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COMMERCIAL REAL ESTATE MARKET UPDATE

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- **A Trump Market Reaction Just Made Housing More Expensive**
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- **Property Tax Rates Lower in Pricier Coastal Cities, Study Finds**
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- **Why Southern California Rents Feel So High: Increases Rapidly Outpace Inflation**
  南加州房租依然居高不下: 增加迅速超過通貨膨脹

  It’s no surprise rents usually go up every year. And typically, the rate of increase slightly exceeds the overall rise in the cost of living. However, if you want another reason why most of today’s local renters feel a financial squeeze — fallout from the regional housing shortage — just ponder this: Rent increases in five Southern California counties are outpacing inflation at the fastest pace in 30 years.

HOTEL

酒店

- **A Beer Hotel is Coming to Southern California**
  全國最大鮮釀啤酒品牌即將在南加州開設主題旅館

  If your ideal vacation involves guzzling a lot of beer (that isn't Bud Light), take note: One of the nation's biggest craft breweries is opening a hotel. Brought to you by SoCal brewer Stone Brewing, Stone Hotel will be located in Escondido, California, just across the street from its massive brewery-restaurant complex that opened in 2013.

FINANCING

貸款與資金

- **Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)**
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Report: Major Quake on San Andreas Fault Could Be Twice As Damaging As Previously Thought
By: Kevin Smith

A newly released analysis from CoreLogic reveals that a major earthquake along the San Andreas fault could damage twice as many homes as previously thought.

NORTHERN AND SOUTHERN PORTIONS COULD BOTH ERUPT INTO BIGGER QUAKE

The global property information and analytics firm based its data on revised earthquake risk science from the U.S. Geological Survey's Uniform California Earthquake Rupture Forecast. The forecast concludes that a large temblor could occur simultaneously in both Northern and Southern California.

The San Andreas fault has traditionally been viewed as two independent segments with earthquake ruptures on the northern and southern faults that were deemed mutually exclusive of one another.

3.5 MILLION HOMES COULD BE DAMAGED, COSTS COULD HIT $289 BILLION

The CoreLogic analysis shows that an 8.3 magnitude earthquake along the San Andreas fault — which was previously thought possible only along the northern segment of the fault line — could result in a full rupture. That would increase the number of homes damaged by 126 percent, from 1.6 million to 3.5 million homes. And the cost to rebuild the homes would rise nearly 80 percent from $161 billion to $289 billion.

A similar scenario that expands earthquake risk from the southern San Andreas fault to a full rupture increases the number of homes damaged by 54 percent, from 2.3 million to 3.5 million. The cost to rebuild would also jump 111 percent from $137 billion to $289 billion.

For a magnitude 8.2 or 8.0 earthquake scenario, the number of damaged homes would jump from 1.9 million to 2.5 million, CoreLogic's analysis shows, and the cost for rebuilding would increase from $130 billion to $183 billion.

The USGS's latest forecast includes a more complete database of California faults with additional geological observations of past earthquake dates and fault configurations. It also incorporates improved and updated "deformation models" to improve estimates of the movement along those faults.

"This new science that came out from the USGS a couple years ago shows the probability of fault lines erupting in multiple segments that are close enough together to trigger a much larger earthquake," said Maiclaire Bolton, a seismologist and senior product manager for global earthquake products with CoreLogic. "We've taken that hazard science and implemented it into our own risk model to determine financial losses. This new science will fundamentally change the way we think about earthquake risk in California."

A QUAKE ALONG THE ENTIRE FAULT WOULD BE RARE

Bolton acknowledged that an 8.3 magnitude quake running the entire length of the San Andreas Fault would be rare.

"It would be pretty far out there," she said. "And the only way we could determine where we sit on the cycle is to know a lot about past earthquake occurrences. We would need to have a record for a good many years of how frequently they happened."

ALL ABOUT THE 'CREEPING SECTION'

Ken Hudnut, a science risk advisor for the USGS, said the possibility of a quake running the entire length of the San Andreas Fault is not 100 percent accepted, although it's increasingly being considered as a possibility. He noted that the northern and southern portions of the fault line are bridged by a 95-mile stretch known as the "creeping section."

"This is a fault between the tiny town of San Juan Bautista at the northwest end and Parkfield at the southern end that is continually moving," he said. "It's moving and releasing energy instead of getting locked up. The rocks are of a different type there and there is enough fluid so they get ground down with a lot of slippage."

