STC 資產管理 MANAGEMENT

Lic. No. 01299442

COMMERCIAL REAL ESTATE MARKET UPDATE

GENERAL

市場概括

- **El Monte Considers Eminent Domain Plan For Underwater Mortgages**

  El Monte 市計劃行使政府徵用權接管不良房貸

  El Monte is considering a novel and controversial plan to take over underwater mortgages using its eminent domain power.

RETAIL

購物商場

- **Barnes & Noble Abandons Plan to Split Company**

  連鎖書局 Barnes & Noble Inc. 放棄分家方案，將另覓新路解決競爭力下降的問題

  Barnes & Noble Inc. has abandoned any plans to split up the company, the bookseller declared Tuesday.

- **Toys R Us To Open 900,000 Square Feet Of New Stores In 2013**

  玩具連鎖店 Toys R Us Inc. 計劃今年增加 90 萬平方英尺店面

  Toys R Us Inc. plans to add 900,000 square feet of new store space to its portfolio this year, including 10 new, converted or relocated Toys R Us stores and nine new outlet stores in the U.S.

- **Lowe's Wins Bidding For Orchard Supply Stores**

  家裝連鎖店 Lowe's 將以唯一競標者的身份用 2 億多美金買下 72 間破產的五金連鎖店 Orchard Supply Hardware

  Mooresville-based Lowe's Inc. said Monday that it was the sole bidder for California-based Orchard Supply Hardware, and it will acquire 72 of the bankrupt retailer's stores for $205 million.

- **Homeownership Down, Posh Apartment Decor Sales Rise**

  房屋業主變公寓房客，促豪華家具和飾品銷量上漲

  While homeownership has fallen to the lowest rate since 1995, retailers like Williams-Sonoma look to cash in on renters filling smaller living spaces with posh furniture and accessories to make their apartments feel less temporary.

- **Meet The World's Fastest-Growing Fitness Chain**

全球發展最快的連鎖健身房品牌Anytime Fitness的成功秘訣

Anytime Fitness lacks many of the traditional trappings of your local gym, and yet it is growing by leaps and bounds. A look at its recipe for success.

- **Hispanic Shoppers Seen as Key to Struggling Retail Centers**

垂死掙扎的購物中心業主視拉丁裔消費者為救星

[Owners] believe that Hispanics shoppers may help solve a problem that has been vexing the retail real-estate business: dead malls. While this has been a problem for decades, it has been worsened by the economic downturn combined with competition from online shopping.

OFFICE
辦公樓

- **Medical Office Sector Continues Healthy Performance**

醫務辦公室板塊繼續健康增長

Class A Medical Office Assets Trading At or Above Pre-Recession Pricing Levels

INDUSTRIAL
工業倉庫

- **Warehouse Rent Growth 'As Good As It Gets' in Second Quarter**

需求增長，第二季度倉庫租金穩步上升

Rents in warehouse distribution markets play catch-up in second quarter as increased demand spreads across more markets and continues to outpace meager new construction

MULTIFAMILY
公寓樓

- **Rising Interest Rates Dampen Debt Financing Conditions in Apartment Sector**

第二季度公寓樓需求增長，利率上漲對貸款形成阻礙

While the demand for apartments remained strong during the second quarter of 2013, increasing interest rates have put a damper on debt financing conditions.

HOTEL
酒店

Developers Plan to Build 14 New Hotels Near Disneyland

開發商計劃在迪士尼樂園周邊新建 14 家酒店，該區域酒店房間數將增長 19%

A flurry of new hotels will soon pop up around Disneyland -- adding a staggering 19 percent more rooms in a district that had been dormant for a half-dozen years.

FINANCING

貸款與資金

- **[BofA Will Dissolve Merrill Lynch Unit While Keeping Name]**

  美林在被美國銀行收購四年後，準備退出市場；美國銀行在裁掉這一子公司的同時會為股票經紀和投資銀行業務保留美林的品牌

  Merrill Lynch & Co., the 99-year-old firm known for its "thundering herd" of brokers pitching stocks to Main Street, may cease to exist as a legal entity more than four years after being acquired by Bank of America Corp.

- **[CPE 100 Quarterly Sentiment Survey: A Bubble is Forming, but Status Quo Prevails for Now]**

  對商業地產高管的調查顯示商業地產的泡沫已經形成，但近期市場仍維持健康

  A resurgent investment market is raising an inevitable question: is a bubble forming in commercial real estate? According to the midyear CPE 100 Quarterly Sentiment Survey, the answer is definitely "yes."

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

  消費者市場利率：房貸、基本利率、等等

El Monte Considers Eminent Domain Plan For Underwater Mortgages

El Monte 市計劃行使政府徵用權接管不良房貸

By Alejandro Lazo (LA Times)

El Monte is considering a novel and controversial plan to take over underwater mortgages using its eminent domain power -- an idea highly unpopular among representatives of the financial industry but backed by anti-Wall Street groups.

Eminent domain usually is used to seize land -- not loans -- to serve the public good, as when local governments seize blighted property. But the unorthodox plan to use eminent domain to buy home mortgages, write down those loans and refinance homeowners has been hotly debated at public meetings in municipalities across the country.

Last week, the city of Richmond, Calif., became the first municipality in the nation to formally adopt the eminent domain plan, announcing that it had sent notice to the holders of more than 620 underwater mortgages on homes in the city, asking servicers and trustees to sell those loans to the city. The city said it will use its eminent domain power to buy those loans if it has to.

El Monte is weighing adopting a similar plan. Last week Mayor Andre Quintero and City Manager Raul Godinez II met with several financial industry groups to listen to their concerns over the proposal, the mayor said Monday in an interview with The Times.

In attendance at that meeting were representatives from the Securities Industry and Financial Markets Assn. -- a powerful Wall Street lobbying group -- as well as representatives from the Newport Beach-based Pacific Investment Management Co., the mayor said. Representatives of banking associations and real estate groups were there too, the mayor said.

“They were sharing with us, essentially, the parade of horribles that would happen if we decided to go ahead and move forward with making an offer for these underwater homes,” Quintero said. “The council has to get briefed on that meeting and decide whether we want to do what the city of Richmond did.”

A representative of Mortgage Resolution Partners -- the San Francisco firm that is pitching the eminent domain plan to municipalities across the country -- was also at the meeting last week, the mayor said.

