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Real Estate Finance & Investment

LENDING VETERANS ROLL OUT NEW DEBT SHOP

BY SHERRY HSIEH

A team of veteran commercial real estate lenders headed by Randy Reiff has rolled out Allegiant Real Estate Capital, an independent commercial real estate investment management company that aims to offer borrowers a one-stop shop for bespoke debt solutions and line up investors with the opportunity to deploy capital with different yield and risk profiles.

Reiff and his partners Simon Breedon, cfo; Ben Milde, head of originations; Mark Lebowitz, head of capital markets; Jeff Wiseman, head of asset management and chief credit officer; John Vavas, head of legal and cheif compliance officer; Justin Short, head of whole loan trading; and Brian Mascis, head of CMBS credit, transitioned to Allegiant after their previous platform, FirstKey Lending, exited the origination business. Reiff was the ceo of FirstKey, an affiliate of Cerberus Capital Management. The firm has entered into an advisory and consulting agreement with FirstKey to oversee its existing $215m loan portfolio.

Allegiant will focus on larger, senior loans. "Much of what we have focused on has been higher-yielding lending opportunities. We haven't previously offered a low-cost, floating-rate or fixed-rate solution for larger senior loans. Expanding our products to include these loan types allows us to more fully service our customer's needs, particularly in an environment when commercial real estate prices are getting full and sophisticated borrowers are dialing back their leverage aspirations and are keenly focused on the cost of their debt," Reiff said.

The firm will originate, acquire and manage a wide array of products, including first mortgage loans, mezzanine loans, B-notes, preferred equity, and commercial mortgage-backed securities. With regard to CMBS, the implementation of the new risk retention rules means that the structure of b-pieces will change. This in turn will change the pricing and risk profile of subordinate CMBS securities, creating an opportunity for participation in the market, Reiff added.

In addition, Allegiant will oversee and deploy up to $500m for investment in and management of debt opportunities. The new capital will be deployed predominantly in new commercial mortgage lending opportunities, providing both floating rate and fixed rate balance sheet loans on institutional and higher quality transitional assets, Reiff said. "The formation of Allegiant is the next step in the development of the scalable, multi-dimensional debt origination and investment platform we built at FirstKey over the past three years," he added.

WELLS FARGO KICKSTARTS CMBS NEW ISSUE MARKET

BY SHERRY HSIEH

The commercial mortgage-backed securities market is rolling once again, with Wells Fargo kicking off the fall issuance pipeline with a $1.05bn conduit transaction that is expected to provide pricing clarity as the sector gears up for year-end. "The market will be hit hard next week, with deals from Morgan Stanley and Goldman Sachs," one investor said, noting that issues are hoping to get deals done prior to this month's ABS East conference that kicks off on Sept. 18.

WFCM 2016-LC24 consists of 91 loans secured by 129 properties. At this point, there is no whisper pricing available for the transaction, which is expected to help set the tone for the deals that come next. "[We still have a lot of chatter on the macro, with the election and stock market trading on the downside. But I feel like a lot of the macro [volatilities] were talked about before, so nothing new or horrible. Right now, it's really just wait and see how investors will react to the market," one trader said.

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FROM THE EDITOR

The commercial mortgage-backed securities market is rolling once again, with Wells Fargo, Morgan Stanley, and Goldman Sachs all gearing up to float deals in the coming weeks. After a pause in issuance through the start of September, market pros are eager to find out where pricing is for the benchmark 10-year, 30% subordination super senior bonds. The full story is on page 1.

A partnership between Rubenstein Partners and Strategic Capital Partners has acquired a suburban Indianapolis office portfolio. The partners are set to renovate the eight-building campus in Carmel, with plans that include adding a $20m amenity center to the campus. Read all about it on page 8.

Finally, make sure you take a look at what's going on in our tech section. Realized, a newly launched syndication platform, is hoping to take some of the stress out of completing a 1031 property exchange. Read about what they're hoping to do on page 8.

Samantha Rowan

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THIS ISSUE

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New York bridge lender closes first fund

Fort Amsterdam Capital, a New York-based bridge lender, has raised $22m for its first investment fund. The firm, which is focused on mid-sized loans secured by multifamily and multi-use properties in the city, targets opportunities of roughly $2m to more than $10m for borrowers who have difficulty obtaining financing from more traditional sources.

In addition to the fund, Fort Amsterdam has a leverage facility and the ability to syndicate loans with their investors. “We’re more aggressive to help the borrower achieve their objective,” said David Schwartz, managing partner of Fort Amsterdam Capital (*pictured*). “We focus on distressed properties in improving neighborhoods where there are fewer capital providers. We do deals that require an understanding of the upside and cash flow opportunities.”

The firm raised capital from high-net-worth investors, family offices, and institutions that included one debt fund and one international player. “Launching a fund gave us the ability to execute transactions with more confidence, and to be more competitive,” said Schwartz.

Fort Amsterdam funds one to three loans each month, but Schwartz is hoping that number will grow to two to four per month. Each loan takes about two to three weeks to negotiate, perform due diligence, and close, he added.

Recent transactions include a $4m loan in Brooklyn for two multifamily complexes, the proceeds of which were used to refinance debt on one of the properties and renovate the other. The fund also originated a $2m loan in Washington Heights for the acquisition and renovation of a multifamily property. “This loan was not suited for traditional bank lending,” said Schwartz. “The client was a good young borrower, and the property was one that we ourselves would be comfortable owning or managing. We understand very well how to manage risk.”

Fitch tracks delinquency divide

A new report from Fitch Ratings has tracked a split between newer and older vintage commercial mortgage-backed securities deals, finding that delinquencies for older vintage deals continues to rise as overall delinquencies dropped for the first time since March.

