 2010. But only $6.3 trillion of loans were made, up 0.8%. Banks invested the overflow mainly in bonds backed by mortgages or Treasury notes and bills because these investments won't add much risk to a bank's balance sheet.

As mortgage bonds mature or get sold, banks have to reinvest the cash at lower rates. The resulting decline in securities yield is putting pressure on net interest margins--the profit margin of anything banks earn interest on, including loans and investments. MBS yields have fallen to 2.88%, from 4.13% a year earlier, according to Keefe, Bruyette & Woods analyst Bose George.

BB&T Corp. (BBT) bought $9.4 billion of mortgage-backed securities in the fourth quarter, with a yield of 2.67%. The bank sold $3.5 billion of mainly 30-year maturity Government National Mortgage Association (GNMA) bonds with a yield of 3.75%. The Winston-Salem, N.C., bank expected more borrowers holding the mortgages backing those bonds would prepay early to refinance, which reduces the cash flow from the investments and lowers their value.

BB&T, one of the largest banks in the South, held $31 billion of bonds backed by mortgages of government-sponsored entities like Fannie Mae (FNMA) and Freddie Mac (FMCC) on its book. Bible told analysts during a conference call on Jan. 19 he expects the first-quarter net interest margin to be around 3.9%, compared with 4% a year earlier.

Last week, U.S. Bancorp (USB) reported its net interest margin shrank to $3.6% in the fourth quarter from 3.83% a year earlier. Yields on its securities portfolio fell 60 basis points, or hundredths of a percentage point. Yields on loans declined only 16 basis points. Chief Financial officer Andrew Cecere blamed an "increase in low-yielding investment securities" and "higher cash balances."

The more mortgage-backed securities, the harder the hit to margins. Among 15 banks that reported fourth-quarter earnings by Jan. 19, those with more than 10% of interest-earning assets in residential-mortgage-backed securities reported fourth-quarter net interest margins below analyst estimates, analysts at Sterne, Agee & Leach Inc. calculated.

With demand picking up, particularly from American businesses to borrow, the volume of new loans is making up for some of the lost revenue from falling interest rates.

"The differentiating factor is that banks that have loan growth have better-than-expected margins," said Sterne Agee analyst Peyton Green.

Further, banks have been able to lower the interest rates they pay for their customers' money, particularly on certificates of deposits they lured customers into when cash was short during the height of the financial crisis.

KeyCorp (KEY) Chief Executive Beth Mooney said in an interview the Cleveland bank has more than $6 billion of CDs maturing with interest rates "north of 4.5%." Interest on CDs is now below 2.5%, she said. Cutting those rates will improve profitability.

But over all, banks have little leverage to avoid the impact from falling interest rates. Bible, BB&T's CFO, said the bank held off the sale of its bonds until the very end of the quarter to protect its margin. BB&T also can lower CD rates, and might be able to call Trust Preferred Securities, he said. Those measures "would give some relief to falling net interest margin," he said. And the bank expects to increase loans between 5% and 7% in the first quarter, so the origination volume will offset the decline in profitability, Bible said.

Still, margins will decline, he predicted.

Sterne Agee's Green said the pressure on margins "is getting worse in the first quarter" because more home owners were approved for refinancing late last year but their new, lower interest-rate mortgages haven't closed yet. "Generally, refi volumes are up and it's going to be an issue for another quarter or two."

Attractive reinvestment opportunities for bonds running off banks' books are rare. Scott Buchta, head of mortgage strategy at Sandler O'Neill + Partners LP, said some banks already have started buying slightly more risky bonds, such as corporate bonds or commercial-mortgage-backed securities.

Ironically, yields of such commercial-mortgage bonds started to decline late last year as banks began to "stick their toe into the water," Buchta said.

The best way out: Making more loans. That means borrowers may be the winners, because low benchmark interest rates and increasing competition have lowered interest rates on loans too, bankers have said.

No More Fear and Loathing of CRE Lending for Banks

銀行重返商業地產借貸業務

By Mark Heschmeyer (CoStar)

As economic headwinds subside, the commercial real estate lending business for U.S. banks has hit an inflection point. For the first time in five years, a majority of banks are finally talking about their ability to grow their loan portfolios.

While the sentiment among banks is neither unanimous, nor the projected lending growth strong, bank executives in analyst earnings calls over the past couple of weeks were clearly signaling they believe they are on the other side of writedowns and are ready to return to CRE lending.

