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COMMERCIAL REAL ESTATE MARKET UPDATE

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Which Emerging Technologies are likely to have the Greatest Impact on the Commercial Real Estate Industry?
有哪些新興技術對商業房地產行業可能產生巨大影響？
By: Patricia Kirk, National Real Estate Investor

The pace of technology innovations in real estate is accelerating, according to Andrea Chegut, Ph.D., director with the Massachusetts Institute of Technology's Real Estate Innovation Lab and head of research with the MIT Center for Real Estate.

The MIT lab is exploring the future of the built environment and how design and technology will affect the way humans live, work and play. The lab has two research projects underway. One involves the development of a geometric, geospatial relational database of Manhattan that includes rents, transaction prices, building mortgages, co-working spaces, cell towers, fiber optic cables, subway lines and more. Chegut notes that datasets like that will make it easier to understand the industry's future.

But the team is also developing Real Estate Innovation Life Cycle, a visualization of real estate product innovations and how they change over time. This product will be used as an industry framework for tracking and harnessing innovation impacts. She notes that this will help prepare buildings for a physical transition every five to 10 years as newly developed technology is adopted.

Benjamin Breslau, managing director, Americas research, at real estate services firm JLL, which is a founding partner of the MIT lab, says that investors should consider technology that (1) automates and helps them run their business more efficiently; (2) impacts the size of tenant spaces and future-proofs buildings throughout their lifecycle; and (3) collects data for analytics useful in running buildings efficiently.

A summary of technologies on the horizon that are likely to have a significant impact on real estate investment follows.

Blockchain, a digital ledger of economic transaction data that is validated by an entire network of computers, can be programmed to record financial transactions and virtually everything of value. This technology is relevant for processing real estate transactions and should be quickly adopted by the commercial real estate industry, according to Brandon Nunnink, managing director for valuation and advisory services in the Midwest with real estate services firm JLL.

Artificial intelligence (AI) will collect data that improves information transparency and helps investors make better decisions by providing access to specific data, such as building energy consumption, market rates and how tenants utilize workspace and common areas, says Breslau. Greater transparency should also increase competition for assets because more investors will have access to the same information, he adds. "The key may no longer be who has the data, but more who knows how to interpret it and apply insights."

Breslau brings up Skyline AI, a proprietary artificial intelligence and machine learning platform that JLL has invested in through its JLL Spark arm. Skyline automates asset valuation and underwriting. JLL Spark made the decision to invest in the start-up because it leverages industry data from more than 130 different sources and

analyzes more than 10,000 attributes of each asset for the last 50 years to predict future performance and accurately estimate asset value.

Currently in the testing phase, autonomous vehicles are expected to have the greatest impact on the urban landscape and future building uses. Developers are already adding drop-off platforms to building infrastructure to accommodate services like Uber and Lyft. However, according to Breslau, “We’re advising developers to future-proof projects by preparing for a building’s future lifecycle in the planning and design stage.”

Rather than building a ramp system in parking structures, for instance, some development companies are incorporating flexibility into projects that allows parking structures to be repositioned for other uses, like apartments, gyms, common areas, self-storage or urban “last mile” logistics facilities, Breslau says.

Full adoption of the autonomous car will require a major shift in human behavior, stresses Jeff Berman, a partner at venture capital Camber Creek, which is focused on funding companies that advance technology for real estate.

Initially, office workers will likely both own their own vehicles and use autonomous cars like a taxi service, so parking space will still be required, just not as much, he says. Berman suggests that with a 100-year history of car ownership, some people will still want a car, but may put their vehicles into autonomous vehicle fleets to earn money while they are at work.

Autonomous cars will also likely change where people live and work and where transit hubs are located, in addition to impacting future development of public transit infrastructure. Berman notes that the need for less parking will provide investors with opportunities for new development and redevelopment on sites now occupied by parking lots and parking structures. The availability of more infill sites would, therefore, increase urban density as multifamily projects replace parking space and provide space for other commercial uses.

