COMMERCIAL REAL ESTATE MARKET UPDATE

GENERAL
市場概括

- [Chinese Cinema Firm To Buy AMC in $2.6-Billion Deal]

  中國大連萬達集團將以 26 億美元收購美國著名影院公司AMC成為全球最大院線商

  Dalian Wanda Group Co., Ltd. announced it has struck a deal to acquire the second-largest movie theater operator in the U.S., AMC Entertainment Holdings, Inc., for $2.6 billion.

- Commercial Property Professionals Expect Values To Climb

  專家預測各類商業地產價值將攀升

  The Urban Land Institute, an industry trade group and think tank, surveyed developers, brokers, architects and other real estate professionals who predicted increasing values for all types of commercial property.

- China's CRE Sector Could Become Overheated Soon

  中國大陸商業地產恐即將過熱

  The outlook for the Chinese property market is souring as the government's tightening measures continue to squeeze developers' cash flow and credit channels.

- Investors Target Abandoned Retail Projects Affected by Redevelopment Agency Closures

  投資者瞄準因加州政府再開發機構關閉而被放棄的購物商場項目

  Champion-Wilson Retail Allocates $50 Million to Acquire, Develop and Renovate California Retail Properties.

MULTIFAMILY
公寓樓

- Demand, Capital Driving Apartment Market

  業界高管稱持續的需求和適宜利率的貸款供應促進公寓樓市

  Continued positive multifamily demand fundamentals and ready access to capital at attractive rates is fueling a surge in new apartment development, according to industry executives.

INDUSTRIAL

工業倉庫

- Manufacturing Recovery Stumbles As Factory Orders Fall Again

  4 月工廠訂單額意外下降 0.6%，導致工業倉庫需求減弱

  Demand for factory-made goods has fallen three of the past four months, sliding an unexpected 0.6%, or $2.9 billion, in April. The measure had tanked 2.1% in March, marking the first back-to-back declines in more than three years.

RETAIL

購物商場

- Retail Landlords Offer New Programs To Help Tenants Compete

  購物商場房東為房客提供新穎的租賃和業務擴展項目以助其與網路商家競爭

  Retail landlords are offering tenants innovative leasing and business development programs to help them better compete with online retailers.
- Megastores Keep Malls Afloat In Downturn

  Apple、Sony、Microsoft等科技類公司的大型店面助力購物商場

  Tech providers are viewed as ideal retail center tenants, after the proven success of the Apple megastore. Sony and Microsoft are two other examples of tech companies that are expanding into retail centers.
- American Eagle Outfitters Closing Kids Stores

  連鎖服裝品牌American Eagle計劃關閉全部 22 間童裝店以專注於青少年服裝

  American Eagle Outfitters Inc. plans to close all 22 of its 77kids stores and focus on its strong teen apparel business. The company is currently exploring options for the business, which include a full or partial disposition of assets to a third party.

FINANCING

貸款與資金

- Delinquent Commercial Mortgage-Backed Securities Hit A Record

  商業抵押證券拖欠率 5 月升至 10.04%，創歷史新高；總拖欠金額達 590 億元，但有望下降

  The delinquency rate for commercial mortgage-backed securities rose to 10.04% in May, reaching an all-time high and crossing the 10% threshold for the first time, according to loan-research service Trepp. CMBS loans past due now sit at $59 billion, but that is expected to begin declining.
- Consumer Money Rates (Mortgage Rate, Prime Rate, etc.)

  消費者市場利率：房貸、基本利率、等等

Chinese Cinema Firm To Buy AMC In $2.6-Billion Deal

中國大連萬達集團將以 26 億美元收購美國著名影院公司 AMC 成為全球最大院線商

By Tim Trainor (CoStar)

In another sign of an increasingly global economy, Dalian Wanda Group Co., Ltd. announced it has struck a deal to acquire the second-largest movie theater operator in the U.S., AMC Entertainment Holdings, Inc., for $2.6 billion.

Wanda said the purchase will create the world's largest cinema owner. Analysts said the acquisition comes at a time when the U.S. movie theater market is at a mature stage, while China's is poised for rapid growth in the years to come.