The agency found that the delinquency rate for CMBS 1.0 deals has been rising steadily since the start of 2016 and is now close to 11%. Additionally, more than 50% of the outstanding CMBS 1.0 deals are now REO, with an average age of 23 months. New delinquencies include the $113.7m SBC-Hoffman Estates loan, about $55.7m of which was included in the Fitch-rated BSCMS 2006-PWR11. The remainder of the loan is part of MSCI 2006-TOP21, which was not rated by Fitch.

By comparison, overall loan delinquencies dropped by five basis points in August to 3.15%. “The portfolio runoff of $8.1 billion doubled Fitch-rated new issuance volume of $4 billion from six transactions in July, causing a decrease in the overall index denominator,” the report stated.

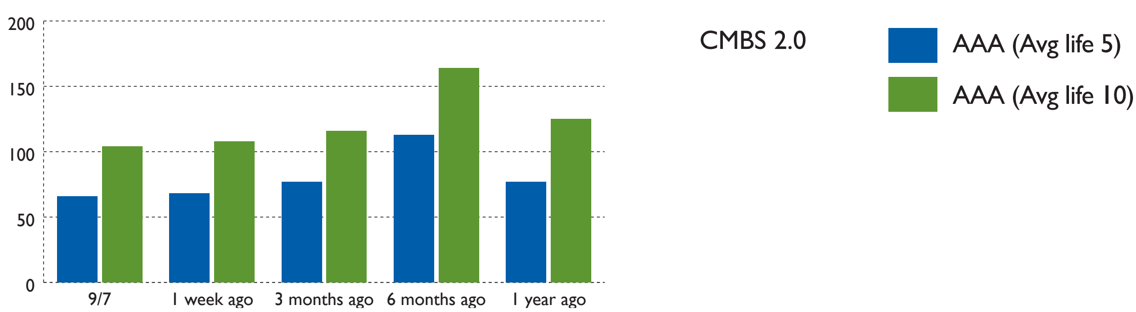
TREPP’S CMBS SPREADS MATRIX – SEPTEMBER 7

CMBS 2.0

Source:Trepp, LLC

FIXED RATE	AVG LIFE	BENCHMARK	9/7	1 WEEK AGO	3 MONTHS AGO	6 MONTHS AGO	1 YEAR AGO
AAA	5	S+	66	68	77	113	77
AAA	10	S+	104	108	116	164	125
AA	10	S+	147	147	189	311	202
A	10	S+	231	231	311	452	259
BBB	10	T+	446	449	481	651	381
BBB-	10	T+	542	545	608	800	452

CMBS SPREADS SNAPSHOT – SEPTEMBER 7



BENCHMARKS AS OF SEPTEMBER 7

10-year Treasury: 1.54

10-year Swap: 1.39

August balloon payments rebound

More commercial mortgage-backed securities loans paid off on their balloon date in August, marking the first time this number has risen since March, according to a new report from Trepp, LLC. About 68.4% of loans paid off at maturity last month, a big jump from the 55.6% in July. "That July level represented the lowest reading since December and was also the fourth straight monthly decline," noted Manus Clancy, managing director.

Clancy noted that the August number is above the 12-month average of 66.5%. "The recently falling payoff rate has been a function of the fact that many of the loans now slated to mature are 10-year loans from 2006 that have not been able to be prepaid during their open period. As we continue through 2016, maturing loans should possess lower credit quality than at origination due to the fact that they were originated later in the 2006-2007 lending boom," he added.

This factor, compared with the expectation that loans that get to maturity are likely going to be backed by weaker properties, means that Trepp anticipates a dropping payoff rate in the next few months. "If that's the case, this August bump may be a blip on the radar by the time all is said and done," Clancy added.

"THAT JULY LEVEL REPRESENTED THE LOWEST READING SINCE DECEMBER AND WAS ALSO THE FOURTH STRAIGHT MONTHLY DECLINE"
MANUS CLANCY, TREPP

Meanwhile, General Services Administration, which last week submitted proposals to Congress on leases and lease extensions on more than 1.5 million square feet of its office space in the Washington, D.C., area, could have an impact on three properties the city – including Federal Center Plaza, Trepp found. A $130m loan on the property at 400 C Street SW makes up almost 9% of COMM 2013-CR6.

Citing an article in the Washington Business Journal, the report stated that FEMA – a GSA tenant in Federal Center Plaza – is proposing a consolidation of 233,000 square feet of space in three leases. "At securitization, FEMA was said to occupy 42% of the space in the 725,317-square-foot property. That lease is reported to be ending in 2019," Clancy noted. "It is possible that only part of the Federal Center Plaza location is included in that plan."

On the flip side, the GSA's proposals don't mean that an extension won't happen. Another positive is that the loan was underwritten with a relatively low LTV of 42% and has a DSCR of 3.76x, Clancy said. FEMA also leases space at 800 K Street NW and 1800 South Bell Street in Crystal City, neither of which is part of a CMBS deal. Additional details about the Federal Center Plaza loan couldn't be determined.

