

# COMMERCIAL REAL ESTATE ReCAP

JANUARY 7<sup>TH</sup> - JANUARY 20<sup>TH</sup>, 2012

## **Bill Would Increase Fees for Baltimore Developers**

*1/10/2012, Baltimore Business Journal, Jack Lambert*

A bill introduced in a Baltimore City Council meeting Monday would raise fees for developers in the city.

The law change would increase application and permit fees when documents or plans are submitted to the city's Housing Office of Permits and Building.

The bill calls for an \$100 increase in applications requiring plans, bringing the total cost to \$125 for one-to-two family dwellings and \$150 for all other applications. Applications that do not require the submission of plans would remain at either \$25 or \$50. [Learn More...](#)

## **Trouble Is Brewing for Office Market**

*1/11/2012, The Wall Street Journal, Craig Karmin and Eliot Brown*

While the housing market was at the heart of the most recent real-estate crisis, office buildings—the center of past meltdowns—until now haven't been a major source of concern.

But many owners who have been able to keep their heads above water are being undone by tenant contractions and the expiration of five-year leases that were signed at the peak of the boom.

For tenants looking for space, this is good news. In many cities, they are enjoying rent cuts when they sign renewals. But the number of loans being scrutinized for possible problems has been steadily swelling as landlords have to reach deeply into their pockets to pay incentives and brokerage commissions. [Learn More...](#)

## **Prediction: Commercial Property Deals to Jump in 2012**

*1/16/2012, Bloomberg via Argus Software*

The commercial real estate sector in the United States could witness a boost in 2012, as a recent projection from Real Capital Analytics noted, according to Bloomberg.

The organization's list of market predictions explained that commercial property transactions could increase by as much as 50 percent during 2012.

Increases in commercial real estate transactions may signal that the U.S. economy is witnessing a strong recovery, as more investors are gaining confidence in making large purchases. [Learn More...](#)

## **The Potential Impact of Lease Accounting Changes on Corporate Real Estate Decision-Making**

*January/February 2012, CCIM Institute, Timothy Robert Canon and Christina Anne Fenbert*

The Financial Accounting Standards Board and the International Accounting Standards Board aim to create a unified set of lease accounting standards as part of a larger global convergence initiative. With the goal of improving lease information transparency and comparability, the new standards could have residual effects on the way in which companies form decisions regarding their real estate needs. The single most impactful change of the proposed lease accounting standards would be the elimination of the distinction between capital and operating leases. Under the proposed guidelines, companies would be required to recognize every leasehold obligation (in excess of one year in term length) on its balance sheet. [Learn More...](#)

## **CRE Price Index Rises for Seventh Consecutive Month**

*1/18/2012, CoStar Group, Randy Drummer*

The CoStar National Composite Index of commercial real estate pricing rose for the seventh straight month since last spring as investment-grade sales made solid pricing gains in November 2011, and the level of distressed sale transactions continued to decline during the month.

Despite the gains, the real estate recovery continues to be less robust than previous economic cycles, with the composite index remaining 31.8% below its August 2007 peak during the height of the real estate boom.

However, the overall level remains high and distress continues to be a significant factor of property pricing, CoStar analysts said. [Learn More...](#)

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## **Fed's Latest Easing Could Cost \$1 Trillion: Economists**

*1/19/2012, CNBC, Jeff Cox*

The Federal Reserve is likely to step in with \$1 trillion worth of easing that could be announced as soon as this month, according to a growing consensus of economists who see the recent uptick in economic growth as unsustainable.

With the Fed's Open Market Committee set to meet next week, expectations are rising that the languishing housing market will drive the central bank to buy up mortgage-backed securities.

The reason for the pessimism is that the improving data masks unsustainable fundamentals — an unusual drop in the savings rate, a jump in auto purchases due mainly to a recovery from Japan's natural disasters last spring, and a surge in inventories. [Learn More...](#)

## **Industry Indicators Trending Positive**

*1/19/2012, GlobeSt.com, Erika Morphy*

WASHINGTON, DC-The story of the US economy in 2012 is increasingly shaping up to be a positive one, despite the grim situation in Europe. Labor figures, consumer confidence, manufacturing activity—even supply chain activity—all point to positive momentum. So it goes with indicators in the commercial real estate space as well.

Developers also received good news from the Associated General Contractors of America. It reported that the amount contractors pay for a range of key construction materials edged down 0.2% in December—although it is still 5.3% higher from a year earlier, according to an analysis of producer price index figures. [Learn More...](#)

## **Homebuilders May Not Be Out of the Woods Yet**

*1/19/2012, CNBC, JeeYeon Park*

While housing reports this year have generally pointed to an improving recovery in the real estate market, the growth remains at an anemic pace, translating into choppy moves for housing stocks for the foreseeable future.

Homebuilders declined in 2011 for the third consecutive year amid disappointing real estate market conditions. Following the decline, some analysts are betting that the dismal performance would leave room in the New Year for an eventual recovery.

Meanwhile, homebuilders took a breather Thursday, hurt by a weaker-than-expected housing starts data, overshadowing the previous session's rally helped by a strong builder sentiment index, as the market struggled to digest and make sense of the industry's mixed results. [Learn More...](#)

## **Why You Need a Commercial Realtor**

*January 2012, Inc. Magazine, Hans Steege*

A good commercial realtor is worth his or her weight in gold.

I guess, in a sense, forgoing a realtor did make us a more attractive tenant. When building owners realized we did not have representation, they thought they could take advantage of us. And without a realtor acting on our behalf, we were also often seen as a company that didn't need to be taken seriously.

So we bit the bullet and hired a commercial realtor. Thank goodness. We had done a great job of figuring out which space and location would work best for us, but the real value the realtor provided was negotiating the terms of the lease and the build-out provisions. We didn't get everything we wanted, but we got a lot more than we would have otherwise. We got a significant rebate to cover build-out costs, reasonable repair terms, and the ability to have dogs in the office. And, of course, the wisdom not to try this on our own next time. [Learn More...](#)

## **Study: U.S. Remains Top CRE Destination**

*Argus Software*

A recent study showed that the United States may be the best commercial real estate market in the world, but Brazil is gaining ground.

The survey from the Association of Foreign Investors in Real Estate showed that the United States may be the most secure option out of any other country. What puts the country above all others is its popular commercial real estate-friendly cities such as Washington, D.C., Boston, Los Angeles, New York and San Francisco, among others. However, Brazil has improved markedly, as the country has stabilized and has an impressive economic situation. [Learn More...](#)

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