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Major Manufacturers Abandoning China for U.S.?

中國製造失寵，美國多家公司正將製造環節遷回國內

By Tiffany Hsu (LA Times)

China may no longer be the go-to place for American manufacturers looking for cheap labor and favorable policies. A new report shows many large companies are looking to move their production facilities back to the States.

Of the 106 executives surveyed by Boston Consulting Group, 37% said they were planning to or actively considering “reshoring” their factories in the U.S.

And that’s just for U.S.-based companies with annual sales of more than $1 billion. Among manufacturers who make $10 billion or more a year, 48% of executives said they want to relocate operations back home.

The urge is especially pronounced among leaders of companies working in industries responsible for 70% of the goods imported to the U.S. from China: transportation goods, electrical equipment, furniture, computers and electronics and more.

Those executives predict that as much as 30% of manufacturing in their industries could return to the U.S. from Asia by the end of the decade.

“Not long ago, many companies regarded China as the low-cost default option for manufacturing,” said Michael Zinser, a partner with the consulting group. “This survey shows that companies are coming to the conclusion surprisingly fast that the U.S. is becoming more competitive when the total costs of manufacturing are accounted for.”

Blame rising Chinese wages and increasingly complicated logistics. More than half of the manufacturers who said they would move factored in high labor costs; 92% said such costs will continue to rise.

More than four in 10 executives pointed to product quality, while 29% said it would be easier to do business in the U.S. About the same number also said that closer proximity to their customers would be an advantage.

The report is in line with recent forecasts that manufacturing could help lift the U.S. recovery. The Boston Consulting Group earlier prophesied that the country could add up to 3 million jobs and $100 billion in annual output by the end of the decade.

Visa Program Seen Playing Bigger Role in Financing CRE Development

EB－5 投資移民升溫，海外投資炒熱商業地產開發項目

By Randyl Drummer (CoStar)

A federal program allowing foreign nationals to secure a green card in exchange for investing in job-creating ventures, including commercial real estate development, is gaining new cachet among developers stymied by the lack of traditional financing.

Known as the Immigrant Investor Program, or EB-5 visa, the program administered by the U.S. Citizenship and Immigration Services (USCIS) under the Department of Homeland Security provides a permanent resident visa, or green card, to foreign investors if they invest $1 million in a U.S. project that creates or retains at least 10 jobs.

The visa program is typically structured as either equity or debt capital which is channeled through locally created regional centers that serve as "matchmaking" entities between foreign capital and developers in need of construction and development financing. For more than 20 years following its 1990 adoption by Congress, the program was little known and rarely used.

However, lack of conventional construction financing from banks and other traditional lenders since the real estate downturn has prompted developers to explore other financing options to fund new development, including government programs like EB-5.

So far, the EB-5 program has resulted in the creation or retention of 65,000 jobs and $3.1 billion invested in the U.S. economy, and all signs point to even stronger job growth from the program, especially as overseas economies continue to struggle and foreign investors search for easier access to the U.S., according to Ronald R. Fieldstone, a partner at the law firm of Arnstein & Lehr LLP.

The program remains underutilized with 10,000 EB-5 visas newly available every year, although interest from foreign investors has been steadily increasing. The USCIS reported in March that 2,364 EB-5 visas had been issued up until that point in the first quarter, which pencils out to at least 10,000 new jobs for American workers, Fieldstone said.

"At this pace, the 2012 program will come close to using its 10,000 annual visa allocations for the first time since its inception in 1992," Fieldstone said. "This would create an estimated 40,000 new jobs for U.S. workers in fiscal 2012. Compare this to fiscal 2011, in which the USCIS created approximately 25,000 new jobs."

'Visas for Cash' Emerging As CRE Financing Tool

Under federal rules, all EB-5 investors can invest in new commercial enterprises through a variety of capital structures, including sole proprietorships, partnerships, holding companies, joint ventures, corporations, business trusts or other publicly or privately owned entities. Developers are starting to use the visas to finance real estate projects of all kinds, from speculative office buildings to condos and hotels, said Jeff Myers, real estate economist for Property and Portfolio Research, Inc., CoStar Group's forecasting and analytics arm.

According to PPR's most recent hotel outlook, improving hotel fundamentals have some investors thinking about future projects in certain markets. Financing remains tough, however, prompting many developers to explore government sources such as the EB-5 program and municipal bonds to move the needle on the still-limited number of new projects, Myers said.

