

Real Estate Finance & Investment

The weekly issue from Real Estate Finance Intelligence

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Top Stories

Beacon Set To List D.C.-Area Office

Beacon Capital Partners has tapped **CB Richard Ellis** to market 1735 North Lynn Street in Rosslyn, Va., for sale. The 290,000-square-foot, Class B office property will be the Boston-based investor's third sale in the Rosslyn submarket this year. Last week, it closed on the sale of 1616 North Fort Myer Drive to **TIAA-CREF** for \$145 million, or \$497 per square foot. In March, Beacon sold 1300 North 17th Street to **Tishman Speyer** for \$205 million, or \$520 per square foot. Pricing for the new listing, known as International Place, is not expected *(continued on page 15)*

Monday Properties To Formalize Partnerships

Monday Properties is looking to find capital partners for long-term strategic relationships. The New York-based investment management company recently hired **Jonathan Geanakos** from **Houlihan Lokey** (*REFI*, 8/22) as part of a shift away from one-off transactional relationships, said **Anthony Westreich**, president and ceo. For the full story, see page 7.



Anthony Westreich



Steve DeNardo

RiverOak Debuts Urban Retail Fund

RiverOak Investment Corp. is raising capital for **RiverOak Urban Retail Investors I**, a fund that will acquire value-added retail property in 24-hour cities.

The Stamford, Conn.-based investment management company hopes to raise \$300 million for the fund, which will pursue acquisitions of \$10-30 million in Boston, New York, Philadelphia, Washington, D.C., Chicago, San *(continued on page 15)*

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For a complimentary portfolio valuation, contact Greg Spiro at GregS@auction.com.

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At Press Time

Princeton Office Complex To Sell Close To \$140M

An unknown buyer is under contract to buy University Square, an office campus in Princeton, N.J., from **RXR Realty** for close to \$140 million. The sale amounts to around \$300 per square foot for the 456,000-square-foot property. The winning offer competed in best and final rounds with four to five other players, one local market player said. **Holliday Fenoglio Fowler** is brokering the deal.

RXR listed the campus for sale in July less than a year after completing an \$81.5 million refinancing. The sale includes the assumption of the five-year, fixed-rate loan from **Cigna Investments** and **AIG Global Investment Group**.

At 95% occupancy, the vast majority of the office space is concentrated in a five-story, 313,000 square-foot building that was developed in 2008. **BlackRock** signed a deal for almost half the building's space last fall. The other three buildings range between 25,000 to 70,000 square feet.

Officials at HFF declined to comment while calls to RXR were not returned.

Invesco Buying Boston Retail Space for \$130M

Invesco has put 350 Washington Street, a large retail property in downtown Boston, under agreement for around \$130 million, or \$865 per square foot. **Real Estate Capital Partners** listed the 150,000-square-foot property last October with **CB Richard Ellis**, which also manages the property (*REFI*, 10/22). Calls to officials Invesco and CBRE were not returned. **Michael Fruchtman**, partner at Real Estate Capital Partners, declined to comment.

Although the property has been on the market almost a year, sales in Boston frequently take longer to complete than in some of the other major markets like New York, San Francisco and Washington, D.C., where there has been substantially more investment sales activity, one local broker said. "Buyers are very risk averse, trying to protect themselves against all potential issues, so they and their lawyers take more time to review deals, whereas before, anyone really familiar with the market might overlook small things here and there," he explained. He also noted that there had been several lulls in the marketing period for 350 Washington Street.

The property is a unique asset for Boston because most retail spaces of this size are located outside of the city. Also, the four-story, fully-leased building is a complete retail play, since there is no office space built above it. "Nothing comparable has been sold lately, but it's not likely to be a bellwether for other retail properties because there is very little urban retail this big," the broker said.

More typical of central Boston retail sales are the small 5,000-10,000 square foot spaces like those comprising **Taurus Investments** and **UrbanMeritage's** 23-property Newbury Street portfolio. The retail portfolio, which is being marketed by **Eastdil**, stretches along one of the city's main shopping streets and is expected to sell for around \$175 million, reported **The Real Reporter** when it hit the market in July. In addition to over 100,000 square feet of boutique retail space, the portfolio includes 36,000 square feet of office space, 50 residential units and 55 parking spaces.

Downtown Crossing, where 350 Washington Street is located, is another of Boston's busy shopping areas and is also the city's first business improvement district. The property, which Real Estate Capital Partners bought from **Eastern Development** in 2004 for \$110 million, is fully occupied by **H&M**, **T.J. Maxx**, **Marshall's** and **Boston Sports Club** until 2016. It was originally built in the 1960s as a **Woolworths** department store, but underwent renovations, including the addition of a number of green features, under Eastern Development's ownership.

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 Institutional Investor
Intelligence

Capital Markets

Securitization Chief Exits UBS

Frank Byrne has left **UBS** as head of global securitization. The departure took place in the middle of last week, according to two officials at the bank. The securitization group is now being led by former **Lehman Brothers** veteran **Ken Cohen**, who joined UBS in May to oversee real estate finance and commercial mortgage-backed securitization.

The reason for the departure could not be learned. Byrne could not be reached.

Byrne came aboard UBS after exiting **Deutsche Bank** in July 2009. He was a former co-head of securitization and European head of structured products at DB. At UBS, he was tasked with rebuilding the Swiss bank's securitization group and residential MBS effort after it was gutted in the wake of the financial crisis.

A spokeswoman at UBS did not immediately respond to a request for comment.

CREF-C Creates High-Yield Debt Group

The **Commercial Real Estate Finance Council** has created a forum for high-yield debt investors, appointing **Crowell Moring** attorney **Bill O'Connor** as chair. **Greta Guggenheim**, president of **Ladder Capital**, is serving as chair elect.

The High Yield Debt and Investment Forum is a continuation of the industry organization's drive to expand its investor base. Since changing its name from **Commercial Mortgage Securities Association** in 2010, the group has wooed balance sheet lenders and other commercial real estate professionals not focused on commercial mortgage-backed securities.

"This is a kind of radical change for the group, which has in the past kept high-yield debt investors outside of the tent," O'Connor said, adding "I'm excited about growing this sector for CREF-C." Crowell Moring hosted a CREFC mini-conference in March entitled the Distressed Debt Summit, at its Manhattan offices for commercial real estate "dark-siders," as this group of buyers sometimes calls itself, he added.

Oaktree Fund Grabs Two FDIC Pools

Acorn Loan Portfolio Private Owner VI, a fund managed by **Oaktree Capital Management**, is set to buy a 50% equity interest in two pools of loans from the **Federal Deposit Insurance Corp.** The almost 90% nonperforming pool, acquired via CADC/RADC Venture 2011-1, consists of 508 commercial and residential loans with an unpaid principal balance of about \$386 million. The fund paid approximately \$30 million, or about 15 cents on the dollar, for its stake. An official at Oaktree

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declined to comment.

This is the third FDIC portfolio that Oaktree has won. Another fund managed by the firm, **Acorn Loan Portfolio Private Owner IV**, landed a 25% equity interest in a \$158 million pool of Colorado loans from **First Tier Bank** in early August. Oaktree's funds are managed by **John Brady**.

