



July 23, 2010

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Deals Updates

Office

[KBS acquires Chicago office building for \\$655M](#)

Chicago Sun Times - July 9

KBS Real Estate Investment Trust II Inc. said it expects to acquire one of downtown Chicago's newest office buildings for \$655 million. KBS said it placed the 300 N. La Salle building under contract July 1. The 60-story, 1.3-million-square-foot building along the Chicago River opened a year ago. The per-square-foot price of \$503 is a record for a Chicago office building.

[Virginia Investor acquires four government-leased office buildings](#)

Costar - July 7

NGP Fund V LLC, a Virginia-based investment group, has acquired four South Florida office buildings fully leased to the General Services Administration (GSA). South Florida Federal Partners sold the portfolio for \$95.1 million. The United States Citizenship & Immigration Services (USCIS) occupies all four properties under a 15-year term. The buildings are in Miami and Hialeah.

[Rancho Bernardo office building changes hands for \\$38M](#)

GlobeStreet - July 9

Bernardo Terrace, a 110,000-square-foot class A office building in Rancho Bernardo, has sold to Palomar Community College District for \$38.3 million. Bernardo Terrace offers the potential for up to 330,000 square feet of office space on site. Palomar Community College is a public, two-year community college which enrolls 30,000 full- and part-time students. Its main campus is located in San Marcos, CA.

[Caddo Holdings buys Wells Fargo Tower at Lakewood](#)

Dallas Business Journal - July 7

Real estate investment firm Caddo Holdings Inc. has acquired the Wells Fargo Tower at Lakewood for an undisclosed amount of money. The building was sold by Newkirk Alake LP, a firm out of Boston, according to public records. Stacey Davis, managing partner with Caddo Holdings, said the firm set its sights on Wells Fargo Tower because of quality demographics surrounding the commercial property and its proximity to retail. Wells Fargo Tower is made up of three buildings: a four-story office building, a one-story building and a nine-story office tower.

[Justice Department's office headquarters in DC sells for \\$305M](#)

CoStar Group - Jul 2

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Allen Matkins #1 Real Estate Law Firm in California
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Allen Matkins is a full-service law firm with over 230 attorneys practicing in seven offices throughout California. Some of the areas of focus at Allen

Northwestern Mutual completed its purchase of Two Constitution Square in Washington, DC, from Bethesda, MD-based StonebridgeCarras and Walton Street of Chicago for \$305 million, or approximately \$518 per square foot. The 12-story office building, part of Constitution Square business park, totals 589,000 square feet on 1.39 acres at 145 N St. NE in the NoMa district. "This is one of the highest quality buildings delivered to the Washington, DC office market in recent years, leased to the best credit tenant in the world for the next 15 years," said Bill Collins, executive managing director of Cassidy Turley, which represented StonebridgeCarras and Walton Street.

Matkins include green and sustainable construction, construction, corporate, real estate, project finance, business litigation, taxation, land use, environmental, bankruptcy, creditors' rights, intellectual property and employment and labor law. [More...](#)

[KBS buys REO office in Newport Beach for \\$41M](#)

Globe St. - Jun 30

Real Estate Investment Trust II of Newport Beach has acquired the 158,000-square-foot Horizon Tech Center, an REO property, for \$40.5 million. The office campus in Scripps Ranch consists of three two-story buildings that are fully leased to Lockheed Martin. Horizon Tech Center was newly constructed by Opus in 2009. The name of the REO seller was not disclosed, but sources indicate it was Bank of America. KBS Real Estate Investment Trust II is a non-traded REIT. The company said in a public filing that it funded the purchase of Horizon Tech Center with proceeds from its ongoing initial public offering but may later place mortgage debt on the property.

[CB Richard Ellis Realty Trust buys Boston area office building for \\$55M](#)

The CoStar Group - Jun 29

CB Richard Ellis Realty Trust made its first entry into the New England office market by purchasing a 200,411-square-foot office building in the suburbs of Boston, MA, for \$55.56 million. The property last sold in 1995 for \$6.25 million, or about \$33 per square foot. CBRE Realty Trust worked with the acquisitions team from CBRE Investors to buy the Burlington property. No brokers were mentioned for Gutierrez.