In the office sector, Myers noted that developer American Life, Inc. is using EB-5 funds to build Home Plate Center, a speculative office building with 142,000 square feet of office space plus street-level retail in South Seattle. Completion of the first phase of the project was announced this week, with another 190,000-square-foot building scheduled to be finished next year.

"It's very important to note that this development is totally speculative, a true rarity in office construction these days," Myers said.

American Life, which finances, develops, and manages properties across the U.S., has carved a niche by providing 1,000 EB-5 foreign investors with real estate investment opportunities since 1996, delivering more than 200 permanent green cards and 800 conditional green cards via petition through the USCIS. The developer has grown into of one the largest land owners in the greater Seattle area, with about 50 acres and 2.3 million square feet of property under management.

Developments include an array of mixed-use commercial spaces, such as office buildings, hotels, warehouses, and manufacturing and retail sites, valued at more than $600 million.

Chinese nationals have been particularly responsive to EB-5. In Milwaukee, 30 Chinese investors are putting up $500,000 each in equity in partnership with developer Gorman & Co. to convert the former Pabst brewery at West Juneau Ave. and North 10th St. into an extended-stay hotel with 90 keys and a German hof brau style restaurant. Gorman is targeting a groundbreaking for this summer.

Milwaukee's hotel market has yet to recover fully from the recession. "And that is part of the kicker with the EB-5 financing - it is not as sensitive to market fundamentals as more traditional financing outlets would be," Myers said. "Given the difficulty in those traditional financing methods, EB-5 is filling the gap for some developers."

Lately, the program has proven to be popular among developers of large-scale mixed-use projects, including a new stadium for the Tampa Bay Rays baseball team and the $4.1 Atlantic Yards project in Brooklyn, NY. Forest City Ratner Cos. has accessed about $250 million in debt through the EB-5 program for Atlantic Yards, which includes apartments and other commercial development, as well as a new basketball stadium for the NBA's New Jersey Nets.

The CRE industry is starting to use EB-5 to create its property investment vehicles for foreign capital. In what is likely among the first ventures into the EB-5 space by a REIT, Lexington Realty Trust (NYSE: LXP), a leading player in single-tenant commercial properties, last month formed Live In America Financial Services LLC, a limited liability regional center that will seek U.S. citizenship and USCIS designation as an entity approved to raise funds from immigrant investors, according to a U.S. Securities and Exchange Commission filing.

The "members" of the REIT's regional center are Lexington Realty Advisors, Inc., a wholly-owned subsidiary; and The LCP Group L.P., an affiliate of LXP Chairman E. Robert Roskind. The holding company will be limited to single-tenant investments, and Lexington intends to use the initial regional center to arrange for a loan on a single-tenant facility in Homestead, FL. In addition to raising funds under the EB-5 program to provide mortgage financing for investments in which Lexington is the direct or indirect equity owner, the REIT plans to raise funds for third parties investing in entities that provide funding for single-tenant investments.

Waste, Fraud Alleged

As the program has ramped up, so has criticism about apparent shortcomings, mostly focusing on the role played by the program's 218 regional centers, which work with private-sector brokers to identify local investments and direct foreign participants to them. Critics contend that brokers play down the risk associated with some investments and may misrepresent how the program works, including giving potential investors the false promise that EB-5 investments are guaranteed by the federal government -- when the government in fact does nothing of the sort.

There is risk in any investment, and some made under the visa program have failed to create the required 10 jobs and even gone bankrupt, leaving the investor without his money -- or his green card.

Recently, USCIS announced a series of changes in the way the government adjudicates cases in the EB-5 immigrant investor program, said USCIS Director Alejandro Mayorkas.

"These initiatives, and our efforts to streamline our visa processes, are key components of a government-wide effort to encourage the best and brightest foreign talent to work and remain in the United States," Mayorkas wrote recently on the agency's blog.

Spending by International Visitors to the U.S. Continues to Rise

外國遊客在美花銷較去年同期增加 **14**％

By Hugo Martin (LA Times)

Spending by international visitors to the U.S. continued to rise in February, doubling the increase seen in the previous month.

International visitors spent an estimated $13.3 billion on travel to the U.S. and on accommodations, food and other costs while in the country in February, a 14% increase compared with February 2011, according to the Department of Commerce.

In January, foreign travelers spent $12.87 billion, a 7% increase from the same month in 2011, the agency said.

Spending by international travelers has been on the rise since 2010, particularly from countries with surging economies, such as China, Brazil and Australia, among a few others. The top sources for international visitors continue to be Canada and Mexico. But the growth in visitors from those countries have not been dramatic.