Loans from failed banks under FDIC receivership are pooled and sold to private equity firms with no-interest financing. "In the early 1990s, the [**Resolution Trust Corp.**] sold assets from failed banks at a discount. The funds that bought [the assets] would make a tremendous profit, but the taxpayers didn't share the benefits," said **Philip Feder**, a partner at **Paul Hastings**, who represented Oaktree. "This program gives highly experienced private firms with great servicing backup the incentive to buy and taxpayers share in the profit," he added.

Acorn Loan Portfolio Private Owner VI is sponsored by Alaska-based **Calista Corporation**, **FACP Mortgage Investments**, and other funds managed by Oaktree, including a real estate fund and a corporate opportunities fund.

New Noteholder Meeting Called In REC 6 Saga

The loan servicer in the troubled Alburn Real Estate Capital 6 U.K. commercial mortgage-backed securitization is calling for a fresh bondholder meeting to try to hammer out a resolution on the stalled deal. But the closely followed saga has analysts saying the prospects for a long-term resolution remain distant.

NM Rothschild, the loan servicer on £188 million (\$301.4 million) CMBS, said Thursday it is reviewing potential workout strategies and has called a bondholder meeting. No date has been fixed, but it will likely take place in the next few weeks, according to an official familiar with the matter.

"It is difficult to see a long-term workout for this transaction without the injection of fresh equity along with a letting and sales strategy," officials at **Chalkhill Partners** said in a client memo related to the development.

REC 6 suffered its latest setback in May when the loan underpinning the deal was hit by a loan-to-value default. The trigger was a new valuation of the underlying properties, which caused a breach of the LTV ratio. The borrower, **Alburn Real Estate Capital**, then failed to pay a cash deposit to mitigate the breach, continuing the year-long dispute over the soured transaction. An initial buyback plan was pitched in October, and sweetened in December without resolution.

Only the securitization's class A noteholders are expected to receive any funds under the new valuation, since the underlying property values continue to collapse, according to **Chalkhill** analysts. The major hurdle will be bringing together the senior bondholders and those further down the capital stack, with any plan requiring the consent of 75% of bondholders.

Still, bonds from the deal have been heavily traded, according to another deal insider. The **Royal Bank of Scotland** is said to

have retained a sizeable holdings in REC 6. In November, RBS was tipped as having scooped up 25% of each tranche, allowing it to form a blocking position on any workout plan. An official at RBS declined to comment, as did a Rothschild official.

Cornerstone Loan Set For Loss After Sale

A real estate portfolio loan securitized in **Credit Suisse's** EUR1.32 billion (\$1.88 billion) European commercial mortgage-backed deal **Cornerstone Titan 2007-1** was sold this week, but the sale price of is set bring a loss to the loan, according to the issuer.

The Loews loan portfolio was sold on Thursday for EUR91.5 million (\$130 billion). **Rob Hook** at **Capita Asset Services**, the special servicer on the securitization, said the proceeds are set to be distributed sequentially to bondholders on the next interest payment date in October, after sale fees and swap break costs have been settled.

But with the outstanding balance on the loan standing at EUR98.5 million (\$139.9 million), this will crystallize a loss on the loan, the issuer said in a filing with the **London Stock Exchange**.

Credit Suisse originated and securitized the loans that make up **Cornerstone Titan** in February 2007. The EUR129.7 million (\$184.2 million) Loews loan represented 9.8% of the total securitized pool, and is backed by 10 multifamily properties in Germany. The loan is set to mature Jan. 18, 2014. The borrowers on the loan are six limited partnerships in Germany.

Trepp: Rate Of Bank Failures Slows In August

Seven U.S. banks failed in August, compared to July's record-setting 13, according to the monthly bank failure report from **Trepp, LLC**. At the same time, commercial mortgages are making up an increasingly large share of the troubled loans that cause bank failures, the New York-based data and analytics firm found.

Trepp counts 68 U.S. banks that have failed year to date, which is on pace with its prediction that about 100 banks will fail in 2011. The firm now characterizes 245 banks as having a risk of failure. Commercial real estate has been the biggest contributor to bank distress in this cycle, according to **Matt Anderson**, managing director. August was no exception, with the sector kicking in \$257 million, or 56% of failed banks' \$456 million of nonperforming loans. Commercial mortgages are making up a larger portion of that amount, creeping up on construction and land loans, he added.

In the fourth quarter of 2009, 22% of nonperforming commercial real estate loans on Trepp's watchlist were commercial mortgages while construction and land loans represented 62%. In August, commercial mortgages were 39% of nonperforming CRE loans, and construction and land kicked in 47%. "Construction and land

are more volatile loan types, and the losses tend to be much greater than commercial mortgages. The biggest problems from the former hit earlier in the cycle and were more significant," Anderson said.

The failures in August occurred in six states, including Illinois, Florida and Georgia. Loss-sharing by the **Federal Deposit Insurance Corp.** declined slightly from July, with 44% of the acquired assets being covered, and only three out of the seven failures participating in the program, Anderson said. "The continued reduction in loss-sharing transactions is an indicator that acquiring banks are gaining confidence and that the FDIC seems able to extract better terms from buyers," he added.

Property Markets

South Florida Listings Hitting Post-Labor Day Market...

Flyers for a number of new sales in south Florida started making their rounds last week.

Beacon Capital Partners is planning to flip Suntrust Financial Center, a Class A office in Tampa via **Jones Lang LaSalle**. The property is part of the \$1.7 billion, 14-property U.S. portfolio Beacon agreed to acquire from real estate investment trust **Charter Hall** last month. Calls to Beacon were not immediately returned. One market player said the sale was likely part of the firm's plan to off load some of the properties from the acquisition that are not in its core markets. Pricing could not be immediately determined.

Although Tampa is not one of south Florida's strongest office markets, the 527,000-square-foot building is considered one of a handful high quality assets in the city, the market player said. Its vacancy rate, however, is between 15-20%.

The 36-story tower is located at 401 East Jackson Street, near City Hall. It was built in the early 1990s.

Calls to officials at JLL were not returned by press time.

...Wells Fargo Selling Fort Lauderdale Park...

Wells Fargo is selling Radice Corporate Center II in Fort Lauderdale via JLL. The bank foreclosed on the 121,000-square-foot office building earlier this year after owner **Archon Group** defaulted on its \$17.2 million mortgage. Archon purchased the property in 2006 from **Sunbelt Management** for \$21.6 million, or \$178 per square foot. Pricing estimates for the current sale could not be determined by press time.

The seven-story property is 79% leased, offering some upside potential on leasing to investors. Located at 800 Corporate Drive in the Cypress Creek submarket, the area is one of Fort Lauderdale's weaker submarkets, however which could make attracting new tenants challenging, explained one investor familiar

with the market. Although it has good highway access, located north of the city, it was built up over a decade ago as a hub for tech businesses, but has lagged in activity since the last tech bust, he added.

Calls to JLL and Wells Fargo were not returned.