[TCF Bank Building and TCF Tower in downtown Minneapolis sells for \\$40.5M](#)

The San Francisco Business Journal - Jul 1

Investment firm Franklin Street Properties Corp. announced that it bought the TCF Bank Building and TCF Tower in downtown Minneapolis for \$40.5 million. The majority owner of the two buildings was Ryan Cos. US Inc., which will continue to provide on-site management and development services for Franklin, a Wakefield, Mass.-based real estate investment trust (REIT). Minneapolis-based Ryan said in March that it wanted to "recapitalize the buildings with a joint venture partner," meaning Ryan would have retained a minority ownership interest and control day-to-day property management.

[Northwestern Mutual buys DC office building for \\$305M](#)

Washington Business Journal - June 24

Northwestern Mutual has closed on a deal to buy StonebridgeCarras and Walton Street Capital's Two Constitution Square for \$305 million. The 589,000-square-foot project consists of 12 stories and is fully leased to the Department of Justice. The development team decided to put the project on the market in January because of its long-term lease to the federal government, arguably the most stable tenant in the market. StonebridgeCarras Management will continue to manage the Two Constitution Square building, which is shooting for LEED Platinum certification. Bill Collins of Cassidy Turley represented the seller in the deal. Cambridge Property Group represented Northwestern Mutual.

[San Francisco office tower sold to Korean buyers for \\$333M](#)

Bloomberg - June 14

A San Francisco office tower occupied by Wells Fargo & Co. sold for \$333 million to a group of South Korean investors in the city's biggest commercial property deal in three years. Korean Teachers' Credit Union and Korean Federation of Community Credit Cooperatives were among the buyers of 333 Market Street, a 33-story building in the city's financial district, the teachers union said. The seller was Des Moines, Iowa-based insurer Principal Financial Group Inc., which bought the tower from Wells Fargo for \$370 million in 2006 before a collapse in commercial property values. Wells Fargo will provide a \$200 million loan to the buyers.

[Hines REIT buys Irvine office building for \\$20M](#)

Globe Street - June 16

Hines Global REIT has acquired the 17600 Gillette office building in Irvine from AJ Irvine Owner Corp. for \$20.35 million, according to an announcement by the Houston-based REIT and its public filings. The property is a two-story, 98,925-square-foot office building that is 100% leased. The lease status of the building and its location in the Orange County Airport Area office submarket were significant factors in Hines' decision to acquire the property, according to Charles Hazen, president and CEO of Hines Global REIT.

[HRPT Properties Trust sells \\$231M of assets](#)

Globe Street - June 16

HRPT Properties Trust has agreed to divest of 15 properties to Government Properties Income Trust for \$231 million, all of which are majority leased by the government. HRPT is anticipating net capital gains of about \$20 million from the sale. HRPT owns 31.8% of GOV's total common shares and will receive an additional \$10 million in capital gains from the deal, as well. The property was sold with an 8.5% cap rate of cash NOI.

[Shorenstein to sell Oakland City Center for \\$360M](#)

San Francisco Business Journal - June 4

Shorenstein Properties has tentatively agreed to sell the 1.5 million-square-foot Oakland City Center to CB Richard Ellis Investors for just under \$360 million, according to real estate industry sources. The sale is being driven by Shorenstein's joint venture partner in the project, the State Teachers Retirement System of Ohio. STRS bought a 50 percent stake in the property in 1998 and, under the partnership agreement, either party can trigger a sale of the property. Shorenstein bought Oakland City Center in 1996 for \$118 million following the bankruptcy of the project developer, Bramalea Ltd.

