

THE WATCH LIST

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Rent Control Havoc

Threatened Legal Action Against Major Multifamily Landlord Could Likely Roil CMBS Market

By: Mark Heschmeyer

Another half a billion dollars in CMBS debt looks even weaker this week after New York Attorney General Andrew M. Cuomo announced his intent to sue Vantage Properties LLC, a major New York City multifamily landlord.

Cuomo sent a five-day notice letter to Neil Rubler, the president of Vantage Properties, notifying the company of the Attorney General's intent to commence litigation against the firm. The action is an attempt "to stop [Vantage] from harassing tenants in rent-regulated apartments and to obtain monetary damages for tenants who have been victimized," the Attorney General's office said in a prepared release.

Since March 2006, Vantage has purchased more than 125 buildings containing more than 9,500 apartments throughout Queens, Harlem, and Upper Manhattan - almost all of which are rent-regulated. The Attorney General's threatened legal action alleges that Vantage is pursuing a strategy to generate turnover among long-term, rent-regulated tenants, and impose significant rent increases on new tenants in order to increase profits.

The Attorney General said the threatened legal action is part of his office's ongoing efforts to enforce laws that promote access to affordable housing for low and middle income New Yorkers.

In a statement, Vantage Property said: "Vantage is genuinely committed to serving its residents and to the future of affordable housing in New York City. We look forward to demonstrating this to the Attorney General."

The issue of converting controlled rents to market rate rents has been in the spotlight since Tishman Speyer and Blackrock missed loan payments last fall on their jointly owned Peter Cooper Village/Stuyvesant Town, a 56 multi-story building complex in New York City containing 11,200 units. The joint venture gave the keys back to the lender on the property last week.

While the legal action from the Attorney General was widely reported in the major New York media this week, CoStar Group has identified \$503 million in loans on more than 2,800 units of Vantage Properties' portfolio that are now held in four commercial mortgage backed securities (CMBS). This information was not previously disclosed in news coverage. In those deals, Vantage Properties financial partner was and still is Apollo Real Estate Advisors, now called AREA Property Partners.

AREA Property Partners issued a statement expressing regret that Vantage had not yet reached an agreement with the Attorney General "incorporating best practices and other tenant protections, which we fully support. We expect that Vantage will work with Attorney General Cuomo's office to get this matter resolved quickly."

According to Cuomo's letter to Rubler, an investigation by the Attorney General's office found that a major component of Vantage's business and management strategy is to generate substantial tenant turnover and commence eviction proceedings against rent-regulated tenants. Once units become vacant, Vantage's business plans call for massive renovations, which allow Vantage to charge substantially higher rents under applicable rent regulations,

"Vantage's business plans refer to this strategy of removing tenants from rent-regulated apartments to convert them to market rate apartments as the company's 'Golub program,'" the New York Attorney General's letter states. "Vantage's business plans highlight its Golub program as a means of generating tenant turnover. As reflected in Vantage's annual reports to investors and business plans, Vantage's business goals are to "generate unit turnover through active management of the Golub program and other legal efforts."

"The investigation revealed that Vantage often failed to exercise due diligence prior to serving tenants with Golub notices or other legal termination notices," the letter continued. "Vantage often commenced Housing Court proceedings seeking to evict tenants from homes in which they had lived for decades based on little more than database reports, which were often incorrect, or contradicted by other evidence in Vantage's possession."

The letter went on to say: "Indeed, the Attorney General's office review of Vantage's tenant files revealed a systemic pattern of harassment."

The announcement of the Attorney General's plan and release of its letter to Vantage has raised some concern in the real estate investment community.

"Any experienced commercial real estate operator in New York would know better than to engage in the practices alleged in the AG's letter," said Charles Cecil, partner and CEO of Opin Partners, a CMBS and real estate investment advisor and investment management firm in New York.

But apart from the allegations against Vantage, Cecil said the action also speaks volumes about the past underwriting standards of CMBS offerings.

"No doubt it reflects another attempt to turn an old Ford into a new Corvette," Cecil said. "The 'Ford' in this case, and in many others throughout New York is typically an old, not very well maintained multifamily building(s) comprised of 75%+ regulated tenancy. A large group of such buildings is really no different than a single building, but such a group may contain sufficient characteristics to render it "suitable" as CMBS collateral."

However, Cecil continued, "it would seem somewhat irresponsible (at best), to treat these the same from a credit/underwriting perspective as a new 'Corvette' such as a typical Glenwood, Moinian, Related or Rockrose multifamily property. Nevertheless, this is what has happened in any number of cases, some of which have loans that are now part of CMBS collateral."

Cecil said the Attorney General's action against Vantage will upend the business plan and value strategy of many owners of such properties, subjecting them to lender reappraisal by special servicers and potential loan losses.

As an example of what can happen to the value of such properties, Cecil noted the Stuyvesant Town and Peter Cooper Village. Tishman Speyer and BlackRock paid \$5.4 billion for the 11,200 apartments in 2006.

"If, as reported, the Stuy Town net operating income is \$100 million, an argument could be made that a reasonable cap rate of 7% would yield a value of less than \$1.5 billion for the property now," Cecil said.