As bankers see it, they have worked through most of the troubles tied to real estate over the last few years, and now view that segment as one that represents a great amount of potential for earning's growth.

"We're beginning to see opportunity in the marketplace in select markets, and in particular asset classes," said William H. Rogers, Jr., president and CEO SunTrust Banks Inc. "We transitioned this business back into production mode, and we believe there is good future potential here. As with our other non-housing related exposures, our commercial-oriented real estate businesses have also performed relatively well through the cycle."

The question of how much growth there is in commercial real estate is one Regions Financial Corp. executives said they revisit each month.

"Things are getting better, quite frankly, in that space [investor real estate]. But I think part of it is, perhaps the survivor bias. Those that have lasted this long are able to last a little bit longer, and they are hanging on to better days," said Barb Godin, executive vice president and chief credit officer of Regions Financial Corp. "I think, we saw the early (sell-down), and that has been a lot of what we have seen in the last couple of years, in terms of our charge-offs, or things moving to criticize classified. But again, we are seeing just an overall improvement in that sector right now."

Up until the fourth quarter of 2011, non-performing commercial mortgage and construction loans were still increasing notably. And indeed, for many banks, they are still going up, but at moderating rates. So there is still a note of caution from bankers.

"Because the financial condition of many of our borrowers has suffered over the last several years, we expect to continue to see downgrades within the portfolio into an extended recovery as a play," said Daryl D. Moore, executive vice president and chief credit officer of Old National Bancorp. "This will be especially true in the commercial real estate portfolio where capital and liquidity continued to be an issue for many of our clients."

Fed Survey Confirms Anecdotal Evidence, though Caution Remains the Watchword

Some banks are still being aggressive in charging off some loans, particularly construction loans, and are trying to sell off their foreclosed real estate inventory and nonperforming loans as best as they can.

However, in the Federal Reserve Board's latest Senior Loan Officer Opinion Survey issued this week confirmed the anecdotal evidence from the quarterly earnings calls. U.S. bank loan officers reported that demand for CRE loans had strengthened, on net, over the past three months. In addition, during the past 12 months, on net, domestic banks reportedly eased maximum CRE loan sizes and many domestic banks trimmed loan rate spreads.

Generally though, bank executives will proceed much like Claude Davis, president and CEO of First Financial Bancorp, who is tiptoeing back in to CRE lending.

"Through 2011 obviously we've all been very cautious in that sector due to some of the challenges that have been experienced," Davis said. "Where we've seen our new opportunities are really with those investors who have weathered the storm well, had the liquidity and the cash and the capacity to kind of grow and expand if you will, kind of win assets at a cheaper level. And so we've actually seen the quality be very good from our perspective in that book."

"Obviously, [we're] staying away from the high risk areas you know like residential development or some of the kind of the higher risk areas that you would expect that are more speculative," Davis added. "So we've actually seen some really nice quality credits come our way in that area in 2011."

First Financial Bancorp's commercial real estate balance increased 10.2% on an annualized basis in 2011, Davis said.

Russell Goldsmith, president and CEO of City National Corp. said, "If you looked at it year-over-year, from where we were a year ago, the pipeline looks better than it did in January of 2011. We started to do some lending in real estate a year ago. And that's kind of picked up. Mainly in finished properties and starting to look at and do a little for kind of top rate infill multifamily where things have been very strong and you are seeing some quality development."

"In terms of where our clients are in terms of rising optimism, willingness to spend, willingness to borrow, I think it's too early to declare a big trend," Goldsmith added. "But I think we are seeing some small positive signs as people. We are seeing greater appetite to invest in real estate, to do some hiring to build some inventory. But it's still I think tentative."

Philip Flynn, president and CEO of Associated Banc-Corp., said, "We continue to see opportunities for growth and expansion in CRE lending because of the retrenchment of other competitors and other sources of capital. The capital markets aren't there like they used to be for refined commercial real estate and a lot of our competitors have exited that space."

But Flynn added, "We are building a portfolio in a much more disciplined way than we did in the past. I mean, as we talked about before, one time this bank allowed real estate construction loans to grow to 11% of the total loan portfolio. You will not ever see that again here at Associated Bank."

Here's What CRE Lending Will Look Like in 2012

While it is apparent that the growth in commercial real estate lending will be limited and cautious, the timing for an improved lending environment couldn't be better for some investors who financed at the peak of the market five years ago. As mortgage production ramps up, investors will see banks being more competitive on pricing.