The Internet of Things (IoT), which is powering smart city technology, also offers significant opportunities for investing in connectivity and sensors that control city and development infrastructure, as well as the computing power that collects and analyzes data, says Breslau. Data collected by IoT could be useful to real estate planning and investment, he notes.

“It will be imperative for cities and companies to develop digital master plans to determine how IoT and sensor technology can improve infrastructure, safety, emergency response and sustainability initiatives,” Breslau says. “But they also need sufficient computing power to collect and analyze data and a plan for how it will be utilized. This is area where many cities and companies are falling short.”

Artificial Intelligence's Impact on CRE
人工智能對 CRE 的影響
By: IvyLee Rosario, Commercial Property Executive

The use of artificial intelligence is growing in the corporate space, with more companies utilizing these platforms in order to provide new experiences to clients and employees. "It's not so much about new platforms, but tapping into new experiences," said Peter Sloan, principal at HOK, who co-hosted the Artificial Intelligence and the Human Experience panel along with Principal Brad Liebman at CoreNet's 2018 Summit in Boston.

When it comes to corporate real estate, technology has been used as a main source for managing portfolios and reporting metrics, creating new virtual and physical workspaces, and delivering a higher-quality user experience. According to Sloan, there are approximately seven sensors for every person, but by 2020, the Internet of Things will consist of almost 50 billion objects, exponentially increasing the growth potential. Artificial intelligence involves machines that think the way humans think, creating a computer system that is good at doing task as a human would. With this, comes the fear that continuous learning brings upon morality and control concerns.

AI CONCERNS

A major concern comes in the form of robots replacing humans. According to the panelists, there are certain jobs more likely to be robotized than others. These include retail clerks, commercial drivers, customer service representatives, military personnel, pharmacists and paralegals, as most of these are positions that can be automated. "There is a dark side to AI, but advances haven't replaced the workforce, they've enhanced it," said Liebman. That being said, there has been a balance created when it comes to human versus machine, mainly utilizing judgement as a key factor. This is a trait that is easy for humans and difficult for computers. Humans are better at visual cues, emotions and empathy, ethics and social context. On the other end, computational capabilities are easier for robots than humans, as well as data analysis and pattern recognition.

In order to advance the user experience, artificial intelligence will monitor and respond to our individual needs, allowing us to do tasks faster and better. Autonomous workplaces are within reach, which will feature projected screens and keyboards, reclassifying what role it plays in the real estate industry. Technology that was once thought to be wizardry or magic, is now expected. According to Liebman, corporations should be asking "are you keeping up with the pace of change around you?"

In Spite of Strong Consumer Sentiment, Retail Defaults in 2018 Have Outpaced the Worst Years of the Financial Crisis

儘管消費者信心很強，但 2018 年的零售業的違約率已經超過了當年金融危機最嚴重的時候

By: Liz Wolf, National Real Estate Investor

Despite the fact that the economy is in robust health and U.S. retail sales this holiday season are expected to increase by 4.8 percent over 2017, some retailers are still floundering. They have a lot riding on this upcoming holiday shopping season.

Following a record year of retail bankruptcies in 2017, the carnage continues with more bankruptcies this year as consumer shopping habits have changed and the sector feels the impact of some brick-and-mortar retailers that expanded too aggressively.

Meanwhile, other retailers that have adapted and are flourishing.

“A lot of what we’re seeing is the haves and have-nots,” says Robert Schulz, managing director and U.S. retail sector lead at S&P Global Ratings. “We’re in a very good economic environment. We have a relatively favorable view of the prospects for this holiday. Retail sales are growing, but you still have a bunch of companies struggling.”

“We are in the middle of a very significant restructuring of retail, where we are seeing weaker competitors and debt-laden companies fail,” adds Neil Stern, senior partner at Chicago-based consulting firm McMillan Doolittle. “This has been exacerbated by two major factors: the rise of e-commerce coupled with too much retail space in the U.S.”