Even before Attorney General Cuomo's announcement this week about Vantage Properties, the CMBS loans backing Vantage's properties have been on the CMBS' servicers 'Watch Lists.' The servicers' statements to CMBS bondholders have pointed out issues with increasing property expenses, deferred maintenance issues and low debt service coverage ratios. (A debt service coverage ratio of 1.00 indicates that the property is generating just enough excess cash to make required loan payments.) In many cases, the amount of excess cash from the Vantage properties has not been enough to cover the annual amount owed for loan repayments, according to the servicers' notes.

| Vantage Properties Properties Backed By CMBS Loans | | | |
|---|---|-------------------|---------------------|
| CMBS | Address | Year Built | No. of Units |
| CSC06C05 | 34-15 Parsons Boulevard, Flushing | 1956 | 175 |
| CSC06C05 | 99-60 64th Avenue, Rego Park | 1952 | 132 |
| CSC06C05 | 98-30 67th Avenue, Forest Hills | 1954 | 121 |
| CSC06C05 | 188- 30/34 87th Drive, Hollis | 1961 | 109 |
| CSC06C05 | 43-09 47th Avenue, Sunnyside | 1928 | 106 |
| CSC06C05 | 44-14 47th Ave., Woodside | 1950 | 96 |
| CSC06C05 | 41-25 Case Street, Elmhurst | 1928 | 89 |
| CSC06C05 | 43-23 40th Street, Sunnyside | 1930 | 73 |
| CSC06C05 | 32-06 47th Street, Astoria | 1931 | 71 |
| CSC06C05 | 35-16 34th Street, Astoria | 1929 | 70 |
| CSC06C05 | 37-06 81st Street, Jackson Heights | 1963 | 69 |
| CSC06C05 | 43-08 40th Street, Sunnyside | 1932 | 63 |
| CSC06C05 | 37-25 81st Street, Jackson Heights | 1931 | 61 |
| CSC06C05 | 33-51 73rd Street, Jackson Heights | 1928 | 61 |
| CSC06C05 | 83-40 Britton Avenue, Elmhurst | 1930 | 61 |
| CSC06C05 | 119-21 Metropolitan Avenue, Kew Gardens | 1929 | 60 |
| CSC06C05 | 32-52 33rd Street, Astoria | 1939 | 60 |
| CSC06C05 | 35-65 86th Street, Jackson Heights | 1928 | 60 |
| CSC06C05 | 86-02 Forest Parkway, Woodhaven | 1928 | 60 |
| CSC06C05 | 41-26 73rd Street, Woodside | 1927 | 59 |
| CSC06C05 | 47-06 46th Street, Woodside | 1928 | 58 |
| CSC06C05 | 88-36 Elmhurst Avenue, Elmhurst | 1936 | 48 |
| CSC06C05 | 37-37 88th Street, Jackson Heights | 1929 | 48 |
| CSC06C05 | 39-11, 39-15 & 39-19 62nd St., Woodside | 1927 | 48 |
| CSC06C05 | 32-42 33rd Street, Astoria | 1953 | 47 |
| CSC06C05 | 34-09 83rd Street, Jackson Heights | 1927 | 41 |
| CSC06C05 | 37-40 81st Street, Jackson Heights | 1928 | 40 |
| CSC06C05 | 47-05 45th Street, Woodside | 1929 | 39 |
| CSC06C05 | 43-35 & 43-39 42nd Street, Sunnyside | 1931 | 35 |
| CSC06C05 | 34-10 84th Street, Jackson Heights | 1927 | 32 |
| CSC06C05 | 37-30 81st Street, Jackson Heights | 1927 | 32 |
| CSCMT07C2 | 4455 Broadway, New York | 1920 | 77 |
| CSCMT07C2 | 80 Ft. Washington Ave., New York | 1920 | 75 |
| CSCMT07C2 | 86 Ft. Washington Avenue, New York | 1930 | 65 |
| CSCMT07C2 | 3885 Broadway, New York | 1920 | 64 |
| CSCMT07C2 | 884 Riverside, New York | 1920 | 59 |
| CSCMT07C2 | 3915 Broadway, New York | 1920 | 44 |
| CSCMT07C2 | 66-72 Ft. Washington Avenue, New York | 1920 | 44 |
| CSCMT07C2 | 3900 Broadway, New York | 1925 | 27 |
| CSCMT07C4 | 3489- 3495 Broadway, New York | 1910 | |
| CSCMT07C4 | 548 West 164th Street, New York | 1910 | |
| CSCMT07C4 | 610 West 163rd Street, New York | 1930 | |
| CSCMT07C4 | 519 West 143rd Street, New York | 1920 | |
| CSMC2007C1 | 45 West 137th Street, New York | 1959 | 257 |
| CSMC2007C1 | 15 West 139th St, New York | | |

| | | | |
|------------|--------------------------------|--|--|
| CSMC2007C1 | 30 West 141st Street, New York | | |
| CSMC2007C1 | 60 West 142nd St, New York | | |
| CSMC2007C1 | 620 Lennox Avenue, New York | | |
| CSMC2007C1 | 630 Lennox Avenue, New York | | |
| CSMC2007C1 | 2300 Fifth Avenue, New York | | |

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Aussie REIT Negotiating for U.S. Office Portfolio

By: Mark Heschmeyer

Real Estate Capital Partners USA Property Trust in Sydney, Australia, has conditionally agreed to purchase all of the units of Record Realty Holdings US Trust. RECP would pay about \$17.68 million for the assets.

The total price for the properties has not been disclosed.

Record Realty owns about 2.15 million square feet of office space in the U.S. primarily leased to the federal government. The portfolio is about 97% occupied with an average lease expiration of 7.2 years and an average debt expiration of 6.4 years.

The agreement is subject to approval by mezzanine debt holders in the U.S. to sell their loans to RECP.

In 2007, Record Realty acquired through merger Government Properties Trust, which had been the owner of most of the properties. Record Realty was placed into Australian receivership late last year. BOS international is the receiver.

Camden Property Trust Shuts Down 2010 Development Pipeline

In a bow to soft market conditions, Houston-based Camden Property Trust is cutting the number of planned development projects it anticipates undertaking and will take charges related to those actions. The decisions were the result of Camden's quarterly strategic review taking into consideration the current and anticipated economic climate.

The company will recognize a charge of approximately \$85.6 million in the fourth quarter of 2009. The charge reflects a \$72.2 million non-cash reduction to the previous carrying value of \$109.9 million for land holdings for eight future projects the company has put on hold for the foreseeable future, and a \$13.4 million charge associated with a land development joint venture. These reductions primarily reflect the decline in fair market value below the carrying value of these investments. Camden will also cease capitalizing interest and expenses associated with these assets.