The bad news is that, initially, it will be the well heeled who stand to benefit first and financing terms are likely to be fairly tight. Banks will also use the opportunity to restructure the makeup of their portfolios - weeding out the less creditworthy.

"We would expect [CRE] to trough in 2012 and we have a large core group of relationships that as they become more active, or we open the spigot to allow further credit extensions, that certainly will help with amortization and other prepayments," said Donald R. Kimble, senior executive vice president and CFO of Huntington Bancshares Inc. "Frankly, that's the profitable side of the equation where we're looking to, to build it back as we deplete the non-core side of real estate. We are looking at becoming a bit more active in the REIT space as well. So, it's principally core customers, maybe a little supplementation with some REIT activity -- that would be publicly traded REITs."

"I think there is no question that the marketplace that we principally do our business in is very, very strong. And we are seeing a great deal of opportunity," said Joseph Ficalora, president and CEO of New York Community Bancorp. "We don't do every loan that we were asked to do. And sometimes, we bid on loans and we bid more conservatively than others in the marketplace and therefore we don't get every loan."

"Also the LTVs [loan-to-values] are very, very low," Ficalora said. "People are putting a lot of money into these properties. There is a lot of money from the world that's investing in real estate. So, the ability for us to do these commercial loans at low LTVs is very attractive."

Mitchell Feiger, president and CEO of MB Financial Corp., said "more remixing remains for our commercial real estate portfolio, and if this excitement grows, it will grow slowly and only because we are able to find very high and very profitable new credits."

"There are a lot of loans that were originated with 5-year terms that have not matured yet, that we may or may not want to continue to be in or maybe priced inappropriately. So it's just a continuing process, not anything different than we've done before. It's looking at each loan based on what we know now, which is influenced a lot by what we learned in the last credit cycle and decide is that the kind of business that we should invest our capital in. Our credit standards have tightened. Our return expectations are we enforce more rigorously, and so each loan that comes due or each loan that matures, we look at it and say, is this something we should do or shouldn't do."

At CVB Financial Corp., Christopher D. Myers, its president and CEO, said most of the deals his bank is doing are pricing in the 4.5% to 5.25% range -- unless the bank does an interest rate swap. Then typically the bank is pricing CRE loans somewhere around 3% on a variable rate.

"There is no question that we're having a lot of discussions with customers about refinancing their existing loans with us on the commercial real estate, we're lowering their rates," Myers said. "The good news is, is that we have prepayment penalties embedded in the vast majority of these loans, so we're able to harvest some of these prepayment penalties and use that as leverage when we do refinancing."

The retooling also extends to borrowers who still have ample time to maturity but want to refinance at today's lower rates, Myers said.

"We might have a deal where we have a commercial real estate loan that we took over and the guys having problem paying us and maybe have a maturity that goes beyond the five years expiration of the loss sharing. Well, our choices are, do we foreclose on that property? Do we work with the borrower," Myers said. "Well, if we're going to work with that borrower, we would be inclined to try to shorten that maturity to before the 5-year period of time so that at least if there was a problem going forward, we would have a matured loan prior to the five-year expiration of our loss sharing."

"If we have a problem loan that may expire in 2020 and we want to work with them, we want to give them some time to get back on track and lease the property up, or whatever the issue is. We want to make sure that we try to shorten that maturity before the 5-year expiration, so that we're at the table with them before that date determining whether we really want that loan to be on our books and we really want to extend it going forward. Hopefully then if we shorten that to, say, October 2013, we have a year to make sure that this is a loan that we want to keep, and if not, then we still have enough time to foreclosing the property if they can't pay us," Myers said.

Loan Growth Will Be Selective by Market, Asset Type

In general, bank executives said they would be targeting the strongest growth in particular assets and markets. Multifamily was most frequently mentioned as a targeted asset category as were some select middle-market industry segments such as, restaurants, health care and energy.

"Multifamily in the right location, location, location is stabilized, but everything else is still struggling to some extent and probably we'll see a bit of decline even in 2012," said John M. Killian, executive vice president and chief credit officer of Comerica Inc.

Harris H. Simmons, chairman, president and CEO of Zion Bancorporation, said the words 'major' and "growth" would not be words he'd use in the same sentence. However, he did add that "we are seeing some and anecdotal - a little bit even in single-family in top areas of Southern California, and we're seeing some apartments in Texas and in California, but there's no major rush to jump into real estate before seeing the demand side."