"This acquisition will help make Wanda a truly global cinema owner, with theatres and technology that enhance the movie-going experience for audiences in the world's two largest movie markets," said Wang Jianlin, chairman and president of Wanda.

As part of the transaction, Wanda said it plans to invest as much as an additional $500 million to fund AMC's development. The capital infusion is expected to enable the chain to renovate some if its theaters, including adding more IMAX and 3-D screens. Meanwhile, the buyer said it has no plans to make changes to AMC's headcount or relocate its headquarters from the Kansas City area.

AMC operates 346 multiplex theaters in North America, including the top three highest grossing theaters in the country, and 23 of the top 50 highest grossing theaters, although it has reported operating losses in two of the last three fiscal years. The privately held firm's ownership group includes Apollo Global Management, Bain Capital, the Carlyle Group, CCMP Capital Advisors and Spectrum Equity Investors.

A private conglomerate with $16.7 billion in annual revenue and $35 billion in assets, Wanda focuses on five businesses but is mostly known for its commercial real estate holdings. Its four other business areas include luxury hotels; tourism investment; department stores; and its much smaller cultural businesses, which include 86 movie theaters, as well as large-scale stage show, film production and distribution, and entertainment chains.

Commercial Property Professionals Expect Values To Climb

專家預測各類商業地產價值將攀升

By Roger Vincent(Los Angeles Times)

With corporate profits increasing, commercial real estate professionals expect their industry to improve in the second half of the year, according to a survey.

The Urban Land Institute, an industry trade group and think tank, surveyed developers, brokers, architects and other real estate professionals who predicted increasing values for all types of commercial property.

The apartment sector is still No. 1, followed by warehouse distribution centers, which respondents expected to jump significantly in value because U.S.- based manufacturing continues to show positive signs.

Of particular interest to buyers are industrial properties located in hotbeds of energy and high-tech markets such as Austin, Texas, and Silicon Valley, where job gains, demand from renters and rising rents are expected to lead the country.

Hotels, which placed third, had the biggest gain overall in the annual survey as corporate and individual travel grew.

Boston and San Francisco are expected to be among the leaders of rising property values, while Los Angeles values are predicted to generally remain flat.

Washington, D.C., showed the biggest decline in market investment prospects because respondents thought that its prices were already high and that federal cutbacks might reduce demand for real estate such as offices.

China's CRE Sector Could Become Overheated Soon

中國商業地產板塊恐即將過熱

By Dow Jones Newswires (Fox Business)

SHANGHAI – Some Chinese cities will likely see a commercial real estate bubble in the near future as developers move into the sector from the sluggish residential market, property developers said Tuesday.

They said some residential developers have flooded the market with large office and retail property developments since China imposed curbs on the housing market, and a glut could emerge in some cities as early as next year.

"There has been a tremendous volume of construction in Chengdu, Shenyang and Tianjin, and we may see property bubbles emerge in these cities," said Zhu Wusong, president of Evergrande Real Estate Group Ltd.'s (3333.HK) commercial group.

"Some local governments don't have a proper plan regarding mixed-used developments, and they are only interested in building more," Zhu told a forum in Shanghai.

Mixed-use developments in China are typically large projects which include a shopping mall, hotel, residences and office towers in the same area.

There isn't enough demand to digest such projects in some cities, industry participants said.

"There are cities that are building too many mixed-use projects, but are there enough consumers?" said Mei Yongfeng, managing director of commercial property at Kunming Sinobright (Group) Co. (000560.SZ), adding there are signs of an oversupply in the southwestern city of Chengdu.

"Rents will become very cheap, there will not be brand name retail companies coming in, and the returns (for developers) will be low," said Mei. "Some developers haven't considered the future problems, such as how to repay their loans."

The outlook for the Chinese property market is souring as the government's tightening measures continue to squeeze developers' cash flow and credit channels. Firms that underestimated Beijing's resolve to maintain the market curbs have found themselves financially pinched.

"The outlook isn't very optimistic," said Zhao Wen, vice president of commercial property developer, 1912 Group.