MORNINGSTAR'S LOAN TRANSFER TO SPECIAL SERVICING – SEPTEMBER 7

Source: Morningstar

PROPERTY TYPE	LOAN NAME	DEAL ID	CITY	STATE	ZIP	UPB	MATURITY DATE	DATE XFERED TO SS
Hotel	JQH Hotel Portfolio	COM06C08	Various	Various	Various	$110,108,890	01/11/2016	08/07/2016
Hotel	JQH Hotel Portfolio (Rollup)	BACM0703	Various	Various	Various	$100,000,000	06/05/2017	07/07/2016
Hotel	Hammons Hotel Portfolio	GS215G34	Various	Various	Various	$71,563,815	10/09/2025	04/07/2016
Hotel	Holiday Inn Express NYC Fifth Avenue	JPC15FL7	New York	NY	10036	$21,015,000	09/10/2016	18/07/2016
Hotel	Holiday Inn - Harrisburg West	JPC07C20	Mechanicsburg	PA	17050	$13,160,941	01/06/2017	19/07/2016
Industrial	Atlas Cold Storage	JPC07C18	Pendleton	IN	46064	$12,774,492	01/01/2017	18/07/2016
Industrial	6101 Cane Run Road	BSC07P15	Louisville	KY	40258	$10,339,767	01/08/2016	29/07/2016
Industrial	2101 W. 33rd Street	BSC06T24	Jacksonville	FL	32209	$2,919,703	01/09/2016	13/07/2016
Industrial	Eastgate Industrial Center	MLCF0602	Henderson	NV	89015	$1,515,735	08/06/2016	22/07/2016
Multi-family	The Depot	CSI15C02	Akron	OH	44308	$32,904,793	06/03/2025	18/07/2016
Multi-family	The Palms On University	FREMK702	Riverside	CA	92507	$31,328,672	01/01/2018	08/08/2016
Multi-family	Villages at Del Rio Apartments	CSM06C04	Houston	TX	77021	$11,635,651	11/07/2016	20/07/2016
Multi-family	Copper Beech Townhomes - Indiana	GSM206G8	Bloomington	IN	47403	$10,216,284	01/10/2016	02/08/2016
Multi-family	Dutch Village Apartments	WBC07C32	Winston Salem	NC	27127	$6,699,328	11/05/2017	26/07/2016
Office	Hercules Plaza	WBC06C25	Wilmington	DE	19801	$65,106,036	11/04/2018	01/07/2016
Office	90 Merrick Avenue	COB07C02	East Meadow	NY	11554	$38,000,000	11/02/2017	12/07/2016
Office	North Point Center	MSC06T23	Fresno	CA	93704	$15,600,000	01/06/2016	11/07/2016
Office	Melville New York Pool(2)	WBC06C27	Melville	NY	11747	$13,650,758	11/07/2016	22/07/2016
Office	NNN - One Northlake Park	MSC06I12	Cincinnati	OH	45249	$12,563,786	01/11/2016	08/07/2016
Other	CNL/Welsh Portfolio	JPC06LD8	Various	Various	Various	$103,239,693	07/07/2016	11/07/2016
Other	Deer Park Business Center	BACM0605	Deer Park	TX	77536	$8,334,756	01/08/2016	03/08/2016
Other	Fort Salonga Road	CD07CD4	Northport	NY	11768	$6,344,120	06/01/2017	04/08/2016
Other	Springpointe Executive Center	CD06CD3	Burtonsville	MD	20866	$5,626,029	01/07/2016	13/07/2016
Other	Cadillac & Hiram Sibley Building	BACM0801	Rochester	NY	14604	$5,554,579	01/08/2017	14/07/2016
Retail	Riverchase Galleria	BACM0606	Hoover	AL	35244	$305,000,000	01/02/2017	26/07/2016
Retail	Rockvale Square	WBC07C32	Lancaster	PA	17602	$92,400,000	11/05/2017	25/07/2016
Retail	Lakeforest Mall	BSC05T20	Gaithersburg	MD	20877	$80,793,496	07/09/2017	20/07/2016
Retail	Fountain Place Shopping Center	JPC06C16	Logan	WV	25601	$21,945,156	01/07/2016	09/07/2016
Retail	Capitol Shopping Center	MLCF0708	Augusta	ME	4330	$19,600,000	05/03/2017	26/07/2016

Robertson Properties secures $59m refinancing for Hawaii retail

Los Angeles-based Robertson Property Group has secured a $59m, 10-year fixed-rate loan from New York Life Real Estate Investors to refinance debt on Pearl City Gateway, a community shopping center near Honolulu. The loan replaces the maturing debt on the retail center and carries an interest rate of less than 4% with a 30-year amortization. Sonnenblick-Eichner Company arranged the financing, which carries a 65% LTV.

"WE WERE ABLE TO LEVERAGE OUR CLIENT'S SUCCESSFUL TRACK RECORD IN HAWAII TO SECURE VERY FAVORABLE TERMS"
ELLIOT EICHNER, SONNENBLICK-EICHNER

The firm has owned the property at 1150 Kuala Street since mid-2005, paying about $29.2m, according to data from Real Capital Analytics. The property, an affluent suburban community, is 100% leased to tenants that include Babies R Us, TJ Maxx, Petco, McDonalds, AT&T, Sprint, Domino's, Subway and Supercuts. The property has a 566-car surface parking.

Well-located community retail centers like Pearl City Gateway continue to see liquidity in the capital markets.

"We received a lot of interest from a wide variety of lenders including traditional banks, investment banks and insurance companies and we were able to leverage our client's successful track record in Hawaii to secure very favorable terms," added Elliot Eichner, a principal at the firm.

AvalonBay gets record price for Tri-State area apartments

AvalonBay Communities has achieved a record price for 100 Avalon Gardens Drive, a Nanuet, N.Y., apartment complex. The real estate investment trust sold the 504-unit multifamily property in Rockland County for $147m, or about $291,667 per unit, to Harbor Group International and Azure Partners. HFF brokered the sale.

"Big picture, this deal has solidified the demand today for well-located core-plus multifamily in the Tri-State area," said Jose Cruz, senior managing director at HFF. "This [sale] is a high watermark in terms of county deal size." The transaction is the largest single-asset multifamily sale that Cruz has seen in the past 22 years in Rockland County.

Demand was strong for the property given its proximity to New York, strong transportation links, and occupancy level of 97%. "We received between eight and ten offers," said Cruz. The property is close to where Interstate 287 intersects with the Garden State Parkway and Palisades Interstate Parkway and is also near Nanuet's Metro North train station and park and ride lot. The George Washington Bridge, which provides access to Manhattan, is also a short drive away. "This is one of the better-located multifamily deals in the county," said Cruz.