[Polidev International buys San Francisco office building for \\$35 million](#)

San Francisco Business Journal - June 4

Polidev International, a new San Francisco-based real estate fund backed by investors from Istanbul, bought 351 California St., San Francisco, at auction for \$35 million. There were no other bidders. The building was foreclosed on in 2009 and was briefly controlled by the lender on the property, Orange County financier Danny Pang's PEM Group. In April 2009, the SEC seized control of Pang's properties, including 351 California St., alleging that his companies had defrauded investors of hundreds of millions of dollars.

[Digital Realty Trust to buy five data centers](#)

San Francisco Business Journal - June 2

Digital Realty Trust, a San Francisco-based operator of data centers, said that it agreed to buy five data centers, including one in downtown San Francisco and one in Oakland. The company is purchasing a portfolio, which totals about 919,000 square feet, for about \$725 million. The other data centers in the portfolio are located in El Segundo, Chandler, Arizona, and Chantilly, Virginia.

Retail

[San Diego REIT purchases five properties for \\$71.7M](#)

San Diego Business Journal - July 2

Excel Trust Inc., a San Diego-headquartered real estate investment trust, has acquired five more properties in four states, for a total of \$71.7 million. A statement said the REIT has now acquired a total of 15 properties nationwide since its April 23 initial public offering of stock, which raised net proceeds of \$193 million. The latest acquisitions are Plaza at Rockwall in Rockwall, Texas, a 12.7-acre land parcel adjacent to the Rockwall center; a 171,069-square-foot building housing Lowe's in Shippensburg, Pa. and a 14,820-square-foot center in Millidgeville Georgia.

[California investment firm acquired formerly distressed Charlestowne Mall for an undisclosed sum](#)

RE Journals - Jul 1

A California-based investment group has purchased the one-million-square foot real-estate-owned Charlestowne Mall in the Chicago suburb of St. Charles, Ill., for an undisclosed sum. The mall, which is anchored by Carson Pirie Scott, Classic Cinemas, Kohl's, Sears and Von Maur, is located on the far eastern edge of St. Charles at the intersection of Kirk Road and North Avenue (IL Route 64). The new ownership group, fronted by investors Bobby Montanye and Alan Wong, plan to revitalize the mall as they have done previously with other formerly distressed properties on the West Coast.

[Westport pays \\$22M for foreclosed retail center in Orange County](#)

Globe St. - Jun 29

Westport Capital Partners has acquired the 220,000-square-foot Kaleidoscope Retail Center from the property's special servicer, C-III Asset Management LLC (formerly known as Centerline) for \$22 million in an all-cash transaction. The sale was one of the first significant retail foreclosures in Orange County. The property is a three-story center at 27741 Crown Valley Parkway at the intersection of Interstate 5 and Crown Valley Parkway. Completed in 1999 on nearly five acres, it is 62% leased.

[MRP Realty Partners to purchase Washington Harbour office building for \\$244.5M](#)

Costar - June 23

Prudential Real Estate Investors sold the Washington Harbour for \$244.5 million. MRP Realty Inc. and Rockpoint Group LLC purchased the two-building office and retail portfolio at 3000 at 3050 K St. NW on the Georgetown waterfront in Washington, DC. The mixed-use Washington Harbour complex totals 532,601 square feet. Stephen Conley, Elizabeth Taylor Johnson and Andrew Weir of HFF represented the seller. Brokers for the buyer were not disclosed.

[New York investor buys Portland malls for \\$90M](#)

Portland Business Journal - June 14

A New York real estate investor is acquiring five Portland, Oregon, shopping centers in transactions valued at \$90.1 million. N.Y.-based Retail Opportunity Investments Corp. said it closed a deal to purchase Vancouver Market Center for \$11.19 million. The all-cash deal closed June 17. It also entered a contract to purchase four shopping centers in the greater Portland area for approximately \$79 million.

[Shoppes at Chino Hills sold to private investor group for \\$94.5M](#)

Press Telegram - June 10

The Shoppes at Chino Hills has been sold for \$94.5 million to a Newport Beach-based investment group. A Bank of America-led consortium group in late May sold the 380,000-square-foot open-air "lifestyle" mall to the private investment company Chino Hills Mall, LLC. Chino Hills Mall, LLC is committed to the property for the long term and the leasing situation at the retail center is expected to improve, said Tim Sotoodeh, owner of D1 Holdings LLC, which is the asset manager for the new owner. The private trust will be able to spend more capital on mall enhancements and tenant space improvements, Sotoodeh said.