Camden currently has five wholly-owned land parcels held for future development, with a total cost basis of approximately \$89.6 million, which are not affected by these actions. Camden plans to continue its predevelopment activities for these five wholly owned land parcels in 2010. The company currently does not anticipate starting any new development during the first half of 2010, and future development starts will be evaluated based on the company's then current assessment of market, economic and capital markets conditions.

Camden currently has 372 apartment homes under development at two multifamily properties, including 119 apartment homes at a multifamily property owned through a non-consolidated joint venture and 253 homes at a multifamily property owned through a consolidated joint venture in which Camden owns an interest. Less than \$10 million remains to be funded for these development projects, and the company expects the remaining expenditures to be funded from existing construction loans.

"Development remains a core competency for Camden," said Richard Campo, chairman and CEO of Camden. "We believe that market conditions will improve in the future, allowing us to start some of the projects we have delayed."

Owners File Ch. 11 To Reorganize Debt on Dallas Logistics Hub

DLH Master Land Holding LLC and its parent company Allen Capital Partners LLC (ACP), developers of the 6,000-acre Dallas Logistics Hub, filed voluntary Chapter 11 petitions in Dallas to reorganize their debts. DLH and ACP said filing for Chapter 11 will permit them to extend debt maturities, improve their capital structure and further strengthen the Dallas Logistic Hub's competitive position. None of The Allen Group (TAG) organizations or their other entities in Kansas or California was included in the filings.

"We have a balance sheet problem, not an operational one. The actions we announced today will allow us to resolve that issue," said Richard Allen, CEO of DLH and ACP. "The unprecedented collapse of the U.S. real estate and capital markets has made it impossible to continue without restructuring our financial obligations. We are confident our restructure plan will enable us to promptly emerge from this process; maximize value for all of our stakeholders; and create a stronger operating platform going forward."

DLH and ACP also announced a debtor-in-possession loan (DIP) from a group of Allen Family investors to be used to fund post-petition operating expenses; meet ongoing obligations to employees, customers and suppliers; and support ongoing marketing efforts during Chapter 11.

The Dallas Logistics Hub contains the following properties.

- 4800 Langdon Road, a 635,040-square-foot facility with 321,123 square feet available for lease.
- 4900 Langdon Road, a 192,850-square-foot facility with 100% of the space available for lease. And
- ADESA Auto Auction, a 196,000-square-foot facility that is under construction.

CBRE Capital Partners Buys Lembi Debt

CB Richard Ellis Capital Partners purchased the first mortgages on a distressed portfolio of pre-war multifamily properties and commercial units in some of San Francisco's pre-eminent neighborhoods. The company did not disclose the value of the transaction.

The portfolio consists of 12 buildings with a total of 203 apartment units and eight commercial units and is owned by the Lembi Group, a large San Francisco multifamily owner/operator.

The properties, which have been more than 93% occupied since 1996, were acquired by the current owner and were financed at the top of the market in 2007 and 2008. As a result, the properties are over-leveraged and are not currently performing, according to CB Richard Ellis Capital Partners.

This transaction was sourced through CB Richard Ellis Capital Markets.

"This transaction exemplifies Capital Partners' focus to be granular and diligent in every aspect of a deal," said Jenna Gerstenlauer, managing director in charge of credit.

Capital Partners tapped Coastal Capital to work through the assets and oversee the day-to-day operations of the properties under Capital Partners' direction.

Regulators Close Four Banks

By: Mark Heschmeyer

First National Bank Of Georgia

The Office of the Comptroller of the Currency closed the First National Bank of Georgia in Carrollton, GA, and appointed the FDIC as receiver.

The FDIC entered into a purchase and assumption agreement with Community & Southern Bank, a newly chartered institution also based in Carrollton, to assume all of the deposits and 11 branches of First National Bank of Georgia. Community & Southern Bank will pay the FDIC a premium of 1.25% to assume the deposits and also agreed to purchase essentially all of the assets. As of Sept. 30, First National Bank of Georgia had \$832.6 million in total assets and \$757.9 million in total deposits.

The FDIC and Community & Southern Bank entered into a loss-share transaction on \$607.4 million of First National Bank of Georgia's assets. Community & Southern Bank will share in the losses on the asset pools covered under the loss-share agreement. The FDIC estimates that the cost to the Deposit Insurance Fund will be \$260.4 million.

Florida Community Bank

The Florida Office of Financial Regulation closed Florida Community Bank in Immokalee, FL, and appointed the FDIC as receiver.

The FDIC entered into a purchase and assumption agreement with Premier American Bank NA of Miami to assume all of the deposits and 11 branches of Florida Community Bank. Premier American Bank will pay the FDIC a premium of 0.4% to assume all of the deposits.

In addition, Premier American agreed to purchase \$499.1 million of the failed bank's assets. The FDIC will retain the remaining assets for later disposition. As of Sept. 30, Florida Community Bank had \$875.5 million in total assets and \$795.5 million in total deposits. About one-third of its assets were classified as nonperforming loans or other real estate owned.

This is Premier American Bank, N.A.'s second acquisition of a failed bank in as many weeks.

As of Sept. 30, Florida Community Bank held \$85 million in foreclosed assets, including \$25 million of nonresidential properties.

The FDIC and Premier American Bank entered into a loss-share transaction on \$305.4 million of Florida Community Bank's assets. The FDIC also agreed to acquire an equity appreciation instrument. The FDIC estimates that the cost to the Deposit Insurance Fund will be \$352.6 million.

Community Bank And Trust

The Georgia Department of Banking and Finance closed Community Bank and Trust in Cornelia, GA, and appointed the FDIC as receiver.