The City Council is to discuss the plan, and any potential litigation, during the closed-session portion of its meeting Tuesday evening. It will discuss the matter privately because it does not want to reveal any potential legal strategies involving the proposal, the mayor said, but eventually the idea will be discussed publicly.

Last year, Mortgage Resolution Partners pitched the plan to San Bernardino County and its cities of Fontana and Ontario. The county and cities, the first communities to consider the proposal, formed a Joint Powers Authority to explore the option, but then shelved it after Wall Street groups voiced strong opposition and little public support materialized.

The Securities Industry and Financial Markets Assn. has been a hefty opponent of the eminent domain plan, with its managing director appearing at a number of municipal meetings to speak against it. A number of other groups -- from banking interests to those who invested in mortgage-backed securities -- have also spoken publicly against the proposal.

Using eminent domain in this way would result in losses for public pension plans, 401(k) plans and individual investors who bought mortgage-backed securities, these opponents have said. Potential home buyers could also face higher borrowing costs in areas where the eminent domain plan is adopted, they have said.

In his interview with The Times, Quintero said he is an advocate of the plan despite the powerful opposition.

“It is a little frustrating,” Quintero said. “Wall Street got a lot of the bailouts and benefits, and you are seeing the market has really shot back to life in really a huge way, but Main Street is still suffering.”

Barnes & Noble Abandons Plan to Split Company

連鎖書局 Barnes & Noble Inc. 放棄分家方案，將另覓新路解決競爭力下降的問題

By JEFFREY A. TRACHTENBERG (WSJ)

Barnes & Noble Inc. has abandoned any plans to split up the company, the bookseller declared Tuesday. But it also reported a wider loss for the latest quarter, a sign that the retailer has to rethink the way it competes in a rapidly changing market.

Barnes & Noble said Tuesday that Leonard Riggio, its chairman and largest shareholder, had decided against going forward with a personal offer to buy the retailer's 674 consumer bookstores. More broadly, the company said that after considering the idea for 18 months it had decided not to divide its retail stores from its Nook e-reader and e-books operation. Instead, it will focus on managing its current businesses.

"The board and management spent a good deal of time looking for strategic alternatives," Michael Huseby, the company's president, said in an interview. "There are no imminent plans to pursue some kind of separation of the business."

The decisions come weeks after Barnes & Noble abruptly scaled back its costly effort to become a big player in the market for tablet computers, saying it would stop manufacturing the devices. That announcement was followed by the resignation of Chief Executive William Lynch, who was instrumental in Barnes & Noble's push to compete with Apple Inc. and Amazon.com Inc. in tablets.

Mr. Lynch's departure appears to have calmed tensions within the company that had prompted Mr. Riggio, who built Barnes & Noble into America's biggest bookstore chain, to propose buying back the still-profitable retail stores early this year. And it left Mr. Riggio clearly in control.

A spokeswoman for Barnes & Noble declined to comment.

Still unresolved is how the company will navigate a book-selling world that is increasingly digital, a shift that favors rivals like Amazon over a bricks-and-mortar chain like Barnes & Noble. Underscoring that challenge, the company on Tuesday reported a fiscal-first-quarter loss of $87 million, more than twice its year-earlier deficit, on lower sales and weaker profits at the retail stores, the only part of the company still making money.

"Their problems on the retail side haven't gone away. All that has happened is that the noise of the Leonard Riggio bid has disappeared," said John Tinker, an analyst with Maxim Group.

Now committed to competing as a unified company, Barnes & Noble needs to compete more creatively, said Lorraine Shanley, president of consulting firm Market Partners International. For example, she said that the

bookseller could push more aggressively to bundle e-books with hardcovers, and emphasize certain categories of books, such as children's books, that tend to draw more people into its stores.

"We know the publishers are desperate to have Barnes & Noble be there to help them display their titles for readers to discover," she said. "Barnes & Noble needs to increase its store traffic and turn retail to their advantage on the digital front."

Mr. Riggio's plans aren't clear. He wasn't available for an interview Tuesday, and didn't participate in Barnes & Noble's quarterly conference call with analysts. In a filing, he said that while he reserves "the right to pursue an offer in the future, I believe it is in the company's best interests to focus on the business at hand."

On Tuesday's call, Mr. Huseby, who became president of Barnes & Noble when Mr. Lynch quit in July, told analysts that the chain is working to improve the performances of its retail stores and Nook Media, which includes the Nook digital business and 692 college bookstores.

But the company's results for the quarter ended July 27 showed the dimensions of the challenges it faces. Revenue fell 9.9% from a year earlier at its retail stores. Excluding the impact of Nook devices, sales at stores open at least a year fell 7.2%.

The drop was due in part to the year-earlier bump in sales provided by the "Fifty Shades of Grey" and "Hunger Games" trilogies. But, even excluding the impact of these series, same-store sales were down 2.9%.

The retail stores' earnings before interest, taxes, depreciation and amortization fell 15% to $65 million in the quarter. Meanwhile, the college bookstores' loss, on the same terms, worsened slightly, while Nook losses before interest, taxes, depreciation and amortization narrowed marginally. Overall, Barnes & Noble had a loss on the same basis of $9 million, compared with ebitda of $6 million a year earlier.

The company also made clear it is losing share in the e-books marketplace, the result of disappointing sales of its Nook device during the recent holiday period. The company estimates its share of the U.S. digital-books market is about 22%, down from the 27% it claimed last October.

Mr. Huseby said Barnes & Noble was focused on turning that around. "Our No. 1 priority operationally is increasing our content revenue, including e-books and digital newsstand sales. Whether we can recapture market share remains to be seen. We don't want to lose share, but it's an increasingly competitive landscape."

For the first time, Barnes & Noble disclosed specifics about its device and accessories sales, which it said amounted to $84 million in the first quarter, a decrease of 23%, while digital-content sales fell 16% to $69 million. Declining content sales reflected lower unit sales of its devices and comparisons with results that included the "Fifty Shades of Grey" and "Hunger Games" trilogies.

Revising its June announcement regarding color tablets, the retailer said on Tuesday it will continue to make color devices in addition to black-and-white e-readers. Mr. Huseby said that Barnes & Noble won't be competing directly with Apple's iPad, but declined to provide details about which features its color devices will have.

"We're describing them as Nook reading devices," he said. Although Barnes & Noble said it will release a new device for the holiday period, it didn't specify whether it would be a color device or a black-and-white e-reader.