[Inland RE Buys two shopping centers in Port St. Lucie for \\$73.7 million](#)

South Florida Business Journal - June 17

BFC Financial Corp.'s Core Communities subsidiary sold two shopping centers in Port St. Lucie for \$73.7 million to Inland Diversified Real Estate Trust. The deal was brokered by RJS Realty Group, which represented Core Communities. Meanwhile, another lender is pursuing an \$86.5 million foreclosure lawsuit against Core Communities over a 4,814-acre expanse of nearby Tradition Florida. BFC reported that Core Communities intends to liquidate its assets. BFC Financial isn't on the hook for Core Communities' loans.

[Big Shopping Centers Inc., Kimco Realty buy US malls](#)

Globes - June 13

Big Shopping Centers Ltd. and Kimco Realty Corporation have bought 15 shopping centers in the US for \$422 million. The company expects to close the purchase by the end of June. Big will own 49.9% of the properties and Kimco will own 50.1%. Kimco already manages the shopping centers, and will continue to do so, in exchange for management fees. The shopping centers bear \$385 million in six-year non-recourse loans, which will be deducted from the purchase price. Big and Kimco will provide the remaining \$37 million of equity, in nearly equal shares, for the purchase.

Industrial

[Korean firm acquires Santa Ana industrial building for \\$11.6M](#)

Globe St. - Jun 28

A Korean firm has acquired a 136,000-square-foot industrial building in Santa Ana for \$11.6 million. Grubb & Ellis reports that in the Irvine transaction, Seoul, Korea-based water heater manufacturer Navien America Inc. bought the 136,000-square-foot building, which is at 20 Goodyear, from Goodyear Investment LLC.

[Washington Harbour sells for \\$244.5M](#)

CoStar Group - Jun 23

New Jersey-based Prudential Real Estate Investors recently sold the Washington Harbour for \$244.5 million, or approximately \$459 per square foot. MRP Realty Inc. and Rockpoint Group LLC purchased the two-building office and retail portfolio at 3000 at 3050 K St. NW on the Georgetown waterfront in Washington, DC.

[Realty Income to acquire \\$269M of Diageo Chateau & Estate Wines Properties](#)

San Francisco Business Journal - June 24

Realty Income Corporation announced that it has signed a definitive purchase agreement to acquire approximately \$269 million of winery and vineyard properties under long-term, triple-net lease agreements. Realty Income will acquire the properties subject to 20-year, triple-net, lease agreements with Diageo Chateau & Estate Wines and guaranteed by Diageo Plc. The properties to be acquired are located throughout the Napa Valley in Napa County, California. The majority of the properties to be acquired are expected to close during the second quarter of 2010, and it is anticipated that Diageo will become Realty Income's second largest tenant, producing approximately 5.7% of the Company's revenue.

[Westcore buys \\$30M of San Diego industrial property](#)

Globe Street - June 24

Westcore Properties of San Diego has acquired 784,000 square feet of warehouse buildings in the city, plus 176,000 square feet and 60 acres of land in Manteca, for a combined total of \$30 million. The class A industrial assets in the San Joaquin Valley were acquired in two separate transactions. According to Neil Johnson, a principal in Westcore's Northern California office, the acquisitions are an opportunity for Westcore to expand its Northern California portfolio, which now totals nearly 2.7 million square feet over 11 assets.

[Entertainment REIT buys 12 theatres for \\$124M](#)

Globe Street - June 14

Entertainment Properties Trust, a Kansas City-based real estate investment trust, has purchased 12 theaters in four states for \$124 million. The properties are occupied by Cinemark Theaters, pursuant to triple-net, cross-defaulted leases. The sites in the portfolio are in Colorado, California, Indiana and Texas.