"In some cities you will see a change from a blank slate (in such mixed-use projects) to an oversupply."

Investors Target Abandoned Retail Projects Affected by Redevelopment Agency Closures

投資者瞄準因加州政府再開發機構關閉而被放棄的購物商場項目

By CoStar Research (CoStar)

Los Angeles-based Champion Real Estate and Chris Wilson, founder of Wilson Commercial Real Estate, have formed Champion-Wilson Retail to acquire value-add and distressed retail assets and notes throughout California, as well as prime shopping center and urban retail land.

The new venture said it is especially interested in working with owner-operators to resurrect retail projects abandoned as a result of the demise of Redevelopment Agencies as a result of California's budget crisis.

Champion has allocated $50 million of equity to the venture, which it said could be leveraged to acquire up to $200 million in properties over the next three years. Wilson will spearhead the new venture separately from his ongoing role as head of Wilson Commercial Real Estate. Investment criteria include retail properties ranging in price from $10 million to $100 million.

Gardena Shopping Center Sells for $8.3 Million

Gardena 購物商場以近 830 萬元的價格被售出

By David Munz(CoStar)

Redondo Garp LLC acquired a shopping center in Gardena, CA, anchored by Smart & Final for nearly $8.28 million or $296 per square foot. RK Gardena LLC was the seller.

The property consists of two buildings with a total of 27,966 square feet. They were completed in 2002 and were 100 percent occupied at time of sale. The complex includes approximately 149 parking spaces.

Adam Friedlander and Joseph Linkogle of Marcus &Millichap represented the seller and the buyer.

Megastores Keep Malls Afloat In Downturn

Apple、Sony、Microsoft 等科技類公司的大型店面助力購物商場

By Carolyn Cummins(The Sydney Morning Herald)

A NEW set of tenants are being courted for shopping centres that will focus on services and technology, such as Sony and Microsoft megastores, allowing landlords to defy the weak retail conditions.

The success of the format is evidenced by the popularity of the Apple megastores in malls across the country, against the falling sales of apparel stores.

Westfield, CFS Retail and GPT, the biggest of the real estate investment trust retail landlords, have all reported stronger sales results for the three months to March.

They all said bankruptcies and store closures were in the single digits, while the pre-leasing spreads (time between a closure and re-let) were also marginal.

As a result, the data shows retailers still prefer to be in a shopping centre that offers exposure to a large range of consumers and are in the right location.

Westfield's co-chief executive, Steven Lowy, said last week at the quarterly results that smartphones and technology were the new drivers of shopping centre sales.

He said the ability of a landlord to mix the tenancy to accommodate new trends would keep them viable.

''Stores like JB Hi-Fi have ridden the wave of technology over the past 10 years,'' Mr Lowy said. ''In the coming few years, it will be the roll out in Australia of new Sony megastores, Microsoft's standalone stores and the expansion of the Apple store concept.''

According to the Simon Wheatley, senior REIT analyst at Goldman Sachs, of the 24,789 specialty stores within the listed REITs, only about 358 are likely to close in the coming year. He said that despite weak retail conditions, shopping centres remain full, few tenants are leaving at expiry, and they are signing new leases for normal five-year terms with above-CPI rent increases.

''The owners of regional shopping centres point to the strength of recognised brands and that retailers are more interested in maintaining higher productivity stores, meaning earnings and occupancy risk is low, despite discretionary spending being weak,'' Mr Wheatley said.

Paul Checchin, an analyst at Macquarie Equities, says another indication of the strength of being a landlord is the re-leasing spread across the malls.

A typical large shopping centre has five-year average specialty lease terms, implying 20 per cent of specialty store lease contracts come up annually for expiry.

American Eagle Outfitters Closing Kids Stores

連鎖服裝品牌 American Eagle 計劃關閉全部 22 間童裝店以專注於青少年服裝

By Mark Heschmeyer(CoStar)

American Eagle Outfitters Inc. plans to close all 22 of its 77kids stores and focus on its strong teen apparel business. The company is currently exploring options for the business, which include a full or partial disposition of assets to a third party.

