



## COMMERCIAL REAL ESTATE MARKET UPDATE

### GENERAL

#### 市場概括

- [More Buyers, More Properties Coming to the Retail Market](#)

B級物業和城市的買賣價差縮小，商業地產投資者增持並向中小型市場轉移投資

As pricing gap narrows for Tier B properties and cities, owners are expected to start culling their portfolios. The deals highlight not only expanding investor interest for retail properties beyond the prime markets and core properties, but also a widening interest on the part of major national tenants to expand in mid-sized markets.

- [Opportunities Available For REIT Investors Despite Rising Valuations](#)

受低利率和低價商業地產待售共同影響，房地產投資信託基金顯現良好投資機會

A combination of low interest rates and commercial buildings available for sale at below replacement cost is prompting investors to explore the REIT industry.

- [Los Angeles County Assessor Targeted in Corruption Probe](#)

洛縣估值官涉嫌受賄，洛縣房地產市場可能將受影響

Prosecutors are looking at more than 100 properties to see if their assessed values were improperly reduced after Los Angeles County assessor John Noguez was elected.

- [CoStar Closes LoopNet Acquisition To Begin New Chapter in CRE Technology](#)

商業地產數據分析服務商CoStar集團完成對在線商業地產交易網絡LoopNet的收購

CoStar Group, Inc. completed its previously announced acquisition of LoopNet, Inc., bringing together commercial real estate's leading provider of information and analytic services with the leading online commercial real estate marketplace.

- [California Foreclosures](#)

加州法拍屋三月趨勢：自二月減少 16.7%，較去年同期下降五成

Foreclosure sales in California are down 16.7 percent from February to March 2012 and down 53.1 percent from March a year ago. A total of 86,487 sales were scheduled to occur in California, but of those 80.0 percent postponed, and 10.6 percent were cancelled, leaving just 8,392 that were actually sold. Third parties, typically investors, purchased a record 38.6% of the properties that did sell in California.



## RETAIL

購物商場

- [Self-Storage Packs Top Low-Risk Real Estate Return](#)

自用倉儲租賃公司是風險調整後收益最佳的商業地產投資標的。Self-storage companies are being lauded for their quiet but highly profitable returns for investors. The Bloomberg Riskless Return Ranking says they produced the best risk-adjusted returns among 10 REIT indexes over the past 10 years, posting a gain of 10.6%.

- [Traffic Picks Up At U.S. Malls](#)

儘管網路購物分散了大量顧客，仍有許多購物商場報告第二季度以來客流大漲。

U.S. malls have seen a decline in foot traffic as more consumers shift spending to the web and consolidate trips in the face of higher gas prices, but many shopping centers are reporting bigger crowds since the start of the second quarter.

- [U.S. Shopping Centers Still Delivering Growth](#)

高檔購物商場仍在增長。

The profitability of well-managed, top-tier U.S. retail centers has never been better, according to Simon Property Group CEO David Simon. Most of Simon Property Group's consumers are higher-income. The REIT plans to maintain its growth by refurbishing existing.

- [Target Sees Payoff From PFresh Grocery Aisles](#)

以日用品為主的大型連鎖超市Target因引入PFresh食品線銷售額大增。Target has seen success with its foray into the grocery business, boosting sales with its PFresh concept that encourages shoppers to add cereal and other staples to fashions, home goods and other general merchandise items in their carts, experts say. "The company's unique branding, marketing, design and ability to adapt to ever-changing consumer demands have historically set it apart from the others."

## HOTEL

酒店

- [Hotel Demand Could Weaken Long Term](#)

酒店需求量長期恐減少，數據顯示 2016 年需求增長率將降低 1%。Panelists at the Hotel Equity and Lender Perspectives conference in Boston noted the overall positive indicators that are helping build momentum for the hotel industry, but cautioned that the growth may slip over the long term. Data by HVS Global Hospitality Services show hotel demand growth declining to 1% in 2016, while average daily rate is expected to slow to a 3% growth in the same year.



## FINANCING

貸款與資金

- [Are Banks Finally Getting Ready to Lend?](#)

一份對全球銀行家的調查顯示，七成銀行將在 2012 年增加對小企業的貸款

The global survey of bankers has good news for both businesses and consumers seeking loans, but the outlook is especially optimistic for small business, with 74 percent of bankers worldwide reporting that their banks were planning to increase their small business lending in 2012.

- [Demand For Commercial Loans Increases](#)

商業貸款需求增長

Business lending in the United States looks to have definitely turned a corner, with domestic banks and U.S. branches and agencies of foreign banks reporting easing terms for commercial and industrial borrowers last quarter, while also saying demand for such loans had picked up.

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

消費者市場利率：房貸、基本利率、等等



## More Buyers, More Properties Coming to the Retail Market

**B 級物業和城市的買賣價差縮小，商業地產投資者增持並向中小型市場轉移投資**

By Mark Heschmeyer (CoStar)

On the heels of Starwood Capital Group's agreement to acquire seven U.S. shopping malls for \$1 billion from The Westfield Group and private equity group KKR Financial Holdings' starting to acquire retail real estate, REITs across the country are gearing up for a surge in new retail properties to hit the market in the second half of this year. In some of those cases, the REITs themselves will be the ones putting the properties up for sale.

Starwood Capital is buying the majority interest in seven shopping malls with a combined 6.61 million square feet. Many of the centers are in mid- and small-sized markets, including such places as Lincoln, NE; Fairfield, CA; and Cleveland, OH.

Kohlberg Kravis Roberts & Co. LP, in partnership with YTC Pacific, acquired Yorktown Center regional mall for \$196 million -- marking the global investment firm's first retail real estate investment in the U.S.

The deals highlight not only expanding investor interest for retail properties beyond the prime markets and core properties, but also a widening interest on the part of major national tenants to expand in mid-sized markets.

Retailer REITs such as Glimcher Realty Trust have reported rising occupancies in its "Tier 2" malls in the first quarter.

"We've been happy to see the tick up in the Tier 2," Marshall Loeb, the company's president, said in an investor conference call this week. "Maybe with the lack of new supply coming online, there are tenants that a few years ago could have gone to a power center. We've done a lot with a fair amount with exporting goods, Ultra Cosmetics, (maurices, Justice, which are related entities), Rue 21, Children's Place, Crazy 8. It's been a nice mix, and I know even recently, a week ago, we met with Chico's," Loeb said. "Chico's, White House, Black Market, Soma that group and they are setting their smaller market categories."

"So many of the people we work with are public and they're looking for opportunities," he continued. "They're looking at some of the smaller markets and how do they change the stores that may work in Tampa or Columbus and have it work in Parkersburg, WV. So we're still seeing the opportunity there as well as in the larger markets. It's been nice over the last year."

Michael Glimcher, the REIT's chairman and CEO, said that kind of activity has brought out more buyers "in the B mall space."

"I think our market is starting to be there for these B assets. There are more buyers out there and I think we're optimistic," Glimcher said.



That also gives the company the opportunity to raise capital without having to issue new equity, Glimcher said.

"We're going to be very measured as it relates to equity issue," he said. "And so the notion that we could sell out of our bottom third quartile and add assets that would go into our top quartile even if there is a difference in cap rate from where we're selling and where we're buying. That's absolutely how we'd like to see the year or the next 24 months played out."

David Simon, chairman and CEO of Simon Property Group, said much the same thing to investors this week.

"I think the good news is that that market seems to be firming up," Simon said. "Starwood hasn't closed yet, but assuming it closes, you've got a couple other players out there that are looking to invest. I would expect us to continue to play in that game. We're trying to understand what their strategy is going forward, and I am sure over time we'll continue to cull the portfolios to some extent."

Simon sold one mall at the beginning of this year -- Gwinnett Mall in Atlanta. In addition, the company moved three malls into a category on its balance sheet identified as "other operating properties."

"I think what you would read into that is that we're probably not long-term owners of the three assets that are still owned by TMLP (The Mills LP)," Simon said. "One of those actually we're evaluating that and that is we're hopeful that overtime we can reposition that asset, but a couple of them were probably not long-term owners."

The properties moved to the other properties category are:

Discover Mills, a 1.18 million-square-foot mall outside of Atlanta;

Franklin Mills, a 1.74 million-square-foot mall in Philadelphia; and

St. Louis Mills, a 1.74 million-square-foot mall outside of St. Louis, MO.

A REIT that is currently actively restructuring its portfolio is Ramco-Gershenson Properties Trust.

The REIT sold four properties last year, and in the first quarter of this year closed on the sale of a shopping center in Troy, MI, and a freestanding limited term net lease Office Max in Toledo, OH. It also sold an undeveloped parcel of land in Alpharetta, GA.

"In progress of our goal to dispose of non-core assets, we are in contract to sell two additional shopping centers, which we expect to close in the second quarter," Dennis Gershenson, president and CEO of the REIT told investors this week.

Through its "capital recycling program", Gershenson said the REIT is generating dollars and also eliminating assets that require an "inordinate" amount energy to lease and manage.