By market area, Bank of the Ozarks Inc.'s George Gleason, chairman and CEO, said, "I think the largest part of [our] growth is going to come from our Texas offices. The second largest part of that growth I would expect to come from our metro Little Rock, [AR], area offices and the third largest part of growth I would expect to come from our metro Charlotte [NC] office."

In the last quarter Bank of the Ozark's Texas office had accounted for 41.8% of its total loan portfolio.

"We are primarily a construction development CRE and a multifamily lender within that context and I would expect to see the vast majority of the growth occur in the construction and development commercial real estate book consistent with where it has always come from us," Gleason said.

Independent Bank Corp.'s president and CEO, Christopher Oddleifson, said he was big on his home market.

"Locally, the Massachusetts economy continues to perform better than the nation as a whole. Massachusetts employment has dropped to below 7%, its lowest level since December of '08, and the best of the Boston metro area unemployment rate has dropped to just about 6%," Oddleifson said. "The Boston area continues to see a pickup in the real estate construction projects, especially in multifamily-used properties."

And finally here's the kicker to our headline. While other banks said the desert states of Arizona and Nevada continued to be a challenge, Western Alliance Bancorporation, said for that reason, it was targeting those markets.

"We are kind of filling the void and picking up some of those relationships… rather quickly," said Robert G. Sarver, chairman and CEO of Western Alliance. "If you took a look at the competitive set of Arizona, San Diego, and Nevada banks, you would see that we really kind of stand out as pretty much the only local alternative at this point. So that's helping us get a lot of the market share."

While Nevada real estate values are still declining, Sarver said he is seeing fundamentals there getting better.

"Three months ago, they had the biggest traffic month at [Las Vegas' McCarran International Airport] in history. Convention business is up. Room rates are up 10% year-over-year," Sarver said. "So we are starting to see stabilization and a beginning of a recovery of consumer spending money, and primarily of businesses spending money."

"Arizona is probably the biggest story for us and where we have the most upside, because it's a big market," Sarver added. "It's the 16th largest state in the country at this point and growing, and its recovery is in place, and it's beginning to strengthen."

SBA Lending Returns to Pre-boom Levels

小型企業管理局貸款恢復到經濟衰退前的水平

By Danielle Douglas (The Washington Post)

A steady flow of new loans backed by the Small Business Administration in the Washington area is helping some institutions return to the pace of lending that was common in the pre-boom years.

Through the three months ended Dec. 31, the start of the agency's 2012 fiscal year, 126 loans totaling $43.4 million were made to local mom-and-pop shops, comparable to loans issued during the early 2000s, according to the SBA. The volume is still below the soaring numbers from 2006 and 2007.

"We are seeing numbers back to the pre-recession pace; we're off to a start that can lead us to project a really great year for 2012," said Bridget Bean, who oversees the Washington region for the SBA. "It's a great sign that we have the infrastructure and the economic ecosystem here to support this kind of lending to our small businesses."

Compared with the high loan volume between October 2010 and December 2010, the most recent figures seem low. During that period, 237 loans worth $93.6 million were doled out to area small businesses. In those days, however, borrowers flocked to lenders to take advantage of fee waivers before they expired under the terms of the Small Business Jobs Act of 2010.

"We had a flurry of activity as those waivers were wearing off," said Sally Robertson, president of Business Finance Group, a Fairfax-based certified development company that manages SBA 504 loans, which fund fixed assets such as equipment and real estate.

Business Finance Group closed 13 SBA-backed loans totaling $5.6 million in the three months ending December 2011, a 64.3 percent drop in money from the same period a year earlier. As steep as the decline may be, Robertson said the current activity is more in line with historic norms.

"Activity is good; we're seeing that businesses are climbing out of the recession," she said. "Financials are improving and businesses are looking at the opportunity to grow, where they might not have considered it three years ago."

The company remains one of the most active lenders in the region, ranking third based on the number of loans it made in the first quarter of the fiscal year. M&T Bank, the most active SBA lender in the area for fiscal year 2011, maintained its No. 1 position in the most recent quarter.

The top ranks included a mix of regional, national and community banks, including BB&T Bank, Cardinal Bank and Wells Fargo, and certified development companies such as the Business Finance Group.

“Small businesses in this area have so many different needs, from $35,000 to $5 million loans. We want to make sure we have lenders participating at all of those levels,” Bean said. She pointed out that her office has recruited seven new lenders in the past 18 months, and had 14 lenders that were inactive in 2010 jump back in the market in 2011.

The district director is keeping an eye on the progress of the re-engineered CAPLines program, which offers short-term capital. Small businesses can now borrow against purchase orders to pay for labor and materials, and no longer have to pledge all available assets.