It has traditionally been thought that a quake originating on either side would likely not move through the creeping section to create a bigger event. But in light of new information, Hudnut said that idea is "not completely out of bounds."

FEW CALIFORNIANS HAVE EARTHQUAKE INSURANCE

Bolton said families should have earthquake kits at the ready and also have earthquake insurance. Many don't have insurance because the deductibles tend to be high.

Chris Nance, a spokesman for the California Earthquake Authority, which provides about 75 percent of the earthquake policies that are sold in the state through participating insurance carriers, said only 10 percent of California homeowners earthquake insurance.

"In areas with a higher risk, the percentage is higher than the statewide average for obvious reasons," Nance said earlier this year. "In the greater Los Angeles area it's 15 to 17 percent, and in San Diego it's 20 percent."

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How the Foreclosure Crisis Helped Put Donald Trump in Office
By: Tim Fernholz

Foreclosures helped put Donald Trump in the White House, and his choice for Treasury secretary, Steve Mnuchin, was in a good position to understand how.

Mnuchin, a veteran financier, bought OneWest Bank after the financial crisis and ran it for six years before his consortium sold it for a $1.5 billion profit. In that time, the bank, known as IndyMac before it was seized by federal regulators in 2008, foreclosed on some 36,000 homeowners.
National Public Radio found two such homeowners, retirees who lost their home in 2011 after taking on a home-equity loan they could not afford. Like many caught in the forest of post-crisis foreclosure bureaucracy, the couple couldn't maintain connect with anyone at the bank to restructure their loan, and saw their house sold without warning.

Dismayed with their treatment by the system, they voted for Trump in the 2016 election. A new analysis shows they are far from the only people bearing the scars of the housing market who backed the real estate developer's run to the White House.

The left-leaning Center for American Progress compared real estate data with election results, finding that counties that voted Republican tended to have higher median rates of negative equity—homeowners paying off loans that are worth more than the market value of their house, a warning sign for potential foreclosure. Counties that had voted for the Democratic candidate in 2012 and switched parties in 2016 had even higher rates of negative equity.

Areas where mortgage markets yet to recover from the financial crisis and economic weakness are particularly found in rural areas, in states like Michigan and Wisconsin that Democratic political strategists had counted on as reliable electoral college votes. Instead, Trump would end up with surprising victories thanks to turnout in rural districts. In some places, housing insecurity may not have motivated anti-Clinton votes but instead simply made it more difficult for her voters to get to the polls.
Sarah Edelman, the director of housing policy at the Center for American Progress, cautions that the connection between underwater mortgages and Trump votes are "correlation, not causation," but highlights "an important factor in the lives of Americans that has gotten very little attention."
"Housing was not talked about much in the presidential campaign, by anyone," Edelman says. "People don't talk about housing because it's really complicated, or it seems really complicated. [But] aside from your job, housing is the one economic issue that people understand the best, the economic issue that affects them most directly. The country would have benefitted from a more robust discussion of housing during the campaign."

Crumbling foundations

The closer you look, however, the more it seems our inability to discuss housing policy sensibly plugs directly into our current political moment. The erasure of $11 trillion worth of home value and the loss of more than 10 million homes to foreclosure shook the US economy in ways that are still playing out. Many people date the start of the "Tea Party," in many ways a predecessor to Trump's base, to a televised rant by CNBC personality Rick Santelli in February 2009. Less well remembered is what Santelli was so upset about: An Obama administration plan to convince banks to renegotiate mortgages with customers who owe more than the their house is worth, rather than foreclose on them. The idea

that some individuals might get help from the federal government was seen as a appalling, even as the government moved to bail out the financial and automotive industries.

That resentment—that someone else is getting help, but not me—is one of the motivating themes of the grievance-based campaign that helped put Trump in office. It's anger that draws on the idea that the housing crisis was primarily caused by irresponsible borrowing, and ignores the existence of irresponsible lending. And this anger helped forestall effective solutions, Edelman says, citing a "a misunderstanding among some segments of the public that the housing crisis was caused by irresponsible homebuyers, which undermined political support for bolder actions to provide struggling homeowners relief, [but] irresponsible lenders were the primary driver of the housing crisis."
The program that had Santelli red-faced and sweaty was called the Home Affordable Modification Program (HAMP), and its defenders note that it aided hundreds of thousands of homeowners by giving banks incentives and a rubric to provide real relief to borrowers. But its critics make a compelling case that it fell short for the millions more who lost their homes. Those California retirees who were foreclosed upon by One West, for example, reportedly qualified for HAMP modifications that were never delivered.