...MetLife Taps Cushman For Miami Sale

MetLife has tapped **Cushman & Wakefield** to market a five-building, Class B office portfolio in Miami. Expected pricing could not be immediately determined, however, one investor said the sales price would likely not be far off the price MetLife paid in 2005. MetLife purchased the 345,000-square-foot portfolio from **TIAA-CREF** for \$42.2 million, or \$124 per square foot.

The buildings, which are part of the Waterford Business Park and include 5757, 5775, 5805, 6101, and 6161 Blue Lagoon Drive, are roughly 79% leased to a mixed-roster of tenants. MetLife also owns three other assets in the same business park. The other three, which total nearly 500,000 square feet, are higher quality office spaces and were purchased for \$97.5 million, also from TIAA in 2005.

Calls to MetLife and Cushman were not returned.

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REITs Threatened By New, Harsher Regulation

The U.S. **Securities and Exchange Commission** is considering getting rid of real estate investment trusts' tax-free status and their ability to lever, something **Janaki Rao**, agency mortgage strategist at **Morgan Stanley**, said would be a major problem for the residential mortgage-backed securities market. "The REIT community soaked up a quarter of net supply [of RMBS] in the first half of 2011," Rao said, underlining the importance of the players for the market. He explained that if REITs lost their special status with the SEC, the funds would be forced to register as either money market funds or corporates, neither of which would likely have as strong an RMBS focus.

REITs have also been hailed as the new issuers for RMBS after the financial crisis of 2008. Rao said the SEC could make some form of exemption to allow REITs to still originate mortgages and bundle them into deals, but that it was too soon to tell. The SEC asked for comments on REITs during its open meeting on Aug. 31, but the timeline going forward has not been established. It is unclear how likely the SEC will be to act.

Rao also noted that REITs will be needed more than ever as supply in the RMBS market is expected to grow. The **Federal Reserve's** decision to keep rates near zero into 2013 is expected to boost prepayment speeds, making the Fed's and the **Department of Treasury's** portfolios pay down faster, he said.

Midtown Leasing Activity Hits Eight-Month Low

Leasing in Midtown Manhattan slowed slightly over the last month, coming in below the historical average for the first time in eight months, according to **CB Richard Ellis'** August report. Leasing activity in July was 25% lower than the 1.2 million-square-foot, five-year monthly average, coming in at 900,000 square feet. The month's activity was also just more than a third of June's leasing volume of 2.4 million square feet, and also substantially less than last July's 1.5 million feet. Average asking rents dropped slightly, to just more than \$60 per square foot.

Transactions will likely pick up significantly in the final quarter of the year, one Manhattan leasing broker said. "There are still a number of large transactions pending, so it's just a matter of time before they close. Often that won't happen until the fourth quarter and sometimes as late as the last two weeks of December," he added. Pending negotiations include **Credit Suisse's** and **Coach's** potential agreements for space at the **Related Companies'** Hudson Yards.

Even with the dip in July, New York's Midtown office market still made headway in bringing down vacancy, with 200,000 square feet of positive absorption. This brought the vacancy rate down from 11.7% to 11.6%. The biggest deal for the month was

Alvarez & Marshal's agreement for 103,000 square feet at **Ruben Companies'** 600 Madison Avenue. It was the only deal of more than 50,000 square feet completed during the month.

NYC Teachers To Build Private Real Estate, Cut REITs

The board of the \$42.7 billion **New York City Teachers Retirement System** (NYCTRS) outlined plans at a meeting last week for its portfolio asset allocation, which will lead the pension plan to increase its private real estate allocation and reduce investments in real estate investment trusts. The shift is part of a larger move by NYCTRS to reduce domestic and EAFE equities and increase private real estate and opportunistic fixed income. NYCTRS will also create an emerging market debt asset class.

The pension plan's real estate allocation will remain at 9%, with private real estate investments rising from 5% to 6% and real estate investment trusts dropped from 4% to 3%. This translates into a \$1.28 billion decrease in REITs. **Larry Schloss**, cio of the \$122 billion **New York City Retirement System**, which includes NYCTRS and four other pension systems, said the changes will take place over time and that there is no rush to change the portfolio. It was unclear if the equities and REIT reductions would spell manager terminations, as Schloss, a NYCERS spokesman and other fund officials were either not available or not able to clarify by press time.

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Q&A

Anthony Westreich & Jonathan Geanakos

Monday Properties, which recently hired **Jonathan Geanakos** to the newly created post of executive v.p. of acquisitions and capital markets (*REFI*, 8/22), is planning to expand and formalize its capital partnerships as part of its growth strategy. Geanakos and Monday CEO and President **Anthony Westreich** spoke to *REFI* about the position, the market and its strategy.



Jonathan Geanakos

The position was created specifically for Jon. What does adding a member to the executive team signal for Monday Properties?

AW: Jon was specifically brought on board as our growth agent. He'll be dedicated to growing our platform, both in terms of assets under management and revenues. We were clients of Jon's when he was at **Houlihan Lokey**, and we're very excited to have him on our executive team. Traditionally, our investments have been a marriage of finding the right opportunity and the right partner for that opportunity. We've found that in today's environment, capital is really the commodity, while the opportunity is the treasure. The kind of partnership we seek for a particular asset depends on the opportunity and the lifecycle of that opportunity. We've worked with life companies, pension fund advisors, foreign capital, private equity and more, but each was dependent on the asset. Part of Jon's responsibilities will be developing more programmatic capital partners, so that not every opportunity is a one-off transactional relationship.

So there will be a change in strategy?

JG: We won't go too far afield of what we do best, which is to say we'll continue our focus on owning and efficiently operating large urban office assets. One area we'll continue to expand in is in the vertical integrated aspect of our business. We'll bring our expertise to bear on addressing challenges. We'll also more aggressively focus on new acquisitions activity through a variety of resources, be they brokers, bankers or other intermediaries. But we also have great standing joint venture relationships that we want to formalize and expand. We'll look for ways to bring outside capital to bear on the operating level or in acquisitions.

AW: Part of Jon's work will also involve working with our executive team to optimize our existing portfolio and operating platform. We've spent the last year and a half managing through a challenging economy, engaging in recapitalizations and deleveraging. In June, we recapped 230 Park Avenue with **Invesco**. We're in the final weeks of recapitalizing our D.C. portfolio with **Goldman Sachs** as our new partner replacing the estate of **Lehman Brothers**.

Are Invesco and Goldman two firms you're looking for a long-term relationship with?

AW: Our strong partnerships with Goldman and Invesco are examples of the many institutional relationships that share our long-term investment thesis.

Monday invests in two of the top U.S. gateway markets: Washington, D.C., and New York. What is the outlook in those markets in the near term?

JG: There is a vast amount of equity capital available in the U.S. real estate markets, but to make that statement without context is a bit too broad a generalization. Capital is flowing towards the strongest sponsorships with trophy assets in gateway cities. The competitive environment in that regard is not going to get easier.