Since rolling out the re-tooled program in October 2011, Bean says the agency has closed 76 CAPLines loans through Jan.15.

“The program is used a lot by construction firms. When you see construction pick up, it’s a fundamental indicator that the economy is getting stronger,” Bean said.

Borrower Trends 2012: Capital Markets Recovery Holds Steady

2012 借款趨勢：資本市場穩定復甦

By Beth Mattson-Teig (National Real Estate Investor)

The volume of multifamily and commercial real estate lending is a far cry from the frothy days of 2005 through 2007. Yet the flow of capital is growing and both borrowers and lenders are optimistic that financing will continue to improve in 2012.

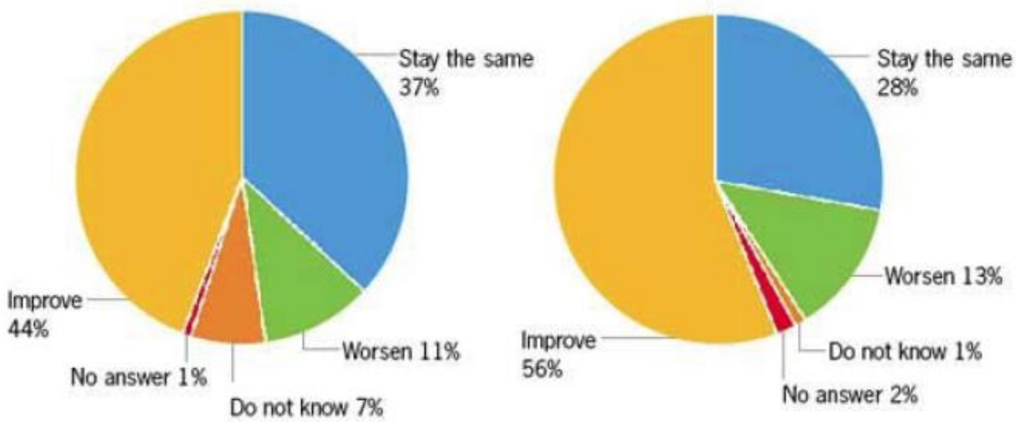
According to National Real Estate Investor's annual Borrower Trends Survey, more than half of lenders (56 percent) and 44 percent of borrowers are predicting that credit will be more widely available in the coming year. [Figure 1].

That optimism is good news for borrowers who are hungry for capital. Jury & Associates Inc. is one developer that is hoping this will be the year that it clinches financing for a $300 million 1,000-room convention center hotel in Kansas City. The developer has been hard pressed to land debt in a climate where hotels remain a tough sell among lenders. "The new construction loans are very difficult today. However, lenders are at a point where they have to start lending more," says Ronald Jury, president of Jury & Associates in Shawnee Mission, Kan.

No one is expecting the flood gates to open in 2012. Lenders remain conservative with stringent underwriting practices in place. But lenders are increasingly returning to the table and lending volumes are set to continue to rise. The lenders polled said that the total volume of commercial and multifamily loans at their firms increased by an average amount of 10.8 percent in 2011 with volumes expected to grow an additional 12.2 percent in 2012.

"Clearly, 2011 was a very active year, on the loan origination side, as well as on the acquisition side," says Michael Melody, executive managing director and co-head of real estate investment banking for Jones Lang LaSalle Capital Markets group in the Americas. The volume of commercial and multifamily sales transactions rose 29 percent in 2011 to reach $162.8 billion, according to New York-based Real Capital Analytics. Meanwhile, the Mortgage Bankers Association (MBA) originations index for commercial and multifamily loans hit 138 in the third quarter—the highest point since 2007. "It continues to be a favorable environment, and much improved from 2010," adds Melody.

[FIGURE 1] Nearly half of surveyed borrowers, 44 percent, and more than half of surveyed lenders, 56 percent, believe that borrowing conditions will be improve in 2012 from 2011. Only 11 percent of borrowers and 13 percent of lenders think it will worsen.



Bases: 186 borrowers and 136 lenders.

Low interest rates have played a key role in fueling borrower demand. “We’re working off of benchmarks that are at or near historic lows in an environment where there is still plenty of capital chasing the highest quality business,” says Melody. The one-month LIBOR is about 30 basis points and the 10-year Treasury is now below 2 percent. Factors such as the slow economic recovery and European debt crisis could help to keep a lid on rate increases in the coming year.