One question mark in the company's latest strategic shift is the attitudes of Microsoft Corp. and Pearson PLC, which were brought in during the past 18 months as minority investors in Nook Media, the division that houses both the digital business and Barnes & Noble's college bookstores.

Maxim's Mr. Tinker said Barnes & Noble will likely have to sit down with both companies and discuss future plans for Nook Media. "All the issues are still out there," he said.

A spokesman for Microsoft didn't have an immediate comment. A spokeswoman for Pearson said its own educational efforts are still aligned with those of the Nook media platform.

Toys R Us To Open 900,000 Square Feet Of New Stores In 2013

玩具連鎖店 **Toys R Us Inc.** 計劃今年增加 **90** 萬平方英尺店面

Source: ICSC.org

Toys R Us Inc. plans to add 900,000 square feet of new store space to its portfolio this year, including 10 new, converted or relocated Toys R Us stores and nine new outlet stores in the U.S. The new factory outlet stores represent the largest number of such stores it has opened in a single year since launching the concept in 2010.

Some U.S. stores will be converted to what the Wayne, N.J.–based retailer calls its “side-by-side” format, which unites the company’s Toys R Us and Babies R Us banners under one roof. Since 2006, the company has converted approximately 25 percent of its wholly owned global store base to the side-by-side format.

Outside the U.S., the chain will open new, wholly owned stores in France, Germany, Hong Kong, Japan, Malaysia, Poland, Spain, Taiwan, Thailand and the U.K. Plans also call for 22 new licensed stores in Denmark, Egypt, Israel, Norway, Philippines, Saudi Arabia, South Africa and South Korea. Seven of the new licensed stores will be in South Korea. New stores will range in size from 3,000 square feet to 60,000 square feet.

The company says its most significant expansion plans for 2013 are in China, where it has already begun operating several of 22 brand-new stores scheduled to open there this year. Expanding its business in China has been a priority for Toys R Us and follows the launch of an e-commerce site and the opening of its first stores in Beijing last year. By the end of the year, the company plans to operate 51 stores in 27 cities throughout China. In October 2011, Toys R Us Inc. acquired the majority stake in its business in Greater China and Southeast Asia from Fung Retailing. With this agreement, the existing Toys R Us licensed operations in this region became 70-percent majority-owned and controlled by Toys R Us Inc. and 30-percent owned by Fung Retailing.

“We’re pleased to continue growing our store base to make our brand more accessible to parents and kids throughout the world,” said Antonio Urcelay, interim CEO, in a press release. “This expansion demonstrates our ongoing commitment to our long-term strategy – advancing our business in international markets with high growth potential and the continued integration of our toy and juvenile products businesses under one roof.”

The retailer said first-quarter sales fell 7.8 percent to $2.4 billion from the same period in 2012.Same-store sales were down 8.4 percent at the retailer’s U.S. stores and 5.8 percent at its non-U.S. stores. The company ended the first quarter with about $1.7 billion of liquidity, including cash and cash equivalents of $470 million and unused availability under committed lines of credit of $1.2 billion.

As of the first quarter, the company operated 870 Toys R Us and Babies R Us stores in the U.S., and about 665 non-U.S. stores and about 160 licensed stores in 35 countries and jurisdictions. In addition, it operates the FAO Schwarz brand and sells extraordinary toys in the brand’s flagship store on Fifth Avenue in New York City.

Lowe's wins bidding for Orchard Supply stores

家裝連鎖店 Lowe’s 將以唯一競標者的身份用 2 億多美金買下 72 間破產的五金連鎖店 Orchard Supply Hardware

By Ely Portillo (Charlotteobserver.com)

Mooresville-based Lowe's Inc. said Monday that it was the sole bidder for California-based Orchard Supply Hardware, and it will acquire 72 of the bankrupt retailer's stores for $205 million.

The move will boost the Lowe's store count in California, where the home improvement retailer currently operates 110 stores. Orchard Supply will operate as a separate division of Lowe's, retaining the company's current management.

Lowe's will present the acquisition plan to a bankruptcy court judge on Aug. 20 for approval and hopes to complete the acquisition by the end of the month.

"Orchard is a great brand that needs some investment in a refresh process," Robert Niblock told the Observer. "They were performing well but strapped with too much debt."

Lowe's announced its bid for Orchard Supply two months ago. Other interested parties had until last Friday to submit a competing bid. But Lowe's said Monday that no one else had, and the auction was closed.

The major benefit to Lowe's, Niblock said, is more stores in California, a market that's catching the wave of a rising housing market.

"It's a market that we're under-penetrated in," said Niblock. "There are a number of areas in California where it's difficult to get into with a traditional big-box store." Local ordinances and high real estate costs make a Lowe's-sized store a tough proposition for many urban areas in California, he said.

Orchard Supply operates smaller stores than Lowe's. Its stores average 36,000 square feet, compared with Lowe's stores at 110,000 square feet. Orchard Supply's stores are clustered around California's big cities, including Los Angeles, San Francisco and San Jose.

Home Depot has greater market penetration in California, and analysts have said Lowe's can close some of the gap by acquiring Orchard Supply.

In total, Orchard Supply operates 91 stores. Lowe's said it will acquire the 72 that best fit its strategy, and that it plans to open more Orchard Supply stores in the future.

Lowe's had more than $1 billion worth of cash on hand at the end of its quarter in May, according to securities filings.

A MEMBER OF ACCREDITED MANAGEMENT ORGANIZATION

Homeownership Down, Posh Apartment Decor Sales Rise

房屋業主變公寓房客，促豪華家具和飾品銷量上漲

By Gillian Rich (Investor's Business Daily)

While homeownership has fallen to the lowest rate since 1995, retailers like Williams-Sonoma (WSM) look to cash in on renters filling smaller living spaces with posh furniture and accessories to make their apartments feel less temporary.

The seasonally adjusted homeownership rate fell to 65.1% in the second quarter, from 65.2% in Q1 according to the Commerce Department Tuesday. The rate topped out at 69.4% in 2004.

Buying a home used to mean splurging on large dining room tables and kitchenware that could last a lifetime of eating and entertaining. Williams-Sonoma is known for its expensive offerings like Waterford crystal glassware and Mauviel Professional Copper cooking sets for more than $2,000.