The Obama administration would update the program several times. Larger efforts to improve it—say, by forcing banks to write down the principal on loans, and not just the interest payments—were fought for years by Republicans in Congress.

One nominee to run the Federal Housing Finance Administration (FHFA), North Carolina regulator Joseph A. Smith, was blocked from confirmation by Senate Republicans because it was suspected that he would push for more relief to homeowners in the form of principal write-downs. The FHFA would eventually begin supporting such reductions only last March, after the worst of the crisis was over.
Facing half-hearted lobbying from the Obama administration, lawmakers declined to adopt a reform known as "cramdown" that would to allow bankruptcy judges to write down the value of a mortgage loan that is larger than the value of a home, as they can with many other debts.

Left behind

The economic recovery helped many Americans get past the foreclosure crisis. But the recovery was not well-shared, as Edelman and her team documented last year. Their observations of counties with high numbers of underwater homeowners became the basis of their new electoral analysis.
"While most of our housing market has recovered, there are pockets of the country have not," Edelman says. "One of the mistakes we make regularly in DC is pretending that the foreclosure crisis or the housing crisis is over everywhere, and it's clearly not."

The problems with negative housing equity are manifold: They are the loans most likely to end in foreclosure, for one. They also prevent people from drawing on their homes as an asset for loans to start businesses or pay for education. Homeowners who try to avoid bankruptcy by sticking with a negative equity mortgage can become trapped by the home and unable to relocate in search of higher-paying work. And, ultimately, they represent a drain on cash that consumers could spend on other goods rather than paying tens of thousands of dollars for, in effect, nothing.

A key contributor to sagging home values in troubled markets are unmaintained vacant homes, abandoned due to foreclosure, and the lack of financing for community land banks to keep them in shape. The economic malaise in places where trade has undercut manufacturing jobs, or where sizable

portions of the population has left in search of opportunity, feeds into housing market problems: They make banks reluctant to to support new home purchases that would buoy overall prices.
"Part of that is because home values are low, and so the lender is going to make a whole lot more money if they can make loans in areas where the loan balances are higher and the compensation is greater, than they will on a $60,000 mortgage loan," Edelman says. "We don't know enough about why that's happening. Some banks are better than others, and really innovating on how they reach consumers, and how they think about compensating their loan officers as well."

Despite complaints from the financial lobby, the regulations put in place after the crisis to prevent so-called toxic mortgages—predatory loans with little downpayment, no income verification, or escalating refinance clauses—don't appear to be hurting lending, nor are new rules that force banks to hold more capital. Yet the Trump administration and new Congress are likely to undo these laws, in part to restrict the Consumer Financial Protection Bureau, an agency created after the crisis hit, and designed to make sure consumers understand what they're getting into when they make a major financial decision like borrowing money to buy a home.

What's next for housing?

Housing advocates, who already fear major cuts to affordable housing investments under the Trump administration, are also dismayed by the news that Ben Carson, a Christian motivational speaker and retired neurosurgeon with no prior experience in housing finance, will be nominated to lead the US Department of Housing and Urban Development (HUD).
Meanwhile, future Treasury secretary Mnuchin has already mentioned plans to privatize Fannie Mae and Freddie Mac, the government-owned mortgage finance corporations that still backstop the bulk of the US mortgage market.

But figuring out how to responsibly extricate Fannie and Freddie from the market is a Gordian knot of a policy problem that has languished in Washington, with few in either major party eager to discuss the winners and losers of such a move. Most of the discussions have revolved around long-shot efforts by Wall Street investors to seize the formerly insolvent companies' post-crash profits, rather than letting the government recoup its investment—a strategy that appears to have received a boostgiven Trump's election.
Mnuchin's limited remarks on the topic to date suggest he is eager to wind down the two companies or eliminate them entirely, but housing finance experts across the political spectrum believe it will be difficult, if not impossible, to do without severely disrupting the market for home loans. Even the American Enterprise Institute's free-market plan to eliminate Fannie and Freddie depends on enacting a new, $4.5 billion annual tax subsidy to homebuyers—funded, naturally, by cutting spending on affordable housing at HUD and, less believably, by cuts in the home mortgage interest deduction.
All this suggests we shouldn't expect the Trump administration to offer relief to the more than 7 million American families still under water on their mortgages, even if their votes helped put Trump in office. Instead, the message about that key asset for the American middle class will likely be muddled again by the use of populist rhetoric to advance the financial sector's goals.