AW: Everyone's been sort of scratching their heads in this market. There are still many assets that need deleveraging on the one hand, and on the other, some assets are hitting historical pricing. I like to be optimistic, but I'm also very mindful of the metrics. The business environment is stagnant at best, which puts a strain on the leasing markets, not to mention the overall fundamentals of the real estate industry. Because of the uncertainty in our economy, the environment is moving much slower and therefore to be successful, you have to be extremely thoughtful and patient.

JG: Clearly the economy will rebound at some point in the future and there will be a change in the environment. Our investment thesis is cognizant of these trends, but is highly focused at the asset level. So we'll invest in strong assets, being mindful of how we manage debt maturities, leasing strategy, and the composition of each capital structure. Many firms are still navigating highly complicated capital structures and we'll try to avoid that.

Will you go into other markets?

AW: In addition to our portfolio of over six million square feet in New York and D.C., we have for the past two years run a portfolio with assets in San Francisco, Los Angeles and Boston for the Lehman estate. We'll take opportunities where we find them, but our focus will remain in D.C. and New York. You want to continue to focus on our core competencies, which for us is developing, owning and operating high-quality office buildings in supply-constrained markets, similar to our holdings in Midtown Manhattan and the greater Washington, D.C. metropolitan area.

Guest Column

Apartment Recovery May Leave CMBS Behind

By Larry Kay



Larry Kay

The weak U.S. housing market, an increase in demand from the 20-34 year-old core rental group, modest new apartment supply and the de-bundling of households have helped bolster the apartment sector. Homeownership rates have been trending down since July 2006, and the apartment market is benefiting from the downturn. Despite various metrics pointing to a recovery, however, the credit performance of commercial mortgage-backed securities backed by multifamily collateral has yet to benefit.

According to the **National Multi Housing Council's** Apartment Tightness Index, which measures changes in occupancy rates and rents, conditions for the U.S. apartment market were at a record high in April. The index registered a level of 90 at that time (readings of 50 and higher indicate improving conditions). In addition, **CB Richard Ellis** said apartment rents rose at an annualized rate of almost 4% through the second quarter of 2011.

Apartment index and rental trends aside, the CMBS multifamily delinquency rate is at a historically high level—not what would be expected in a recovering sector. In June 2011, the CMBS multifamily delinquency rate was at 15.50%, well above the rate of 1.10% at the start of the recent recession. So what factors could be causing the divergence and, in our view, could keep the CMBS multifamily delinquency rate at high levels?

1. Property location

We've noticed that the markets with the steepest home price declines also have some of the highest CMBS multifamily delinquency rates. Combined with significantly depressed home prices, many of the weak housing markets have unemployment rates that exceed the national average—another factor that will likely continue to weigh on local housing markets. As a result, we don't expect these markets to exhibit much near-term improvement.

2. Collateral grade

We believe that Class B and C apartment properties, the most common type of multifamily collateral in CMBS, were the hardest hit in the housing downturn. That's because Class B and C properties were vacated as potential homebuyers gravitated to Class A apartments while waiting for the housing market to stabilize. With legacy CMBS multifamily underwritten at fairly thin debt service coverage ratios, and rental concessions still available for the B and C classes, we expect there to be continued cash flow pressure on borrowers to make their loan payments.

3. Rental conversions

Lastly, we believe that several large New York City rental conversions will likely remain delinquent for quite some time due to the complexity of their workouts.

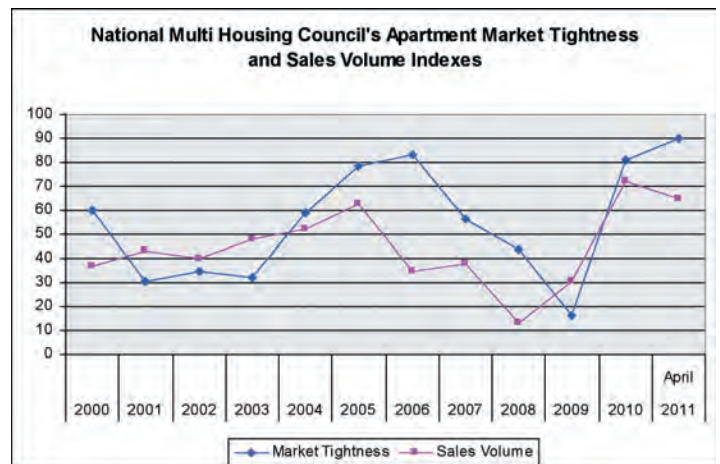
The Apartment Market Tightened As Home Ownership Declined

The home ownership rate began rising from 64.2% in 1994 until it peaked at 69.2% in 2004. Since then, it has dropped by 330 basis points and ended the second quarter of 2011 at 65.9%. During the decline, the number of renter units went on an uninterrupted climb and increased from 33.7 million units in 2005 to 38.3 million units in second-quarter 2011.

As homeownership declined, a wave of new single-family homes and apartment rentals entered the market. Given this new supply, the multifamily vacancy rate started to increase. During this period, the National Multi Housing Council's Apartment Market Tightness and Sales Volume Indices began to trend downward. Both indices deteriorated from 2006 to 2008. But in 2009, both indexes were climbing sharply. In April 2011, the Tightness Index spiked to a record level of 90 and the Sales Volume Index was at 65. As in the Market Tightness Index, a reading above 50 in the Sales Volume Index indicates improving conditions.

We believe the improving rental conditions reflect:

- Potential homebuyers waiting for prices to exhibit signs of stabilization
- Concerns that homeownership may not be a safe investment
- Potential buyers not qualifying for a home mortgage
- Core renter group apartment demand increasing
- Grown children moving out of their parent's homes and into apartments

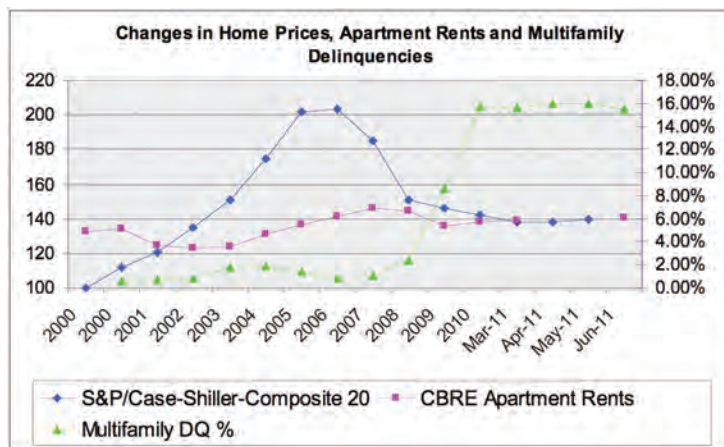


Multifamily Delinquencies Accelerated As The Housing Market Weakened

Home ownership reached a high in the second quarter of 2004, but home prices didn't peak until July 2006. According to the S&P/

Case-Shiller Index, home prices steadily declined after peaking in July 2006 before inching up slightly in April and May 2011. The lag effect was a little longer for apartment units because rents didn't peak until the second quarter of 2008, according to CBRE, while additional rental units began coming on line in 2005. After reaching their peak, apartment rents drifted lower through the second quarter of 2010 and then began their rise of 4.3% through the second quarter of 2011.

