

April 30, 2012

Week in Review

- Kohlberg Kravis Roberts 7 Co (KKR) is making a big push into the real estate market. Last week, the firm acquired a Chicago area shopping mall for \$196 million, which is the first of what is expected to be a buying spree. KKR is also close to acquiring an equity stake of close to \$100 million in a venture to develop 1,000 acres of office and industrial land. The firm is taking a different approach to investing by not dedicating a specific fund for real estate acquisitions. Instead, KKR is drawing from its balance sheet using existing funds, including their \$2 billion special situation fund.
- UBS and Barclays are preparing to sell \$1.3 billion of CMBS with relative yields at the widest since January and investors are becoming more leery of riskier assets. Pricing on the AAA rated portions are likely to yield 120 basis points over swaps, which is 15 basis points wider than CMBS sold in March. The new issue is backed by 73 loans which are mixed equally between retail and office, with a small percentage of hospitality and other property types. To date, \$5 billion of CMBS debt has been sold compared to \$232.5 billion in 2007 during the height of the market.
- Wells Fargo and Blackstone have teamed up to acquire a U.S. property portfolio, with a face value of \$560 million, from German lender Eurohypo AG. Wells and Blackstone have agreed to pay 90% to 95% of face value. The portfolio is tied to about twelve properties and includes performing loans and letters of credit. Eurohypo was very aggressive during the boom and is now halting new business and trying to unload many of its existing assets through sales.
- Treasuries rallied again this week, marking the sixth straight weekly decline in yields. Yields on the 10 year closed the week at 1.933%, just 30 basis points away from historical lows reached in September. U.S. economic data showed growth slowed in the first quarter, sparking support for another round of Fed stimulus. Investors are closely watching non-farm payrolls, reported this week, because several labor reports have raised concerns about the pace of jobs recovery. Europe is still an area of concern with the sovereign debt crisis affecting growth prospects in major economies.

Current Commercial Loan Rates

Owner Occupied / Investor Starting at

Type	Rate*	Term	Am	Max LTV
Apartment	4.64%	10 Yr	30 YR	80%
Apartment	3.96%	5 YR	30 YR	80%
Industrial	5.25%	5 Yr	25 YR	75%
Office	5.25%	5 Yr	25 YR	75%
Retail	5.25%	5 Yr	25 YR	75%

*Rate based on current market conditions and loan strength and is subject to change.

Owner Occupied \$1,000,000 +

Acquisition, Refinance, or Development Rates starting at 3.27%

Acquisition and Development

Rates starting at 5.75%, LTV dependant on property type / location and borrower strength.

SBA 504 and 7a

Up to 90% LTV
504 rates starting at 5.25% construction / 4.40% long term
20 Year Fixed Rate available for 504
25 Year Fixed Rate available for 7a

Bridge Loans

Available on most property types nationwide
Rates 9.00% - 14.00%, LOW POINTS

Economic Events Calendar Week of 4/30/12

Monday 4/30/12
-Personal Income
-Personal Spending

Tuesday 5/1/12
-Construction Spending
-Auto Sales
-Truck Sales

Wednesday 5/2/12
-MBA Mortgage Index
-Factory Orders

Thursday 5/3/12
-Initial Claims
-Continuing Claims

Friday 5/4/12
-Non Farm Payrolls
-Unemployment

Information Presented By

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This information has been obtained from sources believed to be reliable. Metro Commercial Finance does not guarantee the accuracy of the information provided herein. Rates are subject to change without notice.