The property consists of 64 buildings, with a mix of one-, two-, and three-bedroom apartments averaging 1,208 square feet. Amenities include patios and balconies, a swimming pool, tennis courts, playgrounds, a fitness center, indoor basketball and racquetball courts and a resident lounge and business center.

This is a good time to be a multifamily seller, Cruz noted. "The capital markets today are flush with debt equity, and multifamily continues to be a great hedge against inflation – it's a comparably safe investment in real estate. That combination makes now a great time to sell multifamily," he added. Cruz expects to see more sales like this in the future. "Rockland has institutional demand, a lot of good submarkets, and employment hubs."

CHEVY CHASE LAND STRIKES DEAL FOR SUBURBAN D.C. RETAIL

The Chevy Chase Land Company has acquired South Lakes Village Shopping Center, a grocery-anchored retail center in Reston, Va. The company paid seller Cornerstone Real Estate Advisors $62m, or about $564 per square foot, for the 110,000-square-foot Safeway-anchored center. The broker was Eastdil secured.

The company completed the acquisition as part of a 1031 tax deferred exchange. "We sold our Richmond office portfolio earlier this year, and wanted to replace it with a core [asset] in the D.C. metro area," said Tom Regnell, president and ceo of Chevy Chase Land. "We're a 126-year-old company and wanted to hold the asset for the long-term. Assets like South Lakes are tough to acquire and people will ask us in 10-15 years, 'How did you get that property?'"

Tenants include CVS, Starbucks, and BB&T Bank. The surrounding demographic in Reston is affluent, with average annual household incomes of more than $170,000 within a one-mile radius of the property.

The center is nearby to the Dulles Toll Road and has ample surface parking.

The Land Company also owns a 59,306 square foot office asset on 1840 Michael Faraday Drive in Reston, which its plans to demolish and redevelop into multifamily units within the next five years. The property is close to the Western terminus of the metro Silver Line, the Wiehle-Reston East station, which takes commuters straight into downtown D.C. "We're bullish on Reston," said Regnell. "Reston is the heart and soul of Fairfax County, and has some of the most enviable demographics in the D.C. metro area."

Acadia closes $520m retail-focused fund

Acadia Realty Trust has raised $520m in commitments for Acadia Strategic Opportunity Fund V. The fund, which exceeded its $500m target within one month of launch, targets opportunistic and value-add retail investments including street-level retail, next-generation street retail, and distressed-retailer properties. Investors include university endowments, foundations, pension funds, investment management firms and family offices. With leverage, the fund has approximately $1.5bn of buying power.

"There has been ongoing concern regarding where we are in the real estate market cycle over the past one to two years. Regardless of that uncertainty, we continue to see capital being raised in closed-ended real estate funds," said Josh Sternoff, a corporate partner in the private investment fund practice group of Paul Hastings, which served as legal advisor to Acadia. "It's fair to say that the fundraising market continues to see a bifurcation, with the largest funds continuing to raise capital for very large funds while a significant percentage of other fund managers – say those targeting between $200m to $1.5bn – can find fundraising a tough slog that the time and effort involved in successful fund raising can be intense."

Seyfarth Shaw participated as a tax advisor on the transaction. Calls to Acadia were not returned by press time.

Colliers: Online shopping shift driving big box industrial

The modernization of the retail supply chain and an increase in online shopping are driving investor interest in big box industrial properties, according to Colliers International's annual report on the sector. "The consolidation and modernization of the supply chain has brought about demand that has never seen been before," James Breeze, national director of industrial research. "This need to consolidate the supply chain, streamline distribution, and make it more cost effective services a customer base that is buying more products online."

The report looked at properties of more than 300,000 square feet that are primarily used for distribution and found that while 2015 was a strong year for industrial, big box activity year-to-date is already showing higher effective rents and stronger leasing activity and development. This segment of the market is also seeing a record number of leases and low vacancies, the report stated.

Furthermore, the firm found that demand for big-box space remains exceptionally strong, with only 157 of 1,908 existing buildings vacant across the six core markets examined. At the same time, a record of 98 big boxes centers, totaling 60m square feet, were added to inventory over the past year.

Through the first half of 2016, leasing activity rose by 10.7% when compared to the same period in 205, with this demand spurring a 13.1% rise in effective rents to $4.77 per square foot. "A telltale sign of the strength of a market is net absorption, and there was 40m square feet of positive net absorption just this year. That's the most important statistic we have," said Breeze.

The age of online shopping has been a boon for big box warehouses, as consumers transition to an online shopping lifestyle. "E-commerce demand is expected to stay for the foreseeable future," Breeze said. "Many retailers are shifting from brick and mortar store investment to e-commerce investment which includes state-of-the-art distribution centers and online apps to make shopping easier – this will continue as long as consumer spending is stable, which relies on positive economic fundamentals including job growth, which has been solid in 2016."

BIG BOX SNAPSHOT

Dallas

Dallas is experiencing substantial growth, with 9.5m square feet of big box space completed in the first half of 2016 versus 9.7m square feet in all of 2015. "The growth in Dallas-Ft. Worth is due to its central location, proximity to both the ports of Houston and a large rail network within the market, increased population, and the available land to develop big box spaces," said Breeze.

Greater Los Angeles

Greater Los Angeles has a total of 676 big boxes industrial centers after a record-breaking 45 of these facilities, totaling 22.8m square feet, were added to the inventory this past year. "A large majority of development and leasing activity in Greater Los Angeles is located in the Inland Empire – Amazon has occupied millions of square feet of product there, creating thousands of jobs at its warehouses, helping to repair an economy that was hit hard during the recession," Breeze said.