The rise in spending corresponds to a rise in total visitors. In January, the U.S. welcomed 4.5 million international visitors, a 7% increase over January 2011. It marked the 10th straight month of increase in total visitors.

"Today's data is yet further evidence that the United States remains one of the top destinations for international visitors from around the world," Francisco Sanchez, Commerce undersecretary for international trade, said in a statement.

Mayor Villaraigosa Signs L.A Development Reform Ordinance

洛杉磯市長簽署地產項目開發改革條例，簡化審核流程

Source: City of Los Angeles

Los Angeles, CA – Mayor Antonio Villaraigosa signed the Multiple Approvals Ordinance on Monday, cutting red tape and simplifying the development review process. Under the new ordinance development projects that require multiple approvals from the City of Los Angeles will now have one deadline rather than multiple expiration dates for individual entitlements.

“By signing the Multiple Approvals Ordinance today, we are making progress on reforming the zoning code and moving towards a more stable, predictable and transparent land-use regulation system in L.A.,” Mayor Villaraigosa said.

The ordinance was unanimously approved by the City Council on March 30th after extensive outreach involving business groups, development leaders, neighborhood councils, and community stakeholders. It maintains all current land use protections while cutting procedural red tape, simplifying development review and approval utilization, and clarifying local implementation of recent State-mandated extensions of time for approved projects.

Along with clarifying project approval processes, the new regulations will provide assurance and certainty after projects have been approved. Currently, one part of a project approval may expire before others, resulting in duplicate case filings and redundant staff review. The new ordinance simplifies the process by grouping individual approvals into a single project.

“The Multiple Approvals Ordinance will be a huge benefit to infill development projects that often require several approvals in order to be sensitive to the complex needs of existing communities” said Percy Vaz, CEO of AMCAL Multi-Housing. AMCAL has developed market-rate and affordable housing projects throughout Los Angeles.

The new ordinance will also clarify the implementation of three recent State laws – SB 1185 (2008), AB 333 (2009), and AB 208 (2011) – that have extended project approvals during the ongoing economic recovery. The State extensions apply only to some approval types, threatening numerous approved development proposals now seeking financing and securing building permits.

“Approving this ordinance will help our city weather this recovery period and emerge even stronger on the other side,” Mayor Villaraigosa said. “Giving already approved projects the ability to become realized after years of recessionary pressure will stimulate our local economy and drive new investment into Los Angeles.”

The ordinance represents a major step toward realizing the Mayor's Development Reform Strategic Plan, which includes reforms to the development process that will make Los Angeles a better place to live, work and visit.

In late 2010, the Department of City Planning issued a new blueprint for the department and began a structural reorganization that has allowed them to do more with less.

"The Multiple Approvals Ordinance will help the Department of City Planning to fully implement the blueprint's 'one project, one planner' approach to case processing, allowing interested parties easier, more direct access for customer service," said City Planning Director Michael LoGrande.

The proposal for the ordinance was approved with broad community support in public hearings at the City Planning Commission in June 2011 and the Planning and Land Use Management Committee in July 2011.

"The Multiple Approvals Ordinance represents a huge step toward realizing the City's Development Reform Strategic Plan," said Gary Toebben, President and CEO of the Los Angeles Area Chamber of Commerce. "It will simultaneously make the review process simpler and more transparent for business and the community alike."

Today's signing ceremony was attended by Councilman and Chair of the City's Planning and Land Use Management Committee Ed Reyes, Deputy Planning Director Alan Bell, Executive Vice President of Regent Properties Daniel Gryczman, Central Hollywood Neighborhood Council Board Member Laurie Goldman, Percy Vaz and Gary Toebben, among others.

The ordinance will go into effect on May 10, 2012.

Bargain-Type Retailers Driving Growth For Shopping Centers

低價位零售商推漲購物商場租用率

By Mark Heschmeyer (CoStar)

Retailer demand for future space is up from last year's levels, according to ChainLinks Retail Advisors Spring 2012 Retailer and Restaurant Expansion Guide. The guide, which compiles the individual expansion and contraction plans of different retail chains, generally offered good news for the nation's retail landlords, although as usual, there appear to be potential winners (shopping centers) and losers (malls).

"Demand is being driven by discounters, grocery store chains, off-price apparel retailers, fast food and fast casual dining concepts," according to ChainLinks National Retail Research Director, Garrick Brown.