Its shares are up 2% in the stock market today. Rivals Pier One Imports (PIR), Bed Bath and Beyond (BBBY) and Restoration Hardware (RH) are rallying too.

While the housing rebound is boosting demand for furnishings, Williams-Sonoma brand stores have been struggling as mobile apartment dwellers are looking for more trendy, affordable and less long-lasting goods.

So the company started expanding its more modern and less expensive Pottery Barn and West Elm stores.

Apartment decor has come a long way from particle board bookshelves from Ikea. West Elm stores offer sofas less than $2,000 and organic bedding sets less than $1,000.

West Elm also has a deal with Etsy, a website that sells handmade or vintage items, offering in stores some products like photography and bamboo flatware from local artists that were once just online.

The stores also feature design labs where customers can learn how to decorate their space, from creating a mood board to helping pick out furniture and accessory colors to learning how to measure their floor space.

The brand has branched out from its hip Brooklyn home to to places like Birmingham, Ala., and St. Louis.

Pier One Imports is also known for its in-style home assortments. Many of the brand's offerings are imported or created as a collaboration with foreign designers.

Pier One has posted five straight quarters of double-digit EPS growth.

Bed Bath and Beyond, which sells basic kitchen, bedroom and bathroom accessories, has been performing well in recent quarters. The company has reported double-digit revenue growth for the last four quarters.

Restoration Hardware went public in November after being privately held for four years as the recession took its toll on the furniture seller. But the company has posted accelerating revenue growth since being listed on the NYSE.

The Retail-Home Furnishings group is ranked No. 14 out of the 197 industry groups Investor's Business Daily tracks, up from No. 83 just 13 weeks ago and No. 122 26 weeks ago.

Meet The World's Fastest-Growing Fitness Chain

全球發展最快的連鎖健身房品牌 **Anytime Fitness** 的成功秘訣

By Brandon Southward (CNNMoney)

FORTUNE -- Step inside an Anytime Fitness gym and you'll likely notice more of what it lacks than what is there. No massive machinery, mobs of people, or grunting bodybuilders trying to outdo one another.

You'll also take note of the club's particularly small size -- only 4,000-6,000 square feet, nearly eight times smaller than full-service gyms like Equinox. It's clean and tidy, and there are no employees shoving papers in your face convincing you to sign up for the gym's new weight loss plan, "how to lose 50 pounds in five days."

There is none of that in this decidedly unintimidating environment, and that's exactly how Anytime Fitness CEO Chuck Runyon wants it. "We are Cheers without the beers."

Cheers, of course, the place where everybody knows your name. But this spot doesn't have any Sam-and-Diane-relationship-tensions, and Norm or Cliff won't be dropping by anytime soon.

It's that vibe that has helped make Anytime Fitness the fastest growing fitness club in the world, according to a report released this year by The International Health Racquet and Sportsclub Association, a title the company has held for the last six years. In 11 years, the Minneapolis-based chain has expanded to more than 2,200 clubs worldwide, in all 50 U.S. states and 14 countries. By comparison, it took Subway 23 years to reach 2,000 restaurants and McDonald's (MCD) 32 years to reach 2,000 restaurants.

Anytime lacks some of the traditional trappings of a gym, but it does have plenty of classes. Walk in, and you will find a kiosk holding more than 100 different video classes that are accessible at all times. Want muscle conditioning? Got it. Want to take a turbo kicking class? They have that too. You pick your class, head into a multi-purpose room, and you're off and running. If the classes don't intrigue you, Anytime Fitness has cardio equipment like treadmills and ellipticals along with resistance workout equipment and free weights.

The relationship between the gym and its members is special, as evidenced by the Anytime Fitness tattoos sported by its passionate members and employees. "It started with a St. Paul franchise owner at a conference in 2005. Since then, over 1,000 people have gotten the Anytime Fitness purple running man tattoo," Runyon said.

He should know. Anytime Fitness foots the bill for the body art; all the tattoo recipients have to do is share why they're getting it. The reasons vary, including some crediting the chain with dramatic weight loss or boosting their self-esteem.

To be sure, Anytime Fitness' ascendance coincides with a boom in the fitness club industry as a whole, with membership expected to reach an all-time high of 52 million in 2013, according to research from IBISWorld.

Revenues for gym, health, and fitness clubs in 2013 are estimated to reach a record high of $25.9 billion. Anytime Fitness has seen revenues grow by 80% in the last five years to more than $484 million at the end of 2012, and Runyon anticipates system-wide revenue exceeding $600 million at the end of this year.

So what has fueled Anytime's impressive growth? Pete Moore, founder and managing director of consulting firm and market research firm Integrity Square, thinks it's not just the relaxed atmosphere, pointing instead to its monthly membership costs and 24/7 operating hours model. "Anytime came in charging an inexpensive $35-$55 a month and stripped down labor costs by having the gyms staffed for a certain number of hours, but allowing members to come and go when they like."

Future issues for Anytime Fitness are the same that have plagued the fitness industry as a whole: stagnation and diversification. The industry's memberships and revenue have flat-lined since 2011, and while growth is expected within the next few years, it will be at a slower rate than before. This, along with the growth of competition from yoga studios, Zumba classes, and the convenience of home workouts threatens the future of bigger gyms.

Yet Runyon doesn't feel threatened; he seems to relish the challenge.

"Blockbuster got beat by a better business model in Redbox and Netflix, so we must be prepared to see what's around the corner ... Our focus going forward will be on outside club activities than inside activities," he said.

To extend their reach, Anytime Fitness has created an online health guide, anytimehealth.com, focusing on meal planning, tracking workouts, and sharing members' fitness successes with others. The website also calculates how many calories and pounds members have lost using its nutritional programs.

To be sure, Anytime Fitness isn't abandoning its brick-and-mortar foundation; the company recently acquired Waxing the City, a Denver-based hair removal salon franchise that Runyon says is the kind of "personal improvement brand" he wants to promote with his company.

There are plans for 250 to 300 new clubs over the next four years, and 25-35% of those clubs will be outside the U.S.

If Anytime Fitness continues to grow at that rate, it won't be long before the entire world knows its name.

Hispanic Shoppers Seen as Key to Struggling Retail Centers

垂死掙扎的購物中心業主視拉丁裔消費者為救星

By MIRIAM JORDAN (WSJ)

PANORAMA CITY, Calif.—On a recent Sunday, Spanish-speaking families swarmed the Panorama Mall here in the outskirts of Los Angeles for an afternoon of Latino entertainment.

