

March 8, 2010

A Denver Based Commercial Real Estate Investment and Management Company  
Contact Ken Gillis at 303-407-8715

### Report: Global RE Investment to Hit \$478B

A new report by Cushman & Wakefield claims that global commercial real estate investment will rise this year, following a market recovery that began in the second half of 2009. According to the "2010 Global Investment Atlas," volume is forecast to reach \$478 billion, a 30% increase from last year. David Hutchings, head of research for Europe, the Middle East and Asia (EMEA) for the company, said in a statement that the recovery is now backed by local and international players. "With investor demand for prime space running ahead of supply, yield falls will continue even without any signs of renewed rental growth," he said. "Overall, limited finance may hold back re-pricing in some areas, but we will still anticipate a 25-50 base-point fall in yields globally across all sectors, with Asia again leading the correction." According to the report, the Asian market is again leading the market, with China seeing a 143% increase in investment in 2009, making it the largest real estate investment market in the world. The UK and the US follow, respectively, though if apartment sales were included, the US would take second place. Eight of the world's top 20 investment markets are now Asian Pacific, including Hong Kong, Taiwan, New Zealand, Australia and South Korea. The company reports that global rents fell 5.7% in 2009, and another 5% fall is expected the first half of this year. The rent decline reportedly slowed in the second half of 2009, but with an uncertain economic recovery, a demand-led return of rental growth is not yet in prospect, although it is increasingly clear that not all markets will follow the same trend.

Prospects for opportunity investment include Brazil, the report says, which has come out of the recession looking strong, as well as Poland and Turkey. The Middle East is fighting negative press right now, according to Mike Atwell, managing partner in Dubai. The entire EMEA area saw investment rise in the fourth quarter of 2009, and that should continue, said Michael Rhydderch, head of cross-border investment EMEA. "We current expect volumes to rise 44% to \$152 billion, on a par with 2004 trading levels," he said. **(Globest.com)**

...

### FDIC To Securitize Three Deals

Following rumors that have lasted for months, the Federal Deposit Insurance Corp. is securitizing assets of banks that it has seized, including assets from Franklin Bank in Houston and construction lender Corus Bank in Chicago. There will be three deals coming to market in the near term, according to news accounts, with one--a \$1.8 billion offering of residential mortgage backed securities--to be sold this week, according to Dow Jones Newswires. The three deals will total \$4 billion. The securitizations will be backed by an FDIC guarantee, according to Dow Jones. A call to FDIC was not returned in time for publication. It is unclear what impact FDIC will have as it steps into the distressed market with these deals. Its primary mission, of course, is to get the best deal for taxpayers. The private sector, however, worries that FDIC may drive up distressed asset valuations--which have been perceived to be too high to begin to move. At the same time, however, FDIC could also introduce a welcome note of transparency into pricing with these deals. "The FDIC has a lot of product, which is unfortunate for the system, but it's important to get really close to valuations that people will acknowledge as accurate," Patrick Sargent, a partner in the Dallas offices of Andrews Kurth LLP, and president of the Commercial Mortgage Securities Association, told GlobeSt.com in an earlier interview. "We're seeing widely

varying appraisal amounts," he said. "We've got to get 'price discovery' in order to find out where valuations really are. Once people are comfortable with that, there are many investors on the sidelines waiting for what they perceive to be the bottom and valuations that they can justify." **(Globest.com)**

\*\*\*

### **Broker Lien' Law Advances in Colorado House**

A bill in the Colorado Legislature proposing the so-called "broker lien law" moved out of the House Judiciary Committee on Tuesday. House Bill 1288, formally called the "Commercial Real Estate Brokers Commission Security Act," was introduced on Feb. 5 and assigned to the Judiciary Committee. The bill allows real estate brokers involved in leasing space in commercial properties — such as office, industrial and retail buildings — to file liens against those properties in order to get commissions owed them by property owners. Bill sponsors include Rep. B.J. Nikkel (R-Loveland), and Sen. Suzanne Williams (D-Aurora). The committee held a hearing on the bill Monday, and then passed the measure 10-1 and referred it to the full House for debate. Eric Nesbitt — broker/owner of The Nesbitt Group brokerage firm in Highlands Ranch, real estate attorney and board member of the Denver Metropolitan Commercial Association of Realtors (DMCAR) — contends the bill gives "a hammer" to smaller brokerage firms that lack the resources to hire lawyers in order to get their commissions. The broker said he has experienced the situation himself. "I put a very prominent tenant in [The Landmark retail project], and the developer didn't pay me for a year," Nesbitt said. "I had to file a lawsuit, and I still didn't get my full commission." DMCAR and other backers of the bill also think that commercial real estate leasing brokers should have the same tools for getting paid as other professionals. Architects, building contractors, auto mechanics and others already have the ability to file liens against real estate and personal property in order to get paid, according to the bill. HB 1288, in its current form, requires brokers to seek mediation first in a payment dispute, give notice of their intent to file a lien and to file a lawsuit within six months if their fees have not been paid. The bill applies to situations where there's a written listing, or compensation, agreement between the broker and client. As it relates to real estate, a lien is a legal device that gives interest in the title to a property, and is used as security to ensure payment to contractors who provide services related to the property. If a real estate property is being sold, liens against it must be satisfied for the buyer to get clear title. **(Denver Business Journal)**

\*\*\*

### **U.S. Unemployment Holds at 9.7%**

The U.S. unemployment rate held steady at 9.7 percent in February, well above the most recently reported Colorado jobless rate, the U.S. Labor Department said Friday. About 36,000 jobs were cut nationwide on the month, the Labor Department's Bureau of Labor Statistics said. Employment fell in construction and information, while temporary help services added jobs, the BLS reported. Some analysts had expected a greater job loss and a higher unemployment rate, given February's snowstorms in the East. But BLS said it was "not possible to quantify precisely the net impact of the winter storms," suggesting it may adjust its figures later. Paul Ashworth, senior U.S. economist with Capital Economics in Toronto, called the job-loss figure "an encouraging number, and employment is now very close to

stabilizing." However, Ashworth said, "it could be six months or more before we really begin to see substantial and sustained job growth." John Challenger, CEO of Challenger, Gray & Christmas Inc., said the Chicago outplacement company's own tracking of planned U.S. job cuts in February "showed the fewest planned layoff announcements since 2006. This is a strong indication that employers are turning from a downsizing strategy to one focused on workforce stabilization and eventually job creation." But he also said it could be "six months or more before we really begin to see substantial and sustained job growth." Colorado's unemployment rate was 7.5 percent in December, the most recent month for which data have been released. The Colorado Department of Labor & Employment is scheduled to release new jobs data for the state on March 10. **(Denver Business Journal)**

...

	CURRENT	1 MONTH PRIOR	1 YEAR PRIOR
FED FUNDS RATE	.25	.25	.25
3 MONTH LIBOR	.25	.25	1.28
PRIME RATE	3.25	3.25	3.25
10 YEAR TREASURY	3.69	3.69	2.81
30 YEAR TREASURY	4.64	4.64	3.52