"Growth from those players will help to lower vacancy for most shopping center types. However, demand is down from a lot of the mid-priced chains, particularly apparel concepts. Between that and planned closures from the likes of Sears, The Gap and Payless Shoes, this will translate into increasing mall vacancy in the months ahead."

According to the report, some of the most active retailers currently include:

Subway is hoping to open as many as 2,500 stores worldwide this year.

- Dollar General is planning 650 new stores in 2012.
- Family Dollar is planning 500 new stores this year.
- 7 Eleven is planning on at least 300 new stores over the next 12 months.
- CVS is planning 300 new stores.
- Dollar Tree is planning 300 units in 2012.

"Though demand levels had been flat initially after the 2011 holiday sales season, many retailers have been modestly upping their expansion plans over the last couple of months as economic news has remained mostly positive."

Adding up the total amount of potential space that could be absorbed in the unlikely event that every chain proceeds with its stated growth goals, the report found as much as 230 million square feet in potential growth requirements, a 5% increase over last year's total.

"This number sounds very high," continued Brown, "but it is best to just think of it as a benchmark figure. Actual growth will be a fraction of that total," he explained.

The survey includes the stated goals of many franchise-driven chains that tend to release franchising goals that are often highly inflated, as opposed to actual hard and fast store opening plans. The report also does not take into account planned store closures or relocations.

Smaller Retailers Still Struggling After The Recession

貸款困難使小型零售業主仍在經濟衰退的餘波里掙扎

By Leia Mendoza and Cindy Gonzalez (OMAHA.COM)

The commercial real estate industry appears to be firming up, but many mom-and-pop shops across the country are still struggling.

That's according to experts who spoke Friday at the 23rd annual CREW Midwest, a commercial real estate workshop at the CenturyLink Center Omaha.

"Despite negative headlines in the news with respect to troubles of Best Buy, Kmart and Sears, the vast majority of national and regional tenants are very solid companies financially. It's the mom-and-pop shops who are still feeling the effects of the recession," said Robert Nadler, central region president for Kimco Realty, a New York-based company with interests in hundreds of shopping center properties in 44 states.

Nadler said the small retailers are unable to reduce expenses, are still repairing their own balance sheets and are having a tough time getting credit.

Omaha's Mesh, a women's and men's clothing and accessories boutique at the Shops of Legacy that opened during the recession in August 2009, has felt the pinch but has been able to overcome it.

"It's happening here, but Omaha was in a bubble," Courtney Smith, a co-owner of Mesh, said in an interview before the conference. "We got hit, but our bubble never popped."

Through trial and error, Smith said, she has been able to up her sales about 20 percent from 2010 to 2011 by changing her inventory to better suit her customers and offering products and customer service not always available at chain retailers.

"We've realized that the higher-end merchandise does not do well and spending $300 on a pair of jeans isn't what the consumer wants to do anymore," Smith said. "They want to take $300 and come home with a couple of outfits. We try really hard to figure out what they are looking for. Customer loyalty is what we thrive on."

Nadler said that's exactly what small retailers and mom-and-pop shops have to do to survive.

Smith remains excited about the future because she doesn't feel consumer spending and the area economy are back 100 percent yet. She said offers and perks she gets from commercial real estate brokers looking to fill shopping centers are one indication.

That wouldn't happen in a fully recovered market, she said.

To be sure, the industry is still in recovery mode, as reflected in this year's selected title for the workshop: "Boot Camp: Arming Yourself Today for Tomorrow." Workshops ranged from real estate fraud to the impact of the recent Missouri River flood.

In the spirit of the boot camp theme, one popular segment of the conference featured speakers giving quick updates on their fields of expertise. Here's a sampling of what they, and a few others, said:

>> A sign of slowed growth of the Omaha area, said John Hoich of the Omaha Planning Board, is that the board in the past four years has approved only two housing subdivisions for platting. That's the slowest he's seen in his 14 years on the board. He says planners are hesitant to endorse zoning for new retail development because there is an estimated 10 years of unused inventory. Planning officials, Hoich said, would prefer to see new housing and industrial sites.

>> A "positive change" just starting to happen is developers repurposing undeveloped areas intended for retail shops, said Chad Weaver, an assistant Omaha planning director. Retail typically is the money-making end of a project, but rather than wait any longer for retail to come, a few developers have turned the lots into multifamily housing or senior living areas.