[American Realty Capital buys Sacramento industrial site](#)

Costar - June 2

American Realty Capital Trust, Inc. purchased a West Sacramento industrial site from KMS Group for \$34.21 million. The facility is 100% net-leased to FedEx, serves as a hub to 55 distribution locations on the West Coast and is the third largest FedEx Freight cross dock facility in the United States. The facility is on 51 acres zoned M-3 (Waterfront Industrial) in the Port of Sacramento Industrial Park.

Resort/Hotel

[Pebblebrook buys Atlanta hotel for \\$105M](#)

Costar - July 6

InterContinental Hotels Group sold its 422-room InterContinental Buckhead Atlanta property to Pebblebrook Hotel Trust for \$105 million. Pebblebrook, a Bethesda, MD-based hotel REIT, funded the purchase with cash from its December initial public offering. The 725,571-square-foot hospitality building stands 21 stories. The luxury hotel has a AAA Five Diamond rating and caters

to leisure, corporate and convention travelers to the upscale, uptown district.

[REIT adds \\$77M Boston Marriott Newton to portfolio](#)

Costar - July 7

Chesapeake Lodging Trust agreed to purchase the Boston Marriott Newton for \$77.25 million. The deal is set to close by the beginning of next month. The Boston Marriott Newton is a 430-room property. The seven-story property has undergone extensive renovations over the last two years including a new 6,000-square-foot junior ballroom and HVAC system.

[Marathon Asset Management completes 2 distressed commercial real estate transactions in Florida, New York](#)

About Marathon Asset Management, L.P. - Jul 1

[Marathon Asset Management](#) said it completed two transactions involving distressed commercial real estate as it purchased a defaulted note on a residential condominium rental project and provided a \$24 million mortgage for a hotel whose owner had less than 30 days to finalize a discounted refinancing of his property. It also funded a mortgage to refinance a 386-room, 13-story hotel in New York for a borrower who had less than a month to obtain funds to take advantage of a discounted loan payoff from a third-party lender.

[Pebblebrook REIT pays \\$90M for Drake Hotel](#)

GlobeStreet - June 23

Pebblebrook Hotel Trust has acquired the 416-room Sir Francis Drake Hotel in San Francisco from a partnership led by the San Francisco-based Chartres Lodging Group LLC for \$90 million, funding the buy with IPO proceeds

[Knickerbocker Hotel sells for \\$180.5M](#)

Costar - June 23

Danske Bank sold the historic Knickerbocker Hotel to Highgate Holdings, in partnership with Ashkenazy Acquisition Corp. and Crown Acquisitions. The joint venture purchased the landmark building for \$180.5 million. An adjacent lot was also included in the deal. Danske Bank took over the property in March after owner Istithmar World Capital, a branch of Dubai World, defaulted on its \$300 million mortgage. There are plans to develop the building and the adjacent lot into street level high-end retail and an upscale boutique hotel. Ben Singer of Jones Lang LaSalle represented Danske Bank. Christopher Okada of Okada & Co. represented the buyers.

[Inland American buys four Marriott Hotels for \\$80M](#)

GlobeStreet - June 10

Inland American Lodging Group Inc. (IALG) has purchased a portfolio of four Marriott-branded hotels totaling 598 rooms for \$80 million. The properties, located in Florida, Iowa and Pennsylvania, were sold by local owner Moody National Cos. Thomas McGuinness, CEO of Oak Brook, Inland American Real Estate Trust Inc., says in these types of acquisitions, Inland will step in to buy the properties and contribute funds to "bring the brand back up." Additionally, the cash flow is guaranteed by the brand until improvements are complete, he notes.

[Pebblebrook Hotel Trust buys Doubletree Bethesda Hotel](#)

Washington Business Journal - June 7

Pebblebrook Hotel Trust announced that it had acquired the Doubletree Bethesda Hotel and Executive Meeting Center for \$67.1 million. Pebblebrook

said the transaction was entirely funded with proceeds from its initial public offering. In the IPO, Pebblebrook sold 17.5 million shares at \$20 per share, for a total of \$350 million. Pebblebrook said it has four other purchases pending for a total of \$305 million. Those hotels are in Atlanta, Minneapolis and San Francisco, as well as D.C.