In fiscal 2011, the brand generated an after-tax loss of $24 million on sales of $40 million. The company anticipates charges associated with the disposition of 77kids to be taken primarily in the second and third quarters.

Pittsburgh-based American Eagle said it may close other of its brands stores as well.

"Our brick-and-mortar store fleet is currently under a comprehensive market-by-market, store-by-store review, focused on maximizing productivity in our top volume doors," Robert L. Hanson, CEO of American Eagle told investment analyst last week. "We're reviewing opportunities to consolidate markets and selectively close stores. We're also looking to accelerate outlet store openings and expect to more than double the store base from 67 today."

In the first quarter, American Eagle opened seven locations, primarily outlets. It closed seven locations, including one aerie store. The company said it is still on target to open nine stores this year and remodel 55 to 65 stores.

Demand, Capital Driving Apartment Market

業界高管稱持續的需求和適宜利率的貸款供應促進公寓樓市

By Mark Heschmeyer (CoStar)

Continued positive multifamily demand fundamentals and ready access to capital at attractive rates is fueling a surge in new apartment development, according to industry executives.

Several hundred senior-level apartment executives gathered in Scottsdale, AZ, last week for National Multi Housing Council's (NMHC) Apartment Strategies/Finance Conference and Spring Board of Directors Meeting. The following is the NMHC's summary of what was discussed.

Continued low levels of new supply have led to a big bounce-back in rents as demand outpaces new construction. According to one panel of apartment executives, the new supply shortfall may be larger than once thought -- as many as 700,000 to 1 million units -- because many of the apartments built in recent years have been in the affordable, rather than market-rate, section of the market. Moreover, much of the current apartment stock dates back to the 1970s and is becoming obsolete, creating additional demand for new supply.

Select areas have seen such large upticks in the number of planned and under construction units that could turn into hot spots for potential overbuilding. In particular, certain submarkets of Phoenix, Seattle and Washington, D.C., appear somewhat at risk.

But, overall, new completions are still a very low percentage of total inventory.

Money Flowing for Multifamily

There is a wall of private capital that wants into the multifamily space. More than 250 private equity funds currently are looking to do multifamily deals-57 of which are apartments-only funds, while the balance are diversified funds looking for a slice of the multifamily action.

"Our investors can't get enough of multifamily," said Steve Pogarsky, vice president of multifamily acquisitions for BPG Properties/Madison Apartment Group. "We have to contain their enthusiasm."

Life companies also continue to up their investment in the multifamily space; they invested $11 billion in sector in 2011. While their target exposure to multifamily real estate had been 15 to 20% of their portfolio, the major players have upped that to roughly 25%.

"It's just getting the deals done that's the problem," said Mark Hafner, managing director for investments at Greystar Real Estate Partners. "You have a supply-demand imbalance," he said, pointing out that out of $166 billion in commitments in 2011, just $44 billion closed. For now, a lot of so-called "dry powder" is collecting on the sidelines, waiting for the right deals.

Beyond acquisitions and dispositions, the construction lending market is also going through a transformation that may tap the brakes on the apartment sector's activity and growth.

Many big projects also are getting "clubbed" together as handfuls of investors mitigate risk in a project by joining forces. And because big banks don't have syndication departments anymore, companies are spending a year or more talking to various lenders to cobble together a deal.

But Tom Booher, executive vice president at PNC Real Estate, said he's seeing regional banks ramp up on their construction lending. Some of the most aggressive terms on construction he's seen have been for smaller deals in Midwestern markets like Cincinnati, Columbus, Indianapolis and Toledo.

Manufacturing Recovery Stumbles As Factory Orders Fall Again

4 月工廠訂單額意外下降 0.6%，導致工業倉庫需求減弱

By Tiffany Hsu (Wall Street Journal)

There's been quite a bit of chatter this spring about a rebound in the manufacturing sector. Whether those predictions will hold up is looking less and less certain as new orders tumble.

Demand for factory-made goods has fallen three of the past four months, sliding an unexpected 0.6%, or $2.9 billion, in April. The measure had tanked 2.1% in March, marking the first back-to-back declines in more than three years.

