COMMERCIAL REAL ESTATE MARKET UPDATE

GENERAL

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  集大學、酒店、辦公樓和公寓於一體的三百餘萬平方英尺混用建築將在洛杉磯市中心時尚區建造

  Ambitious plans have been unveiled for a 3.3-million-square-foot development that would bring a college, hotel, offices and apartments to the fashion district of downtown Los Angeles.

- **Small-Business Acquisitions Are On The Rise**

  2012 年末小企業收購交易增長明顯，特別是建造和製造業

  There was a significant increase in sales of small businesses at the end of 2012 compared with the same period during the previous year. The flurry of activity might have been due in part to impending changes in the tax code, but there is reason to believe that the market for acquisitions is growing, especially in sectors like construction and manufacturing.

- **Tudor-Style Windsor Apartments In Korea Town To Be Renovated**

  洛杉磯韓國城一 1920 年代建造的公寓樓將被改造成都鐸復興風格復合建築

  A 1920s-era apartment building in Korea town has been acquired by a Los Angeles investor who plans to renovate the brick Tudor Revival-style complex near Wilshire Boulevard.

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- **Big-Box Backlash: The Rebirth of Mom-and-Pop Shops**

  自 1980、90 年代受大型零售店排擠，夫妻店重獲消費者青睞

  Call it a retail revival. After getting crushed by big-box stores during the 1980s and 1990s, mom-and-pop shops are enjoying something of a rebirth among U.S. consumers.

- **Vegetarian Alert: Veggie Grill Plans Major Expansion**

  素食連鎖餐廳VeggieGrill計劃 18 個月內以加州為基礎繼續擴張一倍

  Veggie Grill, the chain of vegetarian restaurants based in Santa Monica is planning to double its store count within 18 months. In the first half of the year, branches are set to open in Los Angeles, Orange County, San

Diego and Seattle. The company said it more than doubled its locations last year to 16 eateries in California, Oregon and Washington.

- **Starbucks: Where Expansion Is Percolating**

  連鎖咖啡巨頭星巴克宣佈 1500 家新店的擴張機會，並將與Safeway和Target開展店中店的合作關係

  Starbucks recently announced plans to open at least 1,500 new stores in the U.S. over the next five years, and also exploring licensed partnerships with Safeway and Target, growing its store-within-a-store presence.

- **Dunkin' Donuts Targets Southern California for Franchise Growth**

  連鎖餐點企業Dunkin'Donuts瞄準南加州作為下一步開店目標

  Working to retain its title as one of the fastest growing quick service restaurant brands in the industry, Dunkin' Donuts will expand into Southern California for the first time. The company will continue to open new locations in existing markets as part of its long-term goal of blanketing the country with more than 15,000 Dunkin' Donuts locations in the U.S.

- **OfficeMax Plans Smaller Stores**

  大型連鎖辦公用品零售商OfficeMax計劃新開較小的店面

  OfficeMax is the latest chain to announce plans for smaller stores. The new urban footprint, set to debut in April, will range in size from 5,000 to 15,000 square feet, significantly smaller than the chain's 30,000-square-foot big box stores.

HOTEL

酒店

- **Hotel-Retail Mixed-Use Model Is Gaining Developer Interest**

  因研究顯示強勁的經濟效益，越來越多開發商選擇酒店和購物中心一體的複合式建築項目

  More developers are looking into mixed-use projects combining hotels with retail centers as research found strong economic feasibility in the model. However, engaging in this type of operation requires that developers on the retail side of the enterprise be oriented toward issues and customs specific to the lodging industry.

OFFICE

辦公樓

- **Recovering Office Demand Sets Stage For Rent Growth Across The U.S.**

  辦公樓租賃需求強勢增長，今年有望推高租金

  Tenant demand for office space ended 2012 on a strong note as occupancy gains spread across a broadening array of U.S. markets, opening the door for widespread rental rate increases this year.

MULTIFAMILY
公寓樓

- **Big-Name Developers, Investors Boomerang Back Into Condos**

  需求增長，幾大建商和投資者看准公寓建造項目的復興，全美公寓交易額和均價達 7 年來最高點

  Major investors are starting to take serious notice of the emerging condo market after several large residential and commercial developers announced new condo development projects. In a sign that demand is picking up, overall U.S. condominium investment sales volume and the average price paid per unit for condo projects reached their highest levels in seven years during the fourth quarter.

- **Demographic Trends Driving Multifamily Sector**

  女性推遲婚姻和生育，催熱公寓租賃市場

  A shift in demographic trends will continue to favor the apartment rental market, even as the single-family home market heads to recovery. Women are delaying marriage and having children, preferring to stay in full-amenity apartment complexes.

FINANCING
貸款與資金

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

  消費者市場利率：房貸、基本利率、等等

Major Mixed-Use Plan Announced For Fashion District Downtown

集大學、酒店、辦公樓和公寓於一體的三百餘萬平方英尺混用建築將在洛杉磯市中心時尚區建造

By Roger Vincent(LA Times)

Ambitious plans have been unveiled for a 3.3-million-square-foot development that would bring a college, hotel, offices and apartments to the fashion district of downtown Los Angeles.

The owners of about three blocks' worth of faded commercial properties hope to build a project valued between $500 million and $1 billion called the City Market of Los Angeles. It would rise in an area that once housed wholesale produce businesses and is now home mostly to garment industry shops and warehouses.

City Market is in early stages of seeking approval for the project from city officials, which could take more than a year. The boundaries of the proposed 10-acre development are roughly San Julian and San Pedro streets between 9th and 12th streets.

As planned by the six property owners led by Peter Fleming, City Market would hold a campus for one or more private colleges, 945 units of new housing, 210 hotel rooms and more than 500,000 square feet of creative offices, stores, restaurants and entertainment uses.