The FDIC entered into a purchase and assumption agreement with SCBT NA of Orangeburg, SC, to assume all of the deposits and 36 branches of Community Bank and Trust. SCBT did not pay the FDIC a premium for the deposits.

In addition, SCBT agreed to purchase essentially all of the failed bank's assets. As of Sept. 30, Community Bank and Trust had \$1.21 billion in total assets and \$1.11 billion in total deposits.

SCBT will not acquire any of the assets or assume any liabilities of Community Bank & Trust's former bank holding company, Community Bankshares Inc., nor its other bank subsidiaries, Community Bank & Trust of West Georgia and Community Bank & Trust of Alabama.

The FDIC and SCBT entered into a loss-share transaction on \$827.7 million of Community Bank and Trust's assets. The FDIC estimates that the cost to the Deposit Insurance Fund will be \$354.5 million.

First Regional Bank

The California Department of Financial Institutions closed First Regional Bank in Los Angeles and appointed the FDIC as receiver.

The FDIC entered into a purchase and assumption agreement with First-Citizens Bank & Trust Co. in Raleigh, NC, to assume all of the deposits and eight branches. First-Citizens Bank & Trust Company did not pay the FDIC a premium for the deposits.

In addition, First-Citizens Bank agreed to purchase \$2.17 billion of the First Regional Bank's assets. The FDIC retained the remaining assets for later disposition. As of Sept. 30, First Regional Bank had \$2.18 billion in total assets.

As of Sept. 30, First Regional reported holding about \$73 million in foreclosed assets of which \$34 million was identified as multifamily properties. It also had another \$81 million in multifamily- and nonresidential-backed loans listed as in nonaccrual.

The FDIC and First-Citizens Bank entered into a loss-share transaction on \$2 billion of First Regional Bank's assets. The FDIC estimates that the cost to the Deposit Insurance Fund will be \$825.5 million.

Federal Reserve Requires Two Banks To Preserve and Boost Capital

By: Mark Heschmeyer

Riverside Banking Co.

Riverside Banking Co. in Fort Pierce, FL, entered into a written agreement with the Federal Reserve Bank of Atlanta to preserve capital and come up with a capital plan within 60 days that addresses its volume of classified credits and concentrations of credit.

Riverside Banking Co. is a bank holding company that owns Riverside National Bank of Florida also in Fort Pierce.

Riverside National had assets of \$3.46 billion and reported a net loss for the quarter ended Sept. 30 of \$134 million. Riverside reported \$1.96 billion in net loans and leases, about 24% of which were concentrated in commercial real estate. Another \$284 million of assets were identified in nonaccrual status, of which \$47 million

were backed by multifamily and nonresidential properties. The bank also reported \$14.6 million in foreclosed commercial properties.

Guaranty Bank And Trust Co.

Separately, Guaranty Bancorp and its bank subsidiary, Guaranty Bank and Trust Co. in Denver, CO, entered into a written agreement with the Federal Reserve Bank of Kansas City and the Colorado Division of Banking.

The written agreement primarily establishes timeframes for the completion of remedial capital measures identified.

"We have been working proactively over the last year to address our capital position, liquidity and credit quality and are in a stronger financial position now than we were at the completion of last year's regulatory examination," said Dan Quinn, president and CEO of the company. "We have raised \$57.8 million, net of expenses, of additional capital. With this capital investment, we have prepared ourselves for a solid, long-term future."

"We have also taken measures to reduce the bank's credit risk profile through the identification and reduction of higher-risk loans and aggressively addressing our nonperforming loans and past dues as evidenced by the 26.5% decline in nonperforming loans in the fourth quarter 2009," Quinn said.

Guaranty Bancorp reported that for the period ended Dec. 31, its quarterly loss narrowed from the prior quarter to \$1.9 million. Non-performing loans declined by \$21.5 million, or 26.5% from the end of the prior quarter, while its allowance for loan losses to loans increased to 3.42%. Delinquent loans declined by \$39.8 million, or 64.5%. The company's net loss for 2009 was \$29.2 million.

The bank reported \$921.2 million of real estate loans as Dec. 31 compared to \$998.6 million a year earlier, a decrease of \$77.4 million. The bank's nonperforming loans decreased from \$81 million as of Sept. 30 to about \$60 million primarily the result of dispositions and loan transfers to other real estate owned during the fourth quarter. Its total foreclosed assets jumped up from \$484,000 a year ago to \$37.2 million at the end of 2009

Los Padres Bank Meets One Regulator's Preservation Goal

By: Mark Heschmeyer

The Office of Thrift Supervision has deemed Harrington West Financial Group Inc., the holding company for Los Padres Bank FSB, to be adequately capitalized and released it from its prompt corrective action process. This should reduce Los Padres Bank's FDIC insurance assessments in the future.

In the fourth quarter of last year, Los Padres Bank sold \$96.2 million of the assets and loans and all \$94.9 million of the deposits of its Harrington Bank division in Kansas to Arvest Bank for net book value plus a \$4.1 million premium.

Harrington West and Los Padres Bank still remain subject to the OTS's Cease and Desist Order of Oct. 14, that, among other things required Los Padres Bank to certain capital ratio levels by Dec. 31. Harrington West did not provide any new information where it stood in regard to those goals, though it said that it continues to work on a capital plan to reach the ultimate capital requirements.

Harrington West Financial Group is a \$1.1 billion, diversified, financial institution holding company and operates 14 full service banking offices on the central coast of California and the Phoenix metro area.

Real Money: Capital Raisings, Property Financings

Simon Property Group Inc. agreed to sell \$2.25 billion of its senior unsecured notes in an underwritten public offering. Net proceeds will fund the cash purchase of certain existing senior notes and for general business purposes.