"Part of our approach for dispositions in 2012 was not to front load the year with those assets that were more challenging as far as leasing was concerned, and there are others that we have identified as non-core that are



well leased, but just do not fit our definition of what we want to own going forward. And I think that you will see those dispositions occurring later in the year," added Gregory Andrews, the REIT's CFO.

Among assets Ramco-Gershenson has planned to dispose is at least 20% of its land holdings, the company said, but that percentage could go higher depending on how sales go during the year.

Retail REITs won't just be sellers the rest of the year; they will be balancing out the sells with acquisitions, too, and in most cases doing growing their portfolios.

Last year, TIAA-CREF and CBL & Associates Properties Inc. formed a \$1.09 billion real estate joint venture to invest in four market-dominant shopping malls.

"We continue to have meetings with them [TIAA-CREF], bring them up to-date on what's going on in the markets and so on," Stephen D. Lebovitz, president and CEO of CBL, told investors this week. "And we continue to explore various opportunities with them. There is nothing specific at this point in time, but they have a tremendous appetite, and they've got tremendous flexibility and tremendous financial capacity to do it, and the expertise, we're seeing with the existing properties is basically, we think furthering their pursuit of these specific opportunities."

"Teachers is very focused on the upper-end in higher productivity malls, there are certain malls in certain geographical areas that probably don't fit their criteria, and but they would fit our criteria because we see great sales per square foot, we see also the opportunity to expand the project and add our management expertise to it," Lebovitz said. "So, there are opportunities that we'll do and that Teachers probably won't be involved in, because of different criteria et cetera. But we also explore with other joint venture partners, lower productivity malls where we can add the managed, but expertise and leasing that we have been doing for since 1978. So it's a great opportunity for us."



## Opportunities Available For REIT Investors Despite Rising Valuations

受低利率和低價商業地產待售共同影響，房地產投資信託基金顯現良好投資機會

Source: CNBN.com

NEW YORK (Reuters) - Talk to any American homeowner, and you'll probably encounter some symptoms of chronic anxiety. Underwater mortgages, tanking house values and rampant foreclosures have shaken our psyches regarding the wisdom of property ownership.

But when it comes to real estate investment trusts (REITs) that invest in commercial property, they've been doing quite nicely, thank you very much. In fact if you invested in Vanguard's REIT Index ETF during the lows of March 2009, you would have tripled your money since.

Of course REITs come in many flavors; they fill their portfolios with everything from office buildings to malls to hotels to mortgages. Looking at the sector's fundamentals - low interest rates for REITs that are borrowing to fund projects, paired with rising rents and a recovering economy - some analysts expect the happy days to continue for a while.

"I think investors will be surprised by the fundamental improvements going on in REIT portfolios," says Wilson Magee, director of global REITs for New York City-based investment managers Franklin Templeton Real Asset Advisors. "The simple fact is that virtually no construction has been going on, and no new supply is being added. That makes for a long-term trend of powerful earnings growth."

That's enough to make some investors, like Jacob Frydman, a New York City real-estate veteran, lick their chops. He recently formed United Realty Partners, a new real estate investment company, with fellow investor Eli Verschleiser. He cites a "perfect storm" of positive factors for REITs - low borrowing rates, slipping vacancy rates and climbing rents. In fact, office rents are projected to rise 1.9 percent this year, according to the Commercial Real Estate Market Survey of the National Association of Realtors.

"Buildings are now available significantly below their replacement cost, and at a substantial discount to three years ago," says Frydman. "Also a lot of debt that originated five years ago is now coming due, and won't be able to be refinanced. You're going to see some great opportunities to buy."

Of course, the rosy scenario is not without its risks. Mortgage REITs that invest in loans instead of property can be especially buffeted by the volatility in their underlying securities. And some commercial REITs are weighed down by portfolios of pricey properties acquired during the pre-bust years of 2006 or 2007. In fact, delinquencies for office and retail loans recently hit their highest-ever levels, according to Fitch Ratings.



That's why some financial planners are advising clients to tread carefully. "The current REIT market is still fraught with challenge," says Bruce Specter, a wealth manager with Universal Value Advisors in Reno, Nevada. "Though interest rates are low and it would appear buying opportunities abound, there's still plenty of downside."

Among the issues REITs face: State and local governments, strapped for cash, will likely be squeezing big property owners for taxes and fees in years to come. And when so much of REITs' income has to go out in dividends (over 90 percent by law), that can handcuff them when it comes to stockpiling cash for a rainy day. Warns Specter: "That's awfully thin financial ice to be out on."

But it seems like Mr. Market isn't too concerned about those drawbacks. So far this year, real estate mutual funds have rocketed up by an average of 13.69 percent, according to data from Lipper, a Thomson Reuters company. That's even better than the S&P 500's year-to-date gains of 10.65 percent.

Investors are taking notice, and continue to bet on the sector. So far this year they've chipped in \$3.4 billion for real estate funds, already surpassing the \$2.8 billion they contributed for all of 2011.

As a result of that investor interest and the gains of the last three years, the sector is starting to look a little pricey. One of the nation's largest REITs, Simon Property Group, is hovering near 52-week highs - hardly the profile of a beaten-down bargain sector.

That said, there are some buys to be had, according to sector analysts. Research firm S&P Capital IQ, for instance, has issued 'Strong Buys' on Essex Property Trust and Home Properties Inc.. Franklin Templeton's Magee, for his part, likes Starwood Hotels and mall specialists Taubman Centers.

Part of the logic behind the REIT run: baby boomers and their insatiable appetite for dividends. The trusts are required by law to pay out 90 percent of their taxable income in yield. That's catnip to those entering their golden years, who aren't about to get that much income from T-bills or plain old bank accounts.

"REITs are currently yielding around 3.4 percent, which is significantly better than the S&P 500 and certainly better than Treasuries," says Magee. "That's been a factor in their positive performance, and why the market has started to price these stocks up. But that yield is actually much lower than we've seen historically, so we expect strong dividend growth for REITs going forward."





## Los Angeles County Assessor Targeted in Corruption Probe

洛縣估值官涉嫌受賄, 洛縣房地產市場可能將受影響

陳美伶 (星島日報)

本報記者陳美伶洛杉磯報道：洛杉磯縣估值官諾古茲 (John Noguez) 因可能涉嫌受賄，其住家、辦公室共 11 處地點 25 日同步遭警方派員搜索，連帶向洛縣房地產市場投下一顆威力未知的「震撼彈」。洛杉磯華裔房地產業者 25 日表示，諾古茲可能涉嫌受賄案「可大可小」，一般預測對房地產買賣市場影響不大，但房地產「資料庫」公信力將備受質疑，未來屋主申請降稅的審核恐將趨嚴，全面影響程度仍未知。

STC 資產管理投資部負責人鄔珊珊指出，洛縣估值官涉嫌受賄案對買賣市場影響不大，但因經濟不景氣，洛縣近 2、3 年來申請降稅值 (property tax appeal) 的件數大增，未來民眾針對房產稅申訴時，恐遭當局從嚴審理。

鄔珊珊說，如諾古茲因此下台，其繼任者可能重新審視洛縣所有物件的市值，地稅值也可能因此攀升，可影響投資者的回報率，比如原市價 200 萬元的商業地產在諾古茲任內被「低估」成 100 萬元，再回升成 200 萬元時，投資者的回報率自會連帶受損。



## CoStar Closes LoopNet Acquisition To Begin New Chapter in CRE Technology

商業地產數據分析服務商 **CoStar** 集團完成對在線商業地產交易網絡 **LoopNet** 的收購

By Tim Trainor (CoStar)

CoStar Group, Inc. (NASDAQ:CSGP) this week completed its previously announced acquisition of LoopNet, Inc., bringing together commercial real estate's leading provider of information and analytic services with the leading online commercial real estate marketplace. The closing occurred Monday April 30, after the combination cleared regulatory review last week.

CoStar Group's founder and CEO Andrew C. Florance said work would begin immediately on integrating the two leading firms to create the premier information, marketing and analytics company in commercial real estate.

"We are very pleased that we can begin integrating these two successful companies that have been at the forefront of innovation in the commercial real estate industry," said Florance. "We believe that the combined company will be the premier resource for researching, analyzing, and marketing commercial real estate properties online and will be positioned to provide more widespread market coverage for customers ranging from large, national brokerage firms, property owners and institutional players to small, local brokers, owners and investors."

CoStar operates the largest and most robust commercial real estate information database with 81.8 billion square feet of office, retail and industrial inventory, 1.5 million listings and 12.7 million images.

LoopNet.com is the industry's largest and most heavily trafficked online marketplace with 5.8 million registered members and 3.6 million unique monthly visitors, according to Google Analytics. LoopNet is also the leading website for marketing commercial property listings.

The combined company will retain the name CoStar Group, Inc. and will continue to trade on the NASDAQ Global Select Market under the ticker symbol CSGP. CoStar plans to continue to operate LoopNet as a separate brand.

"With 5.8 million registered users and 3.6 million monthly unique users on LoopNet, it is clear the Internet has become an essential tool for effectively marketing commercial real estate with hundreds of thousands of brokers seeking investors and tenants for over a million commercial real estate listings across the U.S.," Florance said. "We believe that LoopNet.com and its strong group of vertical platforms is the number one solution meeting this growing demand."