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Change Coming to Tarzana Professional Center
By: Los Angeles Daily News

A Los Angeles investor saw opportunity coming and he jumped at it, paying $32 million for a Tarzana office complex.

And it's the second time in less than two years that Tarzana Professional Center, a 160,345 square foot medical and office campus at the corner of Reseda and Burbank boulevards, has changed owners, said Earle Hyman, a senior vice president of investments at commercial real estate firm Marcus & Millichap's Encino office.

Hyman was part of the team that represented the seller and found the buyer.

The complex is not far from Providence Tarzana Medical Center, which is planning a massive $624 million expansion.

"This positioned the Tarzana Professional Center fabulously. As the medical center expands, it is going to benefit from the office buildings directly across the street," said Hyman.

The sales price works out to about $200 a square foot, he noted.

The campus consists of three-multi story buildings. Its location presents the new owner with the opportunity to add more medical facilities to the center, Hyman said.

But it won't happen right away.

"That's going to be a work in progress. Obviously the property has leases so you have to wait until the leases expire and as they expire it can be converted to medical space," Hyman said.

Confidentiality clauses prevent Marcus & Millichap from disclosing terms of the deal and identifying the buyer and seller.

But Brooks Staley, a consultant for Washington, D.C, - based CoStar Group, Inc., a real estate information company, said the buyer was Los Angeles investor Moiez Benyaminov and the seller was Kort & Scott Financial Group of Anaheim.

Only 8 percent of the space in the center is vacant, Staley said.

"For what the property is, which is essentially a medical office, this is a very sound spot," he said.

That's both in terms of tenant interest and economic trends.

"If you look at where we are in the business cycle this is quite a fairly safe core investment," said Staley of medical oriented properties. "They will hold (their value) through recessions."

He agrees it will benefit from being close to the hospital.

Providence announced its hospital expansion in May.

The major changes include constructing a six-story patient wing with 190 private rooms. Hospital officials also want to improve the pediatric and neonatal intensive care units as well as the existing, 33-bed Women's Pavilion.

Construction is set to begin next year and is expected to be completed in 2022.The work will create about 1,000 construction jobs, officials said.

Q3 Commercial, Multifamily Mortgage Originations Up 2 Percent Annual in U.S.
By: Michael Gerrity

According to the Mortgage Bankers Association's latest Quarterly Survey of Commercial and Multifamily Mortgage Bankers Originations, commercial and multifamily mortgage loan originations for the first nine months of 2016 increased 2 percent compared to the same period last year. Third quarter 2016 commercial and multifamily mortgage loan originations were 5 percent higher than the third quarter of 2015 and seven percent higher than the second quarter of 2016.

"Rising property values, robust property fundamentals, low interest rates and a strong transaction market continue to drive potentially record setting paces in commercial and multifamily mortgage originations. Through the first nine months of the year, borrowing and lending backed by commercial real estate is running two percent ahead of last year's pace," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research. "Originations for bank balance sheets, life companies and Fannie Mae and Freddie Mac are all running ahead of last year's record paces. And after a slow start to the year, the commercial mortgage backed securities market also saw a pick-up in the third quarter."

THIRD QUARTER 2016 ORIGINATIONS UP FIVE PERCENT COMPARED TO THIRD QUARTER 2015

A rise in originations for industrial and multifamily led the overall increase in commercial/multifamily lending volumes when compared to the third quarter of 2015. The third quarter saw a 32 percent year-over-year increase in the dollar volume of loans for industrial properties, a 26 percent increase for multifamily properties, a 5 percent decrease for office properties, a 23 percent decrease for retail properties, a 30 percent decrease in hotel property loans, and a 59 percent decrease in health care property loans.

Among investor types, the dollar volume of loans originated for Government Sponsored Enterprises (GSEs - Fannie Mae and Freddie Mac) loans increased by 82 percent year-over-year. There was a 3 percent year-over-year decrease for life insurance company loans, a 4 percent decrease in Commercial Mortgage Backed Securities (CMBS) loans, and a 9 percent decrease in the dollar volume of commercial bank portfolio loans.