"We come for the mariachi, then we eat something and go shopping," said Gloria Mesina, visiting the mall with her daughter, Viviana, and her granddaughter, Brisa.

That is music to the ears of José Legaspi, a real-estate broker who joined forces with the mall's owner, Macerich Co. to revitalize the shopping center by targeting Hispanics.

The partners are among an emerging crop of commercial-property investors responding to the same demographic reality that has rocked the political landscape: the rise of Hispanics.

Hispanics accounted for more than half the population growth between 2000 and 2011; Latinas have more children than non-Hispanics; Hispanic households that earn $50,000 or more are rising at a faster clip than total U.S. households. Their households outspend other groups on beauty products, food and apparel, according to Nielsen Co.

Now, Mr. Legaspi and Macerich, owner of about 70 retail properties, believe that Hispanics shoppers may help solve a problem that has been vexing the retail real-estate business: dead malls. While this has been a problem for decades, it has been worsened by the economic downturn combined with competition from online shopping.

The team believes many ailing malls could be revived by luring Latinos with a combination of live entertainment, children's rides and adjustments to the mix of retail and food options. Such amenities can help draw an important and growing demographic amid escalating competition from online shopping.

"The market has been grappling with what to do with obsolete, underperforming malls," says Ryan Severino, an economist at Reis Inc., a market-research firm that specializes in commercial real estate. "It's right to go after a group whose population and purchasing power are growing and offer a mall experience that can't be replicated on the Web."

About 10% of the 1,081 malls tracked by Green Street Advisors Inc. will close or experience a significant change in use over the next decade, the firm predicts. About 190 malls currently have sales of $250 a square foot, well below the U.S. average of $450 a square foot.

"Most future dead malls will come from this group, but many will also come from malls currently more productive," says Cedrik Lachance, a Green Street analyst.

Mr. Legaspi, who began in the 1980s by helping Hispanic grocers establish outlets in Los Angeles, has used his Hispanic strategy on nine malls. He co-owns four of them in Texas, Atlanta and Oklahoma City and manages five for Macerich in California and Arizona.

A 61-year-old native of Mexico, Mr. Legaspi settled in the U.S. as a teenager and made his first foray into a Hispanic-focused mall in 2004, backed by a Texas investor named Andrew Segal. The 1.2 million-square-foot Fort Worth center was only 10% occupied, and "literally dead," recalls Mr. Legaspi, whose company is Legaspi Co.

For $22 million, the partners acquired and transformed the mall. They gave it a Spanish colonial exterior and interior reminiscent of an old Mexican downtown and rebranded it "La Gran Plaza" in 2006. Today, the center is more than 90% occupied.

In 2010, Santa Monica, Calif.-based Macerich tapped Mr. Legaspi to reinvent a Phoenix shopping center called Desert Sky Mall that was trending downward. "We looked at the demographics and realized we hadn't drawn from the large Hispanic population group," says Eric Salo, Macerich's executive vice president.

A vacant Mervyns was turned into a mercado, housing several Hispanic-owned retail stalls. Latino-themed events were introduced, such as a Dia de los Muertos celebration featuring traditional Mexican altars. Free musical performances became a weekend staple.

Almost immediately, recalled Mr. Salo, "we saw foot traffic go up, sales go up and tenant occupancy go up." Some tenants who had given notice they would vacate decided to stay. The property's bottom line got a 30% boost, according to the Macerich executive.

Buoyed by Desert Sky Mall's success, Macerich and Mr. Legaspi in 2011 created Vanguardia, an operating program for repositioning existing malls for Hispanics.

Average sales per square foot of the five Vanguardia properties are about $250 to $300, compared with more than $600 at high-performing malls, according to independent estimates.

Most of the Vanguardia malls have seen an improvement in sales, but there has been one notable exception. The Fiesta Mall in Mesa, Ariz., which sits in a deserted retail area in greater Phoenix, was "crushed" by the recession, according to a report by Green Street.

"Whether the strategy is going to work long term is still an open question," Mr. Lachance says. "But you have to give a thumbs-up to Macerich for responding to the changing demographic."

Before it was upgraded, Panorama Mall in the San Fernando Valley "felt like a swap meet," said college student Joana Delgado, 26 years old, who shopped at the Wal-Mart store on a recent Wednesday.

STC 資產管理 MANAGEMENT Lic. No. 01299442

In 2011, Macerich began upgrading the one-story mall. It added rounded arches to the ceilings and enhanced the lighting to create a brighter, airy ambience. A stage went up in the center and children's rides were placed at either end of the mall.

On a recent day, thick crowds formed lines outside the restaurants, fingered through racks at Forever 21 and packed Children's Place, an addition since the renovation.

The Children's Place says sales have exceeded expectations. "Our experience in Panorama Mall gives us confidence that our strategic pursuit of the very important Hispanic customer is on track," says Jane Elfers, chief executive of the national chain.

With retail demand surpassing supply at Panorama Mall, Macerich and Mr. Legaspi have drafted plans for an extension to include an open-air courtyard and fountain. Called Promenade Panorama, it is slated to open in fall 2014.

Medical Office Sector Continues Healthy Performance

醫務辦公室板塊繼續健康增長

BY Mark Heschmeyer (CoStar)

A groundswell of medical joint ventures and partnerships combining the strengths of for-profit and not-for-profit providers are leveraging their stronger balance sheets to invest in real estate, emerging as one of the key drivers behind the increased demand for medical office buildings (MOB), according to Cushman & Wakefield.

"We are witnessing core, Class A medical office assets trading at or above pre-credit crisis pricing levels," said Jeffrey Piehl, director with Cushman & Wakefield's Valuation & Advisory Health Care Practice Group. "As the industry consolidates, demand for strategic off-campus ambulatory and urgent care locations is on the rise."

At the same time, Piehl added, new construction is continually being pushed back as health systems work through corporate integrations and developers hold off on building until the implications of health care reform become more clear.

That has created an opportunity for the medical joint ventures to hedge the investment risk by joining forces. For-profit providers bring access to capital and operational/administrative resources, while the strengths of non-profits are strong clinical brands and a reputation for attracting and retaining physician specialists.

In addition, Cushman & Wakefield attributes the robust sales in the MOB market to overall improvement in the capital markets, the performance of the public and private REITS that have flush cash balances, as well as limited supply of good-quality product available for sale.