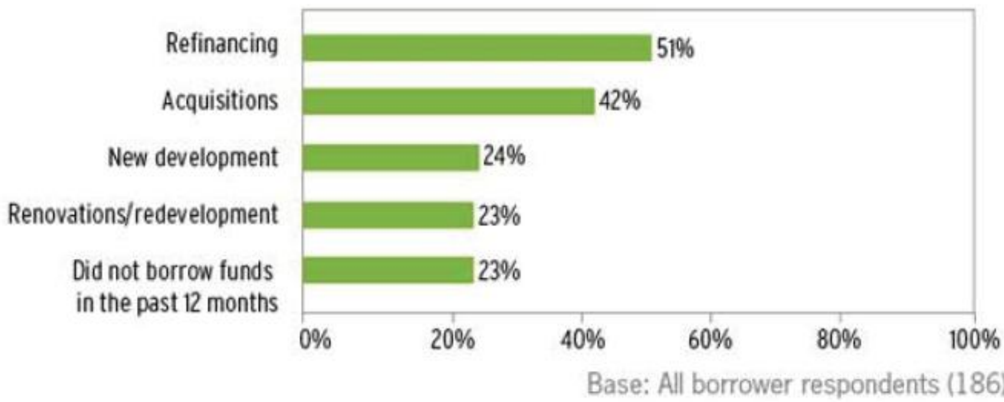
MARKET REMAINS FRACTURED

The big picture view of capital markets is a positive one. Market data supports the fact that more capital is returning to the market. In the second quarter, the level of commercial and multifamily mortgage debt outstanding hit an important milestone with a net gain for the first time in nearly 18 months. The volume of outstanding debt rose a slight 0.1 percent to $2.4 trillion in second quarter. The volume of outstanding debt held steady in third quarter, according to the (MBA).

Consistent with results from the 2009 and 2010 surveys, refinancing activity represents the most active lending niche. More than half of borrowers (51 percent) said they borrowed funds for refinancing in the past 12 months, [Figure 2]. Borrowing for the purpose of development was just 24 percent—well off the peak of 57 percent recorded in the 2007 survey

Yet a closer look also reveals a market without a level playing field. Financing is not available for everyone. “It is a fragmented market, which could be a result of where the money is coming from,” says Melody. Commercial banks, life companies and pension funds like commercial real estate as an investment and are increasing allocations, but there is still a flight to quality and lenders are gravitating towards borrowers with stellar credit.

[FIGURE 2] A majority of borrower respondents sought debt for refinancing purposes. Less than a quarter looked to borrow for new development and redevelopment. Further, 23 percent of repondents did not borrow any funds at all in 2011.



As in 2010, less than half of loan requests made in 2011 resulted in a closed loan. Refinancing is the most likely to close at 44 percent, followed by acquisition debt at 39 percent, renovation/redevelopment financing at 27 percent and construction loans at 19 percent.

"The lending climate is very odd. It all depends on what bank or institution you are working with," adds Jury. There are many lenders out there that are still building back their capital. For that reason, they aren't interested in providing loans. "Then you have those that are back in the market doing loans at 65 to 70 percent loan to value, which is wonderful, but it is not the glory days of 85 to 90 percent loan-to-value," he says.