THIRD QUARTER 2016 ORIGINATIONS UP SEVEN PERCENT FROM SECOND QUARTER 2016

Third quarter 2016 originations for industrial properties increased 20 percent compared to the second quarter 2016. There was a 19 percent increase in originations for health care properties, an 18 percent increase for multifamily properties, an 18 percent increase for office properties, an 8 percent increase for retail properties, and a 44 percent decrease for hotel properties from the second quarter 2016.

Among investor types, between the third and second quarter of 2016, the dollar volume of loans for CMBS increased 96 percent, loans for GSEs increased 35 percent, originations for life insurance companies decreased 4 percent, and loans for commercial bank portfolios decreased by 25 percent.

A Trump Market Reaction Just Made Housing More Expensive
By: Diana Olick

Call it a grand irony. Donald Trump rode to victory on an electorate looking for a better economy and a better standard of living, but the financial market reaction caused a huge spike in mortgage interest rates. That just threw a big wrench into affordability for homebuyers.

Investors piled into the U.S. stock market post-election and pulled out of bond markets, causing bond yields to surge. Mortgage rates loosely follow the yield on the 10-year Treasury.

In turn, the average contract interest rate on the popular 30-year fixed loan jumped a quarter of a percentage point in the last two days, from 3.60 percent to 3.85 percent according to *Mortgage News Daily*.

Daniel Acker | Bloomberg | Getty Images

A realtor, left, speaks with potential home buyers as they tour a home for sale in Sparland, Illinois,

"Even I was surprised to see how quickly lenders pulled back today. Different lenders have moved by different amounts, but on average, the 2 day total is 0.25 percent!" said Matthew Graham, chief operating officer of *Mortgage News Daily*.

For the average person buying a $200,000 home, the difference in the monthly payment from Friday to today is about $28. While that may not sound like a lot, if that buyer wanted to get the same rate today as Tuesday, that buyer would have to add $4,000 in upfront costs on the loan.

Also, higher rates make it harder for some borrowers to qualify for the loan because the debt-to-income limits may not work. It is also likely that rates could surge even higher before leveling off.

"Sometimes a simple momentum analogy is that of swimming. It's easier to swim with the current versus against it," Graham said.

Housing affordability has already been weakening, thanks to fast-rising home prices.

"In all, 61.4 percent of new and existing homes sold between the beginning of July and end of September were affordable to families earning the U.S. median income of $65,700. This is down from the 62.0 percent of homes sold that were affordable to median-income earners in the first quarter," according to a monthly survey from the National Association of Home Builders.

That survey covers the third quarter of this year, before mortgage rates spiked. The headline was that affordability weakened despite lower rates. Clearly it will weaken more in the coming months as rates rise along with home prices.

Property Tax Rates Lower In Pricier Coastal Cities, Study Finds
By: Jeff Collins

Homeowners in coastal California cities with higher home prices tend to have lower property tax rates than residents of lower-priced inland cities thanks to Proposition 13, a study by the online real estate site Trulia shows.

So homeowners in Southern California cities like Malibu, Beverly Hills and Laguna Beach pay some of California's lowest property tax rates, while inland cities like Beaumont, Palmdale and Murrieta pay some of the state's highest tax rates.

Why?

Under Prop. 13, property tax increases are capped, with assessments reset to actual market values only when homes are sold. As a result, the longer people own their homes, the more they benefit from the 1970s-era tax measure.

Owners closer to the beach tend to stay in their homes longer and their home values rise faster, while homeowners in Riverside and San Bernardino counties move more or are just entering the home market, the study said.

Orange County had the state's 12th-lowest tax rate among 58 counties when taking into account the actual home values in that area. Los Angeles County had the 20th lowest.

Riverside County, on the other hand, had the state's second-highest property tax rate, and San Bernardino County had the 15th highest.

"There is a geographic disparity in who benefits from Prop. 13," the study said. "Residents in expensive coastal cities pay noticeably lower tax rates than residents in cheaper inland cities."

Prop. 13 sets the tax rate at 1 percent and limits property tax hikes to 2 percent a year.

Trulia analyzed tax records, census data and home price data to determine how much residents in each California city and county pay in property taxes relative to the true market values of their homes.

Trulia then calculated the "effective" property tax rate each California city and county pays.

Beaumont had the state's highest effective tax rate: 1.37 percent, when special tax district assessments and Mello-Roos taxes are included.

But the Bay Area city of Palo Alto — with a 2015 median home price of $2.2 million — had an effective tax rate of 0.42 percent, the lowest in the state even after including special tax district assessments.