"As commercial real estate brokers and owners continue to move property listings to online channels, we fully anticipate LoopNet's marketplace will become increasingly important to those marketing or searching for properties," he added. "Our strategy is to build upon LoopNet's position as the premier online marketplace for commercial real estate and strengthen its products and services."

Florance also said he sees the combination and resulting integrated technology platform bringing new innovation and services for commercial real estate professionals serving the \$11 trillion U.S. commercial real estate asset class. He said numerous analysts and observers have for years under-estimated the size of the commercial real estate market, which he believes has more than a million participants.

"The commercial real estate market is vast, and information is constantly changing. It requires high quality research, advanced analytics and more efficient marketing solutions," Florance said in a follow up conference call with investors Wednesday, adding he expects the combination will also result in tremendous growth opportunities.

"CoStar's research department of 900 individuals captures details on over a million listings which we believe can result in over a hundred thousand new leads to LoopNet's sales team," said Florance. "In addition, there are hundreds of thousands of industry participants searching LoopNet who do not yet subscribe to CoStar and access to the leads represents a significant cross selling opportunity for CoStar. CoStar's clients can benefit from even more comprehensive coverage of the commercial real estate market since we believe that LoopNet contains hundreds of thousands of listings not yet found in CoStar. We plan to identify these properties, then validate and add them to the CoStar database."

Also on the follow-up call, CoStar CFO Brian Radecki provided a financial outlook for the combined companies, noting the transaction is expected to be accretive to non-GAAP net income per diluted share in 2012 and beyond on a combined basis. Consolidated annual revenue in 2012 for CoStar to be approximately \$343 million to \$349 million.

"We believe that the combination of these two companies will create a business with outstanding revenue growth potential, as well as a strong earnings profile with the ability to generate high margins and cash flow," said Radecki.

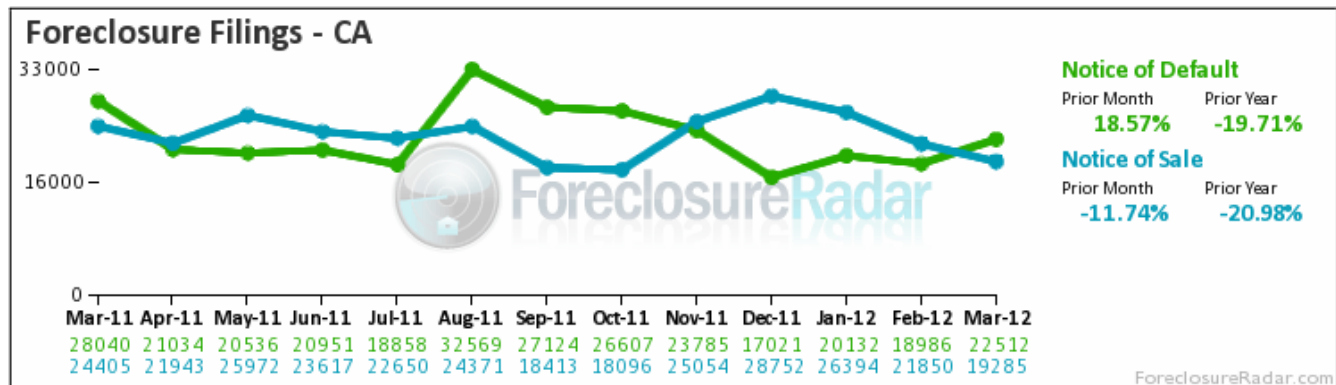


## California Foreclosures

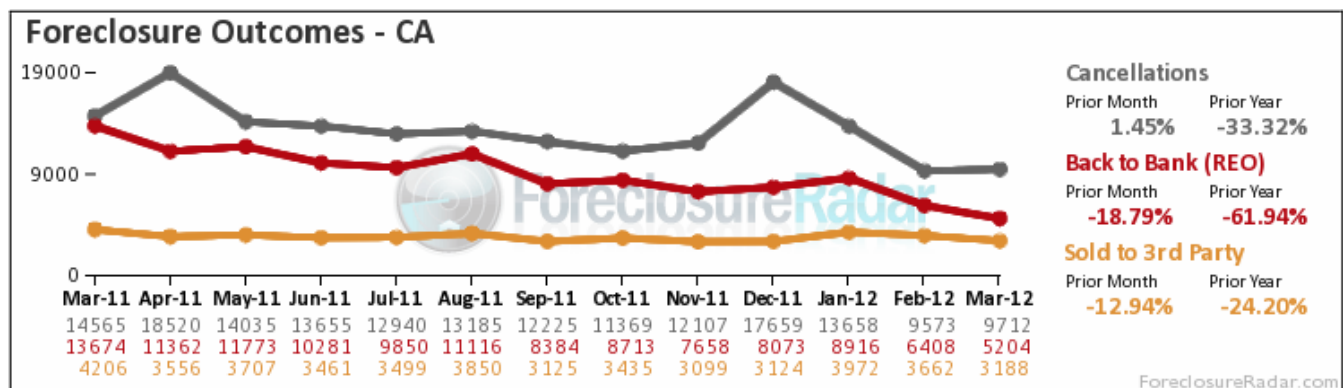
加州法拍屋三月趨勢：自二月減少 **16.7%**，較去年同期下降五成

Source: ForeclosureRadar

Foreclosure sales in California are down 16.7 percent from February to March 2012 and down 53.1 percent from March a year ago. A total of 86,487 sales were scheduled to occur in California, but of those 80.0 percent postponed, and 10.6 percent were cancelled, leaving just 8,392 that were actually sold. Third parties, typically investors, purchased a record 38.6% of the properties that did sell in California.



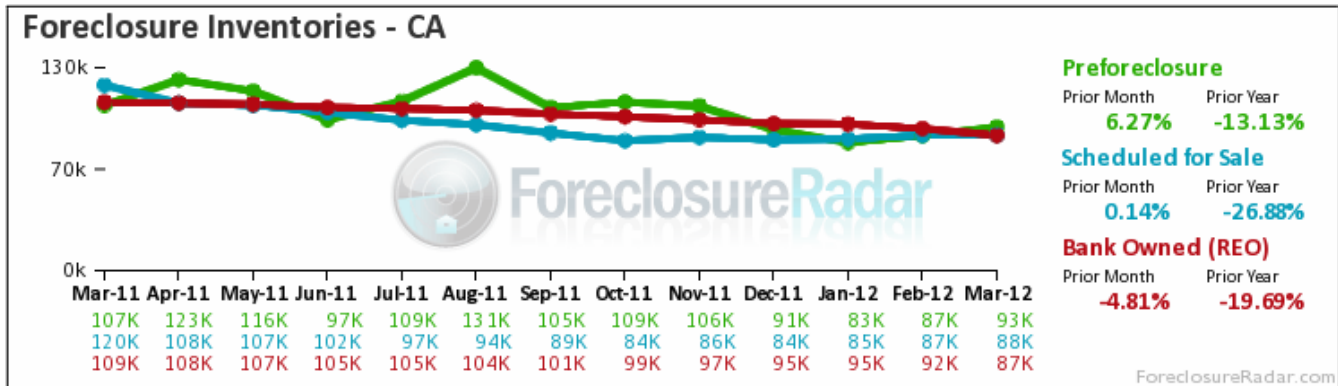
Foreclosure Filings—Notice of Default filings are the first step in the foreclosure process. Notice of Trustee Sale filings set the date and time of an auction, and serve as the homeowner's final notice before sale.



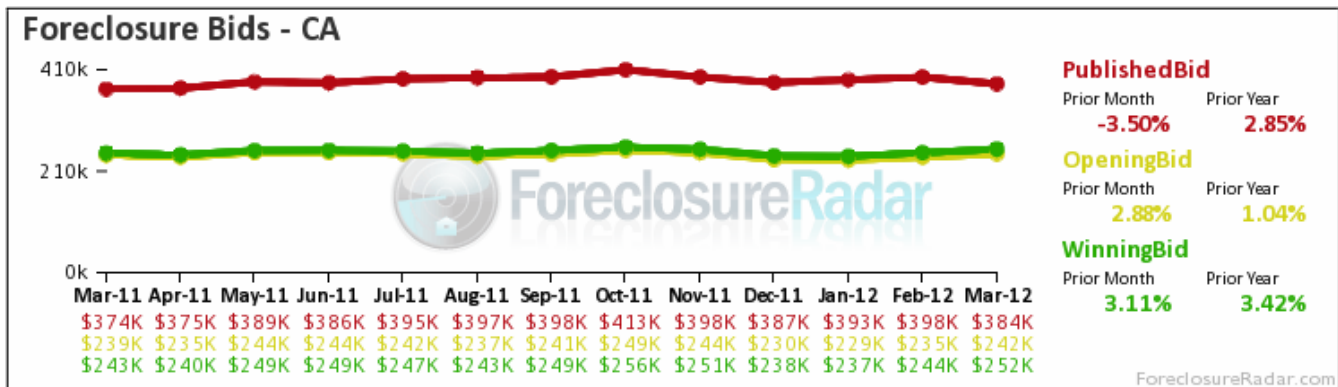
Foreclosure Outcomes—After the filing of a Notice of Trustee Sale, there are only three possible outcomes. First, the sale can be Cancelled for reasons that include a successful loan modification or short sale, a filing error, or a legal requirement to re-file the notice after extended postponements. Alternatively, if the property is taken to