[Pebblebrook Hotel Trust buys San Francisco hotel](#)

Baltimore Citybiz - May 26

Pebblebrook Hotel Trust has entered into an agreement to acquire San Francisco's Sir Francis Drake Hotel for a reported \$90 million. The hotel was purchased by Chartres Lodging Group in 2005 for \$65 million with a Dubai investment group venture. The group has since added about \$20 million in renovations to the property.

[Maryland REIT acquires Los Angeles hotel for \\$46M](#)

Globe Street - June 3

Chesapeake Lodging Trust of Annapolis, MD has acquired the 188-room Hilton Checkers hotel in Downtown L.A. from Tarsadia Hotels for \$46 million and will continue to operate it as a Hilton, according to the new owners. Chesapeake says that it has entered into an agreement with Crestline Hotels and Resorts Inc. to operate the hotel under the Hilton flag. Chesapeake said that it funded the acquisition of the Checkers with proceeds from the company's initial public offering. The company also said in its filing that it has entered an agreement to buy the 153-room Courtyard Anaheim at Disneyland Resort hotel in Anaheim for \$25 million.

[Dallas hotel sold at auction for \\$120 million](#)

Dallas Morning News - June 1

The foreclosed Four Season hotel in Dallas was purchased by lenders for \$122 million at an auction. Owner BentleyForbes of California had been trying to renegotiate more than \$175 million in debt on the property. Bidding started at \$100 million. It is reportedly the largest North Texas foreclosure in more than 20 years

Residential

[Lionheart Capital buys Miami condo units for \\$120M](#)

GlobeStreet - June 10

Miami-based Lionheart Capital purchased the remaining 146 units of a 242-unit in Palm Beach County, Florida. The purchase price was approximately \$120 million. Lionheart's joint venture partner is Elliott Management Corp., a New York-based private investment fund with over \$16.9 billion in assets under management.

EQUITY & DEBT UPDATES

[Guardian Life Insurance Company to buy interest in Lowe Enterprises Investors](#)

Insurance News Net - July 8

Guardian Life Insurance Company of America plans to acquire a substantial, non-controlling interest in Lowe Enterprises Investors, Lowe Enterprise's investment management subsidiary. Lowe Enterprises is a national real estate investment, development and management firm, both companies said in a

statement. Guardian has allocated more than \$200 million to expand Lowe's investment activities by investing alongside Lowe's clients and partners, it said in a statement. Tom Sorell, chief investment officer for Guardian, said in the past couple of years, valuations in commercial real estate equity dropped by as much as 30% to 40%.

[Chatham completes defeasance of \\$76.91M CMBS debt portfolio](#)

Mortgage Orb - Jun 25

Chatham Financial says it has advised Primus Capital on the defeasance of \$76.9 million in debt secured by 12 properties held in two commercial mortgage-backed securitizations. The defeasance of the loans, which are scheduled to mature in 2018, facilitated the sale of the 12 movie theater properties.

[Solar Capital's credit facility increased to \\$355M](#)

Solar Capital LP - Jun 23

[Solar Capital](#), a New York-based business development company, said it received a new \$35 million commitment to its senior secured revolving credit facility, bringing its total commitments under agreement to \$355 million. Solar Capital is negotiating with lenders to further increase the facility's commitments to as much as \$600 million, the company said in a statement. The facility is set to expire in February 2013. The firm provides senior secured loans, mezzanine loans, and equity to middle market companies.

[Simon Property Group acquires stake in Houston Galleria](#)

Indy Star - June 23

Simon Property Group has acquired majority interest in the Houston Galleria, one of the five largest shopping malls in the nation. The Indianapolis retail developer and manager paid \$260 million, including the assumption of debt, to buy an additional 20% stake in the Texas mall from another investor, the company confirmed. The new stake gives Simon an ownership position in the mall of more than 52%. Simon bought a stake in the mall in 2002 and has been managing it.