"With new academic facilities, creative office space, residences, hotel rooms, restaurants, nightspots, and event and exhibit spaces, the project seeks to become a globally recognized destination," said Fleming, chief executive of City Market.

Some existing buildings would be reused and others would be razed, said architect Douglas Hanson, design partner at Smart Architecture. The usable existing buildings would probably be developed first but the sequence of development would follow market demand.

"Ideally, we would all love to have the school there as the first phase," Hanson said. It would probably be a private postgraduate institution focused on fashion design.

It could take as long as two decades to complete the project, he said.

Small-Business Acquisitions Are On The Rise

2012 年末小企業收購交易增長明顯，特別是建造和製造業

By Karen E. Klein(Bloomberg Businessweek)

In October, Silicon Valley entrepreneur Eric Bahn sold Beat The GMAT, his social network startup for MBA applicants, to Hobsons, an education technology company in Cincinnati. The money, he says, was "too good for us to pass up." Timing was also a big factor: The sale closed before a raft of tax increases stemming from Obamacare and the fiscal-cliff deal kicked in on high earners in 2013. "Some others in the Valley are wallowing a bit in their alcoholic beverages right now, feeling like they missed a good time for liquidity," Bahn says.

Bahn's interest in getting the acquisition completed in 2012 appears to have been shared by many: BizBuySell, an online business-for-sale marketplace focused on Main Street companies, reported a 43.4 percent jump in business sales during the final three weeks of December 2012 compared with the same time period in 2011. Its report records a sample of transactions reported by 1,200 brokers across the country. "We had a daily average of 12.7 deals for the first 10 weeks of the fourth quarter. It spiked to 16.3 over the last three weeks, showing a very pronounced, consistent increase," says Curtis Kroeker, the company's general manager. (Disclosure: BizBuySell advertises its listings on Businessweek.com.)

Mergermarket, which tracks mergers and acquisitions globally, reported $672.9 billion worth of deals in the U.S. in the fourth quarter, up 45.6 percent over the same time period in 2011 and the best quarterly result since 2010's fourth quarter. "I was very happy to see that, because when we do have that uptick at the year's end, it really shows the next year is going to be a good year," says Amanda Levin, who oversees the company's M&A research in North America. "We're not going back to 2007, but it's a lot better than recently."

Clearly the impending tax increase was a major driver of late-year 2012 sales, but other factors are coalescing around an improving M&A market: aging boomers looking to retire; large companies that have amassed considerable cash reserves since the fiscal crisis; and laid-off employees approaching middle age, who are turning to entrepreneurship rather than trying to find full-time employment.

Small business valuations will also improve this year, if only due to a quirk of timing, says Scott M. Bushkie, principal at M&A advisory firm Cornerstone Business Services in Green Bay, Wis. "Most buyers go back three years in scrutinizing a company's financials," Bushkie says. "This year for the first time in a while, 2009 will not be included, and 2009 was a very bad year for most businesses. The seller's story looks a little bit better now."

In some sectors, including construction and manufacturing, acquisitions are motivated in part by the desire to acquire proven employees. The trend has been around for a while in a technology sector hungry for software engineers, but it is spreading, says Roger J. Murphy, president and chief executive of Murphy Business & Financial, a Clearwater (Fla.) business brokerage. "In Florida about 90 percent of all the construction-related workers were out of work because of the industry decline" stemming from the implosion of the mortgage industry and housing bubble, he says. "The guys working down here relocated out of state or got retrained. Now, if you're doing a building and you need a sheetrock contractor, you just can't find the labor."

The solution for some midsize business owners is to buy small competitors and incorporate their technology and skilled workers. "We had a printing company client who couldn't find good pressmen, so he bought a couple small companies that were going under," Murphy says. "Those employees are now working 40 to 60 hours a week, where they were only getting 20 hours a week before."

Diane Biersteker, who started Human Resources Consulting in Little Suamico, Wis., two years ago to advise small-to-midsize companies, says many of her clients are looking at targeted acquisitions mainly for the skilled labor. "The craftsman is incredibly important, and it's a big pain point for the machine shops and manufacturers I consult with," she says.

Bahn and seven of his employees from Beat the GMAT stayed on after the acquisition and now work in Hobsons' Web properties group in San Francisco. When his friends complain about their tax troubles, he tells them they're "facing a first-world problem. You have to pay a little more taxes, but that's because you were successful and made a lot of money."

Tudor-Style Windsor Apartments In Korea Town To Be Renovated

洛杉磯韓國城一 1920 年代建造的公寓樓將被改造成都鐸復興風格復合建築

By Roger Vincent (LA Times)

A 1920s-era apartment building in Koreatown has been acquired by a Los Angeles investor who plans to renovate the brick Tudor Revival-style complex near Wilshire Boulevard.

The six-story Windsor Apartments at 3198 West 7th St. and an adjacent parking lot zoned for development sold for $10.75 million to a limited liability corporation, according to investment banking firm George Smith Partners.

The Windsor was built in 1926 at 7th and Catalina streets as an upscale apartment hotel in what was then suburban Los Angeles.

“It’s a distinctive example of the great apartment buildings that characterized the neighborhood at the time — luxury living in a burgeoning area between Westlake [now MacArthur] Park and the Ambassador Hotel,” said Linda Dishman, executive director of the Los Angeles Conservancy.

A Times story about renovation work at the Windsor in 1973 said the apartments were within easy walking distance of the Ambassador, and the I. Magnin’s, Bullock’s Wilshire and Saks Fifth Avenue department stores – all of which closed years ago.

The neighborhood fell out of favor in the latter decades of the 20th century but has experienced a jump in prosperity in recent years as new businesses and residents, many of them of Korean descent, have moved to the area.