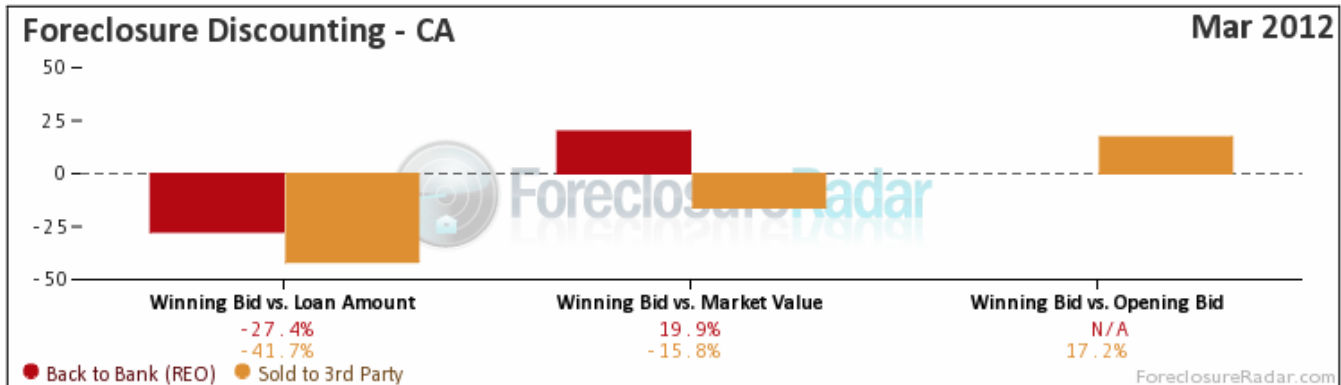
sale, the bank will place the opening bid. If a 3rd party, typically an investor, bids more than the bank's opening bid, the property will be Sold to 3rd Party; if not, it will go Back to the Bank and become part of that bank's REO inventory.



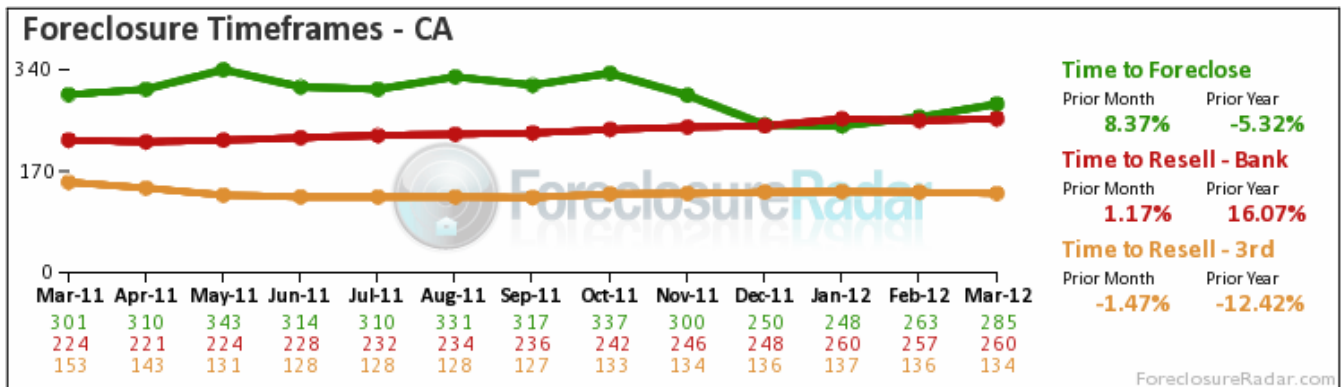
Foreclosure Inventories—Preforeclosure inventory is an estimate of the number of properties that have had a Notice of Default filed against the property, but have not yet been Scheduled for Sale. The Scheduled for Sale inventory indicates those properties that have had a Notice of Trustee Sale filed, but have not yet been sold or had the sale cancelled. The Bank Owned (REO) inventory indicates the number of properties that have been sold Back to the Bank at the trustee sale, and which the bank has not yet resold to another party.



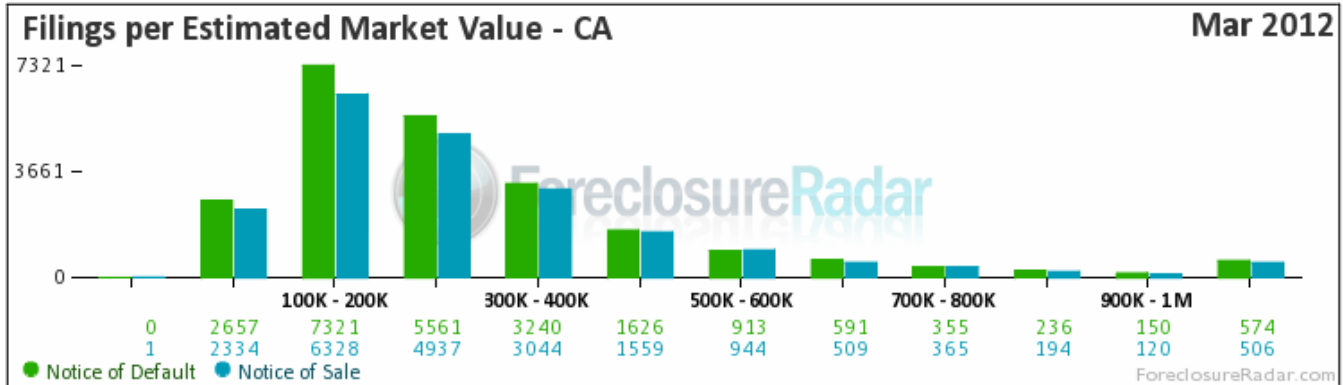
Foreclosure Bids—The Published Bid is the amount listed in the Notice of Trustee Sale and is typically the balance due at the original date of sale. The Opening Bid is the bank's starting bid at auction, and is often discounted from the Published Bid. The Winning Bid is the highest bid received at auction and reflects the amount at which the bank or 3rd party purchased the foreclosure.



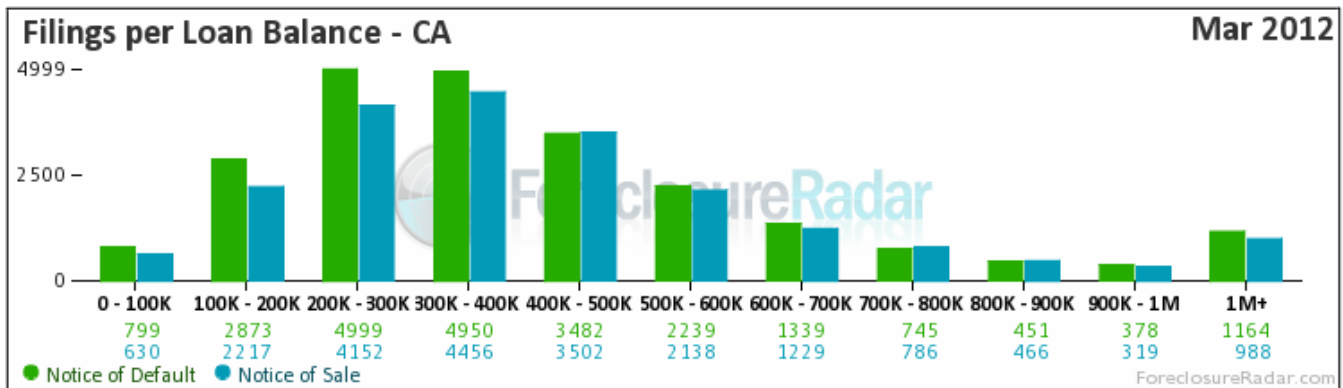
**Foreclosure Discounting**—This chart compares the winning Bid Amount of properties sold at trustee sale to both the outstanding Loan Amount, and the current Market Value. Banks place an Opening Bid for each property and if a 3rd Party does not make a higher bid, the property will be sold Back to Bank (REO) for the Opening Bid amount. Properties Sold to 3rd Parties will typically have Winning Bids with deeper discounts to both Loan Amount and Market Value as only low Opening Bids will attract investor interest.