Forest City Enterprises Inc. closed a new, two-year, \$500 million revolving credit facility with its 15-member bank group. Key Bank serves as administrative agent, PNC Bank serves as syndication agent, and Bank of America serves as documentation agent for the group. The new facility replaces Forest City's prior \$750 million credit facility, which was scheduled to mature in March 2010.

Digital Realty Trust Inc. priced a private placement of \$500 million aggregate principal amount of 5.875% notes due 2020 at 98.296% of face value. The notes will be senior unsecured obligations of its operating partnership and will be fully and unconditionally guaranteed by the company. Proceeds will be used to temporarily repay all or a portion of its borrowings under its revolving credit facility, to acquire additional properties, to fund development and redevelopment opportunities and for general corporate purposes.

Madison Square Garden Inc. closed on a \$375 million, 5-year senior secured revolving credit facility. The facility will be available for MSG's working capital needs, ongoing capital expenditures, and for other general corporate purposes. J.P. Morgan Securities Inc. acted as sole lead arranger for the facility with additional support from a group of 10 banks.

Hersha Hospitality Trust closed a public offering of common stock raising \$155.3 million. Hersha intends to use \$110 million of the offering proceeds to acquire a Hampton Inn and a Candlewood Suites in Times Square, NY. Leftover proceeds will be used to repay outstanding debt and for general corporate purposes.

General Growth Properties Inc.'s joint venture subsidiary, Carolina Place LLC, closed on an extension of its \$155 million mortgage loan originally scheduled to mature this month. The four-year extension is at the current contract rate of interest, 4.5975%. The all-in-interest rate after amortization of fees to be paid in connection with this loan is 5.11%. Carolina Place is a 1.3 million-square-foot regional shopping center in Pineville, NC. This joint venture subsidiary was not one of the GGP entities that sought bankruptcy court protection.

Lexington Realty Trust commenced a private offering of \$100 million of convertible guaranteed notes due Jan. 15, 2030. The notes will be unsecured obligations of Lexington and will be fully and unconditionally guaranteed by certain of its subsidiaries. The notes will not be subordinated to any other unsecured obligations of Lexington and will rank pari passu with Lexington's 5.45% exchangeable guaranteed notes due 2027. The notes will be convertible into cash, common shares of Lexington or a combination of cash and common shares of Lexington, at Lexington's option. The interest rate, conversion rate and other terms of the notes will be determined by negotiations between Lexington and the initial purchasers of the notes. Lexington expects to use the net proceeds to repay certain secured and unsecured indebtedness and for general corporate and/or working capital purposes.

CWCcapital provided \$50 million in financing for the construction of Yale Steam Laundry West, a class-A multifamily property in Washington, DC. The loan was financed through the firm's FHA platform. Jones Lang LaSalle's Real Estate Investment Banking practice secured the loan.

Ventas Inc. closed on a commitment for \$35 million of additional credit capacity under its revolving credit facilities to mature in 2012. Upon closing, the company's revolving credit facilities total \$1 billion; the first \$800 million portion matures April 26, 2012, and the rest April 26, 2010.

Cushman & Wakefield Sonnenblick Goldman arranged a \$33 million senior loan secured by three shopping centers on behalf of a joint venture between **Kimco Realty Corp.** and investors advised by Prudential Real Estate Investors. The loan was provided by a U.S.-based affiliate of an offshore bank. The three properties securing the loan are Del Norte Plaza in Escondido, CA; Gardena Gateway Center in Gardena, CA; and Jefferson Square in Seattle, WA.

Canyon Capital Realty Advisors funded a \$24.2 million senior bridge loan to Falcon Square Apartments LLC for the acquisition of Falcon Square, a 379-unit, Class A apartment complex three miles north of Walt Disney World in Orlando, FL. Falcon Square was developed by **The Falcone Group**, a Boca-Raton-based developer, and was completed in 2008. In late 2009, The Falcone Group was presented with the opportunity to pay off its senior construction loan at a substantial discount provided that it could effectuate payoff by year-end. The Falcone Group was able to capture this discounted payoff opportunity and satisfy its construction debt obligation through the sale of the property to the new joint venture partnership.

Metropolitan Realty Associates, the owner of the Sunrise Business Center in Great River, NY, and its equity partner **Angelo, Gordon & Co.** negotiated an extension of their \$22.6 million mortgage from GE Capital Corp. on the 388,500-square-foot Class A office complex.

HFF (Holliday Fenoglio Fowler) secured the following loans.

- \$13.1 million refinancing for Perkins Farm Marketplace, a 203,000-square-foot, grocery- anchored retail center in Worcester, MA, on behalf of the borrower, an affiliate of Centro Properties Group UniBank was the lead lender and worked with participants, Webster Five and Marlborough Savings.
- \$9.9 million financing through Freddie Mac for the refinance of Sagewood Apartments, a 355-unit multi-housing community in Lubbock, TX, on behalf of McDougal Cos. to secure the 10-year, 5.79% fixed-rate securitized loan.
- \$9 million in financing for Alta Surf Apartments, a 216-unit multi-housing complex in Myrtle Beach, SC, on behalf of the Miami-based borrower, Tate Capital Real Estate Solutions LLC. The 7-year, fixed-rate loan was secured through Freddie Mac.
- \$4.2 million in refinancing for the Oceaneering Office Building II, a 63,000-square-foot office building in Houston, TX, on behalf of the borrower, Cole Space Center Ltd.

Arbor Commercial Funding LLC funded two loans totaling \$4 million under the Fannie Mae DUS Small Loan product line.

- Ballantyne Villas, El Cajon, CA – A 31-unit complex. The 10-year \$2 million loan amortizes on a 30-year schedule and carries a note rate of 5.41%.
- Portofino Apartments, El Cajon, CA – A 40-unit complex. The \$2 million 10-year loan amortizes on a 30-year schedule and carries a note rate of 5.41%.