The former Windsor restaurant in the apartment building is now a Korean restaurant called the Prince that has retained the Windsor’s formal red leather and low-light decor. It has been used for filming the television show “Mad Men” and other period pieces.

“The historic distinction of the Windsor building adds great value to the asset, while the development space that was included with the sale provides potential for future expansion,” said ShahinYazdi, a vice president at George Smith Partners.

Selling the property was La Senda Properties. The head of the corporation that bought it is AlirezaGhafouri, according to real estate data provider CoStar Group.

Big-Box Backlash: The Rebirth of Mom-and-Pop Shops

自 1980、90 年代受大型零售店排擠，夫妻店重獲消費者青睞

By Diana Ransom(Entrepreneur.com)

Call it a retail revival.

After getting crushed by big-box stores during the 1980s and 1990s, mom-and-pop shops are enjoying something of a rebirth among U.S. consumers.

Thanks to a little thing called the internet and the ubiquity of computing devices, consumers don't have to settle for more commoditized versions of their groceries, clothing or housewares. Between the corner coffee shop selling its dark roast across the U.S. and cheesemongers detailing the delights of Rogue River Blue to out-of-state shoppers, consumers can access the neighborhood store even if they move.

"Being online gives shops the opportunity to reach the world rather than just the tourist trade and local shoppers," says Marshal Cohen, a retail analyst at the Port Washington, N.Y., market researcher NPD Group. "Mom-and-pops have reached out and are using online in a real way that works."

While the internet has long promised to serve as a vehicle for democratizing industries like retail, that appraisal is only now starting to add up.

Online sales accounted for 5.2 percent of total retail sales in the third quarter of 2012, according to the latest reading from the U.S. Department of Commerce, which tracks the category. That was up 17.3 percent from the same quarter a year earlier. By contrast, total retail sales over the period rose by only 4.6 percent.

"You have a whole generation of people brought up on the internet," says Richard Sylla, an economics and entrepreneurship professor at New York University's Stern School of Business. "I remember I had students saying you should check out Amazon."

So while the days of being able to walk to the local butcher shop for your meat, the produce guy for veggies and the bakery for a loaf of rye may be over forever, that relationship -- along with the kind of customized service prized by smaller shops -- is still available today. And as consumers' appetites for small-store goods grows, so too are the companies' footprints.

Not only did Etsy recently give more than 100 online shop owners an opportunity to showcase their wares in real life at the store's holiday pop-up shop in New York City, six-year-old online men's clothier Bonobos announced in April that it would sell its line to retail-powerhouse Nordstrom.

Similarly, the once online-only glasses-maker Warby Parker this year expects to open up its first wholly-owned retail location in Manhattan. The three-year-old outfit has experimented with other physical-retail concepts including: pop-up shops, showrooms in select cities and even a mobile-sales vehicle, fashioned out of a yellow school bus.

So why the shift to offline? "We expect that online sales to take share overtime," says Warby Parker co-founder David Gilboa. "But if the vast majority of people who buy glasses do so through brick-and-mortar stores, it makes sense for us to cater to them."

Just last year, Murray’s Cheese underwent a major redesign of its website. Owner Rob Kaufelt calls the shift "vital."

In essence, going online when you're offline and offline if you're online is a hedging strategy. "It's like having a portfolio of stocks and bonds," says Murray's Cheese store owner Rob Kaufelt, who just last year ushered in a major redesign of the company's site. "You're never sure if anything is going to tank. . . Some things might do better one year, relatively speaking to the others."

Kaufelt adds that another reason to beef up a company's website is social media and overall online communication. "It's both about ecommerce and marketing your brand. As we expand, we spend more and more time with the fun stuff -- more videos, blogs, entertaining things become increasingly vital," says the entrepreneur who purchased the Greenwich Village cheese shop in 1991.

Meanwhile, giant retailers are feeling the pangs of progress. Between same-day delivery and "showrooming," internet businesses with lower-overhead expenses are cutting into their larger counterparts' margins and, in some cases, pushing companies out of business.

Among other examples, the once mighty bookseller Borders Group filed for bankruptcy protection in 2011, while Sears Holdings Corp., the parent of Sears, Roebuck and Co., in April moved to sell off properties and business units under the weight of declining sales. Also in April, Best Buy announced that it would shutter 50 stores, as customers flock to lower-priced online competitors.

To stave off a similar fate, traditional retailers have been experimenting with pricing strategies and even opening their doors on holidays once viewed as sacrosanct. In addition to opening on Thanksgiving to receive early Black Friday shoppers, retailers including Target Corp. and Best Buy also offered to match competitors' prices during the overheated holiday-shopping season. In January, Target announced its plan to implement a year-round price matching program.

"Capitalism is creative destruction," says Sylla. "Old models get outmoded, and new models come in and take over."

While the jury is still out as to whether smaller shops like Murray's Cheese and Warby Parker could one day pose a larger threat to their giant counterparts, one thing's for certain: Catering to consumers wherever they are -- and in a robust, customized way -- is a key growth strategy.

"Online a decade ago didn't even represent 4 percent of [total retail] sales," says Cohen. In most categories today, he notes that online represents 16 percent of retail sales or more. "Think what will happen with smartphones in two years. . . You have to shoot it at where the target will be, not where it is now."

Warby Parker's Gilboa agrees: "The future of our business and the future of all retail will have some online component and offline component." Plus, he adds, "We'll look nothing like a LensCrafters."

Vegetarian Alert: Veggie Grill Plans Major Expansion

素食連鎖餐廳 Veggie Grill 計劃 18 個月內以加州為基礎繼續擴張一倍

By Tiffany Hsu(LA Times)

Veggie Grill, the chain of vegetarian restaurants based in Santa Monica, is planning to double its store count within 18 months.