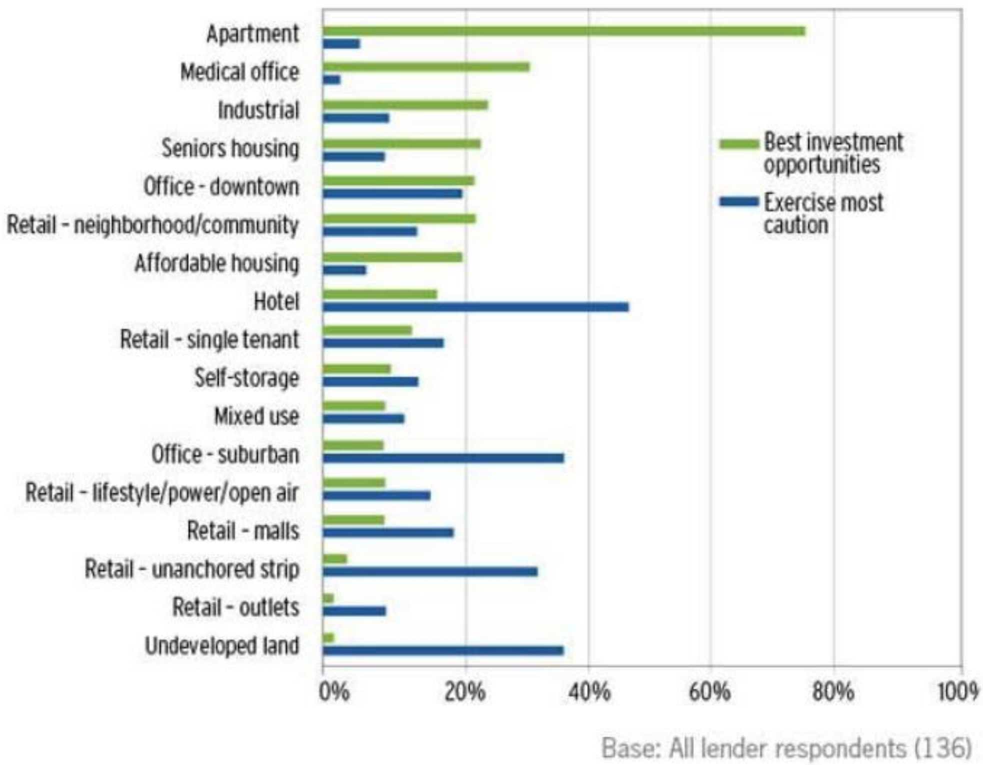
Borrowers such as Jury are adapting to the "new normal" of a much more conservative lending climate marked by more stringent underwriting and lower leverage loans. Respondents indicate that typical loan-to-value ratios have improved only slightly to current levels of 69 to 70 percent compared to an average 67 percent 12 months ago. Recourse loans also remain prevalent. Lenders said that 50 percent of loans closed over the past 12 months have been recourse loans, which is only slightly lower than a year ago when lenders reported that 54 percent of loans were recourse.

BANKS LEAD THE WAY

Banks continue to be the lender of choice, with 77 percent of respondents reporting that they borrowed funds from commercial banks and savings institutions in the past year. Borrowers also accessed capital from life insurance firms (33 percent), private investors (24 percent), Fannie Mae and Freddie Mac (19 percent) and institutional investors (13 percent).

"The banks are starting to emerge. They need to get back to the business of lending in order to make their own revenues, and I think that will continue in 2012," says Richard M. Gatto, an executive vice president at the Alter Group. The Chicago-based development firm expects to secure more than $100 million in new construction loans in 2012, including $25 million for a new 300,000-sq.-ft. warehouse complex in Fort Lauderdale.

[FIGURE 3] Lenders are most enthusiastic about the prospects for the multifamily sector followed by medical offices. They suggest caution when dealing with undeveloped land, hotels, unanchored strip centers and suburban offices.



Multifamily continues to dominate lending activity. When asked which property types offer the best investment opportunities today, the majority of lenders (76 percent) said apartments [Figure 3]. Risk averse lenders also like the strong property fundamentals.

It also is noteworthy that funding for acquisitions is improving. Four out of five lenders (80 percent) said they financed acquisitions in 2011. That represents a significant jump compared to the 2009 survey when only about half (52 percent) financed acquisitions that year. In addition, many anticipate that construction lending will also rise in 2012 as banks become more active.

RATE HIKE AHEAD?

The favorable interest rate environment has played a key role in the broader commercial real estate market recovery, and opinions are split on where rates will move in the coming year. More than half of respondents, 57 percent of borrowers and 59 percent of lenders predict that long-term interest rates will rise in 2012. However, respondents are less confident than a year ago when 78 percent of borrowers and 88 percent of lenders were predicting an interest rate hike.

Borrowers and lenders are less certain that short-term rates will increase in the coming year. More than one-third (41 percent) of borrowers and 49 percent of lenders expect higher short-term rates in the coming year compared to 74 percent of borrowers and 74 percent of lenders who held the same view in the 2010 survey.