[Related Companies to close \\$45 million Manhattan loan, for CMBS](#)

Reuters - June 14

New York real estate developer Related Companies plans to close on its first loan earmarked for a mortgage security in some two years, its president said, a sign that recovery for the turbulent market is on track. Deutsche Bank has agreed to lend Related about \$45 million on The Harrison, a new condominium and retail project in Manhattan on 76th Street, Jeff Blau, Related's president said. The loan on the building, which Blau said is 100% leased, would be the latest in a host of loans on apartment, retail and office buildings to be completed in recent months, suggesting more activity for the commercial mortgage-backed securities market.

[Alberta Development Partners restructures \\$300M Denver office complex debt](#)

Denver Business Journal - June 9

Alberta Development Partners LLC and Walton Street Capital LLC have closed on the \$300 million recapitalization of the Streets at SouthGlenn in Denver. The Streets at SouthGlenn consists of approximately 580,542 square feet of retail use, 137,010 square feet of office and 202 apartment units. According to a prepared statement, the recapitalization provides the new venture with significant working capital "to build upon the success already achieved at the property." According to Phil Russick, principal at PCCP, "Over the past six months, we have spent countless hours securing the cooperation of multiple

lenders in a bank group to acquire the indebtedness and reinforce the capital structure of this investment. We are now looking forward to stabilizing this core irreplaceable property with continuity in strategy and ownership ..."

[JPMorgan to sell \\$716.3 million CMBS conduit deal](#)

Reuters - June 7

JPMorgan Securities is selling the largest new commercial mortgage-backed securities offering since issuance in the CMBS market began to recover with its upcoming \$716.3 million conduit sale. The deal is backed by 36 fixed-rate commercial mortgage loans secured by 96 properties. Retail properties comprise the largest component of the group followed by industrial and office space. JP Morgan Chase Bank loans comprise 76.4 percent of the deal, while 21.6 percent of loans come from Ladder Capital Finance, market sources said. The deal would be just the second so-called conduit issue to hit the recovering market that provides credit for office, retail and apartment buildings. The conduit deal is seen as a key gauge of risk appetite for securities tied to the troubled commercial real estate market. The lending is a hopeful sign for a market whose absence led to soaring defaults and the risk of hundreds more with maturing loans finding few outlets for refinancing.

[Bank of America and Goldman look to unload Hilton debt](#)

New York Times - June 11

Bank of America and Goldman Sachs are seeking to unload as much as \$5 billion in debt left over from the 2007 buyout of Hilton Worldwide, Bloomberg News reported. The banks may package into securities a \$3 billion piece of a mortgage taken out by the Blackstone Group to finance its acquisition of the hotel chain in 2007, said people who declined to be identified because the discussions are private. The banks are marketing more than \$2 billion in mezzanine debt to precede the bond offering, the people said.

[Tishman Speyer agrees to repay \\$600M off D.C. office debt](#)

Crain's New York - June 10

Tishman Speyer Properties LP arranged to pay off \$600 million in debt on a group of Washington-area office buildings that had been set for sale in a foreclosure auction June 15, the company. Blackstone Group LP sold the 28 buildings to an affiliate of Tishman Speyer in 2006 as the New York-based private equity firm dismantled properties acquired in its takeover of CarrAmerica Realty Corp.

[Kushner Cos. eyes AIG's equity stake in 17,000 apartments](#)

Crain's New York - June 10

Kushner Cos. is seeking to buy AIG's equity stake in about 17,000 apartments, almost three years after selling the units near the property market's peak, a person with knowledge of the bid said. Kushner reportedly offered \$165 million to \$190 million for the equity interest. AIG and Morgan Properties agreed in June 2007 to buy the 86 complexes for \$1.9 billion, mostly in debt. The insurer is weighing a sale of its stake in the venture as it seeks to repay a \$182.3 billion government rescue.