In the first half of the year, branches are set to open in Los Angeles, Orange County, San Diego and Seattle. The company said it more than doubled its locations last year to 16 eateries in California, Oregon and Washington.

In its fourth round of equity fund-raising, announced Monday, Veggie Grill said it raised $20 million in common stock funding.

Much of the investment came from Brentwood Associates, making the Los Angeles private equity firm Veggie Grill's largest single shareholder.

Southern California is already home to several other popular vegetarian and vegan chains.

Real Food Daily, launched in 1993 in Santa Monica, now also has locations in West Hollywood and Santa Monica. Native Foods Cafe, founded in 1994 in Palm Springs, has 14 eateries total. Though based in the Bay Area, Cafe Gratitude has multiple Southland locations.

And it's not just vegetarians or vegans who frequent such restaurants. An increasing focus on good-for-you eating is also driving business.

A report from research group Technomic earlier this month showed that 64% of consumers say it's important to eat healthfully and pay attention to nutrition. In 2010, just 57% said the same.

Starbucks: Where Expansion Is Percolating

連鎖咖啡巨頭星巴克宣佈 1500 家新店的擴張機會，並將與 Safeway 和 Target 開展店中店的合作關係

By Kyle Potter(CoStar)

Starbucks recently announced plans to open at least 1,500 new stores in the U.S. over the next five years. This somewhat bold strategy leaves many investors and real estate professionals curious to see if Starbucks has learned its lessons from its expansion flop four years ago, ultimately resulting in the closing of 600 stores domestically.

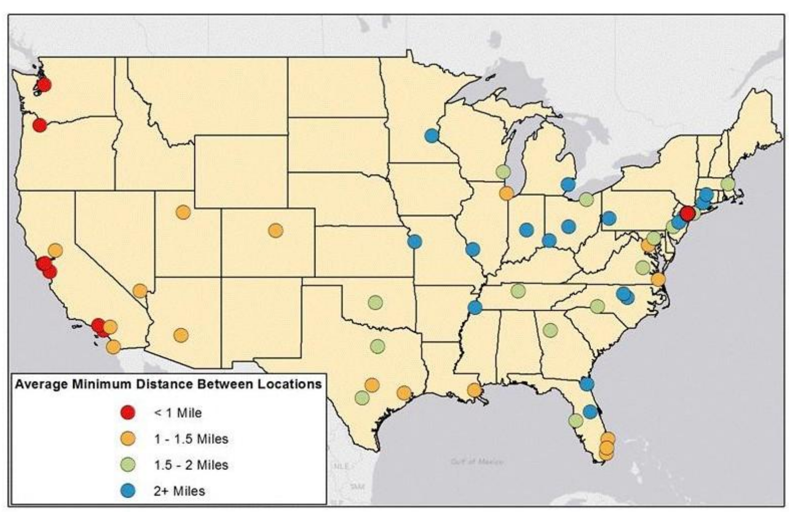
The main driver behind these closings at the peak of the recession was what analysts deemed “strategic real estate mistakes;” in other words, haphazard expansion plans that resulted in multiple locations within eyesight of or a short walk from one another, diluting profits.

While Starbucks has yet to specify its expansion plans and targets, it is obvious that it will take a different approach to growth once it begins in earnest in 2013. Its acquisition of Teavana suggests that Starbucks will cross-sell its product with the stores of the loose tea distributor, primarily located in premier malls. Similarly, its recent acquisitions of Evolution and La Boulange will help diversify the typical Starbucks offerings of both juice and baked goods, respectively.

Market share, the all-powerful trigger word in retail, looms over the company as the usual suspects of coffee and fast food chains (think Golden Arches) broaden their café options.

Still, in an era where the farthest you can ever get away from a Starbucks in America is 170 miles, is the coffee giant running out of feasible locations? Using a large sample of CoStar’s retail tenant data, we can estimate the average minimum distance between Starbucks locations for each major city in the PPR54, providing a rough gauge as to which markets may be targets for expansion.

EXHIBIT 1: LATTE SATURATION



Sources: CoStar Group, Inc.; PPR

There is certainly a strong correlation between metro population and minimum distance. Cities with red dots have a minimum distance of under a mile between Starbucks locations and could potentially be passed over in this new round of expansion: San Francisco, New York, and of course, Seattle each have radii of less than three-quarters of a mile.

Conversely, some metros with blue or green dots may provide the retail demand that would attract a tenant such as Starbucks, such as that from large college presences (Columbus, Raleigh) or burgeoning tourism economies (Orlando, Tampa).

Starbucks is also exploring licensed partnerships with Safeway and Target, growing its store-within-a-store presence. Any retail tenant undergoing significant expansion must be cognizant of cannibalization, even if it moves from street locations to more sites within malls or jointly shared with other chains.

Landlords expecting Starbucks' return to the locations vacated during or before the recession may be disappointed. Starbucks is determined to refine the distance it takes us to get to a caffeine fix; it just has to figure out if that length is tall or grande.

Officemax Plans Smaller Stores

大型連鎖辦公用品零售商 **OfficeMax** 計劃新開較小的店面

By Brigid Sweeney(ChicagoBusiness)

OfficeMax Inc. is joining other big box chains like Wal-Mart Stores Inc. and Best Buy Co. in jumping on the smaller-store bandwagon.

In a Thursday interview with Crain's, CEO Ravi Saligram said the Naperville-based company will debut a new, smaller urban store format in April. The new stores will range between 5,000 and 15,000 square feet, compared to current stores that can run as large as 30,000 square feet. The first new stores will not be in Chicago, he said, but the format will arrive here sometime in 2013.

"We're going to focus on innovation and roll it out gradually," Mr. Saligram said.

OfficeMax closed about 40 of its 980 stores in 2012, as the office supply industry continued to struggle against a sluggish economy and the increasingly digital nature of office life.