How many store closings are taking place?

Year-to-date, there are 5,468 announced U.S. store closures, reports Coresight Research, which now projects fewer than 8,000 store closures for the whole of 2018. (The figure is roughly on par with 2017, when there were about 7,000 store closures).

Retail sub-sectors that are “highly disrupted” include electronics, department stores and specialty apparel, reports S&P. These sectors also tend to face tougher online competition.

According to Coresight, so far this year, 16 major U.S. retailers have filed for bankruptcy protection. There were 22 bankruptcies of major U.S. retail chains in 2017. Recent examples include the liquidation of Toys ‘R’ Us, resulting in the closing of 881 stores, and Bon-Ton Stores going bankrupt, shuttering 260 stores.
Sears Holdings Corp. filed for Chapter 11 in October and will close an additional 472 Sears/Kmart stores this year, reports Coresight. Sears Chairman Eddie Lampert is fighting to keep the company alive, but a group of the company’s creditors say they’d be better off if Sears called it quits.

Mattress Firm filed for bankruptcy and plans to close up to one-fifth of its 3,230 stores.

David's Bridal is preparing for a possible bankruptcy filing if it's unable to reach an out-of-court deal with its creditors. It recently missed a $270 million loan payment.

But 'healthy' retailers are also shuttering stores

"Major closures that hit[the industry] included Toys 'R' Us, Bon-Ton, Brookstone, Sears, Mattress Firm, etc.," Stern says. "All of these are Chapter 11 or Chapter 7. But we also saw lots of closures from 'healthy' companies like Walgreens, Macy's and Lowe's, who are trimming the fleet."

Lowe's announced it will be closing 20 underperforming U. S stores by Feb. 1, 2019; a majority of these stores are located within 20 miles of another Lowe's location.

"The store closures are a necessary step in our strategic reassessment as we focus on building a stronger business," said Lowe's President/CEO Marvin Ellison in a statement.

Walgreens will close 600 stores following its acquisition of Rite Aid stores. Most are Rite Aid locations near existing Walgreens stores as the retailer looks to optimize its footprint.

Macy's is positioning itself for the future including adding value initiatives like Macy's Backstage.

"After several years of significant downsizing, our store fleet is now well-positioned to serve our customer," Macy's CEO Jeffrey Gennette told Wall Street analysts. Gennette characterized 2018 as "an investment year for Macy's as we chart our path to sustainable, profitable growth."

Defaults continued this year

Nine retailers have defaulted on their debts so far in 2018, according to S&P. That makes 20 that have defaulted since the beginning of 2017, including significant players like Sears, Bon-Ton and Payless ShoeSource.

Even during the peak of the financial crisis, there weren't this many defaults. Six retailers defaulted in 2009 and 2010 each.

Consumer confidence is high, yet many retailers are still faltering, notes Schultz.

"We've had record defaults and a huge numbers of downgrades in a strong economy," he says. "We think the ongoing structural changes in the retail space are going to remain challenging, and the question becomes when do we go into the next recession, and how long do these companies have to adjust their business models and right-size their footprint, and in some cases, get their leverage down before we hit the next soft spot in the economy?"

S&P has downgraded more than 100 retailers since January 2017. About 18 percent of ratings are CCC+ or lower. These are companies that the ratings agency believes have unsustainable capital structures and could default.

Some struggling retailers will take 'final gasps,' others continue right-sizing

"As we look at 2019, some of these trends will continue, particularly as we go through the final gasps of some of these companies, and some other struggling retailers who will need to restructure," Stern says. "The hope is that the industry will 'right-size' itself at the end of all of this."

Schulz agrees, saying "footprint reduction" is an ongoing theme for most retailers. "If you have fewer stores, some of that money you can then reinvest in e-commerce and other parts of your merchandising strategy," he says.