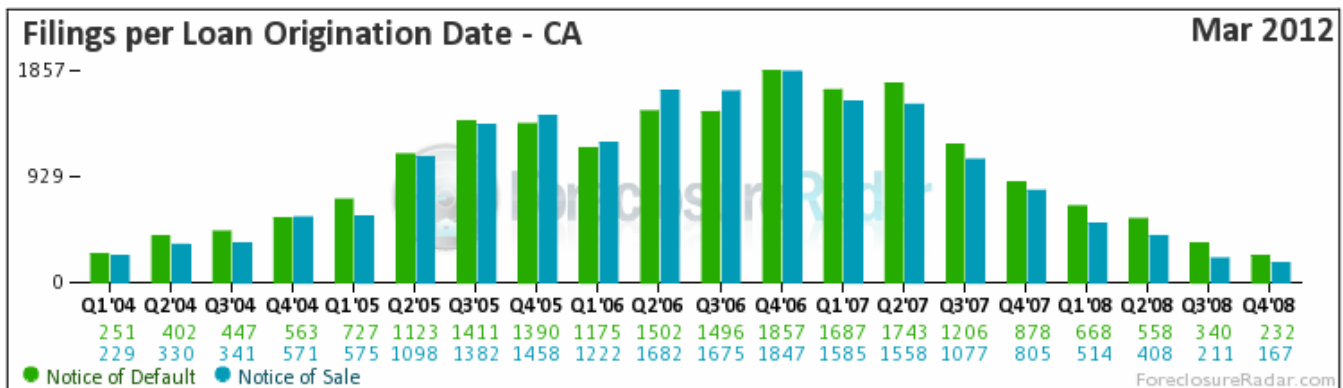
**Time to Foreclose**—The average number of days between the filing of the Notice of Default and the final sale at auction for foreclosure sales that occurred during the specified month. **Time to Resell**—The average number of days between the final sale at auction and when the property was resold by the bank or 3rd party.



Filings By Est. Market Value—The number of foreclosures that have received either a Notice of Default or Notice of Sale, shown in columns arranged by the estimated market value of the property in foreclosure.



Filings By Loan Balance—The number of foreclosures that have received either a Notice of Default or Notice of Sale, shown in columns arranged by the balance of the loan in foreclosure.



Filings By Loan Origination Date—The number of foreclosures that have received either a Notice of Default or Notice of Sale, shown in columns arranged by the quarter and year in which the loan was originally made.



## Self-Storage Packs Top Low-Risk Real Estate Return

自用倉儲租賃公司是風險調整後收益最佳的商業地產投資標的

By Hui-yong Yu (San Francisco Chronicle)

The best real estate investment in the past decade was found at the opposite end from trophy resorts and office towers, in 5-foot-by-5-foot lockers.

Self-storage companies, which rent units to small businesses and consumers, produced the best risk-adjusted return among 10 U.S. real estate investment trust indexes in the past decade, according to the Bloomberg Riskless Return Ranking. They had the highest total return and the third-lowest volatility, for a risk-adjusted gain of 10.6 percent. Owners of offices, hotels and warehouses fared among the worst, hurt by price swings.

Public Storage, CubeSmart, Extra Space Storage Inc. and Sovran Self Storage Inc. attracted investors with low debt ratios and steady cash-flow growth in a decade that saw commercial-property values soar to records along with sales of mortgage-backed bonds to finance a wave of takeovers. The debt-to-assets ratio for Public Storage, the largest in the group, is 22.5 percent, half the average 45 percent for REITs, said Michael Knott, managing director of real estate research firm Green Street Advisors Inc., making the stock less susceptible to large price swings if the economy worsens.

"Public Storage has incredibly low leverage compared to the average REIT," Knott said. "It's typically not as volatile."

### 1 million tenants

Demand tends to be driven by life changes, which often entail moving, such as college graduation, job changes, divorce or death.

"If you get married, you don't necessarily throw your couch away, you don't necessarily throw away the buffalo head, what have you," said Clemente Teng, vice president of investor relations for Public Storage. "You put it in storage."

Public Storage has about 1 million tenants at any given point in time, with the average lease of existing tenants running about 36 months, Teng said. More than half its tenants have rented their units for more than one year, he said.

"People always think, 'I'll just house it for a couple of months and then get it all out, but the problem is once you get all your stuff in, the last thing you want to do is spend a Saturday cleaning it out,'" Teng said.





Storage units are relatively cheap to build and "when we re-rent a space, all we have to do is sweep it out," said Teng. "We don't have to change the carpeting, paint the walls."

### Online boost

Increased usage of Internet marketing has helped storage REITs attract more customers from smaller operators during the sluggish economic recovery, said John Murphy, a vice president at Cohen & Steers Inc. The storage business is fragmented, with the publicly traded REITs accounting for just 10 percent of the U.S. market, he said.

"They're able to steal market share in a time like today, when demand is growing but at a slow pace," said Murphy. "With revenue management, they know which facilities they can increase rents on" week by week.

Sovran, which operates under the Uncle Bob's Self Storage name, has been reducing concessions, or landlord incentives, as the economy came out of recession starting in 2009, said Diane Piegza, a spokeswoman for Sovran Self Storage. During the recession, Sovran offered as much as six weeks free rent and ran a "name-your-price" promotion to attract renters.

"We're not recession-proof by any means but we're a little more resistant than other types of real estate," Piegza said.



## Traffic Picks Up At U.S. Malls

儘管網路購物分散了大量顧客，仍有許多購物商場報告第二季度以來客流大漲

By Christina Cheddar Berk (CNBC.com)

They're back.

At the end of last year, mall operators and retailers were wondering where all the people were. Despite higher retail sales, foot traffic at the stores declined in the final months of 2011, according to ShopperTrak, the world's largest provider of people-counting services for retailers and malls.

The trend reflected an increase in purchases made online and on mobile devices as well as consumers consolidating store trips in the face of higher gasoline prices.

The news improved in the first quarter of 2012, with the number of shoppers in stores about flat with the year-ago period. However, since the second quarter began, traffic has been on the rise.

That's good news for retailers, who see higher store traffic as an opportunity to turn browsers into buyers. And with rosy forecasts for Mother's Day spending, the news could get even better.

ShopperTrak said it expects national retail sales to rise 6 percent in the week leading up to Mother's Day, while foot traffic climbs 3.7 percent.

"As the economy improves, consumers are recovering the confidence they need to splurge on Mom this year," said ShopperTrak founder Bill Martin, in a written statement. "Retailers can expect a busy week leading up to Mother's Day."

Barring excessive increases in gasoline prices and increased economic uncertainty, ShopperTrak expects foot traffic will continue to rise through the back-to-school season later this summer.

ShopperTrak's estimate is more or less consistent with other Mother's Day forecasts, which are calling for solid sales growth this year. The National Retail Federation, the industry's trade group, for example, expects spending on Mother's Day gifts to rise about 8 percent this year to about \$18.6 billion.

Mother's Day is the second biggest gifting holiday on the calendar behind Christmas.

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## U.S. Shopping Centers Still Delivering Growth

### 高檔購物商場仍在增長

By Maureen Farrell (CNMoney)

LOS ANGELES (CNMoney) -- People have been hyping the death of the mall for the last two decades, but it's not happening anytime soon, said Simon Property Group CEO David Simon.

"Time Magazine 20 years ago had that exact headline," Simon, who has been at the helm of the world's largest mall operator since 1995, told CNMoney at the Milken Institute Global Conference in Los Angeles. "If you look at our business and our profitability, it's never been better."

Investors appear to agree. Simon Property Group's (SPG) shares are up 22% in 2012, compared to an 11.7% increase in the S&P 500 (SPX).

Simon admits growth in the United States is limited, even going so far as to say some lower-end malls around the U.S. could close. Most of Simon Property Group's malls serve higher-end consumers.

He thinks most of Simon Property Group's growth will come from driving sales into its existing malls by refurbishing them and adding new stores.

Simon points to Roosevelt Field mall on Long Island in New York as one example. After years of battling local community boards for approval, Simon Property Group recently landed luxury retailer Neiman Marcus as a tenant. Simon hopes such retailers will draw more high-spending customers into his malls.

For much of Simon's tenure, buying up competing real estate investment trusts, or REITs, has driven growth. He's spent roughly \$27 billion in 17 years buying competitors, most recently paying \$2 billion for a 29% stake in Europe's largest retailer Klepierre.

Simon says to expect fewer big acquisitions going forward, yet there is one new area where he'd consider buying: technology. Simon wants to make his mall more more technologically sophisticated, and he said that buying up a technology startup could help Simon Property compete more effectively with e-commerce sites

"Ideally what I'd love to do is know when our best customers are in the mall. If you show up I want to deliver a free latte to you [and] I know exactly what kind of latte you want," said Simon.

### Chanos: Beware of China's 'epic' property bubble

While aggressively courting new and existing consumers, Simon doesn't expect to fight battles with shareholders. Last year, Simon's board awarded him roughly \$120 million after he agreed to stay at the company for the next eight years. That makes him one of the most highly paid CEOs in the United States.



Simon said he deserves it. "Nobody has had better performance over 10 years, and I expect that to continue," said Simon. "Our board took a serious look at what I contributed and the prospects for what it means to be part of the company for another eight years."

The REIT's returns have been exceptional. Since Simon joined as CEO in 1995, Simon Property has generated annual returns of 11.2% compared to roughly 6.7% for the S&P 500.



## Target Sees Payoff From PFresh Grocery Aisles

以日用品為主的大型連鎖超市 **Target** 因引入 **PFresh** 食品線銷售額大增

By Richard Turcsik(Grocery Headquarters)

Every supermarket operator wishes they had this predicament—shelves, freezers and refrigerated cases picked bare of merchandise nearly every weekend evening. Not because of striking stockers, trouble with the warehouse or broken down trucks, mind you, but because of a perfect storm of sheer customer traffic coupled with the right assortment of national brands and high-quality private labels at more than competitive prices merchandised in a pleasant, clean, easy-to-shop atmosphere.