[Cassidy Turley secures \\$170M Fannie Mae loan for D.C. residential portfolio](#)

Globe Street - June 9

Cassidy Turley has arranged a non-recourse, fixed rate refinance package totaling \$170 million for a 5,000-unit, 13-apartment portfolio. The properties, located in four jurisdictions of the Washington, DC area, are owned by partnerships controlled by Jack Kay and members of his family. Philip Mudd,

Christian Miles, and Jon Goldstein of Cassidy Turley arranged the financing under Fannie Mae's multifamily lending program. Grossberg Yochelson Fox & Beyda served as the borrower's law firm.

[Tishman Speyer restructures loan package on five Chicago office properties](#)

Crain's Chicago - June 3

Tishman Speyer Properties L.P. has reached an agreement to restructure a \$1.4 billion loan package covering five downtown office properties. New York-based Tishman had been negotiating a restructuring for months with lenders including the Federal Reserve Bank of New York, which took over the loans on the properties after the 2008 collapse of Bear Stearns Cos., the original lender. Under the agreement, more than \$100 million is expected to be made available to cover tenant improvements and leasing commissions, with more than \$50 million being directly invested by Tishman. The maturity date on the loans also will be extended to 2014 from 2012.

[Fairfax providing acquisition capita to Kennedy Wilson](#)

Costar - June 2

Following the purchase of \$100 million convertible preferred stock in commercial real estate investment and services company Kennedy Wilson, Toronto-based Fairfax Financial Holdings Ltd. will now provide up to a \$250 million acquisition capital to the Beverly Hills-based firm. Kennedy Wilson will lead the sourcing and negotiation of investment opportunities in addition to holding key responsibility for due diligence, financing, property management, asset management and disposition.

Government Action & Analysis Updates

[Private sector closely watches Federal decision to unload properties](#)

National Real Estate Investor - June 14

Many commercial real estate analysts were caught by surprise when President Obama issued a memorandum directing federal agencies to dispose of excess government properties as a way to reduce the government's energy use and emission of harmful greenhouse gases. Disposing of the excess assets could result in a \$3 billion savings to the federal government through fiscal year 2012, according to the memorandum. The government owns and leases 354 million sq. ft. of space in more than 2,200 cities and towns across the country, according to the General Services Administration (GSA).

Related News:

[What impact will Obama's order to reduce govt. space have on CRE markets](#)

[Fannie-Freddie fix at \\$160 Billion with \\$1 Trillion worst case](#)

Businessweek - June 14

The cost of fixing Fannie Mae and Freddie Mac, the mortgage companies that bought or guaranteed three-quarters of all U.S. home loans, will be at least \$160 billion and could grow to as much as \$1 trillion. Fannie and Freddie, now 80 percent owned by U.S. taxpayers, already have drawn \$145 billion from an unlimited line of government credit granted to ensure that home buyers can get loans while the private housing-finance industry is moribund. How deep in the hole Fannie and Freddie go depends on unemployment, interest rates and other drivers of home prices, according to the companies and economists who study them. Sean Egan, president of Egan-Jones Ratings Co. said that a 20% loss on the companies' loans and guarantees, along the lines of other large

market players such as Countrywide Financial Corp., now owned by Bank of America Corp., could cause even more damage. "One trillion dollars is a reasonable worst-case scenario for the companies," said Egan.

[FDIC tries new approach to sell dead-bank assets](#)

NASDAQ - June 11

The FDIC closed down three more failed banks, pushing the total amount of toxic mortgages and other assets the regulator must dispose of to more than \$600 billion. Rather than try to sell most of the assets itself, the FDIC is passing a large majority of the commercial mortgages and other delinquent debts on to the private institutions that it signs up to take over the failed banks. The FDIC is using a variety of approaches--from hiring auctioneers to creating its own asset-backed bonds--as it tries to get the best prices it can. The FDIC is focusing on passing along assets to other institutions at the time of a bank's failure. The FDIC has also used the securitization market to offload some of the bank's loans.

SPECIAL FEATURES

None to report

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