Best Buy is a good example of a retailer that's adapted and invested in e-commerce, especially since the consumer electronics sector is in contraction mode. Most of its competitors have fallen by the wayside, yet the retailer has managed to use its store footprint to offer "stores within stores" and high-touch customer service with the Geek Squad and price match, Schulz says. The retailer is closing its 250 mall-based, mobile phone stores in the U.S., and instead, focusing on new sources of growth, including space for partners like Apple and Amazon in its stores.

Good news for expanding retailers

CoreSight reports that year-to-date, there have been 3,060 announced U.S. store openings.

Expanding retail sub-sectors include dollar stores, off-price retailers, discount grocers, beauty and "clicks-to-bricks" chains.

"Anything that's value-focused, treasure hunt, discounters—those companies have all done pretty well," Schulz says. "The retail consumer still has this post-financial crisis mentality 10 years later, and the business models of the successful companies have addressed that."

Almost all of the major store openings are in the value category, including Dollar General, Dollar Tree, Aldi and Five Below, Stern says. Dollar General will open 900 new stores this year, Coresight reports. Dollar Tree will open 276 stores. Aldi will open 200 and Five Below will add 125 stores this year.

Off-price department stores fit into the value category as well, with retailers like Ross Stores, TJX Cos. and Burlington expanding. Ross, for example, is opening about 100 new stores in 2018 and TJX Cos. will open 87, Coresight reports.

Significant growth is also still occurring within the beauty sector, driven by companies like Ulta, Sephora as well as Macy's expanding Bluemercury chain, Stern says. Ulta, for example, will open new 100 stores this year.

Digitally native brands such as Casper, Everlane, Allbirds, Bonobos, Untuckit, Warby Parker, Fabletics and Amazon are growing as well, as they develop an omni-channel approach.

What does the future hold?

"They're all taking varying sizes and qualities of real estate," Stern says of expanding retailers. "The underlying theme is one of bifurcation. High quality, [class]-A real estate is continuing to draw interest, as well as value-driven retail locations."

There will likely be continued defaults in 2019, Schulz says. "Maybe not record defaults, [however]," he notes. "The companies that have adjusted their business model and continue to adjust it properly, they should do fine."

He adds that all the store closures and defaults cannot be blamed on competition from Amazon and its peers.

"A lot of these companies were just behind figuring out what the customer wanted," Schultz says.

How One Retail REIT is Adapting to a Changing Industry Landscape
一個零售房地產投資信託(REIT)基金如何適應不斷變化的房地產業局面
By: John Egan, National Real Estate Investor

At one publicly-traded retail REIT, there's a new team, a new town, a new name and a new game plan.

Effective Nov. 13, Ramco-Gershenson Properties Trust will be known as RPT Realty. The name change follows an overhaul of the executive team and relocation of the corporate headquarters from Farmington Hills, Mich. to New York City. Both of those moves happened earlier this year.

Most notably, the REIT has adopted a new game plan. At the core of the plan is the sale of $150 million to $200 million worth of assets in secondary and tertiary markets, and an initial revamp of six of its 57 open-air retail centers. About 60 percent of the centers are grocery-anchored.

Managing the game plan is Brian Harper, who joined the REIT in June as president and CEO after two years as CEO of mall REIT Rouse Properties Inc., which is now part of retail REIT Brookfield Properties Retail Group. In a Nov. 1 call with Wall Street analysts, Harper said the rebranding "marks the start of a new era for the entire organization."

For now, that new era means a focus on improving, but not expanding, the REIT's current portfolio. The portfolio comprises about 14 million sq. ft. in 13 states, with a heavy presence in Florida, Michigan and Ohio.

"We're mining the portfolio for densification opportunities, so we're not focused on acquiring today, given the cost of capital and where we're trading," Harper tells NREI.