New Jersey and Pennsylvania

Demand in the New Jersey, and Eastern Pennsylvania's Lehigh Valley region from logistics and e-commerce users has made this market one of the most robust in the country. Big box leasing more than doubled between quarter two of 2015 and the same period this year, with 18.4m square feet leased in the first half of 2016. This is the most for a core North American market. "We combined the Northern-Central New Jersey market with the Eastern PA/Lehigh Valley market into one regional market for this report because they service the same population base," said Breeze. "Within this regional market, Lehigh Valley has the most land available to build big boxes."

Cushman markets New Jersey industrial assets

The New Jersey and Long Island industrial markets are picking up steam following the Labor Day holiday, with three major marketing efforts by Cushman & Wakefield on behalf of out-of-state sellers. The firm is selling a roughly $325m portfolio on Long Island, an $85m portfolio in Carteret, N.J. and another $30m portfolio in Monroe Township, N.J.

"Now is a good time to be selling industrial, with tons of capital flowing into the sector, low rates in general, and investors putting money into real estate as a fixed income alternative," said H. Gary Gabriel, executive v.p. of capital markets at Cushman. "As consumers buy more online, stores shrink on the retail side and industrial footprints grow. The market right now has an incredible amount of depth, lots of demand, and little supply."

Rubin Schron's Cammeby's International Group and FBE Limited are selling a 3.5m-square-foot, 36-building industrial portfolio located throughout Long Island. Cushman & Wakefield has not yet launched marketing efforts for the properties, which are expected to see strong demand. "These older vintage buildings [were last] sold 15 years ago," Gabriel said. "This infill property has a great value-add component."

Meanwhile, Freeport-McMoRan is selling a three-building portfolio that is 94% occupied in Carteret, New Jersey for $85m. The Phoenix-headquartered mining company pulled the trigger on the sale of the 1980s vintage portfolio because the properties are not core assets, Gabriel noted. "It's very unusual to see good product like this being offered in today's world, as most owners keep winners and sell losers – this [property] is the opposite," he added. A standout feature of the property is its 32-foot clearance height.

Meanwhile, Des Moines-based Principal Financial Group is selling 26 Engelhard Drive in Monroe Township, New Jersey for $30m, a fully occupied single-tenant property NJ Cal Warehouse Expediters is the current tenant. "The property is located on the [New Jersey] Turnpike in an A-plus location. [It's] not the port but it's a highly recognizable central Jersey location," Gabriel said. "It's a modern product built in the nineties, is well-loaded and parked, and has a 32-foot clearance.

> "NOW IS A GOOD TIME TO BE SELLING INDUSTRIAL, WITH TONS OF CAPITAL FLOWING INTO THE SECTOR, LOW RATES IN GENERAL, AND INVESTORS PUTTING MONEY INTO REAL ESTATE AS A FIXED INCOME ALTERNATIVE"
> H. GARY GABRIEL, CUSHMAN

New syndication platform aims to streamline 1031 process

Realized, a newly launched commercial real estate syndication platform, is hoping to use technology to make the process of completing a 1031 exchange more efficient for investors. "You have saved, you have paid down your mortgage and you have a big gain [after selling your property], and you don't want to pay taxes. But here's the problem: you have a very short time – 45 days after the relinquished property is transferred sold to a buyer, to find a replacement property in a competitive market," said David Wieland, founder and ceo.

Under Section 1031 of the U.S. Internal Revenue Code, an investor can sell a property and reinvest the proceeds in a new asset while deferring all capital gain taxes. The challenge, however, is time – and failure to meet the 45-day identification period requirement can be costly. "Depending on how long you've owned the property and which state the property is located in, capital gains and other taxes can range from 30% to 40% of total proceedsan investor's total profits," Wieland pointed out.

There are other challenges to using the structure, including completing due diligence, securing bank financing, and closing the purchase within 180 days. Realized aims to make 1031 exchanges less time-consuming, complex and difficult, explained Wieland. The online marketplace offers a variety of qualified opportunities, including a class of commercial real estate properties that are structured as securities in a Delaware Statutory Trust, Wieland said.

DST properties allow investors to purchase interests in a trust that buys real estate. Investors are not direct owners of the real estate, instead, the trust holds title to the property and guarantees the mortgage loan while investors hold beneficial interests. DST properties are institutional grade commercial properties sponsored by national real estate developers, usually valued at $5m to $50m.

While there are some drawbacks of a DST, primarily it being a passive investment that requires very limited input from investors, Wieland noted the structure is a good match for older, retired investors who do not wish to be hands-on property owners.

"Historically if you sell a small shopping center investors would buy another investment property in the same town or city. [Your 1031 investment] is concentrated by geography and you have to be the landlord. But with our technology-enabled syndication platform, we are allowing investors of any size to buy in increments of $1,000, with the minimum investment starting at $5100,000," Wieland said. "And this is what's interesting, the platform works well for small investors who want to diversify their $250,000 to $500,000, but also for investors who have a large blocks of capital to exchange," he added.

During the last downturn, a number of DSTs saw foreclosures due to problems that include high leverage. Wieland pointed out sponsors are more disciplined in the current cycle, using leverage of 50-60% compared to 75-85% in the last cycle.

Furthermore, he pointed out the last cycle saw more smaller sponsors putting together DSTs. The number has since consolidated from 75 sponsors of various sizes to about 10 to 12 larger sponsors with established track record.

The platform was recently launched, with a soft launch in March and an official launch in June, but Wieland is optimistic about investor demand. "Based on publicly available IRS data, we estimate that this year individual investors, excluding corporations and small partnerships, will reinvest $60bn in 1031 equity and purchase $187bn in real estate," he said. Indeed, the National Realtors Association recently reported that 63% of real estate agents were involved in a 1031 exchange between 2011 and 2014.