>> Omaha's office market is ripe for a new Class A office facility, said T.J. Twitt of the Lund Co. With a low, 6 percent vacancy rate for that top class space, there is a need to build more, he said, especially if the city wants to attract companies seeking a lot of square footage. Class A office space has filled up because landlords, in the economic downspin, offered good deals to attract tenants, allowing many to upgrade.

>> So how, asked Barry Zoob, senior vice president of Colliers International, did the local office market grow by 650,000 square feet without new construction? Several companies upgraded or consolidated into new facilities, he said, leaving their old digs as inventory in need of tenants. The glut of Class B and C space becomes tough for landlords but offers "incredible opportunities" for tenants who can seek discounted rents.

Owners of such midquality properties will have to look at different options to stay alive, said several speakers. Alternatives include modernizing and looking for a different type of use for the building.

Meanwhile, a panel of mostly younger people who have started their own companies said Omaha needs something different to attract growing and creative business types.

"We have to bring in some real estate that's cool," said Ryan Downs, president of Proxibid.

He and others said that young motivated workers likely would forgo a higher salary for a socially engaging work campus, one with access to restaurants, activities and bike trails.

"Young people don't like the physical expression of hierarchy," Downs said, namely the big corner office designated for the boss and the crowded cubicle for the worker.

About 400 people, a record, attended the all-day CREW conference.

Eric Bauer of Schemmer Associates left armed with new and useful information.

"It gives you a barometer of what's going on in the market and the perspectives of other people," he said. "Everyone is here. You have lenders, you have commercial real estate people and you have developers here."

Several conference speakers and attendees said that they were confident that the commercial real estate industry is moving forward in Omaha, though it still is not what it used to be.

Hoich, a developer, said he's filled 32 of 35 strip mall spaces that went vacant when tenants went bankrupt during the recession. The downside is that he had to lower rent to attract them.

He said apartment rentals, on the other hand, remain strong.

Zoob said he was "reasonably optimistic," despite the threat that outside factors like the European debt crisis could change local markets.

"This city has been resilient," he said. "I see things turning around."

Coffee Giant To Open In Amusement Parks

連鎖咖啡巨頭星巴克入駐加州迪士尼樂園，咖啡師將著 **1920** 年代復古裝束

By Tiffany Hsu (LA Times)

Disney this summer will truly become the happiest place on Earth for Starbucks devotees, who will no longer have to suffer caffeine withdrawal when they visit some of the mouse-eared amusement parks.

In June, the first of six Starbucks cafes will open at Anaheim's Disney California Adventure in the park's Fiddle, Fifer & Practical Café on Buena Vista Street. In keeping with the café's 1920's Los Angeles vibe, Starbucks baristas will be clad in appropriate vintage attire.

The Starbucks shop will serve coffee and espresso drinks, Frappuccinos and the breakfast sandwiches and pastries served at the rest of the chain's locations. But because the Magical Kingdom is playing host, the store will also have other items, including Disney's own desserts.

The store will feature dark wood and stained glass windows, with the Fiddler, Fifer and Practical name splashed across the windows. Vertical plaques nearby will feature the Starbucks name, but not the company's circular logo.

More than a hundred outside companies already have a presence in Disney's theme parks. Some, such as Rainforest Café and Planet Hollywood, have physical storefronts inside the grounds. Ghirardelli will have a shop in California Adventure this spring.

But it'll be the first time Starbucks will exist inside a Disney park, though the company has a café in Disney Village at Disneyland Paris.

Next up: Starbucks branches in neighboring Disneyland Park as well as Walt Disney World Resort in Lake Buena Vista, Fla., which includes the Magic Kingdom, Epcot, Disney's Hollywood Studios and Disney's Animal Kingdom parks.

The Seattle coffee giant hasn't only been expanding into fantasyland this year. In February, Starbucks Coffee Co. said it began serving its brews in the skies, where Alaska Airlines passengers can now get Starbucks-branded coffee free of charge. The beverage is also available on United Air Lines and All Nippon Airways.

Apartment Demand Drives Commercial Building Rebound

公寓樓需求推動商業地產建造復甦

By Roger Vincent (Los Angeles Times)

After an extended lull brought on by the economic downturn, commercial real estate developers are building again.

Some of the activity involves the revival of projects that stopped during the recession, but many others are new from the ground up and mark the return of construction cranes to the Southern California skyline along with the injection of billions of dollars into the local economy.

An intense demand for apartments is the biggest driver of development, as the improving economy supports the formation of new households. But offices, warehouses and stores are also being built, according to real estate brokerage Marcus & Millichap.