Take a walk through a local Target at 6:00 p.m. on a Sunday evening and chances are that will be the case. While there, glance into the shopping carts of some of the “guests”—Target shoppers are above customer status. In addition to Converse One Star sneakers, Nick & Nora pajamas, a Taylor Swift CD, Cherokee jeans, Kitchen Essentials from Calphalon cookware and perhaps a Smith & Hawken watering can or garden gnome, chances are there will be a box of Cheerios, can of Campbell’s soup, sack of King Arthur’s flour, pouch of Jack Link’s Beef Jerky, pound of Hormel Black Label bacon, cup of Chobani yogurt, jar of McCormick spices, bag of Fresh Express salad, bottle of Panera Bread salad dressing, box of Ellio’s frozen pizza and a Hungry-Man TV dinner.

“Target has successfully transitioned from a mass merchant discounter to a full service household shopping needs provider,” says Richard J. George, Ph.D., chair and professor of food marketing, Gerald E. Peck Fellow, Haub School of Business, at Saint Joseph’s University in Philadelphia. “While ‘everyone is selling food’ for traffic purposes, Target’s new format represents an attractive and different way of presenting food in a discount setting.”

That format, which is called PFresh, will have been implemented in about 1,100 of Target’s 1,755 stores by the end of this year, say company officials. With its wide, clutter-free aisles, fixed-weight produce, freezer coffin cases stocked with the latest specials and a huge assortment of unique and upscale private label offerings, Target is bringing to the grocery side of the business the same excitement, panache and je ne sais quoi that have made its nonfoods side legendary, exemplified by the current catchy Alouette “Color Changes Everything” campaign.

Look for that “Alouette” French flare to become a little more prominent next year when Target expands north of the border into Canada, opening as many as 150 stores in former Zellers locations. Canadian grocer Sobeys will supply frozen, dairy and dry grocery to the stores.

“We have done an enormous amount of research with our guests on what would make their Target experience better and we consistently heard feedback that if we would have fresh food as part of our product offering it would just make their life much easier and convenient,” Annette Miller, senior vice president, merchandising, grocery for Target Corp., tells Grocery Headquarters in an exclusive interview.

The proof that guests love the addition of food can be found in the numbers.



The food and pet supplies segment of Target's business continues to grow each year, accounting for 19% of the retailing giant's \$68.5 billion in annual sales in 2011. By some counts, in just one year Target has been able to snare 2% to 3% of the entire sales in the supermarket industry.

It is for these reasons and many more that Grocery Headquarters is proud to honor Minneapolis-based Target as its 2012 Retailer of the Year.

"For decades, the words 'Target' and 'innovation' have gone hand in hand," says Matthew Shay, president and CEO, of the Washington-based National Retail Federation. "The company's unique branding, marketing, design and ability to adapt to ever-changing consumer demands have historically set it apart from the others."

"Target has caught the attention of most conventional supermarket retailers who now see them as a very serious source of competition in core categories, whereas before they were primarily viewed as a mass merchant with strong apparel and home kinds of categories, but not so much groceries," says Edward McLaughlin, Robert Tobin professor of marketing, director of Food Industry Management Program, at Cornell University in Ithaca, N.Y.

"They also do it with a little bit of panache relative to other discounter operators who have tried the same thing. I think consumers appreciate that. The stores that have been converted to the PFresh format have been largely well-received by consumers," McLaughlin says.

"I think what Target brings to the table is a more sophisticated level of merchandising and marketing that a lot of grocery retailers need to pay attention to," says Spencer Hapoienu, president, Insight Out of Chaos, a New York-based consulting firm. "They have been investing very heavily in data and been very smart about how they use it to understand what drives customer behavior, their shopping patterns, and I think they are taking advantage of it both from marketing and merchandising points of view."

Officials at Camden, N.J.-based Campbell Soup Co. have firsthand knowledge of how Target uses technology to build sales. "Recently, we've worked on increasing grocery awareness with Target guests by employing shopper marketing tactics to drive grocery conversion—which is when a general merchandise customer begins to add grocery items to purchases," says Lisa MacMillan, customer vice president, Target Team, Campbell Soup Co. "This has been especially successful within fresh bakery, soup and shelf-stable juices. These top categories for Campbell are significant areas of opportunity for Target, so our partnership and alignment continue to become stronger and help both companies achieve sustainable, profitable growth."

#### History with grocery

Since the former Dayton Co. department store chain opened its first Target discount store on May 1, 1962 in Roseville, Minn., food—namely snacks and beverages—has been a part of the mix. In 1995, the first Super Target opened in Omaha, Neb., featuring a full-scale grocery store attached to a Target general merchandise store. Today there are about 250 Super Targets nationwide, with each store averaging around 174,000 square feet. In 1995, Target also debuted Archer Farms as its first food private label.



In 2008, Target began testing a new format selling a more extensive line of grocery within the four walls of a conventional Target store, dubbed PFresh. The first test stores were in Minnesota, and were remodeled to add about 10,000 square feet of food space to the conventional 135,000 square foot traditional Targets. No departments were eliminated, but home, apparel and accessories areas were shrunk. “That allows us to have 90% of the product categories that we carry in the Super Target,” says Miller. About the only things lacking are a service deli, service bakery and floral.

PFresh has surpassed Super Target as a growth concept, industry observers say.

“There are about 250 Super Targets and that number has not really changed much over the last couple of years,” says Michael Montani, associate managing director for New York-based ISI Group. “As a result, since the company has been growing, as a percentage of the total store base Super Target has been coming down. I don’t see them closing Super Target down, but they have incorporated the grocery and frequency component through this PFresh strategy. Could the Super Target store count go up to 260? Sure, but I don’t think it is a primary growth vehicle for them.”

“Target has been much more successful converting to the PFresh format within the existing four walls without having to go through all the community opposition that Walmart is going through across America in trying to develop new supercenter sites,” says Burt P. Flickinger III, managing director at Strategic Resource Group, a consumer industry consulting firm based in New York.

“PFresh gives the guest an opportunity to shop at Target for convenient food staples, especially perishables,” says Steven D. Althaus, director of business planning, vice president, consumer product sales for Austin, Minn.-based Hormel Foods. “Ultimately, PFresh allows Target to enter guests’ shopping routines more frequently because they offer food and perishables, just like a traditional grocery outlet or their primary mass competitors without having to invest in building stores with a larger Super Target footprint.”

The retailer is shifting those shopping routines away from conventional supermarkets into its discount stores, observers say.

“The benefit to Target comes across in traffic,” says Montani. “The strategy is to capture the weekly fill-in trip. For them it was a reason for consumers who are already going to Target to hopefully shop one more time during the week and really drive frequency. When you have that individual in the store, hopefully they will cross that aisle and buy some apparel items as well.”

Montani says PFresh is not an effort to confront Walmart, but rather to get its guests to shop the store more frequently than the typical once a month that they previously did. “If they can entice that individual to come once a week it would obviously be a tremendous lift. That is the goal,” he says.

“What is interesting about Target’s strategy is that the vast majority of incremental spending is coming from existing customers who are coming more frequently and buying fresh,” says Colin McGranahan, a senior analyst at New York-based Sanford Bernstein & Co., who follows the chain. “Where were they buying fresh before? Very likely they were buying it in a grocery store. PFresh is not a substitute for a full grocery store visit, but it is certainly a great fill-in, and it is probably taking a little bit of share away from the traditional grocery store chain.”



That might be the consumer who wants to buy a mop and perhaps a bottle of Mr. Clean to go with it. “People generally think Target is a great place for that,” McGranahan says. “They are cheaper, but sometimes a little further out, so maybe they aren’t as convenient. But once a store has been remodeled with PFresh, they will say, ‘While I am here I will pick up some hamburger for dinner and some bananas for the kids.’ Clearly that is taking away the incremental visit from Kroger or Safeway.”

#### Team effort

According to Miller, the success of the PFresh concept is the result of a company-wide collaborative effort.

“I would really like to highlight the team here at Target and the really true cross-functional effort that went into this strategy,” Miller says. “We’ve converted hundreds and hundreds of stores with fresh food in a very short amount of time, and that’s only been possible because of the partnership we have internally, whether that is with our distribution team, store planning team, technology team, our team members who work out in the stores. Everyone at Target has been involved in this and we’re really proud of the results that they’ve delivered,” she says.

Those results are about a 6% lift in sales for each store that has been remodeled, analysts say.

“As they’ve gotten a cohort of stores into the second year after the remodel, they are getting on average about a 2% comp gain,” McGranahan says. “They are delivering on the strategy of driving traffic initially with fresh food, migrating that customer to the bigger grocery assortment, and then in the third year migrating the customer to the more discretionary categories as well. In general the strategy is playing out exactly as they had envisioned it, and they’ve done a nice job with it.”