Realized uses Regulation D, a provision added to the JOBS Act that enabled companies to use general solicitation, including online advertising, to raise money from accredited investors, to list their offerings.

Rubenstein JV acquires Indianapolis office park

Rubenstein Partners and Indianapolis-based Strategic Capital Partners have acquired Parkwood Crossing, an eight-building, 1.2m-square-foot office campus in Carmel, Ind., from Duke Realty for $162.9m. Bank of America provided a five-year, $107.5m floating-rate loan with extension options, according to a market player familiar with the transaction. JLL, which arranged the transaction, will serve as exclusive leasing agent.

Carmel, a suburb of Indianapolis, has seen rapid growth. "This submarket is first and foremost a very high demographic area with tremendous employment growth in the last two decades. There was prolific [office] building activity and even with demand, rent sort of capped. But we don't except expect supply to grow moving forward. Demand is still strong, but a lot of the best sites are already taken," explained Brandon Huffman, regional director of Midwest for Rubenstein Partners.

Developed by the seller, Parkwood Crossing benefited from Duke's long-term ownership serving as its headquarters and is widely considered the premier office campus in suburban Indianapolis. The property, situated close to Interstate 465, is 15-minute drive north of revitalized downtown Indianapolis where most major businesses are located. The city has a diversified economy, specializing in education, healthcare and finance.

"WE ARE BUILDING A BRAND NEW, STATE-OF-THE-ART AMENITY CENTER THAT IS NOT AVAILABLE ANYWHERE ELSE ON THE MARKET"
BRANDON HUFFMAN, RUBENSTEIN PARTNERS

Huffman said the partnership plans to significantly renovate the building campus to better serve major corporate users and affluent employee base. "We plan to further differentiate the property by implementing a strategic capital program focused on creating urban-like amenities within the suburban campus," he added.

The partnership is slated to spend $20m to construct a standalone amenity center providing facilities for dining, fitness, conferences and workplace collaboration. "We are building a brand new, state-of-the-art amenity center that is not available anywhere else on the market," Huffman pointed out. The joint venture also plans to apply the budget for upgrading building physical systems and other targeted aesthetic upgrades, as well as tenant improvement and leasing commission. Occupancy rate is in currently in the low 90%.

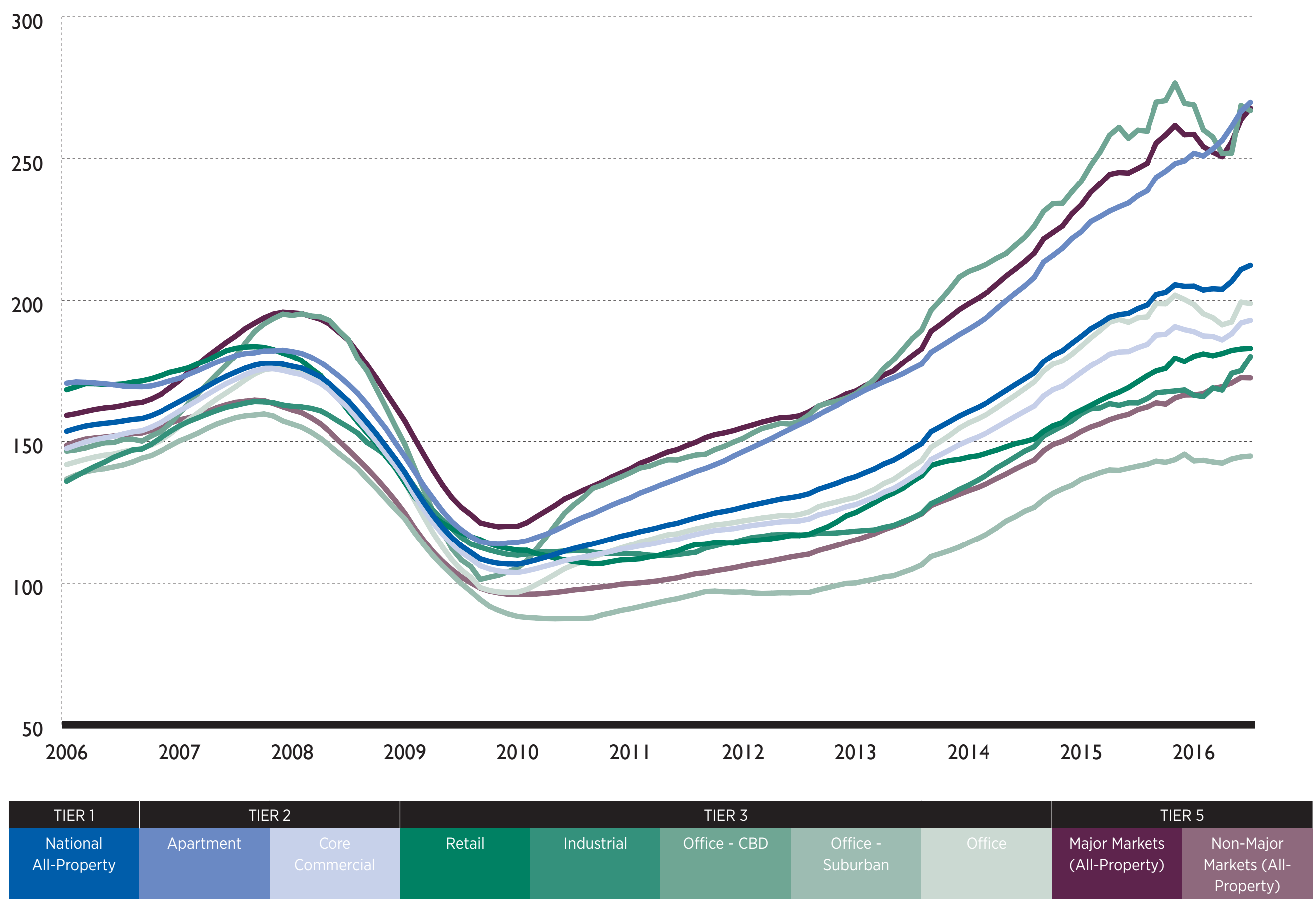
While the investment, a largely stabilized property, is not in line with the value-add investments Rubenstein typically targets, Huffman explained that the firm focuses on risk adjusted returns. "When we invest in more secondary locations, we are very cognizant. We make sure we are compensated for additional perceived risks and lack of liquidity in those areas," he said.