"We haven't had any meaningful construction of any type since 2005 or 2006," said Hessam Nadji, managing director of research at the brokerage. "A new cycle is beginning."

He expects 6,600 apartments and 2.4 million square feet of commercial space to be delivered this year in Los Angeles County. More is on the way.

"We're finally coming out of our bunkers," Los Angeles developer Wayne Ratkovich said of his fellow builders. "People are tired of being down in the dumps and are starting to look for opportunities."

Ratkovich is renovating aviation mogul Howard Hughes' former offices in Playa Vista, a development called the Hercules Campus that he expects to cost as much as $90 million. His tenants, including YouTube, are also spending substantial sums to build out their spaces, he said.

One of the region's most high-profile developers, Rick Caruso, estimated that he has about $750 million worth of development in the pipeline including what he called a "huge" project the size of his popular Grove shopping center in the Fairfax district of Los Angeles.

He declined to elaborate or say where in Southern California he intends to build the new project. One development he expects to finish in September is a $60-million luxury apartment complex on Burton Way at La Cienega Boulevard. The eight-story complex, called 8500, will house 88 apartments over a Trader Joe's grocery store.

At his Americana at Brand shopping and residential complex in Glendale, Caruso is building a new Nordstrom store and adding four apartments to the development's roster of 100 condominiums and 238 apartments, almost fully occupied.

The developer said he also expects to start work shortly on his long-stalled Miramar Hotel project in Santa Barbara.

"It's time to break ground," he said. "We just paid off the loan and will start development."

The dilapidated Miramar has been closed for more than a decade. Caruso's plans call for razing it and building a $170-million hotel with 186 rooms.

Caruso said he would also like his company, Caruso Affiliated, to grow through acquisitions, but that commercial real estate prices have rebounded so much since the recession that it's hard to realize a substantial financial return from such investments.

"People are falling over themselves and making crazy deals," he said. "It's as if 2008 never existed."

Investors have driven up the prices of top-quality buildings in great locations, but land prices are still fairly depressed, Caruso said. Lenders are also game to finance new projects for developers they trust.

"The opportunity and upside on development is better than it's ever been, especially [compared] to acquisitions," he said.

Industrial buildings such as warehouse distribution centers are rising again in the Inland Empire to handle the traffic of merchandise through the ports of L.A. and Long Beach. In Long Beach, a $490-million courthouse is being built in a public-private partnership. It's set to open next year.

Numerous older, small industrial buildings on L.A.'s Westside have been converted to offices for creative types. One of the largest office projects coming on line this year is the Red Building, a $165-million, 400,000-square-foot complex in the Pacific Design Center in West Hollywood designed by architect Cesar Pelli.

The darling of Southern California development right now, though, is the apartment building.

Several factors are driving demand, said developer Ziv Cohen, chief operating officer of Resmark Apartment Living, a division of L.A.-based Resmark Cos. People reaching their 20s and 30s, known as Generation Y, tend to marry later than previous generations, he said. They are also more mobile in their careers, which tend to be in urban areas. As the economy recovers, they are leaving their parents' homes or jettisoning roommates and setting up households of their own.

Some older renters deliberately downsized from houses, while others became renters by necessity when they couldn't keep up the mortgage payments on their homes or were priced out of the market, Cohen said.

Resmark has invested in or is committed to investing in more than $300 million worth of apartments in the West including the Avenue, a 180-unit complex that opened in January in Hollywood. His company will also build 160 units as part of the Village at Santa Monica being constructed on Ocean Avenue.

Developers are being spurred to build by "historically low building costs," including rock-bottom interest rates, Cohen said.

The trend of declining homeownership will eventually reverse, he predicted.

"We believe the window of opportunity on apartment development will be open over the next 24 months," he said.

Marcus & Millichap's Nadji agreed that the apartment development boom has a ways to go.

"The supply that has been added so far is going to fall short of demand," he said. "Rental demand is going to continue to increase as jobs come back, and people remain wary of buying homes or are unable to qualify to buy a home."

Los Angeles County Office Market Flat In First Quarter

租金與空置率均無變動，洛杉磯縣辦公樓市場第一季度表現平穩

By Roger Vincent (Los Angeles Times)

Cautious growth among white-collar firms kept the Los Angeles County office market flat in the first quarter as average rents and occupancy remained unchanged from a year earlier.

A handful of neighborhoods such as Santa Monica, Pasadena and Glendale are tightening in favor of landlords, but others remain relative bargains for renters.