Home Depot Lays Off 1,000; Shuttering Three Pilot Stores

By: Sasha M. Pardy

Home Depot (NYSE:HD), in a move to close three pilot stores and centralize its support operations, is cutting 1,000 jobs, representing less than 1% of its 322,000 system-wide employees.

Stores being closed include a 91,906-square-foot store in Wilson, NC that was a small-format pilot; a 130,948-square-foot clearance outlet in Austell, GA; and a 121,533-square-foot hurricane recovery outlet in Waveland, MS.

In a memo to employees Tuesday, Chairman and Chief Executive Frank Blake said, "this is not a case of the company cutting expenses in reaction to broader economic pressures or our business performance." About one year ago, Home Depot cut 7,000 jobs when it shuttered its 34-store Home Depot Expo Design Center chain.

Home Depot said it does not plan to close additional stores. Instead, it plans to grow its square footage by 1.5% this year, which should equate to about 20 new stores.

DST Systems to Reduce Workforce by 7%

By: Andrew Deichler

DST said Monday that it is planning to cut 7% of its workforce, or approximately 700 employees.

The majority of cuts are expected to come in Kansas City, where the information processing and computer software company is based. DST has not confirmed where the layoffs would occur. The company is estimated to employ about 10,000 total employees, with 4,500 in the Kansas City region.

DST, which provides data processing services to the mutual fund companies, cited the economic downturn's effects on the financial markets as the primary reason for the cutbacks. According to the company's fourth quarter earnings report, earnings dropped 17% from a year before. Net income for the fourth quarter of 2009 came to \$58.8 million, compared to \$70.6 million in the quarter a year earlier.

The company is anticipating a \$21 million charge over the course of the year in connection to the layoffs. However, a \$67 million reduction in annual pre-tax operating costs is also expected. Additionally, DST has implemented freezes on hiring and management salaries in an effort to control its expenses.

The Cutting Room Floor: Sony Pictures Laying Off 450

By: Andrew Deichler

Sony Pictures, which made headlines on Tuesday when its films snagged 18 Oscar nominations, is cutting about 450 jobs. The majority of layoffs are slated for March.

In an effort to combat slumping DVD sales, the movie studio is reducing its 6,800-person workforce by 6.5% and eliminating about 100 open positions. About half the layoffs are expected to occur in the company's home entertainment and the information technology branches.

"Our industry is affected by two things: It's affected by the economy, of course, and it's affected by technology," Sony Co-Chair Amy Pascal said. "Over the last two years, it's changed people's DVD-buying habits, which has had a huge effect on our company and the industry at large."

With cheaper rental services such as Netflix and Redbox, consumers have become more prone to rent movies than buy them, and the DVD sales market has taken a hit. Studios like Sony count on DVD sales to make back profits lost by films that underperform at the box office.

The new round of job cuts is Sony's second in a year's time. Last March, the movie studio laid off about 250 employees.

Local Closures & Layoffs

| Company | Address | Closure or Layoff | # Affected | Impact Date |
|--------------------------------|---|-------------------|------------|---------------------|
| DST Systems | Nationwide | layoff | 700 | 7/2/1905 |
| Sony Pictures | Nationwide | layoff | 450 | 3/1/2010 |
| NYC Off Track Betting Corp. | Statewide | layoff | 1,320 | 3/20/2010 |
| Crothall Services Group | 100 Grassland Reservation, Valhalla, NY | layoff | 235 | 2/28/2010 |
| Gibraltar Strip Steel | 2555 Walden Ave, Cheektowaga, NY | closure | 78 | 5/2/2010 |
| Middletown Associates | 148 E. 48th St, New York, NY | closure | 79 | 5/4/2010 |
| ISK Manhattan/McDonald's | 429 7th Ave, New York, NY | layoff | 74 | 4/12/2010 |
| Thompson Reuters | 44 South Broadway, White Plains, NY | closure | 24 | 7/1/2010 |
| Harleysville National Bank | 732 Norristown Rd, Maple Glen, PA | layoff | 298 | 3/29/2010 |
| PNC Bank | 4100 W 150th St, Cleveland, OH | closure | 33 | 3/30/2010 |
| Birds Eye Veneer | 240 South 2nd St, Butternut, WI | closure | 44 | 3/31/2010 |
| BCI Coca Cola Bottling | 1333 Glenwood St, Woodland, WA | layoff | 51 | 4/1/2010 |
| BCI Coca Cola Bottling | 2100 W 2nd, The Dalles, OR | closure | 7 | 4/1/2010 |
| Krispy Kreme Donut | 10400 Furnace Rd, Lorton, VA | closure | 68 | 3/29/2010 |
| West Customer Management Group | 225 Fox Hill Rd, Hampton, VA | closure | 255 | 4/1/2010 |
| American Airlines | 400 World Way, Los Angeles, CA | layoff | 80 | 3/13/2010-4/10/2010 |
| American Airlines | North Terminal, San Francisco, CA | layoff | 16 | 3/13/2010-4/9/2010 |
| Arvin Sango | 2525 Cooper Ave, Merced, CA | closure | 48 | 5/4/2010 |
| CompuCredit | 5 Concourse Pky, Atlanta, GA | layoff | 203 | 3/31/2010 |
| NAL Worldwide | 1551 Perry Rd, Plainfield, IN | closure | 126 | 3/31/2010 |
| Visteon | 6900 E English Ave, Indianapolis, IN | layoff | 15 | 3/31/2010 |
| Apria Healthcare | 7353 Company Dr, Indianapolis, IN | layoff | 32 | immediately |

Lease Cancellations: Movie Gallery Files Bankruptcy—Again; Plans To Cancel 856 Leases

By: Sasha M. Pardy

The country's second largest movie rental chain, Movie Gallery, brought to fruition circulating rumors that it would file Chapter 11.