Indianapolis is the fastest growing region in the Midwest and is home to the U.S. headquarters of big-name corporations including Roche Diagnostics, Technicolor and First Internet Bank of Indiana.

Apartment prices outpace commercial assets

The Moody's/RCA Commercial Property Price Indices national all-property composite index rose by 0.7% in July, partly driven by strong performance in the apartment sector. While prices for core commercial assets were up by 0.5%, apartment prices rose by 1.2%. "Over the last 12 months apartment prices grew by 14% while core commercial prices grew by 5% over the same time frame," the report stated. Meanwhile, the national all-property index rose by 7% in July and prices stand nearly 20% above the peak seen prior to the global financial crisis in November 2007.

PRICE CHANGES BY SECTOR AND MARKET TYPE VALUE WEIGHTED COMPOSITE TIERS



MOODY'S/RCA CPPI - NATIONAL ALL-PROPERTY INDEX

TIER	INDEX	ONE MONTH - JULY 2016	THREE MONTHS - APRIL 2016	12 MONTHS - JULY 2015
1	National All Property	0.70%	4.20%	7.70%
2	Apartment	1.20%	5.20%	14.00%
2	Core Commercial	0.50%	3.70%	5.30%
3	Retail	0.10%	1.00%	6.90%
3	Industrial	2.90%	7.10%	10.00%
3	Office CBD	-0.70%	6.00%	2.70%
3	Office Suburban	0.20%	1.80%	2.50%
3	Office	-0.20%	3.90%	2.60%
5	Major Markets	1.50%	6.80%	8.60%
5	Non-Major Markets	0.00%	1.80%	6.90%

Moody's/RCA CPPI - National All-Property Index

PEOPLE MOVES

AXA NAMES STAINER TO HEAD NORTHERN EUROPE REAL ASSETS GROUP

AXA Investment Managers - Real Assets has named **Andrew Stainer** to head Northern Europe in a newly created role in which he will oversee all transactions and business operations in the U.K., Germany, Nordics, Switzerland and Central Eastern Europe, the company announced. He will report to **Anne Kavanagh**, global head of asset management and transactions. Stainer brings more than 25 years of experience in international real estate advisory and finance, which includes experience in capital markets, corporate advisory and non-profit sectors across Europe, the Middle-East, Africa and Australia. He joins from **Carters Hill Group.**

TEN-X HIRES BRINGS ON RENSHAW

Online real estate transaction marketplace **Ten-X** has added **Camille Renshaw** as head of the institutional group, which works with hedge funds, private equity groups, financial firms and large corporations buy and sell commercial properties, the company announced. Prior, Renshaw served as senior director at **Stan Johnson Company.**

HFF HIRES GLENN FOR SOUTH-EASTERN APARTMENT PUSH

HFF has hired **Jeff Glenn** from **CBRE** to join its Raleigh, N.C., office as a managing director focused on multi-housing investment sale transactions in the Southeast and Mid-Atlantic region, the company announced. Glenn has more than 20 years of commercial real estate experience and has been involved with the sale of more than $3bn of investment properties for institutional and high-net-worth clients in the region.

GREINER-MALTZ EXPANDS WESTCHESTER TEAM

Greiner-Maltz Realty Advisors has hired **Paul Pallett** as an associate broker in its Westchester office, the company announced. Pallett has more than 34 years of real estate experience under his belt, with a gross amount of leases and sales totaling approximately $200 million since 1980. His experience spans Westchester, Rockland, and the Bronx.

CUSHMAN BRINGS ON GRAY

Cushman & Wakefield has hired **David Gray**, who returns to the firm's Valuation & Advisory Group, the company announced. Gray had been with Cushman & Wakefield for nearly 16 years before joining **LWHA** for a brief period earlier this year. Now back, he will assume his previous role as an Executive Managing Director and a member of the Valuation & Advisory group's management team. Gray has appraised all forms of real estate including hotels, office buildings, retail centers, planned unit developments, golf courses, timeshare projects, residential subdivisions, industrial buildings and vacant land.

CUSHMAN EXPANDS COLUMBUS OFFICE

Cushman & Wakefield has hired **Dan O'Rourke** as a director in its Columbus office, the company announced. Utilizing his many years of experience in property management and office and industrial leasing, O'Rourke will work closely with tenants and landlords in the Ohio market. Most recently, he was at **CBRE,** where he spent 23 years.

NGKF HIRES BUSI

Newmark Grubb Knight Frank has hired **John Busi** to lead its valuation and advisory division, the company announced. "Our goal is to hire the best and most qualified professionals to lead every respective discipline within NGKF's full-service platform, as we have done with the addition of **Rob Griffin** and **Kevin Shannon** in capital markets, as well as the acquisition of ARA and other market leaders throughout the country," said **Barry Gosin**, chief executive officer of NGKF.

NEWS IN BRIEF

FARALLON CLOSES OPPORTUNISTIC FUND

Farallon Capital Management has completed fundraising for Farallon Real Estate Partners II, its second dedicated U.S.-focused opportunistic real estate fund, the company announced. The firm has secured aggregate commitments of $400m. Similar to its 2013 predecessor fund, Farallon Real Estate Partners I, the firm's latest offering pursues a flexible investment strategy that is focused on equity investments in U.S. real estate across office, industrial, retail and multifamily sectors.