In addition to shrinking its store footprint, OfficeMax will also relocate underperforming stores to locations with a heavier concentration of small business owners, Mr. Saligram said.

This isn't the first time OfficeMax has tried the smaller-store strategy.

It opened three small Chicago stores in the Loop between 2003 and 2005 as an experiment to quickly deliver office supplies to time-pressed business people. But the company decided to close those stores in 2008.

Mr. Saligram, who joined OfficeMax in 2010, is in the thick of a five-year plan to turn around the company. OfficeMax, the third-largest player in the office supply business behind Framingham, Mass.-based Staples Inc. and Delray Beach, Fla-based Office Depot Inc., has been regarded as an underdog in an oversaturated market, Mr. Saligram acknowledged.

Wall Street has long fueled rumors that Office Depot and OfficeMax may merge in order to boost profit and cut costs while better competing against Staples. In November, activist investor Starboard Value LP became Office Depot's largest owner and reignited merger speculation.

Mr. Saligram would not comment on the matter.

But with a new executive team in place, including former Walgreen Co. chief marketing officer Kim Feil as chief marketing and strategy officer, OfficeMax is positioned to transition from a product-based company to a service- and technology-based one, Mr. Saligram said. Even as it focuses on digital offerings, however, it will retain a strong bricks-and-mortar presence, he noted.

"A lot of people have been very negative about [bricks-and-mortar stores], but I for one am positive," he said. "The key is to constantly give the customer a reason to come to your store."

OfficeMax just introduced what it hopes will be one more of those reasons. Last week, it announced a partnership with GoDaddy.com, the web's largest hosting and domain registration provider, to offer website set-up packages and support to small businesses in OfficeMax stores.

It also recently introduced an in-store pick-up option for orders placed online, a move Wal-Mart, Sears Holdings Corp. and other big-box stores have also adopted.

"There's no question that digital will increasingly play a role in the future, but storefronts . . . will also be critically important," he said. "It's about the beauty of the personal touch."

Hotel-Retail Mixed-Use Model Is Gaining Developer Interest

因研究顯示強勁的經濟效益，越來越多開發商選擇酒店和購物中心一體的複合式建築項目

By Jim Butler and Guy Maisnik(HospitalityNet)

We are at the beginning of what looks to be a renaissance of "hotel-retail mixed-use" development. Shopping center developers nationwide are exploring the feasibility of adding a hotels to existing retail properties, while others are already implementing plans that have been in the pipeline. Some are adding hotels to the mix for new ground up development. Fueling this trend is research showing that both retailers and hoteliers make huge gains in revenue when they come together in the "hotel-retail mixed-use" environment.

My partner, Guy Maisnik, and I recently wrote an article on this subject for Hotel Business and it is reprinted below, with permission.

We predict that 2013 will see a new wave of hotel development at select major shopping centers and malls to create "hotel-retail mixed-use". Why the sudden onslaught?

The recovery of the retail sector has not been as strong as some would like, but it has been strong enough to bring owners out of survival hibernation. Many of the largest shopping center owners and developers were in various stages of adding hotels to their centers in 2008 before the Lehman Bros. bankruptcy froze all new development. In markets all across the country, many of the major shopping center players are reviving their plans to add a hotel component to transform their projects into "hotel-retail mixed-use." For both the shopping center and the hotel, the economic argument for hotel-retail development is compelling.

One of the big shopping center owners we were working with before the Great Recession conducted extensive multi-year studies. Their studies showed that adding a hotel to a retail center can increase retail sales 20% to 40%. At the same time, the hotel component in a hotel-retail mixed-use environment received a 30% to 40% premium in revenue per available room (RevPAR) over comparable hotels in the competitive set.

With numbers like that, you can expect 2013 to lead a lot of big shopping center owners to announce hotel developments for their centers as they jump on the hotel-retail mixed-use concept.

The case for hotel-retail

The eye-popping figures above were the result of a study undertaken by one of the nation's largest retail center owner-developers, which our Global Hospitality Group® lawyers worked with prior to the recession. The client had 6 major projects and master planned communities where it could study the impact of hotels on shopping centers and malls. Some of the projects included the Ritz-Carlton Tysons Corner Galleria, Westin Dallas Galleria, and Ritz-Carlton Water Tower Place. After a multi-year study, the company concluded that its 200-property portfolio was "capable of supporting 80 near term hotel developments ranging from extended stay to select and full service product." They found that a hotel adjacent to retail results in a very substantial boost in revenue for both the hotel and retail components -- 20% - 40%!

Shopping is a top leisure travel activity

Shopping continues to be one of the preferred activities for travelers. The U.S. Travel Association reports that more than 3 out of every 4 domestic trips in the U.S. are for leisure, and shopping continues to be the #1 or #2 leisure travel activity, year after year. And increasingly important to luxury retailers is the international traveler who shops for coveted brands in the U.S., eliminating tariffs and taxes that significantly escalate prices of luxury goods in their home countries.

Some luxury retailers and shopping malls have begun to engage in focused outreach and specialized services to attract foreign shoppers. The Los Angeles Times article "Asian tourists flock to South Coast Plaza," reported that the luxury shopping mall in Costa Mesa, California has a language assistance program for international shoppers and honors UnionPay, China's leading credit card - only two of its many services for foreign shoppers. South Coast Plaza is not only a shopping mall. It is becoming an increasingly important international destination.

Creating a vibrant destination appears to be an important element in drawing both traveling guests and local shoppers to the hotel-retail mixed-used development. As hoteliers know, a hotel can be the spark plug for activity that powers the revenue machine.

The deal structure is key

A hotel-retail mixed-use destination can provide powerful competitive advantages to both the retail and the hotel components. But achieving stellar revenue gains will require much more than just matching the "right" hotel with the "right" shopping center. In fact, that is just the beginning.