Down the road, however, Harper envisions adding properties in Charlotte and Raleigh, N.C., as well as in the Northeast. Ultimately, he'd like RPT Realty to be viewed as a "blue chip" REIT.

Harper spoke to NREI about the company's new direction, including redevelopment plans and targeted tenants, and about the death of "bad" retail.

This Q&A has been edited for length, style and clarity.

NREI: What do you see happening with the six properties that will be your first redevelopment projects?

Brian Harper: We're looking at maximizing the value of the real estate, and that could mean going vertical. For example, we have Webster Place in Chicago's Lincoln Park (which the REIT bought in 2017 for nearly $53 million). It has a very well-performing Regal Cinemas theater that wants to expand. We're going to reallocate some of the retail beneath Regal and expand Regal on the top, but look vertical past that, into residential units. We'll go through the entitlement process ourselves, but we will not do the residential ourselves. We will find a partner to mitigate the risk. We are not a residential developer, and we're not going to be one. Partnering with some of the top-tier REITs and private companies on this center and any of our other centers is the route we're going to go.

NREI: Overall, are you adopting more of a mixed-use approach?

Brian Harper: Yes, with those six centers slated for redevelopment. But there are centers that are perfectly fine with just retail. We're always going to do what's best to maximize for each parcel. That could be mixed-use. That could be just letting retail exist, and then re-merchandising or replacing underperforming tenants or, upon a tenant's lease expiration, driving rents or splitting up a box into multiple users.

It really is a case-by-case situation. In Miami, 100 percent of our centers are grocery-anchored. With the exception of Rivertowne Square in Deerfield Beach, we're perfectly happy with the strong cash flows of those centers and the growth that those centers are producing. It's definitely not one-size-fits-all. People need to be careful of the buzzword 'mixed-use.' You can't execute on mixed-use at all centers. You've got to have the residential demand or the office demand or the hotel demand to make the math work, and you have to have municipalities that will approve that densification.

NREI: Which retailers are you going after?

Brian Harper: There are three categories that we've identified that really drive traffic in today's world. We call it the "Three F's."

The first is "food"—grocery and fast-casual or sit-down restaurants. Those drive repeat customer visits; we want a food customer to come to the center three times a week.

The next category is "fit." That's LA Fitness, 24 Hour Fitness, SoulCycle, Flywheel Sports, CycleBar. The fitness industry is going through a disruption similar to retail. You have a lot of the old-model clubs that are still doing well, but you have a lot of the smaller operators that are wanting real estate. There's great demand in that sector; those businesses should bring a customer to one of our centers multiple times a week.

The third is "fabulous." That's your necessity-based beauty products or cosmetics, whether it's Sephora or Kiehl's or Bluemercury or MAC Cosmetics. This is stuff where a customer wants to go in and not buy online. There are also nail salons and other retailers that are not a commodity; it's something you have to go see, feel and touch.

Those three F's are what we define as the new anchors for our centers. We look at every center and try to do the appropriate mix of those three categories.

NREI: What will differentiate your redeveloped properties from competing retail centers?

Brian Harper: We have yet to execute on this, but we are spending a lot of time surveying the landscape to look at implementing a bunch of digital experiences in tandem with the brick-and-mortar experiences. We're in the early innings on that. Also, our focus on sustainability will be a differentiator for our centers and our company.

NREI: What's your outlook for the retail sector?

Brian Harper: Retail's not dying—bad retail is dying. A lot of these dying retailers were laden with private equity debt. The private equity firms got their multiple back and basically said, "We're not giving you more money." And a lot of these retailers have not invested in their stores, both from a physical and digital standpoint. Those are the retailers that are dying out.

But TJX, Ross, Burlington, Athleta, Ulta, Casper, Blue Nile, Untuckit, Everlane—the list goes on and on and on of existing brick-and-mortar retailers and new retailers that are growing. Digital and brick-and-mortar are needing each other; one can't coexist without the other. You can't be a very good retailer without both. This change is happening before our eyes. That, coupled with a number of those bad retailers going bankrupt, has escalated some of the noise, if you will, in the market.