CUSHMAN ARRANGES RECORD-BREAKING BROOKLYN DEAL

Cushman & Wakefield has arranged a record-breaking transaction in Brooklyn's Sunset Park submarket, handling the $6m sale of a fully renovated 13,730-square-foot industrial warehouse at 214 40th Street, the company announced. Aaron Warkov, senior director, noted the $437 per square foot price is one of the highest recorded for an industrial property in the submarket. The 2.5-story building has three drive-in garage bays with curb cuts, elevators, and third-floor office space. The property is close to Industry City and subway stations, and also features a new high grade industrial hot water boiler, brand new roof extensive, 3,000 amps of electricity, and grease traps throughout the building. The buyer and seller were not disclosed by Cushman.

CAREY WATERMARK REIT SNAGS ATLANTA HOTEL

Carey Watermark Investors 2 has acquired the Renaissance Atlanta Midtown Hotel, a 21-story, 304-room full-service hotel, the company announced. The newly built, upper upscale hotel has strong brand affiliation and is located in a diverse, growing Midtown submarket of Atlanta, said Michael Medzigian, ceo. "In addition to generating attractive initial current cash flow, we believe the property's ongoing performance and longer-term value can be improved through the implementation of strategic revenue enhancement and operating initiatives," he added. Hodges Ward Elliott arranged the sale.

CHARNEY LINES UP NEW YORK OFFICE FINANCING

L.H. Charney Associates has arranged $185mof senior mortgage financing for 10 Times Square at 1441 Broadway and $130m of senior mortgage financing for 1410 Broadway in Manhattan, according to a press released. Metropolitan Life Insurance Company funded both loans, which were arranged by Cushman & Wakefield.

The building at 1441 Broadway is a 36-story office, showroom and retail property on the southwest corner of the intersection of West 41st Street and Broadway. The building contains more than 540,000 square feet of rentable space, including 31 floors of fully-leased office space and 55,000 square feet of new retail space on the ground floor, concourse, and second and mezzanine levels. Meanwhile, 1410 Broadway is a 36-story office and showroom building is approximately 96% leased to a fashion-oriented set of more than 100 office and retail tenants, and contains 32 floors of office space with retail space on the ground floor along Broadway and West 39th Street.

PGIM COMPLETES CAPITAL RAISING FOR EUROPEAN FUND

PGIM Real Estate has recently finished raising capital for its European Value Partners Fund, with €457 million in commitments from institutional and high net worth investors from around the world, the company announced. The fund is the first in a series of closed-end discretionary real estate funds investing in value-add investment opportunities in Continental Europe. PGIM Real Estate is the real estate investment business of PGIM, Inc., the global investment management businesses of Prudential Financial.

(CONTINUED FROM PAGE 1)

WELLS FARGO KICKSTARTS CMBS NEW ISSUE MARKET

The 10 largest loans of WFCM 2016-LC24 account for only 38% of the pool compared to the year-to-date average of 55.3% and 49.3% in 2016 and 2015, respectively. Additionally, the transaction has lower leverage than other recent offerings, according to Fitch Ratings. The pool carries a Fitch LTV of 103.9%, which is better than both the year-to-date average of 106.5% and 109.3% in 2016 and 2015, respectively. The sixth largest loan, The Shops at Crystals (3.4% of the pool) has an investment-grade credit opinion.

The pool has high geographic concentrations in Southeast (27%), Mideast (25.2%), Southwest (17.8%) and Far West (13.8%) regions, with office properties representing the highest property type concentration, at 24.3%, followed by retail (24.1%), multifamily (18.8%) and hotel (17.9%).

The top three loans in the pool include Central Park Retail ($70m), a 95.7%-occupied, 441,907-square-foot regional power center located in Fredericksburg, Va.; Green Valley Portfolio ($58.8m), a 89.1%-occupied manufactured housing community portfolio consisting of seven communities located in Florida, Ohio, and New Jersey; Four Points by Sheraton Times Square ($46.7m), the loan is secured by the leased fee interest of the 244-room hotel located in New York's Midtown neighborhood.

Four originators contributed loans to the pool, including Ladder Capital Finance (39.7%), Wells Fargo (34.6%), Rialto Mortgage Finance (19.2%), National Cooperative Bank (6.6%).

The deal follows the first risk retention compliant CMBS transaction, which was completed over the summer by a Wells-led partnership. That deal, which used the eligible vertical slice method of compliance, was printed at a super-tight level of swaps plus 94. The deal was launched in early August, and since then, conduit spreads seem to have settled in around swaps plus 105. "Spreads tightened for the most part in July and August, but we have no issuance toward the end of August and we don't really have any [recent] benchmark pricing to compare the new deal [WFCM 2016-LC24] with. Things are trading much wider on CMBX [side], and I don't think the macro noises are going to leave anytime soon. While CMBX [performance] does not implicate how cash spreads will trade, and the macro affects sectors other than CMBS, I think people are just trying to figure out where pricing should be," he added.

(CONTINUED FROM PAGE 1)

Lending veterans roll out new debt shop

Reiff and his partners are responding to strong demand for low-cost loans on strong transitional real estate, as well as for fixed-rate balance-sheet solutions somewhere above where conventional life company lending stops. "We can now offer both of these products. Allegiant will pursue a broad range of opportunities across a variety of commercial real estate debt products and yield targets for a wide variety of clients," he concluded.

Prior to Allegiant and FirstKey, Reiff headed commercial real estate at Macquarie Investments and was also the global head of commercial real estate finance at JPMorgan. He also filled a similar position at Bearn Stearns.