“To the extent that their goal was to increase the sales per foot of the store and to increase traffic counts, that has certainly been the case,” says Montani. “It remains to be seen if they are getting the cross-shop that they wanted when they initially set out to do this program. Today it is just south of 20% and in an ideal world they would rather have it more than 25%.”

“We are very pleased with our PFresh results, both from a financial perspective as well as from our guest perspective,” Miller says. “The feedback that we get from our guests is very positive about the format and about the offering. That’s what’s most important to us. Our guests reach out to us in e-mails and letters as well as when we’re doing shopalongs and guest surveys and other ways that we get feedback.”

#### Besting Walmart

One thing that Target guests love is the chain’s competitive prices. “Target is investing very vigorously to save shoppers as much money as possible,” says Flickinger. “In our pricing studies across America, Target is meeting or beating Walmart. In addition, Target has a more powerful promotion program than Walmart.”

Yet, one key area where Target is lacking is in distribution. “What we are seeing is where Target self-distributes it seems to have a fast-growing success in terms of market share growth, but where Target has outsourced distribution, the stores really struggle with in-stocks on weekends,” Flickinger adds.





Miller says Target opened its first food distribution center in Cedar Falls, Iowa, in 2009. Today, out of its 37 distribution centers, four are for food. A fifth is under construction in Denton, Texas, and will be online in 2013.

“We use a lot of different metrics to monitor our inventory and stock levels,” Miller says. “In general, based upon guests surveys, feedback and all of our internal metrics that we use to measure in-stocks we’ve been very pleased with our results in food and the consistency of the guest experience.”

“Target makes less money selling food than does Walmart,” says McGranahan. “They don’t have nearly as efficient of a supply chain. Until recently they didn’t even have a fresh food supply chain, but they mix out the store with the 40% of the merchandise that is apparel and home that offers 40% -plus margins, so they end up at roughly the same spot.”

“As Target sells more groceries and perishables, it becomes more economical to do more self-distribution,” Montani says. “They have a goal to eventually get all of that in-house.”

It looks like the company’s plan of becoming a major force in the food industry is right on target.

#### Style and the City

Target has a reputation for bringing a sense of urban chic and style to the suburban masses, but aside from the store adjacent to its downtown Minneapolis corporate headquarters, the chain really hasn’t had much of an urban presence. That is changing this year with the debut of its newest format—City Target.

Designed to offer compact assortments tailored to urban residents, Target is focusing in on busy downtowns with City Target. The first is opening in July in the heart of Chicago’s Loop in the historic Louis Sullivan-designed Carson Pirie Scott & Co. department store building.

“I applaud Target for bringing this urban store concept to Chicago, as well as the new jobs and economic opportunity this store will create,” then Chicago Mayor Richard M. Daley said at a February 2011 press conference announcing the store’s construction. “Target will be an important addition to State Street, one of Chicago’s most important retail centers, and will be located in one of the city’s most architecturally significant buildings.”

In July City Target will also open in the Newmark Building in downtown Seattle and at the Westwood Marketplace in Los Angeles. In October, City Target will debut at the 7th and Fig Retail Center in downtown Los Angeles, where it will occupy space that was once a Bullock’s department store, and in San Francisco at the Metreon Center, a failed shopping/entertainment complex steps from the Moscone Convention Center. In 2013 City Target will open in downtown Portland, Ore.

“We believe there is a compelling business opportunity to open smaller stores of about 60,000 to 100,000 square feet with a reduced, optimized assortment when larger sites simply aren’t available,” says Jamie Bastian, a Target spokesperson. “Our stores are designed to stay relevant to all of our guests, regardless of where they live or work.”



“The City Target format is much smaller than our traditional stores, so all of the content in a City Target is going to be edited from what you would see in our PFresh store, but it will still have all of the categories represented and food will be a part of that mix,” says Annette Miller, senior vice president, merchandising, grocery, at Target Corp.

Target officials have high hopes for their new urban concept. “Based on extensive research, we know that our brand and merchandising content appeals to the urban demographic,” says Bastian. “Urban residents have an affinity to the Target brand; they appreciate high quality; they are hip and chic; they look for value; and they’re designed focused. It’s been hard to reach those guests with a large format store.”

“Target’s innovative efforts of developing small store urban formats are a testimony to its creativity and continued focus on evolving customer needs,” says Richard J. George, Ph.D., chair and professor of food marketing, Gerald E. Peck Fellow, Haub School of Business, at Saint Joseph’s University in Philadelphia.

#### Targeting the kitchen

Ever since it premiered its Archer Farms brand in 1995, Target has been using private label to endear itself to its “guests” and further set itself apart from the competition.

“When it comes to customizing exclusive things for Target we really focus on our Own Brand efforts,” says Annette Miller, senior vice president, grocery, Target Corp., based in Minneapolis. “We look to our Own Brands to really create those products that are unique to Target, exclusive to us, tailored to our guests and really driving loyalty to our brand.”

Products are designed and developed in-house. “We have an internal Own Brand Team,” Miller says. “We have food development scientists and quality assurance specialists. They work hand-in-hand with both our vendors and our merchants when creating our Own Brand product.”

Currently Target has five Own Brands lines:

**Archer Farms.** This premium, affordable brand offers more than 1,600 items centering around premium groceries, fine cooking ingredients, organics, baked goods, frozen pizzas and appetizers. All Archer Farms products contain zero grams of added trans fat. “Archer Farms delivers on Target’s ‘Expect More. Pay Less.’ brand promise—high quality, innovative products at an affordable price,” Miller says.

**Market Pantry.** The retailer’s line of more than 1,900 items offers the quality of national brands at 10% to 30% lower price. Market Pantry includes cheese, milk, eggs, flour, sugar, cereal, poultry, seafood, fruit snacks and granola bars. “Families on a budget can easily and inexpensively stock their kitchens with Market Pantry,” Miller says.

**Sutton & Dodge.** This brand offers a full menu of perfectly marbled, premium quality USDA Choice Angus beef that is naturally aged and hand-trimmed. “It is the same quality beef found in the best steakhouses—at a fraction of the price,” Miller says.



Wine Cube. Target’s boxed wine is available in a number of varietals—many of them award-winning—including Merlot, Chardonnay, Cabernet Sauvignon, Pinot Grigio, Sauvignon Blanc, Cabernet/Shiraz blend, Red Sangria, White Sangria and Riesling. “Target Wine Cubes offer delicious, high-quality wine without the high prices, broken corks, limited shelf life and fragile glass packaging typical of bottled wine,” Miller says.

up & up. The retailer’s line of more than 900 non-grocery everyday essential products spans more than 40 categories, including household cleaners, paper goods, health care, beauty, baby and personal care. “The up & up brand is equal in quality to national brands, but at a lower price, offering an average savings of 10% to 30%,” Miller says.



## Hotel Demand Could Weaken Long Term

酒店需求量長期恐減少，數據顯示 2016 年需求增長率將降低 1%

By Shawn A. Turner (HotelNewsNow.com)

BOSTON—The U.S. hotel industry will continue building on the momentum gained during the past several months, but the prospect of weakening demand looms, panelists said Wednesday during the inaugural Hotel Equity and Lender Perspectives conference in Boston.

The recent uptick in leading economic indicators bodes well for the immediate future of the industry, Mark Woodworth, president of PKF Hospitality Research, said during the opening general session. The data shows demand is likely to show growth in hotel demand in the late third quarter this year and stretching into early 2013. Year-to-date through March, demand is up 4.1%, according to data from STR, parent company of HotelNewsNow.com.

Revenue per available room and average daily rate was up 7.9% and 4% year-to-date through March, according to STR.

Rachel Roginsky, principal with Pinnacle Advisory Group, said the upward trend should continue. “So far so good is our theme,” she said.

Adding to the positive outlook for hotels is the low supply story. The number of active development pipeline rooms in March was down 9.7%, according to STR.

While some development projects have made headlines recently, David Loeb, senior research analyst with Robert W. Baird & Company, expects supply to remain muted. “Press releases are essentially warning shots,” he said. “Don’t build your hotel here. Press releases are not breaking ground. ... I think (pipeline growth) will be pretty tame.”

Further, Loeb said the Baird/STR Hotel Stock Index has shown that hotel stocks have outperformed the market.

With all the things the hotel sector has in its favor, Loeb said he’s most surprised by the reluctance of revenue managers to raise rate more than they have.

“Those of you on the rate-setting side of the business, you guys are wimps,” he said. “You can do better.”

### Long-term outlook

The steam behind the hotel industry’s recovery won’t last forever, and one panelist said the long-term outlook shows signs of weakness.



Anne Lloyd-Jones, managing director, HVS Global Hospitality Services, said demand will weaken through 2016. HVS data shows demand slowing to 1% growth in 2016, down from a forecast of 3% this year. HVS also forecast ADR growth to slow to 3% in 2016, down from an expected 5.5% in 2013.

STR forecasts demand growth of 2% during 2012, slowing to 1.8% growth during 2013.

The sentiment from the panelists was one of optimism, however.

“There are reasons to be concerned, and there are reasons to be positive,” Woodworth said. “The positives outweigh the negatives.”