"Santa Monica is a classic example of where there is a flood of activity by technology-minded companies that have really created an extensive demand, driving down vacancy and driving up rental rates," said Neal Resnick, managing director of property brokerage Avison Young.

Office vacancy in Santa Monica was 9.6%, down from nearly 12% a year earlier, according to brokerage Cushman & Wakefield. Landlords asked for an average rent of $3.61 a square foot per month, up from $3.49.

That was notably stronger than in the county at large, which held even at 18.8% vacancy and average rents of $2.51 a square foot.

"We are steady as she goes," said Joe Vargas, area leader at Cushman & Wakefield. "The office market is moving along at the same pace as the economy. It's coming back, but it's coming back very slowly."

The number of leases being signed is rising and tenants are agreeing to longer leases, Vargas said, which is a sign of growing confidence among employers.

Unfortunately for landlords, many businesses are also fitting their individual workers into less space than each had in the past.

"A lot of tenants did more with less," said John McAniff, managing director of brokerage Jones Lang LaSalle.

In the 1970s, American corporations typically thought they needed 500 to 700 square feet per employee to build an effective office. Today's average is a little more than 200 square feet per person, and the space allocation could hit a mere 50 square feet by 2015, according to a recent workplace study by Jones Lang LaSalle.

The Westside is the region's most expensive office market, and as it starts to tighten, landlords in other markets hope to lure tenants fleeing rising rents.

Downtown Los Angeles, which has some of the best upscale office buildings in the West, stands to benefit.

"These are beautiful assets and still a relative bargain compared to other markets," broker Chris Cooper of Avison Young said. The downtown office market has been soft for decades, though, and vacancy remained mired at nearly 20% in the first quarter.

"Downtown has and will continue to have musical chairs of tenants moving from one high-rise to another," Cooper said.

Promise for downtown lies in its ongoing growth as a residential neighborhood and destination for dining and entertainment, he said.

It also stands to prosper from the city's growing public transportation system, including a light rail line to Santa Monica now under construction.

"The next piece of the equation we are all waiting for is a football team and stadium," Cooper said. "That will create a domino effect" of investments.

Vacancy fell slightly in the Inland Empire and a little more in Orange County, where professional service firms are growing, Vargas said.

Association Board Mistreats Homeowners Seeking Payment Plans

業主委員會因分期付款強迫其披露個人信息是否合法?

By Stephen Glassman and Donie Vanitzian

Question: I'm a board director who's not happy with the way our association has been operating. I'm not part of the "majority," so there is little I can do to ensure laws are followed and owners are not mistreated. The manager instructs directors not to make the payment plan process easy and is neither empathetic nor forthcoming. The board has a "take it or leave it" attitude, letting the manager set up a procedure that demeans and humiliates owners, forcing them to beg for payment plans for months on end and increasing the outstanding dollar amount. When owners finally meet the board, they are met with a battery of rapid-fire questions from the manager, forcing them to disclose personal information about themselves before any decision is made. After that meeting these owners are the target of jokes by the board and manager. Owners are unaware they don't have to accept the association attorney's letter of extensive terms and conditions in order to enter into a payment plan. Owners also don't know enough to ask for more amenable payment terms, and the board doesn't volunteer assistance. What can be done about this?

Answer: Every association is required to have an internal dispute resolution (IDR) process or follow the one outlined in the Civil Code. Under Civil Code Section 1363.820, any process used by an association to resolve disputes between it and its members "shall provide a fair, reasonable, and expeditious procedure" for resolving disputes, including payment plans. Owners who believe they were treated unjustly by the association's board and/or its IDR meeting should consider a mediation process outside the association.

Either the titleholder or association can invoke an IDR. The request must be in writing and received by the other party. Although the owner may refuse the association's request to meet and confer, the association must comply with the owner's request to meet.

Next, the board chooses one director to meet and confer with the owner. Civil Code Section 1363.840 states that "the board shall designate a member of the board" to attend. Directors are prohibited from delegating this obligation to meet with the titleholder to anyone, including attorneys or property managers. Remember, the manager is not a member of the board. Also, associations cannot send their attorney to this meeting. If an attorney is present, the owner is not obligated to stay and the meeting has failed to meet the statutory requirements.

The process shall provide a means for the owner and association to explain their positions. Once an agreement is reached, put in writing and signed by the parties, it can be judicially enforced. The titleholder shall not be charged a fee to participate in the meeting process.

The IDR policy must be in writing and followed consistently in every case, or the board must follow the method set forth in Civil Code Section 1363.840.