Like most retailers, Movie Gallery has been hit hard from lack of consumer demand during the recession, but in addition, it has been struggling to keep its foothold in a marketplace where consumers can rent movies through so many other outlets -- from mail order to kiosks and direct downloads. On top of this, Movie Gallery is underwater with more than \$540 million in debt that was primarily created from its 2005 acquisition of Hollywood Entertainment Corp, which it acquired for \$800 million.

This is the second bankruptcy filing for Movie Gallery. The retailer first filed Chapter 11 in October 2007 when it operated 4,430 stores. In May 2008, Movie Gallery emerged from bankruptcy much lighter -- with 3,300 stores.

Since, Movie Gallery has closed another 700 stores; as it reported in Tuesday's Chapter 11 filing that it currently operates 2,600 stores under banners Movie Gallery, Hollywood Video and Game Crazy. Of these stores, 184 are operated by Movie Gallery Canada, which has been excluded from this bankruptcy filing.

Movie Gallery reported \$1.4 billion in annual revenues (down from \$2 billion in 2008) and said 19,082 people are employed by the company.

As part of its reorganization efforts, Movie Gallery has requested the cancellation of 856 store leases.

Follow this link to download the list, which is weighted with more Hollywood Video closures than Movie Gallery closures.

Gordon Brothers Group has been selected to help liquidate the closing stores.

According to CoStar Tenant, the typical Movie Gallery is between 4,000 and 5,000 square feet, while the typical Hollywood Video is between 5,000 and 7,000 square feet.

Loan Maturities

The following is a weekly feature from CoStar Group of commercial real estate properties on which the loans backing the property are approaching their loan maturity date. The information is a valuable source of leads on potential refinancing or property sale or servicing opportunities. The information for these listings comes from collateral and loan information filed with the Securities & Exchange Commission.

| Property | Address | PropertyType, Size | End Bal. \$ | Mat. Date | Note Rate |
|---------------------------------|--|--------------------|-------------|-----------|-----------|
| Indian Village MHP | Indian Village MHP, 2600 E South Street, Jackson, MI | Multifamily, 294 | \$3,141,955 | 6/1/2010 | 7.85% |
| Florence Park Apartments | Florence Park Apartments, 771 Southeast Avenue, Vineland, NJ | Multifamily, 129 | \$3,008,631 | 7/1/2010 | 8.48% |
| Lamplighter MHP | Lamplighter MHP, 5040 Jackson Street, North Highlands, CA | Multifamily, 173 | \$2,697,050 | 3/1/2010 | 8.08% |
| Sunrise MHP | Sunrise MHP, 2200 West Wilson Street, Banning, CA | Multifamily, 180 | \$2,523,070 | 3/1/2010 | 8.18% |
| Murray Square | Murray Square, 521-687 N Murray Blvd, Colorado Springs, CO | Retail, 93,706 | \$2,476,066 | 6/1/2010 | 8.83% |
| Mill Centre | Mill Centre, 2901-300chestnut Avenue, Baltimore, MD | Office, 81,337 | \$2,366,559 | 8/1/2010 | 8.45% |
| Brea Towers | Brea Towers, 420-480 W Lambert Road, Brea, CA | Industrial, 53,375 | \$2,201,284 | 6/1/2010 | 8.98% |

| Property | Address | PropertyType, Size | End Bal. \$ | Mat. Date | Note Rate |
|--|---|--------------------|---------------------|---------------------|---------------------|
| Woodbridge Shopping Center | Woodbridge Shopping Center, 420 Grapevine Highway, Hurst, TX | Retail, 30,646 | \$2,102,684 | 7/1/2010 | 8.61% |
| Holly Hills Plaza | Holly Hills Plaza, 6401- Gravois Ave, St Louis, MO | Retail, 16,847 | \$1,310,040 | 5/1/2010 | 8.18% |
| Columbus Square Shopping Center | Columbus Square Shopping Center, 3501 Fowler Street, Fort Myers, FL | Retail, 31,228 | \$1,188,961 | 6/1/2010 | 8.70% |
| Corners At Riverdale | Corners at Riverdale, 7489 Mcelroy Drive, Riverdale, NJ | Retail, 18,044 | \$1,147,273 | 7/1/2010 | 8.80% |
| Cleveland Court Apartments | Cleveland Court Apartments, 1000 Cleveland Street, Denton, TX | Multifamily, 12 | \$1,052,922 | 4/1/2010 | 8.46% |
| Bryan Court Apartments | Bryan Court Apartments, 309 Bryan Street, Denton, TX | Multifamily, 29 | see Cleveland Court | see Cleveland Court | see Cleveland Court |
| CMBS: COMM 2000-C1 | | | | | |

Watch List

The following is a weekly feature from CoStar Group of properties that may potentially be affected by worsening financial conditions, borrower issues, deteriorating property conditions, or lease rollovers, tenant issues or vacancies. The information is a valuable source of leads on potential refinancing or property sale or servicing opportunities. The information for these listings comes from collateral and loan information filed as part of the loans inclusions in a commercial mortgage backed securities offering.