According to COMPS data from CoStar Group, REITs have been the largest buyers of medical office buildings in the last three and half years.

REIT, Purchase Volume

* Health Care Trust of America, $752.5 million;

* Health Care REIT, $515.7 million;

* Duke Realty, $500.6 million;

* Griffin-American Health care REIT II, $478.8 million; and

* American Realty Capital Health Care Trust, $418.9 million.

In that timeframe, the average purchase price of MOBs nationally has been increasing from $165/square foot to $205/square foot - a peak it hit at the end of 2011 and again this month, according to COMPs data.

Volume has been up over the first half of the year in each of the last three years, with first half volume this year hitting $1.8 billion.

Cap rates have been steadily trending down from nearly 8% in the second half of 2010 to about 6.9% in the first half of this year.

Investors continue to view MOBs as a favored asset class, given the continued strong fundamentals of medical office leasing and health care demographics in general, Cushman & Wakefield's Piehl said.

In addition to analyzing a broad spectrum of MOB asset types, Cushman & Wakefield's Investor Survey specifically tracks the Ambulatory Surgery Center (ASC) real estate market. Overall, the ASC market's high performance in 2012 is projected to continue throughout 2013 as the asset class becomes more familiar to investors, while playing a greater role in the overall scope of health care.

The continued emergence of new medical technology, increases in physician and patient preference for outpatient settings, and the cost-effective alternative provided by ASCs compared to hospital spaces remain the primary drivers in the decision to buy or build ASC space.

Developers Plan to Build 14 New Hotels Near Disneyland

開發商計劃在迪士尼樂園周邊新建 14 家酒店，該區域酒店房間數將增長 19%

Source: Orange County Register

Aug. 15--A flurry of new hotels will soon pop up around Disneyland -- adding a staggering 19 percent more rooms in a district that had been dormant for a half-dozen years.

Developers plan to build 3,770 rooms -- in an expansion and 14 new hotels. The first new hotel will open as early as December.

Tourism and development officials say the industry is bouncing back after the recession, now that the financial market has loosened up and hoteliers are again able to get loans.

An added bonus to the Anaheim-Garden Grove swath near the two Disney parks: the popularity of the $1.1 billion upgrade of Disney California Adventure, with its new Cars Land that opened last summer.

Further, the Anaheim Convention Center -- the largest such facility on the West Coast -- has continued to expand and may do so again soon. A Garden Grove water park, just down the street from Disneyland, expects to break ground later this year.

"It's an exciting time to be in Anaheim with the growth and opportunities and the momentum we have," said Jay Burress, president of the Anaheim/Orange County Visitor & Convention Bureau. "We have to capitalize on it and take advantage of these good times."

Tourism, of course, means big bucks to the cities' coffers: Hotel bed taxes make up the biggest chunks of the budgets of both Anaheim and Garden Grove. Already, the area has roughly 20,000 rooms.

Years ago, it was supposed to be like this.

In 2007, a similar number of hotel plans were pitched in Anaheim. Some rooms were built on the Garden Grove side of Harbor Boulevard. But Anaheim's hotel pipeline dried up. The last new lodge to open was the WorldMark Anaheim timeshare in 2008.

For years, some lots just sat untouched -- until recently. Now, two corners at Harbor Boulevard and Katella Avenue -- the main intersection near Disneyland -- were razed and await new hotels with drug stores.

Anaheim officials approved, in 2008, a new Marriott Springhill Suites for Ball Road. Now, finally, it is under construction and due to open in December.

"As soon as the market tanked, financing was virtually impossible to get," said Kiran Patel, president of DKN Hotels, which is developing the Marriott. "That was a bit of a roadblock, and we were just waiting for the economy to get better before we started. ...

"It's basically pent-up demand now, because there's been no new supply for a long time," Patel explained. "Most of the product in Anaheim is old. There is an opportunity for new hotels."

As of June, the Anaheim-Garden Grove area had a 10 percent jump in hotel room revenue over the year before. Hotels are charging an average of $124 per room, according to Smith Travel Research.

"It's really up nationwide," Burress said of tourism. "We just happen to be doing exceptionally well."

Of course, much of the tourism for this area is generated by Disneyland and adjacent Disney California Adventure, which together had more than 23 million guests last year.

Disneyland, the world's second-busiest theme park behind its Florida sibling the Magic Kingdom, had a 1 percent drop. But California Adventure had a 23 percent hike in 2012.

"Hotel developers are seeing that it is a good time to be building and it makes sense," said Alan Reay, president of Atlas Hospitality Group, a hotel-industry consultant.

Ajesh Patel, president of Prospera Hotels, involved in four of the new projects, said room rates will continue to rise as the hotels, which are needed, open.

"I think there's enough demand to be absorbed," Patel said. "Obviously, there's a tremendous amount of inventory coming on the market, but ... we're not concerned."

BofA Will Dissolve Merrill Lynch Unit While Keeping Name

美林在被美國銀行收購四年後，準備退出市場；美國銀行在裁掉這一子公司的同時會為股票經紀和投資銀行業務保留美林的品牌

By Hugh Son (Bloomberg)

Merrill Lynch & Co., the 99-year-old firm known for its "thundering herd" of brokers pitching stocks to Main Street, may cease to exist as a legal entity more than four years after being acquired by Bank of America Corp.

While Bank of America will keep the Merrill Lynch brand for its retail brokerage and investment bank, the Charlotte, North Carolina-based company plans to dissolve the subsidiary as early as the fourth quarter, according to an Aug. 2 filing. The firm will assume Merrill Lynch's obligations and debt.

Bank of America, the second-biggest U.S. lender by assets, is simplifying its structure after Chief Executive Officer Brian T. Moynihan's predecessor bought Merrill Lynch in 2009. Merging the legal entity could help Moynihan hit his $8 billion-a-year cost-cutting target and comply with regulators who want to make the biggest banks easier to resolve in a crisis.

"Less-complex structures would increase the success of resolution planning via living wills in the case of potential worst-case financial distress scenarios," David Hendler, an analyst at CreditSights Inc., said today in an e-mail with the subject line: "Bye Bye Merrill Lynch & Co.?"

Dissolving the legal entity also ends Merrill Lynch's need to file separate regulatory disclosures. The move will have "no impact" on how the firm serves clients or on the Merrill Lynch brand, said Jerry Dubrowski, a Bank of America spokesman.