Multifamily delinquencies began increasing in the fourth quarter of 2007. The multifamily delinquency rate posted its largest annual increase in 2009 when it grew 260% to 8.63% from 2.40%. Despite increasing rents through second-quarter 2011, the multifamily delinquency rate is at historic highs. At 15.50%, it's more than double the American Council of Life Underwriters' peak multifamily delinquency rate of 7.12% recorded in December 1991.



Multifamily Delinquency Rates Are High In Weak Housing Markets

Markets that have seen the largest home price declines also have some of the highest multifamily delinquency rates. The S&P/Case-Shiller Home Price 20-city composite index, which has been in a downward spiral since it peaked in July 2006, moved higher in April and May 2011. The five housing markets that have seen the worst price declines since July 2006 are Las Vegas (59.2% price decline), Phoenix (55.8%), Miami (50.2%), Detroit (49.7%), and Tampa (47.5%). Additionally, four of these five markets have multifamily delinquency rates that exceed 20%, and all five markets account for approximately 21% of the multifamily delinquencies associated with the cities in the S&P/Case-Shiller 20-City Index.

Approximately 46.3% of the multifamily delinquencies in the cities represented by the 20-City Index are in New York. Almost the entire amount is related to several New York City rental conversions (Peter Cooper Village and Stuyvesant Town, Riverton Apartments, New York City Apartment Portfolio and the Manhattan Apartment Portfolio). Due to the complexity of these projects, we believe they will likely remain delinquent for quite some time. In total, between the five weak housing markets and the rental conversions, approximately two-thirds of

the 20-markets may struggle with high multifamily delinquencies.

CMBS B And C Class Multifamily Properties May Remain Under Pressure

Class A properties are typically luxury units that are less than 10 years old and usually occupied by white-collar workers. These assets may also be more defensively located in stronger markets (i.e., high income levels, higher cost of housing) that support demand for these properties. They're also the apartment types that **Freddie Mac** and **Fannie Mae** aggressively bid on.

Class B properties can be 10-25 years old and usually have a middle-class tenant base of both white- and blue-collar workers. Class C properties are 30-40 years old and generally have blue-collar and low-to-moderate income tenants. In legacy CMBS, conduit lenders typically sought to finance B and C class apartments as they were able to offer borrowers more favorable terms.

It's our view that the performance of Class B and C properties will likely constrain any meaningful improvement in the multifamily delinquency rate. This is because potential homeowners have settled into Class A units while they wait for the single-family housing market to turn around. We anticipate that this trend will continue until signs of home price stability become evident.

In general, it's also our belief that Class B and C owners will continue to experience operating cash flow stress due to thin debt service coverage levels and rental concessions that are still available in these classes. While appealing to renters, this practice can put additional pressure on a borrower's ability to make their loan payments. Increasing employment for the 20-34 year-old cohort should, however, provide some support for these apartment classes.

We believe that until the weak housing markets that we identified strengthen, rents firm among Class B and C apartments and troubled rental conversion projects get worked out, any meaningful decline in the multifamily delinquency rate may take a while to materialize. Differences will vary by market, however, particularly for those weaker areas where concentrations of foreclosure-displaced homeowners stimulate demand for rental units.

Larry Kay is a director at Standard & Poor's.

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Strategies

AREA, Adler Acquire WRIT Industrial Portfolio

AREA Property Partners and **Adler Group** have purchased **Washington Real Estate Investment Trust's** entire 3.1 million square foot industrial portfolio for \$350 million. The acquisition marks Miami-based Adler Group's entry into the D.C.-area market and AREA's first purchase in the area since 2007. The partners, which have completed joint ventures on other deals since 1997, made the first close on 2.3 million square feet for \$235.8 million and will close on the remaining 800,000 square feet in the next two months. **Cassidy Turley** is brokering the deal.

The portfolio, which also includes some office properties, is 79% leased and offers considerable up-side potential, which is attractive to Adler as a value-added investor, explained **Matthew Adler**, chief investment officer. "These are multi-tenant offices and warehouses, where our core expertise is, so that was the biggest appeal for us. [The properties] are in strong [suburban] submarkets, so there

is opportunity to create value and take occupancy into the 90% range," he said.

The properties are located in four outlying D.C. suburbs, along I-95 South and the Dulles corridors in Virginia and along I-270 and I-465 in Maryland. Most of the portfolio's vacancy is in the Virginia properties, primarily because much more space is concentrated there, Adler said.

Adler declined to speak about AREA's role in the partnership, but said his firm's principal focus will be on-site property management and leasing. The firm has already established a regional office at the Northern Virginia Industrial Park in Lorton, Va., to oversee the full portfolio, and is establishing several satellite offices as well. It plans to have staff on site at each property that will focus on retaining existing tenants and signing new ones looking for several thousand square feet of space. Cassidy Turley is being retained to handle larger leasing deals.

A statement from WRIT said the company was divesting the portfolio to concentrate acquisition strategy within the Washington, D.C., beltway. Calls to **William Camp**, cfo, were not returned. Calls to officials at Cassidy Turley were also not returned. Officials at AREA could not be reached by press time.

Loan Auction Calendar

Date	Collateral Composition	Seller	Amount (in millions)	Advisor
Sept. 13	Mixed performance loans primarily in the West	Union Bank of California	\$45.2 million	Mission Capital
Sept. 13	Sub- and non-performing assisted living loans in Calif. and Wa.	Bank of the West	\$34.2 million	Mission Capital
Sept. 14	Performing loans in nine states	Undisclosed Life Insurance Co.	\$124 million	Mission Capital
Sept. 15	Performing syndicated loan position secured by loan in Ill.	Bank	\$62 million	DebtX
Sept. 19	Mixed performance hospitality loans in 14 states	Undisclosed	\$49.97 million	Mission Capital
Sept. 19-Oct. 6	Southeast commercial real estate loans	Undisclosed	\$2 billion plus	REDC/Auction.com
Sept. 20	Non-performing luxury ski resort condos in Steamboat Springs, Colo.	Undisclosed	\$41.9 million	Mission Capital
Sept. 20	Mixed performance loans primarily in Ohio and W. Va.	Undisclosed	\$32 million	DebtX
Sept. 20	Mixed performance commercial real estate and C&I loans nationwide	Undisclosed	\$112.3 million	DebtX
Sept. 20	Mixed performance loans in Ariz., Colo. And N.M	Bank	\$87.2 million	DebtX
Sept. 22	Performing loans nationwide	Undisclosed	\$22.4 million	DebtX
Sept. 26-27	General commercial real estate loans	Undisclosed	\$100 million plus	REDC/Auction.com
Oct. 4	Non-performing office loan in New York City	Undisclosed	\$10.3 million	Mission Capital
Oct. 12	General commercial real estate and C&I loans	Undisclosed	\$100 million	First Financial Network
Oct. 10-12	General commercial real estate loans	Undisclosed	\$100 million plus	REDC/Auction.com
Oct. 17-18	Hospitality commercial real estate loans	Undisclosed	\$300 million plus	REDC/Auction.com
Oct. 18-20	Multifamily commercial real estate loans	Undisclosed	\$200 million plus	REDC/Auction.com
Nov. 7-17	Midwest commercial real estate loans	Undisclosed	\$400 million plus	REDC/Auction.com
Dec. 5-6	General commercial real estate loans	Undisclosed	\$100 million plus	REDC/Auction.com
Dec. 5-8	Commercial real estate loans in Calif.	Undisclosed	\$600 million plus	REDC/Auction.com
Ongoing	Performing loans in Ky.	Undisclosed	\$8.4 million	Loan Sale Corporation
Ongoing	Performing office loan in Utica, N.Y.	Undisclosed	\$6.7 million	Loan Sale Corporation
Ongoing	Eight performing loans in Fla.	Undisclosed	\$5.3 million	Loan Sale Corporation
Ongoing	Non-performing multifamily loan in Countryside, Ill.	Undisclosed	\$12.5 million	Loan Sale Corporation
Ongoing	Non-performing loans in Fla.	Undisclosed	\$12 million	Loan Sale Corporation
Ongoing	23 non-performing loans in Ind. & Ill.	Undisclosed	\$10 million	Loan Sale Corporation