Machinery orders plunged 2.9%; requests for cars, computers and electrical equipment also fell, according to the Commerce Department. Demand for non-durable goods – items designed to last less than three years – dipped 1.1%. Shipments are down for the fourth month in a row; unfilled orders and inventories rose.

Analysts blamed the reversal of fortune on a recent run of dismal employment data in the U.S., a slowdown in Asian growth and general euro zone dysfunction.

"It's always going to be a bit touch-and-go when we're talking about the global economic recovery," said Bob McCutcheon, U.S. Industrial Products leader for PwC. "Europe, China, those could have a short-term effect on growth at any given time."

In recent years, the sector has "seen a relatively strong spring only to follow up with a slowdown," he said.

"But long term, we are starting to see positive signs of a resurgence in domestic manufacturing," he added.

This year, the dip may be related to a reduced government tax credit that boosted business investment in the U.S. last year, said EsmaelAdibi, director of the A. Gary Anderson Center for Economic Research at Chapman University. Exports are also growing at a slower pace, he said.

But, like McCutcheon, he also doesn't think the manufacturing declines of the past two months are a trend.

"Everything is relative," Adibi said. "I still believe the numbers are going to be positive."

Delinquent Commercial Mortgage-Backed Securities Hit A Record

商業抵押證券拖欠率 5 月升至 10.04%，創歷史新高；總拖欠金額達 590 億元，但有望下降

By ELIOT BROWN (Wall Street Journal)

The delinquency rate for commercial mortgage-backed securities reached record levels in February, as commercial real-estate deals made in the market's peak continue to struggle despite rising values in some parts of the country.

According to research firm Trepp, 9.39% of all CMBS loans were delinquent in February, a modest increase from 9.34% in January.

The bulk of troubled CMBS loans, mortgages bundled together and sold to investors as bonds, were made in 2006 and 2007. At least $22 billion of those loans are expected to mature in 2011, according to Fitch Ratings.

Of property types, one of the larger jumps was in the office sector, with 7.1% of office loans delinquent, up from 6.88% in January. Multifamily apartments were the worst performing, with 16.61% of loans delinquent in February, although that rate was down from a peak of 16.85% in January.

The increase in delinquencies comes even as the volume of delinquent loans sitting on banks' balance sheets is on the decline.

For the last three months of 2010, banks and thrifts reported that 7.8% of commercial real-estate loans were more than 30 days past due, according to data from the Federal Deposit Insurance Corp. and Trepp, down from a peak of 9.1% in the first quarter of 2010.

Banks, particularly the larger institutions, have been picking up the pace at which they sell off troubled commercial mortgages, according to Matthew Anderson, managing director at Trepp. "They've made more progress in dealing with their problem loan portfolios, especially in the second half of last year," Mr. Anderson said.

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

消費者市場利率：房貸、基本利率、等等

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	Yield/Rate (%)		52-Week		Change in PCT. PTS	
Interest Rate	Last	Wk Ago	High	Low	52-week	3-yr
Federal-Funds rate target	0-0.25	0-0.25	0-0.25	0-0.25	-	0.00
Prime rate*	3.25	3.25	3.25	3.25	-	0.00
Libor, 3-month	0.47	0.47	0.58	0.25	0.22	-0.16
Money market, annual yield	0.50	0.50	0.63	0.44	-0.12	-0.86
Five-year CD, annual yield	1.39	1.39	1.97	1.30	-0.58	-1.38
30-year mortgage, fixed	3.86	3.97	4.71	3.86	-0.74	-1.53
15-year mortgage, fixed	3.22	3.28	3.89	3.17	-0.63	-1.78
Jumbo mortgages, $417,000-plus	4.40	4.51	5.22	4.40	-0.74	-2.33
Five-year adj mortgage (ARM)	2.85	2.91	3.36	2.83	-0.32	-1.97
New-car loan, 48-month	3.88	3.24	4.46	3.05	-0.03	-3.57
Home-equity loan, $30,000	4.67	4.67	4.92	4.65	-0.13	-1.11