Merrill Lynch had about $62 billion in long-term debt as of the second quarter, Hendler said. The move shouldn't affect Merrill Lynch bonds because spreads have already converged with those of the parent company, Hendler said.

Troubled Takeover

Bank of America faced regulatory probes, investor lawsuits and criticism from lawmakers over claims it didn't warn shareholders about Merrill Lynch's mounting losses before they voted to buy the firm for $18.5 billion.

Last year, Bank of America agreed to pay $2.43 billion to investors who suffered losses during the takeover, engineered by former CEO Kenneth D. Lewis as the world's biggest financial firms teetered near collapse during the 2008 credit crisis. Merrill's operations were credited with fortifying Bank of America in the years that followed as costs piled up from bad home loans and credit cards.

According to a company history, founder Charles Merrill solidified his reputation on Wall Street by advising clients to sell stocks prior to the crash of 1929. The firm went public in 1971 and later in the decade introduced

its corporate logo, the charging bull that Merrill executives have said is one of the most recognizable brands in the world.

Merrill Lynch had about 14,000 financial advisers as of June 30, excluding those working at bank branches. Bank of America's entire staff was 257,158.

Merrill Lynch, Pierce, Fenner & Smith Inc., the firm's broker-dealer unit, will continue to exist as a subsidiary, said Susan McCabe, a Bank of America spokeswoman.

Warehouse Rent Growth 'As Good As It Gets' in Second Quarter

需求增長，第二季度倉庫租金穩步上升

By Tim Trainor (CoStar.com)

Rents in a handful of top warehouse distribution markets posted year-over-year rent gains of 5% or more in the second quarter, virtually unheard of in the staid property sector more accustomed to 1.3% annual rental rate growth.

For the U.S. warehouse market as a whole, the average asking net rent rose to $4.75 per square foot, a 2.1% increase from one year ago. The upward trend in rents was boosted by 37.3 million square feet of positive net absorption during the quarter, the second largest quarterly absorption since the recovery started, and reflected continued steady demand from warehouse-distribution tenants at a time when very little new space is being added by developers.

"I think we can finally say that rent growth is back," said Rene Circ, director of industrial research for CoStar's Property and Portfolio Research (PPR), who with Senior Economist Shaw Lupton, this week presented CoStar's Midyear 2013 Industrial Review and Outlook. The full presentation is available to subscribers at www.costar.com.

"While we have seen some previous rent growth in terms of diminishing free rent and concessions, now landlords in a larger number of markets have begun raising actual asking rents," added Circ. "And it's a good cross section with 142 of the 210 submarkets we track seeing rent increases during the quarter. We're seeing very good rent growth across the board."

A handful of major warehouse distribution markets have seen rents rise more than 5% over the past year. Orange County, CA, Indianapolis, South Florida and Edison, NJ all posted annual rent gains above 5%. California's Inland Empire and Dallas-Fort Worth each had 6.1% in annual rent growth and Portland saw a staggering 7.8% increase.

"These are epic rent numbers for the industrial property sector, and go a long way towards offsetting the drop in rents we saw during the recession," noted Lupton. "While industrial rents this year are still down about 8% for leases signed five years ago that are rolling to current market rates, in markets such as Portland, the rent is essentially flat for leases that are rolling over."

While some of the markets seeing strong rent growth are supply-constrained, others are not. "The virtual shut-down in construction has served as a great equalizer among markets at this point in the cycle where supply hasn't caught up with demand," added Lupton. "We're seeing strong rent growth in markets that typically don't see big pops in rent."

Rents Playing Catch Up

Both economists cautioned that the rent growth seen in the industrial property sector during the second quarter is a short-term phenomenon resulting from the fact that developers continue to shy away from building new warehouses, despite an average vacancy rate that's dropped 88 basis points over the past year to 8.5%.

"A 6.1% annual rent growth in Dallas is not what anyone would consider to be normal," said Circ. "It's not a growth rate that is sustainable. Right now, rents are playing catch-up. Once developers start building again and supply catches up to demand, we expect rent growth to return to a more typical rate for these markets."

A total of 50.7 million square feet of new warehouse distribution space was under construction at the end of the second quarter, well below the peak of 228 million square feet under construction in the third quarter of 2007, and up from the first quarter of 2010, when construction of new warehouse distribution space bottomed out at 30 million square feet under construction.

While warehouse rents have increased, they have not yet risen to levels in most markets needed to justify construction. Conditions vary market to market, but Lupton believes on average rents are currently about 5% below where they need to be to justify a significant increase in new construction.

"The models all say we should build more," added Circ. "But developers continue to surprise in terms of the amount of space they are not building."

While a handful of markets have advanced to the stage in the market cycle in which developers are adding speculative space and contributing to increasing vacancy, the majority of markets are still bunched up in the early expansion stage, in which rents have begun to increase and occupancy is increasing but building has not begun in earnest.

The CoStar economists expect it will take another six quarters for developers to ramp up construction to the point where supply catches up with demand. Then vacancy should begin to rise and rents level off.

Meanwhile, as vacancies decrease and move-outs remain extremely low, businesses are gaining confidence in the economy and more developers have announced plans to start new warehouse-distribution projects in several markets.

"While the GDP growth rate is not as strong as many would like, we are seeing confidence in the market build as mostly positive indicators show encouraging progress, including in goods consumption and production, truck tonnage and housing starts," noted Lupton. "The one big weakness remains business confidence as reflected in the purchasing manager's index for manufacturing, which remained negative for the second quarter and reflects the expectations of companies."

Still, the economists point out, industrial production remains positive, and output and goods fill warehouse space, not job growth.

Investors Remain Active

Investors continued to flock into the warehouse distribution market during the second quarter.

"They like the yields, they like the demand story. We're seeing lots of interest in the space from non-traditional players, most of whom show a clear preference for the institutional-grade bulk warehouse assets," Lupton added.

In terms of potential opportunity, the two economists said more upside may exist in smaller, older distribution space, where investors can still acquire buildings at a 16% discount, whereas the top-line, institutional quality bulk warehouse buildings are trading at replacement cost.

Rising Interest Rates Dampen Debt Financing Conditions in Apartment Sector

第二季度公寓樓需求增長，利率上漲對貸款形成阻礙

By Carisa Chappell (REIT.com)

While the demand for apartments remained strong during the second quarter of 2013, increasing interest rates have put a damper on debt financing conditions, according to data from the National Multi Housing Council (NMHC).