* Portfolio also includes non-commercial estate loans

Sources: www.debtX.com, www.firstfinancialnet.com, www.missioncap.com

Real Estate News Roundup

The Real Estate News Roundup is a summary of publicly reported real estate news briefs. The information has been obtained from sources believed to be reliable, but *REFI* does not guarantee its completeness or accuracy.

LVMH May Bid For Amanresorts Hotel Chain

LVMH Moet Hennessy Louis Vuitton may look to buy luxury hotel chain **Amanresorts International**, Bloomberg reports. Indian real estate developer **DLF**, owner of Amanresorts, has received five non-binding bids of \$400-450 million for the hotel chain. Private equity firms are also among bidders for Amanresorts. DLF acquired a controlling stake in Amanresorts in November 2007 for \$400 million and took full control during the fiscal year ended March 31.

Senior Housing Trust Buys \$478M Portfolio

Senior Housing Properties Trust will acquire a portfolio of nine senior living rental communities for \$478 million, the company announced. The communities, including apartments and suites are currently operated by **Vi**. Eight of the communities will be leased to a taxable REIT subsidiary of **SNH** and all nine will be managed by **Five Star Quality Care**. Vi was represented by **Goldman Sachs** on the transaction.

Bell Partners Sells Atlanta Mall For \$82M

An affiliate of Toronto/Florida-based North American Development Group has bought a regional, open air shopping center in Atlanta for \$81.65 million, *GlobeSt* reports. The Edgewood Retail District has been sold by an affiliate of the Greensboro, North Carolina-based Bell Partners. The seller was represented by Casey Rosen and Chris Decoufle of CB Richard Ellis' National Retail Investment Group. The property is 99 percent occupied by **Target**, **Lowe's Home Improvement**, **Kroger Supermarket**, **Best Buy**, **Bed Bath & Beyond** and **Ross Dress** for Less.

Vornado Refinances San Francisco Office

Vornado Realty Trust has secured a \$600 million loan to refinance debt on Bank of America Center, an office complex in San Francisco's financial district, the company announced. The real estate investment trust owns a 70% stake in the property. The 10-year loan is priced at 5.10% and has a 30-year amortization schedule.

Hines Fund Buys U.K. Office

Hines has acquired One Eleven Edmund Street in Birmingham, England, on behalf of its *Pan-European Core Fund*, the company announced. IVG Institutional Funds GmbH, a German investment fund, was the seller. The Class A, 44,000-square-foot office building is occupied by Gateley, a regional law firm. **GBR Phoenix Beard** and **Wragge & Co** advised Hines, which tapped LBBW for debt financing. **Jones Lang LaSalle** advised IVG.

Carey Watermark Buys New Orleans Hotel

Carey Watermark Investors Inc. has closed on a \$45.7 million joint venture investment with **HRI Properties** for the Chateau Bourbon Hotel in New Orleans, the partners announced. The property, constructed in 1849, was previously the D.H. Holmes department store and was converted into a hotel in 1995. The property will undergo a complete renovation.

Cassidy Turley Arranges Arlington Office Sale

Cassidy Turley has arranged the sale of 1616 N. Fort Myer Drive in Arlington, Va., on behalf of an affiliate **Beacon Capital Partners**, the company announced. The fully leased, Class A office was acquired by **TIAA-CREF** for roughly \$145 million. The 303,262-square foot, 19-story office building is close to public transportation and the major airports.

Los Angeles Office Sold

Walter Conn, a private investor who owns a 50% stake in the Pacific Financial Center office tower in Los Angeles, has acquired the remainder of the property from **Equity One**, *GlobeSt* reports. Conn, who is also the chairman of **Charles Dunn Co.**, paid about \$50 million for the stake in the 17-story tower. The building is nearly 93% by tenants that include **Lend Lease**, **Gerald J. Sullivan & Associates** and **CP Document Technologies**.

KanAm Puts London Portfolio Up For Sale

KanAm, a German real estate fund, is seeking to sell a portfolio of four offices in London and could raise as much as £1 billion from the sale, *Property Week* reports. The properties include the London base of **Deutsche Bank** and a building occupied by the **European Bank for Reconstruction and Development**. **Knight Frank LLP** is handling the sale.

Hampshire Closes Value-Added Fund

Hampshire Companies has closed *Hampshire Partners Fund VIII*, a commingled, value-added real estate private equity fund, the company announced. Hampshire raised \$339 million from 20 investors for the fund, which will acquire, reposition and manage industrial, retail, suburban office, self-storage and medical office properties in the Northeast and Mid-Atlantic.

AREA, Adler Buy Mixed-Use Portfolio

A joint venture between **AREA Property Partners** and **Adler Group** has closed the first stage of a \$350 million acquisition of a multi-tenant office and warehouse portfolio in the Washington,

D.C., area from **Washington Real Estate Investment Trust**, the partners announced. The second phase of the transaction will close in the next two months. The portfolio is located mainly in Northern Virginia and Maryland and is about 79% occupied. Tenants include **GE Healthcare**, **MedImmune**, **Raytheon**, **L-3 Communications**, **ITT Educational Services** and **American Honda Motor Company**.

London & Stamford To Buy U.K. Mall

London & Stamford is set to acquire Kingfisher Mall in Redditch, England, for more than £140 million, *Property Week* reports. The U.K. property company, which was advised by **Jones Lang LaSalle**, will buy the asset from **Scottish Widows Investment Partnership**. **Cushman & Wakefield** and **Jackson Criss** marketed the shopping centre.

REIT Compensation Rises

Total compensation levels for real estate investment trust professionals rose by a median of 3-15% in 2010, according to a new report from **FTI Consulting**. The report found that executive and senior managers saw the largest pay increases while lower-level employees saw increases of 3-8%. The survey looked at 43 public and private real estate companies across all sectors. "In 2010, the real estate industry continued to rebound

as fundamentals stabilized and companies had access to cash through both the equity and debt markets. As a result, compensation levels in the real estate industry were directly impacted, companies were better able to fund their bonus pools, and, for most employees, compensation levels returned to pre-recession amounts," said **Anthony Saitta**, managing director.

