

# Real Estate Daily News Buzz

## February 10, 2016

✘ **Real Estate Daily News Buzz** is designed to give news snippets to readers that our (yet to be award winning) editors thought you could use to start your day. They come from various **business perspectives, real estate, government, the Fed, local news, and the stock markets** to save you time. Here you will find the headlines and what the news buzz of the day will be.

Tuesday, the Dow Jones industrial average fell 12.67 points, or 0.1%, to 16,014.38. The Standard & Poor's 500 index lost 1.23 points, or 0.1%, to 1,852.21. The NASDAQ composite index slid 14.99 points, or 0.4%, to 4,268.76.

Benchmark U.S. crude oil dropped \$1.75, or 6%, to close at \$27.94 a barrel in New York. Brent crude, a benchmark for international oils, fell \$2.56, or 8%, to close at \$30.32 a barrel in London. In other energy trading in New York, wholesale gasoline fell 6 cents, or 6%, to 90 cents a gallon, and home heating oil fell 7 cents to 97 cents a gallon. Natural gas fell 4 cents, or 2%, to \$2.10 per 1,000 cubic feet.

### [Manhattan's Luxury Condos May End Up as Rentals, LeFrak Says](#)

"Today's luxury New York condominiums may become tomorrow's rental apartments as for-sale units pile up in a market with fewer buyers, billionaire real estate investor Richard LeFrak said. The added supply of listings for lease will limit rent growth, LeFrak said in a Bloomberg Television interview Monday. 'New York rents are probably going to flatten out now, and you're probably going to see some of the condominium inventory turn into rental inventory,' he said." (*Bloomberg*)

[Commercial Real Estate: Too Much Buying?](#) "My takeaway here is

that most of the investors in the survey seem to think we are in the late stages of the commercial real estate recovery. Their reaction to that is puzzling; I fail to see how sound a practice it is to engage in bidding wars for the best properties in the best markets after a seven-year bull market in CRE. Prices in some markets are looking a bit frothy, and I find myself nodding in agreement with Sam Zell's statement in December that, 'With pricing currently available in the commercial real estate market, it is very hard not to be a seller.'" (*The Street*)

**Phone Companies Shed Surplus Real Estate** "Old-school telephone companies are wrestling with a dilemma their younger rivals would love to have: what to do with all that real estate. Buildings accumulated over decades, from windowless and fortress-like switching centers built to handle landline gear to modern warehouses filled with web servers, are up for sale after their telecom owners decided to focus on wireless services." (*Wall Street Journal*)

**Built Up by Oil Boom, North Dakota Now Has an Emptier Feeling** "Hotels that were once booked solid for months are about half occupied. Some of the new luxury apartments built to handle the surge of arrivals are dark. Business is down by 40 percent at a new brewery that once had two-hour dinner lines for cowboy-cut rib-eyes and Williston brownies (which come à la mode). And many of the camps built to house an influx of workers, the vast majority of them male, are emptying out like a bar after last call." (*The New York Times*)

**Jamestown Buys 49 Percent Stakes in NYC Madison Avenue Towers** "Jamestown LP, a real estate company whose holdings include Manhattan's Chelsea Market, bought 49 percent stakes in two Madison Avenue office buildings, demonstrating an appetite for the market at a time when deals may be slowing. The properties involved are 200 Madison Ave., a 26-story, 750,000-square-foot (70,000-square-meter) building whose tenants include apparel maker PVH Corp., and 63 Madison Ave., a 15-story, 870,000-

square-foot building where New York Life Insurance Co. and CBS Corp. lease space.” (*Bloomberg*)

**Real Estate Crowdfunding Calls French Crowdfunding Regulation into Question** “Real estate crowdfunding started late in 2014 in France. But, hardly a year later, it is going strong with 26 platforms vying for a share of the market. However, as crowdfunding moves from real estate development to buy-to-let projects, new platforms are encountering some resistance from the French regulator.” (*Crowdfund Insider*)