| Property | Address | Property Type, Size | CMBS; Master Servicer; Special Servicer | Comment |
|--|---|---------------------|--|--|
| Colonnade Apartments | 100 Old York Road, Jenkintown, PA | Hotel, 437 | BACM 2005-4; Bank of America; ORIX Capital Markets | Transferred to special servicing on 1/21/2010 for imminent default. The loan is secured by a 535-unit multifamily property and a 78,463-square-foot office property built in 1955 and renovated in 2004. Third quarter 2000 debt service coverage was 0.68. Multifamily occupancy was 91% and office occupancy was 61%. The loan is current through January. |
| 110 North Wacker Drive | 110 N. Wacker Drive, Chicago, IL | Retail, 77,189 | Wachovia 2005-C21; Wachovia; LNR Partners | Transferred to special servicing on 1/20/2010 for imminent default. The property is 100% leased to General Growth Management, Inc. The loan is scheduled to mature on 10/11/2010. |
| Capital Center I & II | 11000-11090 White Rock Road, Rancho Cordova, CA | Retail, 57,200 | BSCMS 2006-PWR13; Wells Fargo; Helios AMC | Transferred to special servicing on 1/15/2010 for imminent default. The loan is current through January. Third quarter 2000 debt service coverage was 0.91x at 86% occupancy. |
| Continental Towers | 1701 W. Golf Road, Rolling Meadows, IL | Office, 92,792 | Cobalt 2006-C1; Wachovia; CWCcapital | Transferred to special servicing on 1/20/2010 for imminent default. Aon Consulting, an existing tenant occupying 90,000 square feet was planning to vacate its space at the end of 2009 upon lease expiration. Based on CWCcapital's calculation, estimated cash flow shortfall for 2010 will be approximately \$4.4 million. |
| Plymouth Corporate Center | 625 W. Ridge Pike, Conshohocken, PA | Retail, 93,631 | CSMC 2007-C1; Berkadia; Midland Loan Services | Transferred to special servicing on 1/19/2010 for monetary default. As of 1/11/2010, the loan was 60 to 90 days delinquent. |
| Tuscan Inn At Fisherman's Wharf | 425 N. Point St., San Francisco, CA | Retail, 94,668 | Chase 1999-2; Wachovia; CWCcapital | Transferred to special servicing on 1/21/2010 for maturity default. |

| Property | Address | Property Type, Size | CMBS; Master Servicer; Special Servicer | Comment |
|--|---|---------------------|--|---|
| Atlanta Mall Portfolio (7 Properties) | 7300-7342 Stonecrest Concourse, 2980 Stonecrest Pass, 7105 Stonecrest Pkwy; and 1955-1995 Mall of Georgia Blvd., Lithonia; Buford, GA | Multifamily, 208 | GE 2006-C1; Wachovia; LNR Partners | Transferred to special servicing on 1/19/2010 for imminent monetary default. The portfolio consists of two properties totaling seven single story retail buildings. Stonecrest Mall Properties includes five single-story retail buildings, totaling 107,319 sf. As of 9/30/09, the property was 69.4% occupied. Third quarter debt service coverage was 0.70x. Mall of Georgia Boulevard includes two single-story buildings totaling 50,978 sqft as of 9/30/09, the property was 49% occupied. Third quarter debt service coverage had fallen to 0.28x. |
| Water Tower Place | 845 N. Michigan Ave., Chicago, IL | Retail, 30,000 | GMAC 2003-C3 , GSMSC 2004-C1 , GCCFC 2004-GG1; Berkadia; CWCapital | Transferred to special servicing on 1/22/2010 for imminent default/pending maturity. The property is owned by a joint venture between General Growth Properties and RREEF. The loan is scheduled to mature on 9/1/2010. Reported debt service coverage on 6/30/2009 was 2.17. |
| Kings Shops | 222 Waikoloa Beach Drive RIVE, Waikoloa, HI 10777 | Industrial, 119,269 | GSMSC II 2005-GG4; Berkadia; LNR Partners | Transferred to special servicing on 1/22/2010 for imminent default/pending maturity. The property is owned by General Growth Properties. The debt service coverage and occupancy for the nine months ended 09/30/09 were 1.18x and 89%. The loan is scheduled to mature on 02/06/2010. |
| One Westchase Center | Westheimer Road, Houston, TX | Multifamily, 99 | GCCFC 2007-GG9; Wachovia; LNR Partners | Transferred to special servicing on 1/22/2010 for imminent default. The occupancy as of 09/30/2009 was 74%. The property's cash flow continues to decline, as occupancy declines and as rates decline. |
| Sawyer Potomac Portfolio | see below | Retail, 27,702 | GMAC 2004-C3; Berkadia; CWCapital | Transferred to special servicing on 1/25/2010 for maturity default. The loan was scheduled to mature on 12/01/09 and was due for two monthly debt service payments. |
| Sawyer Potomac Portfolio | 1400 University Blvd. East, Langley Park, MD | Retail, 17,097 | GMAC 2004-C3; Berkadia; CWCapital | see above |
| Sawyer Potomac Portfolio | 1401 Kanawha St., Adelphi, MD | Multifamily, 126 | GMAC 2004-C3; Berkadia; CWCapital | see above |
| Sawyer Potomac Portfolio | 8005 14th Ave., Adelphi, MD | Multifamily, 145 | GMAC 2004-C3; Berkadia; CWCapital | see above |
| Sawyer Potomac Portfolio | 6803 Riggs Road, Adelphi, MD | Multifamily, 115 | GMAC 2004-C3; Berkadia; CWCapital | see above |
| Sawyer Potomac Portfolio | 4000 38th St., Brentwood, MD | Retail, 19,617 | GMAC 2004-C3; Berkadia; CWCapital | see above |
| Sawyer Potomac Portfolio | 4003 38th St., Brentwood, MD | Multifamily, 28 | GMAC 2004-C3; Berkadia; CWCapital | see above |
| Sawyer Potomac Portfolio | 4011 38th St., Brentwood, MD | Multifamily, 59 | GMAC 2004-C3; Berkadia; CWCapital | see above |
| Sawyer Potomac Portfolio | 1402 Merrimac Drive, Adelphi, MD | | GMAC 2004-C3; Berkadia; CWCapital | see above |
| Sawyer Potomac Portfolio | 5368 Quincy St., Landover Hills, MD | | GMAC 2004-C3; Berkadia; CWCapital | see above |

| Property | Address | Property Type, Size | CMBS; Master Servicer; Special Servicer | Comment |
|---------------------------------|---------------------------------|---------------------|---|-----------|
| Sawyer Potomac Portfolio | 7800 Sheriff Road, Landover, MD | | GMAC 2004-C3; Berkadia; CWCcapital | see above |

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