Apartments are Getting Smaller – but Renters are Paying More
公寓越來越小 - 但房租越來越貴
By: Diana Olick, CNBC

Apartments are getting smaller in much of the U.S., even as rents are rising.

The average size of newly built apartments in 2018 is 941 square feet, which is 5 percent smaller than it was a decade ago. For studio apartments, the change is more pronounced — they're 10 percent smaller. Rents, on the other hand, have jumped 28 percent during the same time period, according to RENTCafe, a nationwide apartment search website.

"Changes in renters' living habits are literally redrawing floor plans," wrote Nadia Balint, senior marketing writer for RENTCafe. "The largest share of apartment dwellers, millennials, prefer living in locations close to restaurants and entertainment, rather than having a large kitchen or living room to cook or entertain at home."

Higher rental costs today, however, have millennials looking for savings by renting smaller units, and developers are clearly responding. Micro-units are becoming more popular, following on the tiny-house trend, as millennials tend to be more environmentally conscious than previous generations. Apartment developers are supplementing the smaller units by adding more common spaces to their buildings, in which residents can both work and entertain.

"Across our 72,000-unit portfolio we have seen an increasing demand for relatively smaller units," said Toby Bozzuto, CEO of apartment developer the Bozzuto Group. "We attribute this to a lifestyle shift that is based on our residents' desire to be less encumbered by things. Our residents value flexibility and convenience, and appreciate a thoughtful approach to unit design."

Despite an apartment construction boom in the last several years, occupancies remain high, and rents are still gaining. Yet rents are rising fastest for those who can afford it least. Rents for low-end properties, defined as those with rents less than 75 percent of the regional median, are gaining faster than luxury rentals, according to CoreLogic.

"We've seen a slight uptick in rent prices over the past few months as strong employment growth continues," said Molly Boesel, principal economist at CoreLogic. "The strength stems from the low-to-middle price tier, which has seen monthly average growth of 3.2 percent since January 2018."

All real estate is local, and so are size trends, apparently. Overall, including old and new apartments, the Southeast has the largest units in the nation, while California has the smallest. The average apartment size in California is 837 square feet, compared with 975 square feet in the Southeast.

California saw the biggest size decrease for newly built apartments, an average decline of 12 percent over the past decade. The Pacific Northwest as well as the Northeast are next, seeing 10 percent decreases. Only in the Midwest, where rents and demand are lowest, are apartment sizes increasing, up 1 percent in that time.

Of the nation's largest cities, Seattle has the smallest apartment units, with an average size of 711 square feet. Manhattan and Chicago are second- and third-smallest. Tallahassee, Florida, boasts the largest units on average at 1,038 square feet. Marietta, Georgia, and Columbia, South Carolina, come in second- and third-largest.

While all types of floor plans are shrinking, new studio apartments are minimizing most at an average of just 514 square feet this year. Studios also represent a shrinking share of the rental market, just 5 percent of all units nationwide. One-bedrooms lead at 43 percent of the market, but their size is down 4 percent over the last decade. Two-bedroom apartments have not changed much, just 0.5 percent smaller on average.

How the Stock Market's Wild Ride Could Affect CRE Investment
股市的劇烈起伏將如何影響商業房地產的投資
By: Kerry Curry, National Real Estate Investor

The stock market's recent rollercoaster, with October's sharp correction followed by a post-midterm election surge, can put the investment community on edge, including commercial real estate investors.

"People who invest in real estate don't invest in a vacuum," says Mark Dotzour, a real estate economist who spent 18 years as chief economist of the Real Estate Center at Texas A&M University before opening a private consultancy three years ago.

"They are looking across the whole horizon of investment opportunities, so that includes stocks and bonds, private equity, public REITs, all of that. My belief is that stock and bond market behavior—volatility if you want to call it that—has a significant impact on real estate investment decisions."