How can the effective tax rate be under 1 percent?

Say someone buys a home for $100,000. The property tax bill would be $1,000 — 1 percent — the first year. Even if the home's value goes up 10 percent to $110,000, Prop. 13 would limit the new valuation to $102,000 — 2 percent — and the tax bill to $1,020.

That's an effective tax rate of 0.9 percent of the property's new value.

Had Californians paid a 1 percent tax on their homes' true value, instead of the Prop. 13 assessed values, local governments in the state would have received $12.5 billion more in revenue, the study found.

Other findings include:

• Most homeowners benefit from Prop. 13. More than 71 percent of Californians pay less than a 1 percent effective tax rate.

• More than 40 percent pay an effective tax rate of 0.5 percent or less, or half the Prop. 13 rate.

• Half of the top 10 California cities with the lowest effective tax rates are in Silicon Valley, with median home prices above $1 million: Palo Alto, Millbrae, Los Altos, Burlingame and Sunnyvale.

• Four of the top 10 cities with the lowest rates are in coastal Southern California: Malibu, Manhattan Beach, Laguna Beach and Beverly Hills.

• Five of the top 10 cities with the highest effective tax rates are in the Inland Empire: Beaumont, Indio, Murrieta, Palm Desert and Cathedral City.

Why Southern California Rents Feel So High: Increases Rapidly Outpace Inflation
By: Jonathan Lansner

It's no surprise rents usually go up every year. And typically, the rate of increase slightly exceeds the overall rise in the cost of living.

However, if you want another reason why most of today's local renters feel a financial squeeze — fallout from the regional housing shortage — just ponder this: Rent increases in five Southern California counties are outpacing inflation at the fastest pace in 30 years.

One regional rent measure I like to peek at is the government's Consumer Price Index tabulation of "rent of primary residence." This index is part of the "shelter" slice of the CPI and is derived from polling local residents about how much they pay for rental housing.

CPI's rent index isn't perfect, but it does provide a varied, somewhat broader look at renters' expenses vs. industry rent tallies that typically concentrate on a landlord's stated prices for units at large, professionally managed complexes. The CPI also gives a deep historical database that helps put cost trends in perspective.

For September, the CPI's SoCal rent index was up 5 percent in a year — the largest year-over-year gain since a 5.3 percent uptick in February 2008. Nationally, rents were up 3.7 percent by this math in the same period, just a tenth of a percent below an eight-year high.

These are noteworthy jumps especially in an era in which inflation — at least by government math — remains low: up 1.9 percent for the 12 months that ended in September in Los Angeles, Orange, Riverside, San Bernardino and Ventura counties. Nationally, overall inflation was 1.5 percent.

But one month isn't a trend. So I tossed into my trusty spreadsheet the local rent inflation data and overall consumer costs to see why today's rent stings so much.

I discovered SoCal rents recently are rising at a roughly the average rate seen during the past 35 years — but that came in an era in which local inflation has run at about half its historic levels.

Rents, by CPI math, rose 8.6 percent in the past two years. The regional CPI for all goods and services was up just 2.8 percent in the same period, as falling gasoline prices dampened the overall inflation benchmark. That's a wide 5.8 percent gap between two-year rent increases and increases in the CPI's broad basket of consumer items.

This gap equals 2002-03, another boom period for the region's real estate, and the last time it was larger was 1985-86. That hot housing market saw rents were up 16 percent in two years vs. overall two-year inflation of 8 percent.

Local housing, usually the largest household expense, is pricey. But don't just blame the landlords.

Demand for SoCal rentals soars today as local bosses are in the hottest hiring spree since the turn of the century. These workers have to live somewhere, and high local home prices don't offer good rental alternatives to many folks.

Finding an empty apartment is hard. Industry statistics show vacancy rates across the region below the 5 percent level — seen by real estate pros as "full" conditions. In some communities, vacancies are as rare as they've been in a decade or more. Thus it's a landlord's market to control pricing.

Sadly, help is slow to come.

Yes, developers are seeking to cash in on higher rents with new projects. But overall regional construction of new rental units, though up from the postrecession lows, is nowhere fast enough to meet the pace of new renter needs.

Opposition from local governments and nearby homeowners, not to mention skittish bankers limiting construction lending, has kept a lid on many multifamily developments.