NMHC's quarterly survey of CEOs and senior executives of apartment-related firms nationwide found that 67 percent of the respondents said the cost of debt financing for apartments has risen since April 2013. Additionally, just 8 percent of respondents said debt financing conditions had improved.

"Interest rates have risen 90 basis points since the April survey was conducted, leading two-thirds of the survey respondents to cite worsening debt finance conditions," said Mark Obrinsky, senior vice president for research and chief economist.

In NMHC's Debt Financing Index, a reading above 50 indicates that borrowing conditions are improving and below 50 indicates that borrowing conditions are worsening. The indicator fell from 59 in the first quarter of 2013 to 20 for the second. Despite more expensive borrowing conditions, Obrinsky said he expects the impact on market activity to be minimal.

"Recent [Federal Reserve] comments have been widely interpreted as hinting at a near-term shift to a somewhat tighter monetary policy," he said. "It remains to be seen whether that occurs, considering the still-sluggish pace of growth that has characterized the current recovery. In any event, rates remain low by historical standards and are not likely to put too big a crimp in transaction activity going forward."

Obrinksy said he expects the apartment sector to continue to have strong operating fundamentals. Overall, survey respondents reported that "everything else remains steady," Obrinsky noted.

"Underlying demand trends remain strong, and we are approaching the cusp of a meaningful increase in apartment supply that will hopefully be large enough to meet the need," he said.

The majority of the survey's respondents, 55 percent, reported tighter rental markets than the previous quarter, reflecting lower vacancy rates and higher rents. In the previous quarter, 54 percent reported tighter market conditions.

Respondents also reported rising construction costs, with 68 percent indicating that costs had increased by more than 5 percent since 2012.

CPE 100 Quarterly Sentiment Survey: A Bubble is Forming, but Status Quo Prevails for Now

對商業地產高管的調查顯示商業地產的泡沫已經形成，但近期市場仍維持健康

By Paul Rosta (Commercial Property Executive.com)

A resurgent investment market is raising an inevitable question: is a bubble forming in commercial real estate? According to the midyear CPE 100 Quarterly Sentiment Survey, the answer is definitely "yes."

Asked about the likelihood that a bubble would appear in the next 12 months, a solid majority of executives surveyed–62 percent—agreed. The finding is a highlight of the quarterly poll of the CPE 100, a select group of leading commercial real estate executives.

Another response underscores the impression that years of overachievement by multi-family properties may be coming to a close. Half of the executives surveyed half identified the multi-family sector as the asset category where a bubble is most likely to appear. By contrast, only 21 percent named single-family homes as most likely to experience a bubble, followed by hospitality and office properties, each cited by 14 percent.

"The fact that multi-family is being singled out as the asset class most likely to see a bubble is likely due to the fact that the apartment sector has recovered faster, and farther than other property types," said CPE Senior Associate Editor Mike Ratliff, who coordinates the Sentiment Survey. "Apartment properties in core markets are selling above peak pre-recession values, though there has been recent deceleration in both rent and occupancy growth. It remains to be seen whether this is a new normal—or whether multi-family buildings are indeed overvalued in markets like New York, San Francisco and Washington, D.C."

This quarter's Sentiment Survey also suggests that a reckoning could be in store for several longtime star markets. Forty-six percent of executives identified Washington, D.C., as the major market that is closest to a pricing pullback. Half as many—23 percent—said that prices are on the verge of a downturn in San Francisco, and 15 percent cited New York City.

On the economic front, the CPE 100 offered a sense of stability mixed with a few caveats. The midyear survey found that 46 percent of executives believe that general business conditions will be at least somewhat better three months from now, nearly identical to the first-quarter total of 50 percent and an uptick from the 30 percent one year ago. Nevertheless, a note of pessimism also emerged; another 15 percent of executives expect business conditions to worsen during the next three months.

When it comes to the real estate industry itself, most executives anticipate that the status quo will prevail for a while. A majority of executives—about 54 percent—say that the health of the market will be unchanged during the next three months, nearly the same as the 58 percent who said so in the first quarter. The percentage that detects improvement, 38 percent, is slightly smaller than during the first quarter but bigger than the 23 percent

who said things were getting better at this time in 2012. Finally, about 8 percent worry that real estate market conditions will worsen during the next three months.

"This month's results jibed with other statistics indicating a general stabilization—though not an outright improvement—in the real estate market in the face of some continued economic and political uncertainties," said CPE Editorial Director Suzann Silverman . "On the other hand, the expectation for a pricing pullback in Washington, D.C., is interesting, given that we have now worked through many of the factors that gave investors pause last year in the nation's capital."

Considering the general perceptions of stability, it was somewhat surprising that members of the CPE 100 are more cautious about predicting improvement in their own companies' performance. Only 38 percent of respondents were willing to predict that their companies will be doing better in three months, a drop from 58 percent in the first quarter. Accordingly, about 62 percent expect their firms' performance to maintain the status quo, up from 42 percent in the previous survey.

STC 資產管理 MANAGEMENT
Lic. No. 01299442

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

消費者市場利率：房貸、基本利率、等等

(Reprinted with Permission of the Wall Street Journal)

	Yield/Rate (%)		52-Week		Change in PCT. PTS	
Interest Rate	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0-0.25	0-0.25	0-0.25	-	-
Prime rate*	3.25	3.25	3.25	3.25	-	-
Libor, 3-month	0.26	0.26	0.42	0.26	-0.16	-0.04
Money market, annual yield	0.44	0.44	0.53	0.42	-0.08	-0.29
Five-year CD, annual yield	1.25	1.26	1.38	1.15	-0.12	-1.10
30-year mortgage, fixed	4.61	4.74	4.78	3.54	0.91	0.10
15-year mortgage, fixed	3.68	3.80	3.84	2.80	0.63	-0.28
Jumbo mortgages, $417,000-plus	4.84	4.92	5.11	3.97	0.55	-0.85
Five-year adj mortgage (ARM)	3.82	3.69	4.06	2.80	0.75	-0.23
New-car loan, 48-month	2.44	2.44	3.72	2.42	-0.54	-3.72
Home-equity loan, $30,000	5.25	5.26	5.27	4.60	0.61	0.14