It's impossible to completely separate one's emotional reactions from financial behavior, says Mike Ervolini, CEO of Cabot Investment Technology, which sells behavioral finance software to professional equity fund managers. Ervolini previously served as a portfolio manager and CIO with AEW Capital Management.

Real estate investors pay close attention to what's happening in the stock and bond markets and while they may be able to overlook recent volatility, they'll need to keep an eye on longer-term trends to determine if commercial real estate investment is still the best bet for their financial portfolios, according to Dotzour. For now, it seems the answer is yes.

"When the stock market is high, on a relative basis, it is less of a competitor against commercial real estate," Dotzour notes. "For the last two or three years, not only have stock prices been pushing to new highs, but the margin debt is at a record high." Dotzour notes that, historically, when margin debt gets high, there is increased risk of a significant downturn if that margin debt unwinds.

"That is part of the reason why real estate prices continue to go up and yields continue to get lower because I don't think the stock market or bond market is a real competitor right now," he says.

Stock market volatility typically encourages investment in income-producing commercial real estate properties as investors seek see to reduce risk, according to Charles Wurtzebach, chair of the real estate department with DePaul University.

"Volatility in the stock market indicates uncertainty or uneasiness, concern with the future of the market and, in many instances when investors have that concern or that risk, they are looking for a more stable, more reliable cash flow. Commercial real estate meets that need," he says.

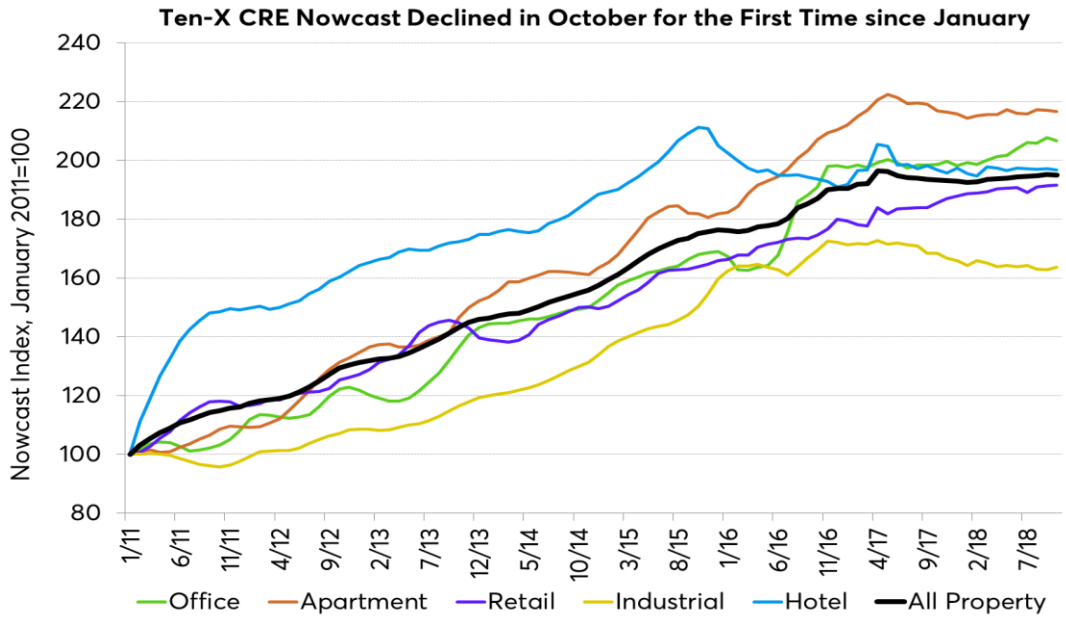
Still, investors may face challenges in effectively moving a portion of their financial portfolio from stocks into real estate as investing directly in real estate can have a long lead time. The publicly-traded REIT market is an immediate option, but in the short term, the volatility in the overall stock market may also cause volatility in the publicly-traded REIT sector, though public REITS can be an attractive long-term option, Wurtzebach notes.