Consistently rising rent is what makes being a landlord a financially attractive proposition. Since 1980, by CPI math, local rents were down in just two years — 1995 and 2010.

And, yes, rents historically rise more than inflation — by CPI math — a gap averaging just under 1 percentage point a year in SoCal since 1980. So the 5.8 percent gap we've seen locally during the past two years is huge, even if bosses in the region are finally handing workers some decent raises.

On the other hand, there also have been periods in which SoCal rents failed to keep up with the overall cost of living — 2010-12 after housing's bubble burst and 1989-1997 during that era's long real estate malaise. So it's not guaranteed the landlord always wins the rent game.

Yet this does not feel simply like a catch-up period from the recession, when landlords had to hustle for tenants and rent discounts were plentiful. That's because easy fixes for the housing shortage don't exist. For example, the recent surge in apartment construction in many ways targets the upper end of the market.

It does not add up well for local renters. By CPI math, SoCal rent inflation jumped 87 percent since 2000 vs. 60 percent nationally. The housing shortage makes renting a pain in the wallet.

NO VACANCY

Empty apartments are rare at major complexes in Southern California. Here are one market tracker's vacancy rates for the third quarter:

Orange County: 3.6%

Los Angeles County: 3.7%

Ventura County: 3.7%

Inland Empire: 4.2%

U.S.: 4.9%

Source: Axiometrics

IT COULD BE WORSE

Consumer Price Index data tracks regional rents in 25 metro areas, some monthly and others semiannually. Here's how the metros ranked by year-over-year increase in "rent of primary residence" for the 12 months ended in June.

U.S. average 3.7%

Denver 8.5%

Portland, Ore. 7.2%

San Francisco 6.7%

Houston 6.2%

Seattle 5.9%

Atlanta 5.2%

Dallas 5.1%

Los Angeles 4.4%

Miami 4.4%

San Diego 4%

New York-New Jersey 3.9%

Detroit 3.8%

Minneapolis 3.5%

St. Louis 3.2%

Boston 3.1%

Honolulu 2.7%

Chicago 2.5%

Kansas City 2.3%

Cincinnati 1.9%

Cleveland 1.9%

Pittsburgh 1.8%

Milwaukee 1.7%

Washington, D.C. 1.6%

Philadelphia 0.3%

Source: Bureau of Labor Statistics

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A Beer Hotel Is Coming to Southern California
By: Whitney Filoon

If your ideal vacation involves guzzling a lot of beer (that isn't Bud Light), take note: One of the nation's biggest craft breweries is opening a hotel. Brought to you by SoCal brewer Stone Brewing, Stone Hotel will be located in Escondido, California, just across the street from its massive brewery-restaurant complex that opened in 2013.

Per a press release, "Guests to Stone Hotel will delight in a craft beer experience complete from the moment of arrival" — literally: The hotel's driveway will be inlaid with a design that depicts beer flowing from a tap all the way down to the street. Upon check-in, guests will immediately be presented with a free beer, and from there they can scope out three hotel bars that will feature "an incredibly wide array" of Stone beers on tap (along with frequent tappings of rare and limited brews).

For those who wish to take the beer-drinking party back to their rooms, the hotel will offer in-room growler delivery. A "unique culinary experience" is also promised, though no details are being offered just yet (presumably, there will be a room service menu offering beer-friendly snacks).

The $26 million, 99-room hotel will feature a rooftop pool and garden, walking trails, and an acre of outdoor event space; the gargoyle motif that adorns Stone Brewing's labels will also be present throughout. The project is being developed by Untitled Hospitality and is slated to open in early 2018.

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	025-0.5	0.25-0.5	0.25-0.5	0-0.25	0.25	0.25
Prime rate*	3.50	3.50	3.50	3.50	0.25	0.25
Money market, annual yield	0.26	0.29	0.29	0.22	0.00	-0.16
Five-year CD, annual yield	1.22	1.21	1.41	1.17	-0.16	-0.13
30-year mortgage, fixed	4.15	4.10	4.15	3.43	0.16	-0.42
15-year mortgage, fixed	3.33	3.31	3.35	2.70	0.13	-0.31
Jumbo mortgages, $417,000-plus	4.88	4.62	4.88	4.02	0.38	-0.14
Five-year adj mortgage (ARM)	3.59	3.58	3.86	2.97	-0.04	-0.03
New-car loan, 48-month	3.01	3.02	3.38	2.87	-0.19	0.05