JLL Predicts Lower Manhattan Resurgence

Jones Lang LaSalle believes that the groundwork has been laid for a transformation of Lower Manhattan in the coming years, with the New York submarket poised to see substantial demand, according to a report. "The confluence of a number of encouraging trends will have a tremendous effect on Lower Manhattan in the next 10 years," said **Peter Riguardi**, president of Jones Lang LaSalle's New York region.

HSBC Sells Mexico Properties

HSBC Holdings has offloaded 90 bank branches and corporate offices in Mexico for \$90 million to eight private Mexican investors, *GlobeSt* reports. The London-based lender will lease the sites which it acquired when it bought **Grupo Financiero Bital**. **Jones Lang LaSalle** represented the bank in the sale. More than 100 investors and eight final buyers vied for the portfolio, said **Guillermo Mijares**, sub-director of real estate management for the bank.

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Trepp's CMBS Spreads Matrix

CMBS 1.0 Conduit Spreads as of September 7, 2011

Fixed Rate	Avg Life		9/7	1 Week Ago	3 Months Ago	6 Months Ago	1 Year Ago
AAA	5	S+	252 236 174			147	169
AAA	10	S+	296 280 225			183	301
AA	10	S+	2,216 2,201 2,063			1,951	2,351
A	10	S+	2,792 2,769 2,489			2,348	2,883
BBB	10	T+	4,346 4,316 3,798			3,566	4,092
BBB-	10	T+	5,317 5,287 4,768			4,536	5,136

CMBS 2.0 Conduit Spreads as of September 7, 2011

Fixed Rate	Avg Life		9/7	1 Week Ago	3 Months Ago	6 Months Ago	1 Year Ago
AAA	5	S+	191 186 132			114	-
AAA	10	S+	216 211 166			142	-
AA	10	S+	344 337 244			217	-
A	10	S+	431 419 298			260	-
BBB	10	T+	666 651 415			371	-
BBB-	10	T+	674 659 423			376	-

Benchmarks as of September 7: 10-year Treasury = 2.044 10-year Swap = 2.239

Source: Trepp, LLC

Morningstar's Loan Transfers To Special Servicing

The following is a list of loans included in commercial mortgage-backed securities deals that were recently transferred into special servicing.

Property Type	Loan Name	Deal ID	City	State	Zip	UPB	Maturity date	Date xferd to S/S
Hotel	Jameson Inns Pool	WBC06W07	Various	Various	Various	\$170,567,882.70	8/15/11	7/28/11
Hotel	Ashford Hospitality Pool 7	WBC07W08	Various	Various	Various	\$94,877,404.72	5/9/12	6/28/11
Hotel	Hilton Embassy Row	MLCF0709	Washington	DC	20036	\$44,250,000.00	6/6/12	7/19/11
Hotel	Wingate Inn - Best Western	BSC07P18	Various	NC	Various	\$7,551,213.92	10/5/17	7/14/11
Hotel	Hampton Inn - Daytona Beach	MLCF0706	Daytona Beach	FL	32114	\$7,475,842.30	1/8/17	7/21/11
Industrial	107 Tom Starling Road	GCC06GG7	Fayetteville	NC	28306	\$18,621,551.08	6/6/16	8/8/11
Industrial	Twin Cities Industrial Portfolio - Pool 3	JPC04LN2	Various	MN	Various	\$14,093,723.05	5/11/14	7/18/11
Industrial	Twin Cities Industrial Portfolio - Pool 2	JPC04LN2	Various	MN	Various	\$10,002,635.90	5/11/14	7/18/11
Industrial	Twin Cities Industrial Portfolio - Pool 1	JPC04LN2	Various	MN	Various	\$9,572,279.82	5/11/14	7/18/11
Industrial	Brooklyn Industrial	MSC04HQ4	Brooklyn	Various	NULL	\$7,121,291.76	7/1/14	8/5/11
Multi-family	The Fairways Apartments	WBC06C29	Chandler	AZ	85225	\$30,315,000.00	12/11/11	1/21/11
Multi-family	Northfield Estates MHC	MSC06HQ8	Whitmore Lake	MI	48189	\$24,080,000.00	2/1/16	7/21/11
Multi-family	Pinnacle Grove Apartments(1)	WBC06C29	Tempe	AZ	85281	\$22,100,000.00	12/11/11	11/19/10
Multi-family	Orchard of Landen	JPC06C16	Maineville	OH	45039	\$16,584,150.06	6/1/11	7/11/11
Multi-family	Campus Courtyard	MSC07I14	Fresno	CA	93710	\$15,000,000.00	4/5/17	7/14/11
Office	Renaissance Tower Office Building	WBC06C29	Dallas	TX	75270	\$129,000,000.00	11/11/16	5/13/11
Office	Broadreach Pool	WBC06W07	NULL	Various	NULL	\$102,999,570.13	8/15/11	8/10/11
Office	Davinci Court and 20 Technology Parkway	JPC06LD9	Norcross	GA	30092	\$36,500,000.00	12/5/11	8/5/11
Office	Harrisburg Portfolio	JPC07C19	Various	PA	Various	\$36,500,000.00	4/1/17	8/1/11
Office	Blairstone Office Building	MLCF0602	Tallahassee	FL	32399	\$34,851,747.59	5/8/13	7/26/11
Other	Hines Portfolio	CSM07TF1	West Hollywood	CA	90069	\$109,375,000.00	11/9/11	8/2/11
Other	Central Parke Pool	WBC06C25	Cincinnati	OH	45212	\$83,268,304.30	5/11/16	7/29/11
Other	Westcore Colorado Portfolio	BSC07BB8	Various	CO	Various	\$80,182,703.53	11/11/11	7/15/11
Other	Metropolitan Square	WBC07C33	Des Plaines	IL	60016	\$17,617,500.00	7/11/17	6/20/11
Other	Hines Portfolio	CSM07TF1	Various	CA	Various	\$15,625,000.00	11/9/11	8/2/11
Retail	Rushmore Mall	BACM0603	Rapid City	SD	57701	\$94,000,000.00	6/1/16	7/27/11
Retail	Colorado Mills	BSC04BB5	Lakewood	CO	80401	\$92,967,655.86	11/12/11	7/22/11
Retail	Beach Plaza	BACM0604	Jacksonville Beach	FL	32250	\$18,347,473.01	9/1/16	7/26/11
Retail	Waterman Grove	MSC06H10	Elk Grove	CA	95624	\$11,662,095.79	9/1/16	7/14/11
Retail	Kettering Towne Center	BACM0606	Kettering	OH	45420	\$10,951,233.52	11/1/16	7/11/11

Source: Morningstar, Inc.

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RiverOak (Continued from page 1)

Francisco and Los Angeles. It will also consider properties in Miami and Austin. "The cities we are targeting have bottomed out and are starting to climb again," said **Steve DeNardo**, ceo.