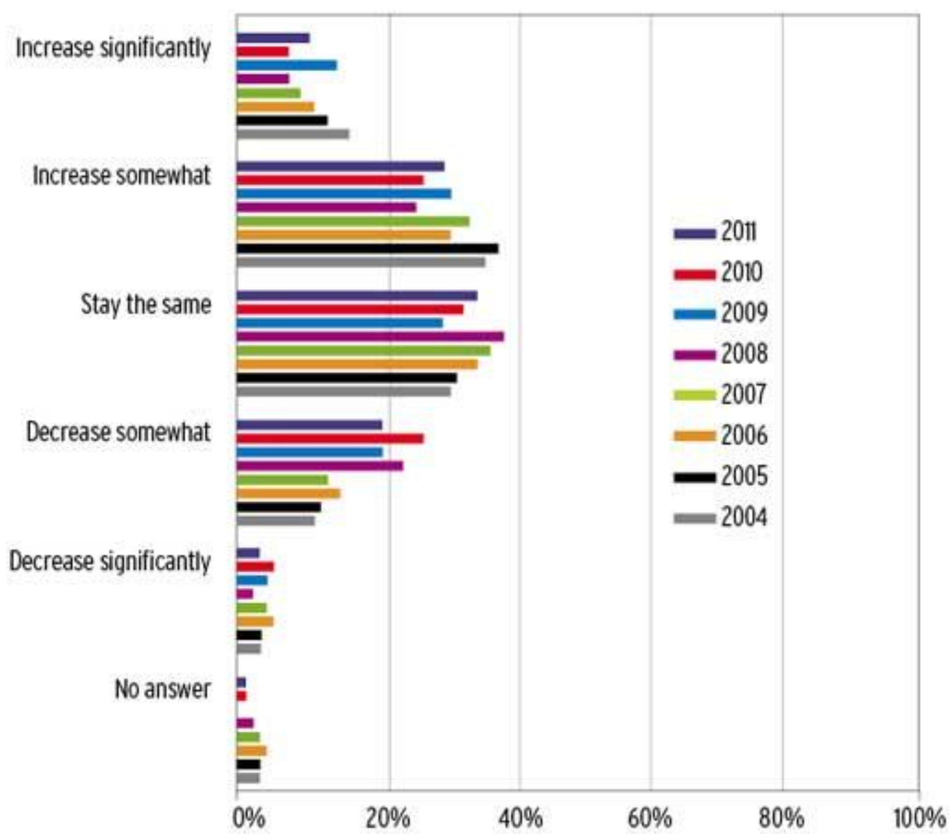
"In the beginning of 2011, I would have said, 'Lock up long-term rates as fast as you can, because we're just not going to see these historically low long-term fixed rates for a long period of time,'" says William Hughes, senior vice president and managing director at Marcus & Millichap Capital in Newport Beach, Calif.

MARKET RISKS PERSIST

Although optimism is returning, borrowers are well aware of the challenges that remain in the market and the potential risks that could emerge to impede the flow of capital.

On a scale of 1 to 5 with 5 representing the highest impact, borrowers rated the health of the U.S. economy as the factor having the biggest impact on borrowing with an average score of 3.8. Other factors that also scored high on the list include debt service coverage ratios at 3.6, loan-to-value ratios at 3.6 and number of lending sources at 3.4.

[FIGURE 4] Overall, 40 percent of borrower respondents expect to take on more debt his year (up slightly from 2010), 35 percent anticipate no change (also up from 2010) and 24 percent expect to deleverage some (down from 2010).



Base: All borrower respondents (186)

The potential risks, coupled with the slow recovery in the broader commercial real estate market, could explain why borrowers remain fairly evenly split on their appetite for capital in the coming year. Two in five respondents (40 percent) expect their total debt level to rise in the coming year, 35 percent anticipate no change, and another 24 percent expect debt levels to decrease in 2012 [Figure 4].

SURVEY METHODOLOGY

For our annual Borrower Trends Survey, NREI e-mailed print and e-newsletter subscribers with an invitation to participate in the online research conducted between Dec. 8, 2011 and Jan. 5, 2012. In addition, Jones Lang LaSalle distributed the survey to a proprietary list in early January, which generated additional responses. Combined, 186 borrowers and 136 lenders completed the survey. Borrower respondents have an average portfolio size of $328 million.

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	0.50	0.52	0.58	0.25	0.19	-0.73
Money market, annual yield	0.47	0.47	0.65	0.47	-0.18	-1.20
Five-year CD, annual yield	1.35	1.35	2.01	1.32	-0.63	-1.47
30-year mortgage, fixed	4.04	4.04	5.13	3.99	-1.09	-1.62
15-year mortgage, fixed	3.38	3.38	4.41	3.32	-1.03	-1.98
Jumbo mortgages, $417,000-plus	4.51	4.58	5.86	4.50	-1.19	-2.44
Five-year adj mortgage (ARM)	3.08	3.09	3.79	3.00	-0.69	-2.59
New-car loan, 48-month	4.63	4.05	5.16	3.62	-1.53	-3.53
Home-equity loan, $30,000	4.77	4.80	5.17	4.71	-0.40	-0.50