The unique norms, customs and practices of the hotel industry often surprise industry newcomers. Like any new business, the learning curve can be fraught with pitfalls for the novice. Shopping center developers will tend to view hotels as a new major anchor for their centers. And there are many ways in which hotels can provide the kind of draw that traditional anchors provide for shopping centers. But there are dozens of hotel-specific issues in hotel industry arrangements that will create a great need for advisors who can bridge the deceptively similar culture and language of the hotel and retail worlds -- experienced veterans who understand the needs of all parties and can translate structures and concepts to fit the new arrangements.

The hotel-retail phenomenon we are talking about applies mainly to regional shopping centers and malls with sufficient scale. With the continuing dearth of debt financing available for new hotel construction, the shopping center owner-developers should expect to provide the cash for the hotel development. Although it may go against their strongest intuition, smart shopping center owners should also expect to own and control the hotel project from development, construction through to stabilization. Once stabilized, the shopping center owner will be in a strong position to locate potential buyers or lessors of the hotel and capture the value they have created. There are a number of creative methods for the shopping center owner to finance the development of a retail-hotel and, once built, to structure their arrangement with third party hotel owners or lessors who will find the hotel attractive for their portfolios. To accomplish their goals, they will find it necessary to go outside their usual circles of professional advisors and to hire experienced hotel consultants and lawyers to structure these relationships so that they make economic sense and to negotiate agreements that are unfamiliar to them.

In the next few months we will see some of the biggest names in the shopping center and hotel industries announce joint hotel-retail projects. Some will add a hotel component to their existing retail centers. Others will be new ground up construction. Some hotels will be on air rights parcels over existing shopping center structures; others will be adjacent to the shopping center. Shopping center owners and hospitality and retail REITs are taking a serious look at the synergies provided by hotel-retail projects. Hotel owners and operators would also be wise to explore this trend. It's an exciting one for all involved, including the hotel guest and shopper.

Dunkin' Donuts Targets Southern California for Franchise Growth

連鎖餐點企業 Dunkin’ Donuts 瞄準南加州作為下一步開店目標

By CoStar Research

Working to retain its title as one of the fastest growing quick service restaurant (QSR) brands in the industry, Dunkin' Donuts (Nasdaq: DNKN) will expand into Southern California for the first time. The company also said it will continue to open new locations in existing markets as part of its long-term goal of blanketing the country with more than 15,000 Dunkin' Donuts locations in the U.S.

To support its expansion goals, Dunkin' Donuts is currently recruiting multi-unit franchisees for Los Angeles, Riverside, San Diego, San Bernardino, Ventura and Orange counties and expects to begin opening stores in these markets in 2015. The Massachusetts-based company said it is also looking to find qualified food service operators for a wide range of non-traditional venues, including colleges and universities, casinos, military bases, supermarkets, airports and travel centers.

Last year, the purveyor of coffee drinks and baked goods opened 291 net new locations in the U.S., a 4 percent growth rate. In 2013, the company says it plans to open 330 to 360 net new restaurants representing an increase of 4.5 percent to 5 percent.

In 2012, Dunkin' Donuts signed multi-store agreements in 32 U.S. markets, including Green Bay and Milwaukee, WI; Birmingham, AL; Denver, CO; and Austin, Houston and Dallas / Fort Worth, TX.

According to Grant Benson , vice president of development for Dunkin' Brands, for its expansion into California, the company is looking for multi-unit franchise candidates with foodservice, operations and real estate experience. The firm offers flexible design concepts including free-standing stores, end caps, in-line sites, kiosks and gas stations, as well as other retail formats.

Recovering Office Demand Sets Stage For Rent Growth Across The U.S.

辦公樓租賃需求強勢增長，今年有望推高租金

By Randyl Drummer(CoStar)

Tenant demand for office space ended 2012 on a strong note as occupancy gains spread across a broadening array of U.S. markets, opening the door for widespread rental rate increases this year, CoStar Group reported in the company's Year-End 2012 Office Review & Outlook.

While overall leasing volume appeared to be somewhat lower in 2012 from the previous year, strong absorption and very limited new construction -- combined with a significant number of demolitions/removals of antiquated buildings -- helped to push the U.S. office vacancy rate down 50 basis points over the past year to 12.3% at the end of fourth-quarter 2012, according to CoStar analysts.

In the fourth quarter, tenants absorbed a net 24 million square feet of space, for a total of 59 million square feet of net absorption for the year. The figure is slightly less than CoStar originally forecast but very strong compared to 2011, which rallied from a very slow first half to post 41 million square feet.

Nearly every U.S. office market enjoyed absorption gains in 2012, with the exception of a few markets with industry-specific or regional economic issues, such as Northern New Jersey, where the pharmaceutical business has been in contraction.

Joining perennially strong markets such as Houston and Dallas-Fort Worth in full recovery were the former housing-bust metros of Phoenix, Atlanta and Orange County, CA, where the local economies have benefited from increased office hiring and a gradually improving housing market.

"Submarkets such as Atlanta’s Buckhead, which were overbuilt, are now seeing increasing occupancies," said Walter Page, Director of Research - Office, who was joined by Managing Director Hans Nordby and Manager, U.S. Market Research Aaron Jodka in analyzing the fourth-quarter and annual data. "The makings of rent growth are now in place in these markets."

Absorption numbers show that companies are adjusting their decisions on where to lease space based on local employment, economic and regulatory conditions, Nordby noted.

"The big absorption office markets are energy and tech based, and tend to be in low regulation, low tax states. The markets with the highest regulation and cost structures are the most sclerotic," he said.

With very limited new office construction save for medical office and health care related projects in various markets and a significant amount of older space claimed by the wrecking ball or converted to other uses such as multifamily or hotels, vacancy rates fell across the country in the fourth quarter.