DeNardo has been considering an urban retail fund for several years, but believes that the time is right. "Coming out of the recession, creating a general office or apartment fund would be difficult because so many big, good players are doing that. We are an emerging manager and to get noticed, we have to have a specific niche. Also, the urban retail markets we are looking at have recovered twice as fast as the surrounding MSAs [metropolitan statistical areas] and are supported by the new urbanization of America," he said. "For the first time in our history, more people are in urban than suburban dwellings and urban dwellers like the shopping experience."

RiverOak completed substantial research prior to identifying its target markets from a broader list of cities that had 500,000 or more residents. It will consider a variety of value-added opportunities, including properties in need of lease-up as well as cosmetic rehabs or repositioning, DeNardo said. The company is already looking at a number of properties that fit this bill.

The fund's launch comes after RiverOak's hire of **Lianne Merchant**, partner, who was brought on board earlier to lead capital raising for the firm (REFI, 3/28). Merchant, who was previously a placement agent at **Park Hill Real Estate Group**, will be seeking commitments of at least \$10 million from institutional investors. RiverOak is also investing capital from a \$150 million joint venture with a group of offshore investors. While this is not the firm's first fund, it is its largest both in terms of size and geographic reach.

—**Samantha Rowan**

Beacon Set (Continued from page 1)

to achieve those numbers since there is a significant block of vacancy.

The Ballston/Rosslyn corridor has been one of the most active investment sales markets in the D.C. area in recent months. This year's deals include **Penzance Partners'** purchase of **BPG Properties'** 170,000-square-foot building at 1555 Wilson Blvd. (REFI, 7/15) and **Whitehall Real Estate Investment Fund's** recapitalization of **Monday Properties'** nine-property Arlington portfolio for almost \$810 million. Also, **Great Point Investors'** Class B building at 1400 Wilson Blvd. is on the market via **Holliday Fenoglio Fowler** (REFI, 7/14).

Investor demand is high for the Ballston/Rosslyn corridor because it has seen more aggressive rental rate increases than the D.C. central business district. It is by far the tightest submarket in the area at only 6.5% Class A vacancy, compared to 13.5% across the entire metro area. Local brokers have watched demand for properties in this area climb because some investors fear the central D.C. market is overheated. "While overall demand in the Washington metro area has generally slowed in recent months, the fundamentals in this market are very tight. Rosslyn/Ballston is not a one-to-one comparison to downtown D.C., but there's a group [of investors] that sees it as a core long-term play, where they can achieve slightly more attractive yields and pricing," explained **John Sikaitis**, senior v.p. of research for **Jones Lang LaSalle**.

The slowdown in activity in the area overall and in the central business district in particular is due to the federal government's slowed growth, Sikaitis explained. This has prompted a leasing slowdown in the private sector and a lag in new investment sales

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**Real Estate Finance
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activity. Indeed, two sales listed earlier this year--1333 H Street and another Beacon property, the Army-Navy Building--have been pulled from the market.

Sales prices are at an all-time high in Arlington County, where Rosslyn is based, however. The average price per square foot for 2011 is \$497, compared to \$388 in 2010. Even at the height of the market, average pricing was only \$457. This year, most of Arlington's sales have been in Rosslyn, where pricing is higher than other areas of the submarket such as Clarendon and Crystal City, which aren't as close to central D.C. Last year and 2007 both had more broad-based Arlington sales to factor into the pricing, although most were still in Rosslyn in 2007, Sikaitis explained.

While pricing estimates couldn't be determined for Beacon's forthcoming listing, the property has about 120,000 square feet of vacancy, with the **U.S. Postal Service** having given back a large chunk of space when it renewed its lease earlier this year. USPS now leases 137,000 square feet through 2020, compared to the 255,000 it leased at the time Beacon purchased the building in 2007, according to **Real Capital Analytics**. Beacon purchased the building for \$99 million or \$342 per square foot.

Built in the 1960s, International Place is located west of the city, just across the Potomac River.

Calls to officials at Beacon and CBRE were not returned.

—**Jessica Pothering**

Calendar

The 40th Annual Benjamin S. Crocker Symposium on Real Estate Law and Business 2011 will be held on Oct. 4 at the JW Marriot at L.A. LIVE. The even aims to bring together a broad swath of southern California business leaders including attorneys, governmental officials, accountants, asset managers, bankers, brokers, developers, investors, property owners, title insurers and underwriters. Speakers include **Stuart Gabriel**, director of the **Richard S. Ziman** Center for Real Estate at **UCLA**, **Peter Lowy**, ceo of **Westfield Group** and **Nelson Rising**, chairman of Rising Realty Partners. For more information, go to www.crocker2011.com.

Tell Us What You Think!

Questions? Comments? Criticisms? Do you have something to say about a story that appeared in *REFI*? Or is there information you'd like to see published?

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- The **Singer & Bassuk Organization** is sponsoring the **Food Allergy & Anaphylaxis Network's** Westchester Walk for Food Allergy. The two-mile walk will be held on Saturday, Oct. 1 in New Rochelle, N.Y. Check-in starts at 9:00. For more information or to donate, go to www.foodallergywalk.org/westchester_ny11.
- Almost 1,000 **CB Richard Ellis** professionals in nearly 20 offices are planning to participate in the firm's Get Out and Give Back program through which they will help to rebuild housing, including private homes and shelters, in their communities in September and October. The program, an annual event, is part of the firm's Shelter Program, which aims to provide shelter and housing to individuals. Professionals from offices that include California, Florida, Georgia, Indiana, Michigan, Minnesota, New York, North Carolina, Ohio, Tennessee, Texas and Washington will take part.

Quote Of The Week

"Traditionally, our investments have been a marriage of finding the right opportunity and the right partner for that opportunity. We've found that in today's environment, capital is really the commodity, while opportunity is the treasure."—**Anthony Westreich**, president of **Monday Properties**, on the company's plan to formalize its partnership program (see story, page 7).

One Year Ago In Real Estate Finance & Investment

Taconic Investment Partners, **Jamestown** and the **New York State Common Retirement Fund** were looking for a partner to recapitalize 111 Eighth Avenue in New York. [Cash-rich tenant **Google** bought the building in December for \$1.77 billion, according to **Real Capital Analytics**]...The **National Association of Insurance Commissioners** awarded **Blackrock Solutions** the contract to model credit risk posed by commercial mortgage-backed securities...**Vornado Realty Trust** and **Boston Properties** were among the final bidders for Boston's John Hancock Tower. [Sellers **Normandy Real Estate Partners** and **Five Mile Capital Partners** eventually sold to Boston Properties for \$930 million.]

Five Years Ago

Istithmar, a Dubai-based investment firm, was in talks to acquire **Crescent Real Estate Equities** for nearly \$6 billion. [Crescent was ultimately acquired by **Goff Capital** and **Barclays Capital**, but not until 2009]...A commingled fund advised by **Prudential Real Estate Investors** bought Glendale Plaza, a 24-story, Class A office tower in Glendale, Calif. for \$214 million.