#### Transactions outlook

As the sector’s performance has improved, the hotel transactions market also has heated up, the panelists said. For the 15-month period through March, Woodworth said a total 225 hotel deals of more than \$10 million were consummated. These deals, at an average price per room of \$210,000, represented a total volume of more than \$12 billion.

Nearly a quarter of these deals took place in the top coastal gateway markets of New York; San Diego; San Francisco; Miami Beach, Florida; and Washington, D.C.

Also, Loeb said hotels owned by real-estate investment trusts, which have increased their acquisition activity of late, represent approximately 70% of U.S. hotel rooms.

“You cannot imagine the voracious appetite of the public companies to buy real estate,” he said.

There is “tremendous upside” for hotel deals, Lloyd-Jones said. An increasing amount of financing—and the low cost of that financing—is contributing to a climate conducive for hotel transactions.

#### Potential challenges

As rosy as the hotel sector appears, there are potential roadblocks, the panelists said. They include the political climate and economic volatility.

Woodworth sees the biggest threat to U.S. hotels being in the form of federal policies, including health care reform and the expiration of tax cuts enacted by former President George W. Bush.

As for economic issues, the panelists largely downplayed the effect rising gas prices might have on the hotel sector.

“People are over the shock of \$4 a gallon,” Lloyd-Jones said.

Loeb said travelers feel they are entitled to a vacation and won’t necessarily let high gas prices prevent them from hitting the road.



### Future IPOs?

The panelists also delved into other areas. Panel moderator Jeff Higley, VP of digital media and communications with HotelNewsNow.com, STR and STR Global, asked Loeb when Hilton Worldwide will go public.

Hilton's initial public offering could occur soon, perhaps next year, Loeb said, adding the IPO could see Hilton broken up into multiple, separate public companies.

"We love Hilton so much, why not have two of them?" Loeb asked.

Also, Loeb said a La Quinta IPO could be in the cards, too, but would likely happen after Hilton goes public. La Quinta has debt issues to resolve first, he said.



## Are Banks Finally Getting Ready to Lend?

一份對全球銀行家的調查顯示，七成銀行將在 **2012** 年增加對小企業的貸款

Source: Small Business Trend

If you've been on the fence about seeking a small business loan, the results of the 2012 Banking Trends Outlook Survey by Omega Performance suggest now might be the time to stop dithering and start applying for the financing your business needs.

The global survey of bankers has good news for both businesses and consumers seeking loans, but the outlook is especially optimistic for small business, with 74 percent of bankers worldwide reporting that their banks were planning to increase their small business lending in 2012. Bankers were also very optimistic about the economy's growth prospects, both globally and in the U.S. in particular. Here's a closer look at what the survey discovered and what it means to your small business.

### Loan Standards to Ease

In the U.S., 19.8 percent of banks planned to ease their lending standards for consumer and commercial loans slightly, while 15.1 percent planned to tighten them slightly. The majority (59.9 percent) said standards would remain the same.

**What It Means to Your Business:** If you've tried and failed to get financing in the recent past, finding a different bank—one that is easing its loan requirements—could be the key to success this time around.

### Commercial Lending to Rise

While commercial lending is projected to increase around the world, the outlook is especially positive in the U.S. Some 60.8 percent of U.S. banks surveyed said they plan to do more commercial lending in 2012, and 12.7 percent said they plan to do "considerably more." About 19 percent plan to do the same amount of commercial lending. Just 7 percent reported plans to decrease or "considerably decrease" the amount of commercial lending.

**What It Means to Your Business:** Talk to your banker about his or her bank's plans for commercial lending going forward. Watch the news for reports on banks increasing their commercial lending. Even banks that weren't highly active in commercial lending might be getting in on the act, so keep your ears open for new entrants into the field.

### Banks Will Pursue Small Business

Drilling down even further, small business lending in particular is projected to increase around the world, with the U.S. outlook again being particularly good. Among U.S. banks, 12.7 percent said their small business



lending would increase drastically in 2012, and 63.7 percent said it would increase slowly. Some 18.9 percent said small business lending would stay the same, and just 4.7 percent said it would decrease.

In fact, when asked which areas of lending they would actively pursue in 2012, the leading answer was “small business.” More than 78 percent of banks reported they will pursue small business lending this year, far ahead of the 66 percent that will pursue lending to midsized and large businesses.

**What It Means to Your Business:** As more banks pursue small business lending, you could find yourself with more options, including new banks you may not have considered before. Use a variety of sources to keep in the loop as to which banks are most aggressive in pursuing small business loans.

#### Bankers Are Optimistic

Behind banks’ positive plans for increased lending is their belief that the economy is improving. Sixty-six percent of U.S. banks surveyed project the U.S. economy will “improve slowly” for the remainder of 2012; only 31.1 percent project it will remain flat. A mere 1.9 percent expects decline.

**What It Means to Your Business:** Just as banks’ tightening of credit at the beginning of the recession threw a chill over the economic landscape, their optimistic outlook now can help thaw everything from business plans to consumer spending. Make sure your business is prepared to take advantage of economic growth by developing a plan now to get the financing you need to serve customers, expand and thrive





## Demand For Commercial Loans Increases

### 商業貸款需求增長

By Vincent Ryan (CFO.com)

Business lending in the United States looks to have definitely turned a corner, with domestic banks and U.S. branches and agencies of foreign banks reporting easing terms for commercial and industrial (C&I) borrowers last quarter, while also saying demand for such loans had picked up.

While banks aren't changing their yardstick for who gets credit, many are easing the terms — at least to large and middle-market firms, according to the Federal Reserve's Senior Loan Officer Survey on Bank Lending Practices, released Monday.

About 58% of the 81 financial institutions surveyed said they cut the spread over cost of funds that they charge borrowers, and 32% said they reduced their use of interest-rate floors. About 17% said they lowered the other borrowing costs that come with a line of credit. This is a change from the Fed's January survey, when banks reported that lending standards and terms were static. Standards and terms for small companies, however, remained basically unchanged in the first quarter.

A more positive economic outlook doesn't appear to be driving the changes on C&I terms. Neither did many bank officers cite an improvement in their bank's capital position or a higher tolerance for risk. Instead, almost all domestic U.S. banks said "more aggressive competition" from other banks and nonbank lenders had forced them to respond with softer terms.

Greater demand for C&I loans carried over from the fourth quarter of 2011. More banks than not said that inquiries from businesses about new or larger lines of credit had risen. Among the reasons the banks cited for the lift in demand were companies' need to finance accounts receivable, to invest in plant or equipment, and to finance acquisitions. However, the shift in demand was also attributed to customers switching banks.

The euro zone crisis continued to affect some kinds of lending. Some U.S. banks reported tightening on loans to financial institutions headquartered in Europe and their affiliates or subsidiaries, as well as to U.S.-based nonfinancial companies that have significant exposure to European economies.

However, the number of banks reporting so diminished from the fourth quarter. The larger effect from the euro zone crisis, at least currently, is the aggressiveness of overseas banks in pursuing U.S. business customers: two-thirds of domestic U.S. banks that normally go head-to-head with European banks said they saw less competition from them last quarter.

The picture for residential real estate lending that the Fed survey painted was much murkier. While more banks on net reported increasing residential real estate mortgage assets, "several large banks," the Fed said, "anticipated reducing their exposures somewhat or substantially."



While some banks reported increased demand for residential real estate loans, a majority said they were less willing to originate loans eligible for sale to government sponsored enterprises (GSEs). The most important factor, cited by the largest number of banks, was the higher risk of “putbacks” of delinquent mortgages by the GSEs. (Putbacks are when a mortgage security holder forces the originator to repurchase the loan.) Banks also said borrowers were having more difficulty obtaining mortgage insurance. Other factors cited for shying away from such mortgages included the individual financial institution’s exposure level to residential real estate; concerns over legislative changes, supervisory actions or accounting standards, and the prevailing spread of mortgage rates over cost of funds being insufficient to compensate for risks.

The Fed’s survey on lending practices for the first quarter polled 81 financial institutions in total.



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

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Interest Rate	Yield/Rate (%)			52-Week			Change in PCT. PTS	
	Last	Wk Ago	High	Low	52-week	3-yr		
Federal-Funds rate target	0-0.25	0-0.25	0-0.25	0-0.25	-	0.00		
Prime rate*	3.25	3.25	3.25	3.25	-	0.00		
Libor, 3-month	0.47	0.47	0.58	0.25	0.20	-0.49		
Money market, annual yield	0.49	0.49	0.63	0.44	-0.13	-0.89		
Five-year CD, annual yield	1.39	1.37	2.00	1.30	-0.61	-1.37		
30-year mortgage, fixed	3.94	3.99	4.72	3.94	-0.78	-1.21		
15-year mortgage, fixed	3.17	3.22	3.97	3.17	-0.80	-1.60		
Jumbo mortgages, \$417,000-plus	4.51	4.55	5.42	4.50	-0.81	-2.11		
Five-year adj mortgage (ARM)	2.97	2.97	3.36	2.83	-0.33	-1.94		
New-car loan, 48-month	3.28	3.28	4.46	3.05	-0.65	-4.15		
Home-equity loan, \$30,000	4.66	4.67	5.07	4.65	-0.41	-1.02		