For example, Phoenix, which has led the nation in occupancy gains over the past year, saw its vacancy rate decline an additional 90 bps in the fourth quarter, finally dipping below 20%, Jodka said. Most of the top markets are seeing strong occupancy gains, meaning that landlords may soon finally begin to envision raising the rent.

"A lot of markets are now in that 11%-12% vacancy rate range," Page said. "That's the long-term average vacancy rate, and when [markets] drop below that level, you are moving into the territory of rent growth."

Deliveries are expected to remain significantly below the rate of net absorption through 2015 and much more occupancy growth is on the way, Page predicted. In fact, the office sector is the only property type that will see a more than 1 percentage point improvement in average occupancy rates going forward, and that's a good sign for office investors as rising rents, values and returns follow.

Rent growth rose 1.7% year over year in 2012 and still moving upward. CoStar projects that average growth will reach 3% next year, but more importantly, rising rents will spread to more markets as limited supply is absorbed.

Another key metric, the number of CoStar office submarkets experiencing declining vacancy rates, exceeded 50% in the fourth quarter -- the highest since the peak of last boom cycle.

While CBD markets were the first to recover and have seen the largest declines in vacancy, the best-of-the best "premier" suburban office submarkets have also enjoyed a remarkably fast recovery, especially over the last six quarters, Nordby said.

Next in line to reap the benefits of absorption and occupancy growth are the nation's long suffering secondary and tertiary markets, which typically don't get much of a look by developers.

Big-Name Developers, Investors Boomerang Back Into Condos

需求增長，幾大建商和投資者看准公寓建造項目的復興，全美公寓交易額和均價達 7 年來最高點

By Randyl Drummer (CoStar)

For six long years following the burst housing bubble and subsequent recession, residential condominium sales remained in a deep freeze. However, late last year, condo investment sales quietly began to recover in gateway markets such as Boston, San Francisco and New York.

More recently, analysts and major investors are starting to take serious notice of the emerging condo market after several large residential and commercial developers announced new condo development projects in previously overbuilt markets such as South Florida, and bulk condo portfolios begin trading in Las Vegas and other metros where the housing market cratered so deeply in 2007.

In a sign that demand is picking up, overall U.S. condominium investment sales volume and the average price paid per unit for condo projects reached their highest levels in seven years during the fourth quarter, according to an analysis of preliminary CoStar transaction data.

The small thaw in the condo market has even reached Las Vegas, where investors have been buying up a portion of the plentiful distressed properties. Late last month, Ladder Capital Finance Holdings LLLP acquired 427 luxury condo units at Veer Towers in the CityCenter project from MGM Resorts International for $119 million.

Tony Dennis, executive vice president of CityCenter Residential, said the sale "comes at a time when the Las Vegas housing market is seeing sustained improvement."

Another sign that condo markets are seeing recovery is the interest of large homebuilders such as Lennar and Toll Brothers, Inc., which are looking to diversify their portfolios by getting into other types of residential construction such as rental apartments and for-sale condos.

Toll Brothers, Inc. (NYSE:TOL) a leading builder of luxury homes, this week announced a major push into the condo market beyond its New York City market with the acquisition of a development site in downtown Bethesda, MD.

In Bethesda, Toll plans to begin construction next fall on a seven-story building with 60 luxury condominiums and underground parking at 4915 Hampden Lane. In New York, Toll acquired 953-961 First Avenue between 52nd and 53rd streets in the Midtown East area, and 82 King Street, between Hudson and Varick Streets, in SoHo, where it will build luxury condos and retail space.

Meanwhile, other major players, such as The Related Group, which bet big and lost big in hard-hit areas like South Florida three to five years ago, are cautiously returning to the market. Privately held Related Group has seen a few boom and bust cycles, having built and managed more than 80,000 condominium and apartment residences in major markets throughout Florida since 1979.

Condo investment has always been vulnerable to cyclical booms and busts, most famously in markets like Miami, Orlando and Las Vegas, where thousands of new units and converted apartment units languished on the market beginning in 2006 and 2007.

As the housing bubble burst, many under-construction condo developments froze virtually overnight, their towering ironwork and foundations haunting the urban landscape for years as ghostly monuments to the Great Recession and the tendency of developers to overbuild during the good times.

However, rock-bottom prices have allowed strongly capitalized firms to buy well-located projects at fire sale prices -- which is exactly what Related did last month in Miami, purchasing a 1.3-acre high-rise mixed-use development site at 1300 South Miami Ave. in the Brickell financial district for $18.5 million.

The site is approved for development of a 556-unit residential tower plus 15,049 square feet of retail space and 38,357 square feet of office space.

The gates are beginning to open to new development in supply constrained markets as San Francisco, where Trumark Companies this week announced the acquisition of six sites planned for mid- and high-rise condo projects, with plans in the works for more than 500 units representing an investment of north of $300 million.

Trumark principal and co-founder Gregg Nelson said demand for urban housing has rebounded along with the strengthening economy, particularly in top tier markets like San Francisco. But almost all the new development to date has been rental housing.

"We see an exploding opportunity, and an exploding demand, for for-sale housing in core urban areas because there's almost a complete lack of supply," Nelson said.

A November report on San Francisco housing inventory by the Polaris Group illustrates the dearth of condos in the supply pipeline, with new condominium inventory forecasted to be less than 200 units per year through 2015, which is “fairly remarkable” for a city of over 800,000 residents.

Constrained supply isn’t the only reason why the company is debuting its new multifamily division, Trumark Urban, in San Francisco. People are once again recognizing the value of buying versus renting in many urban markets.

"We are several years post the housing bust, and potential buyers have short memories of all things past," noted Michael B. Cohen, director of advisory services and multifamily specialist with Property and Portfolio Research (PPR), CoStar's analytics and economic forecasting company.