**Real Estate Magnate Trump Defends Using Eminent Domain to Seize Homes for Private Development** “At Saturday’s debate, Jeb Bush attacked Donald Trump for using eminent domain to try to seize the home of an elderly woman in Atlantic City to build a ‘limousine parking lot.’ Trump defended the practice but hit back after the debate, accusing the Bush family of using eminent domain to build the Texas Rangers baseball stadium.” (*Democracy Now!*)

**Moderate Global Commercial Investment, Rental Growth Predicted for 2016** “According to CBRE Group’s newly released 2016 Global Real Estate Market Outlook, moderate economic growth with low interest rates, punctuated with bouts of pessimism and volatility—the factors that have characterized the world economy for the past few years—are likely to continue in 2016, supporting moderate growth in commercial rents and investment sales volume globally.” (*World Property Journal*)

**Super Bowl ‘Rocket’ Mortgage Ad Brings Jeers—and Loan May Not be So Quick** “It was a promotion for Quicken Loans’ Rocket Mortgage, so named because it tries to connect applicants with mortgages in just eight minutes. That’s all the time that’s needed to get a mortgage – not just a pre-approval, Quicken claims. And when consumers get mortgages, it’s a shot in the arm for the entire economy, the commercial tells us. For many viewers, that hit a little too close to home to the business model that cratered the financial system in 2008.”

(MarketWatch)

**Five Trends That Point to a New Era for Retail** “Stores that double as classrooms, sensory-rich environments and a rental versus a buy retail model. These are three of the five trends that shopping center developer Westfield believes will shape the future of retailing. The trends are highlighted in a new report from Westfield, ‘How We Shop Now: What’s Next?,’ for which the developer interviewed 13,000 shoppers across the United States and United Kingdom along with leading industry experts and trend-spotters.” (*Chain Store Age*)

**Energy agency says gasoline will average under \$2 in 2016** – For the first time since 2004, U.S. drivers are expected to pay an average of less than \$2 a gallon for gasoline, the government said Tuesday. They can thank the huge glut of oil around the globe. The U.S. Energy Information Administration said in its monthly short-term energy outlook that regular gasoline will average \$1.98 a gallon nationwide in 2016. The last time oil averaged less than \$2 for a full year was 2004, which was also the last time gasoline at stations in some states fell below \$1 a gallon.

**Alpha says lenders offer \$500M for coal producer’s assets** – Alpha Natural Resources said it has received a \$500 million offer from existing lenders for the potential sale of the bankrupt coal producer’s core assets. Bristol, Virginia-based Alpha announced the offer in a filing Monday in U.S. Bankruptcy Court in Richmond, Virginia. The filing said the unspecified lenders have agreed to serve as the lead bidder. The offer would set the floor for an auction process that lets competitors make higher bids. Alpha filed for Chapter 11 bankruptcy in August. Since the filing, the company has announced plans to lay off hundreds of workers in central Appalachia, citing tough market conditions.

**Deutsche Bank shares hit as markets fret over European banks** – The CEO of Deutsche Bank reassured employees and markets that

the company's finances were "rock-solid" as Europe's banks took another a beating in the stock market Tuesday. Shares in Germany's biggest lender are down 23 per cent since it reported a 6.8 billion euro (\$7.5 billion) loss for 2015. The bank's sagging shares reflect converging factors that are undermining bank shares across in Europe. Banks in the 19 countries that use the euro have some 1.9 trillion euros in loans that aren't being paid back on time.

### **Nation's second-largest food-service firm files to go public –**

The nation's second-largest food-service distributor has filed papers for an initial stock offering. U.S. Foods Holding Corp., based in Rosemont, Illinois, said Tuesday it plans to raise \$100 million in the IPO, although the amount was listed to calculate fees and will likely be revised. In its filing, U.S. Foods said it has about 25,000 workers and annual sales of \$23 billion. It reported a net loss of \$73 million last year. The filing comes several months after a judge blocked plans by larger rival Sysco Corp. to acquire U.S. Foods for \$3.5 billion.