So far, there doesn't seem to be hard evidence of major shifts in real estate investor behavior due to the current stock market volatility, he adds, while also pointing to the long-standing trend of both individuals and institutions increasing the allocation to real estate in their portfolio.

The commercial real estate market remains healthy despite the angst investors may be feeling over stock market volatility, he notes.

"The returns [on commercial real esate] are not going to be as high over the next five years as they were over the last five, but that is indicative of being in a mature cycle," Wurtzebach says.

CRE Pricing Shows 1st Monthly Drop Since January
商業房地產定價顯示 1 月份以來的首次月度跌幅
By: Peter Muoio, Commercial Property Executive



Commercial real estate pricing ebbed in October, posting its first monthly decline since January. The Ten-X Commercial All Property Nowcast fell 0.1 percent from September, resulting in muted growth of 0.9 percent from a year ago. The overall decline was only bucked by the Industrial segment, which showed modest growth on the month.

The industrial sector was the only property segment that saw growth this month, rising 0.4 percent from September. However, the industrial index remains 2.9 percent below its year ago level following weakness early in the year. Gains were strongest in the Northeast, which saw growth of 1.4 percent from a month ago, as well as the Midwest, which saw an uptick just under 1 percent from the month prior. Gains in the West were slightly slower at 0.5 percent. Southeast pricing remain stagnant, however, pricing in the Southwest contracted 1 percent, despite a positive oil pricing environment.

Retail remained flat in October from the month prior, leaving it 3.1 percent higher than a year ago. Retail pricing was strongest in the West, where it increased 0.8 percent in October from September. The Southeast also saw modest growth of 0.3 percent on the month, while all other regions saw pricing decline, albeit by less than 1 percent from the month prior.

Office declined 0.5 percent in October, paced by large declines in the Northeast and West. Pricing in the Northeast region declined 1.5 percent in October, while the West was slightly weaker with pricing falling 1.6 percent. The Southeast actually saw pricing increase in October, gaining 0.9 percent from the month prior. Pricing in the West and Southwest remained stagnant from the month prior.

Hotel declined 0.2 percent in October, weighed down by weakness in the Northeast. Pricing in the Northeast fell 1.5 percent last month and the Southwest pricing declined 0.4 percent. Pricing in the Midwest, West and Southeast all saw modest increases on the month of 0.5 percent or less.

Apartment pricing remains tepid, falling 0.2 percent in October from September. The weakness was most notable in the Southeast, where pricing declined 1.2 percent from the month prior. The Southwest and Northeast also saw pricing declines on the month of 0.4 percent and 0.3 percent, respectively. The Midwest saw fairly good growth of 0.9 percent, which dovetails with a rosier fundamentals outlook owing to lighter supply additions in the region. Pricing also rose modestly in the West region, gaining 0.2 percent in the month.

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	2.00-2.25	2.00-2.25	2.00	1.00	1.00	2.00
Prime rate*	5.25	5.25	5.25	4.25	1.00	2.00
Money market, annual yield	0.58	0.58	0.58	0.25	0.25	0.30
Five-year CD, annual yield	2.00	2.00	2.00	1.46	0.51	0.58
30-year mortgage, fixed	4.81	4.90	4.99	3.87	0.91	0.84
15-year mortgage, fixed	4.14	4.22	4.34	3.29	0.82	1.00
Jumbo mortgages, $424,000-plus	4.83	4.88	5.16	4.26	0.53	0.34
Five-year adj mortgage (ARM)	4.42	4.50	4.89	3.65	0.74	0.74
New-car loan, 48-month	4.68	4.68	4.70	3.18	1.50	1.46
Home-equity loan, $30,000	…	…	…	…	…	…

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