Trumark plans to capitalize on the younger tech company workers and retiring baby boomers who want to scale down from larger residences to own property in the City by the Bay, said Michael Maples, who co-founded Trumark with Nelson in 1988.

As attractive as demographics were in the mid-2000s boom years for residential condo investors, they're even better now as a wave of convenience-minded baby boomers begin to retire. Their echo boomer children -- those with jobs, anyway -- are also opting for ultra-hip, low-maintenance and compact high-rise condos over large single-family dwellings in far-flung suburbs.

The strengthening housing and job market has put such projects back on stronger footing, at least in coveted urban metros like San Francisco and Boston. In the past two years, housing prices have increased more than 10% in San Francisco, where higher-end Trumark condos are expected to fetch over $2 million for dwellings that max out at 1,500 square feet.

Three years of improving apartment occupancies and strong rent gains in some markets, combined with low mortgage rates, are again prompting financially stable renters to do the math and weigh buying versus renting, Cohen noted. At the same time, existing home sales and prices are improving. As inventory shrinks, developers are again circling a growing number of markets in hopes of building new product.

Demographic Trends Driving Multifamily Sector

女性推遲婚姻和生育，催熱公寓租賃市場

By Diana Olick(CNBC)

The housing market is supposedly roaring back. Home prices are seeing their biggest annual gains since 2006.

Renters must be rushing back to buy, right?

Not exactly.

In fact, even as housing and the greater economy improve, a shift in demographic trends will likely favor the rental apartment market for the foreseeable future. It is all about women.

"I rent in an apartment building because it gives me a certain amount of freedom: I'm not positive that I want to stay in D.C. long term so I could leave at year's end if I wanted to," says 25-year-old Caitlin Huey-Burns, a working journalist. "My building has nice, built-in amenities, and it's in the location I want, but where I know I wouldn't be able to afford to buy."

Most of Huey-Burns' single, female friends, some in their thirties, who live in major cities, also rent in apartment buildings. Just one owns, and she lives in Canton, Ohio.

"What drives demand for single family homes is, 'Oh honey, I'm pregnant," says Buck Horne, a housing analyst at Raymond James.

But those words are being uttered less and less. Horne claims the shift in female education, marriage and fertility rates will drive rental apartment demand going forward. He points to a growing educational imbalance, that is, 3.1 million more women enrolled in college than men and 4 million more college-educated women in the workforce than men.

"That creates a structural imbalance in the number of suitable partners. Women leave college with good income prospects and are not finding suitable husbands and fathers," says Horne.

Consequently, the millennial generation is delaying marriage and motherhood, and birth and fertility rates are dropping. The female fertility rate is at its lowest level in recorded U.S. history, according to the Centers for Disease Control/Raymond James research. 41 percent of children are born out of wedlock. Horne's research finds single mothers prefer living closer in to cities and staying in full amenity apartment rentals. This all points to more structural, long-term demand for rental housing.

But, again, shouldn't that rebound in home prices and growing confidence in housing still push more renters to buy, despite the female argument? Investors certainly think so. While stocks of the nation's homebuilders are up over 60 percent from a year ago on the PHLX Housing Sector Index, multi-family REIT's actually under-performed and inversely correlated to home builders. Investors were concerned about the single-family home recovery stealing renters. But should they be?

No, according to a recent Raymond James report:

Renter household formation remains at the strongest level in decades. Roughly 1.32 million new renter households were formed in the past year (including owner conversions), while the number of owner-occupied households declined by 175,000. Resident turnover and move-outs to homeownership remain near historic lows for most operators. Incoming leasing traffic is more than offsetting move-outs while paying higher rates.

The home ownership rate declined yet again in the fourth quarter of 2012, according to a new report from the U.S. Census today. It now stands at 65.4 percent, down from 66 percent a year ago and from a high of 69.2 percent in 2004. If you include the 5.3 million borrowers who are delinquent on their mortgages or in the foreclosure process, per Lender Processing Services, the real home ownership rate is even lower.

"The fact that the housing recovery is being driven principally by investor demand means that the slight decline in the homeownership rate in the fourth quarter is unlikely to be the last," notes Paul Diggle of Capital Economics.

There is also a tremendous amount of pent-up demand for the rental market, as nearly 23 million young adults, male and female, under age 35 (31 percent of the cohort) are currently classified as 'living at home' with parents, according to Raymond James' analysis. As job growth improves, they will move to rental apartments; the homeownership rate for this group is only 34 percent.

Investors are also concerned about a 49 percent jump in multi-family construction permits from a year ago, but those permits are still running well below normal levels, and every year about 150,000 units are removed from housing stock for various reasons, like age and damage.

Suffice it to say that the apartment sector and the multi-family REITs will likely see a surprise to the upside in 2013. Rents will still rise, despite housing affordability and growth in the single family market.

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	-	-
Prime rate*	3.25	3.25	3.25	3.25	-	-
Libor, 3-month	0.30	0.30	0.53	0.30	0.23	-0.05
Money market, annual yield	0.50	0.50	0.53	0.44	-0.01	-0.38
Five-year CD, annual yield	1.34	1.31	1.44	1.30	-0.02	-1.32
30-year mortgage, fixed	3.78	3.64	4.26	3.54	-0.21	-1.43
15-year mortgage, fixed	3.09	3.00	3.51	2.93	-0.24	-1.39
Jumbo mortgages, $417,000-plus	4.24	4.16	4.72	4.04	-0.34	-1.86
Five-year adj mortgage (ARM)	3.04	2.96	3.33	2.83	0.00	-1.38
New-car loan, 48-month	2.56	2.64	4.36	2.56	-1.07	-4.01
Home-equity loan, $30,000	4.62	4.60	4.80	4.57	-0.18	-0.63