Pursuant to Civil Code Section 1363.850, the association must distribute to all titleholders its internal dispute resolution rights (IDR) policy annually, including a description of the IDR process, and it must also distribute the alternative dispute resolution rights (ADR) admonition pursuant to Civil Code Section 1369.590.

The board's duty is to act in good faith, explain and assist owners in obtaining an internal payment plan, and ensure the plan meeting is fair and that no owner is debased. There's no reason or legal requirement for owners to disclose any personal information to third parties when seeking a payment plan. Because owners are ridiculed and insulted during the process, your board's IDR is both unfair and unreasonable.

Owners should demand that the board follow procedures set forth in Civil Code Section 1363.840.

Delinquency Spikes in March as Maturing Loans Fail to Refinance

近五成到期貸款無法重貸，三月份拖欠率達新高

Source: Commercial Real Estate Direct

The volume of CMBS loans that are more than 30-days late with their payments jumped by $1.71 billion to $59.18 billion in March, according to Morningstar.

The increase in delinquency volume was the first since last October and was driven by a $1.59 billion jump in newly delinquent loans. The volume of loans classified as 60-days and 90-days late declined, but those in foreclosure or classified as real estate-owned increased, according to the Horsham, Pa., rating agency.

The latest increase in delinquency is not a surprise because many loans originated during the market's peak years are coming due and are unable to get fully taken out. Indeed, 47 percent of the $1.7 billion of loans that were set to mature last month didn't get refinanced. Some of those have been classified as delinquent.

Morningstar noted that $65.1 billion of CMBS loans come due through the end of next March. And a total of $10.2 billion of those have debt-service coverage levels of 1.1x or less, which could make them challenging to refinance. In addition, $25.4 billion have not amortized and $8.4 billion is already in special servicing.

Meanwhile, master servicers have placed 11,920 loans with a balance of $133.5 billion on their watchlists. While that's less than what has been on watchlists in previous months, it could portend continued increases in CMBS delinquency volumes.

Because the universe of CMBS tracked by Morningstar has continued to shrink, the percentage of loans that are delinquent has increased sharply, to 9.63 percent from 9.33 percent. That excludes CMBS loans that are less than a year old and those securitized through agency transactions. If you include those mortgages in the universe, the delinquency rate was 8.258 percent, up from 8.001 percent.

March's increase in delinquency was also helped by the relative lack of loan liquidations by special servicers. Last month they liquidated only $549.9 million of loans at an average loss severity of 44.4 percent. That's substantially less than the monthly average liquidation volume of $1.14 billion last year.

If you exclude the 14 loans with a balance of $91.1 million that were liquidated with little or no loss, the remaining $458.8 million of loans were liquidated with an average loss of 54.5 percent.

The largest liquidated loan had a balance of $36.4 million that was securitized through Morgan Stanley Capital I Inc., 2007-IQ16 and was backed by the 429-room Crowne Plaza hotel in Addison, Texas. The suburban Dallas property had suffered from a decline in revenue and in 2010 it was moved to special servicing. It was taken through foreclosure last year and was appraised at a value of $18 million in April 2010. It was sold in a transaction that resulted in $19.6 million of losses to the CMBS deal.

A total of $16.9 billion of CMBS loans against office properties are now classified as delinquent. That's 28.5 percent of the total delinquent volume and 9.12 percent of all securitized office loans. And $15.2 billion of retail loans are delinquent. That's 25.7 percent of all delinquency and 7.9 percent of all retail loans. Delinquent apartment loans total $13.2 billion, which is 22.3 percent of the total delinquent universe and 7.4 percent of all apartment loans.

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	0.47	0.47	0.58	0.25	0.19	-0.63
Money market, annual yield	0.50	0.48	0.65	0.44	-0.15	-0.83
Five-year CD, annual yield	1.37	1.38	2.00	1.30	-0.63	-1.35
30-year mortgage, fixed	4.02	4.04	4.87	3.95	-0.84	-1.07
15-year mortgage, fixed	3.25	3.28	4.12	3.25	-0.87	-1.47
Jumbo mortgages, $417,000-plus	4.58	4.60	5.51	4.50	-0.93	-1.87
Five-year adj mortgage (ARM)	2.98	2.97	3.47	2.83	-0.48	-2.02
New-car loan, 48-month	3.28	3.26	4.46	3.05	-0.97	-4.15
Home-equity loan, $30,000	4.68	4.68	5.07	4.65	-0.36	-0.87