Real Estate Daily News Buzz Nov. 28, 2016

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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.

Friday, the Dow Jones industrial average rose 68.96 points, or 0.4 per cent, to 19,152.14. The S&P 500 climbed 8.63 points, or 0.4 per cent, to 2,213.35. The NASDAQ composite added 18.24 points, or 0.3 per cent, to 5,398.92.

Benchmark U.S. crude fell $1.90, or 4 per cent, to $46.06 per barrel in New York. Brent crude, used to price international oils, lost $1.90, or 3.9 per cent, to $47.10 in London. Wholesale gasoline fell 5 cents to $1.37 a gallon, heating oil lost 5 cents to $1.47 a gallon and natural gas rose 6 cents to $3.09 per 1,000 cubic feet.

Monterey Homes' newest community, Boulder Vista, at Stone Canyon in Oro Valley give Realtors a sneak peak and breakfast with specialty coffee Thursday. During the event, take a tour of the new Boulder Vista site and preview the 3 new floor plans available. All attendees will receive a special gift just for coming and will have a chance to enter a raffle to win an Apple Watch. Boulder Vista, located within prestigious Stone Canyon in Oro Valley, AZ, will feature a gated community of all single-story homes ranging from 2,541 to 2,793 sq. ft. The model home is anticipated to grand open in early 2017. Come get the first look at your clients dream home. **When:** Thursday, December 1, 2016 – 9:00 AM to 10:00 AM **Where:** Stone Gate Model – 13966 N. Stone Gate Place, Oro Valley, AZ 85755 **RSVP:** Please call 877-552-4028 or email contact.center@meritagehomes.com

Shoppers hunt for deals, hit the shops for entertainment – Shoppers were on the hunt for deals and were at the stores for entertainment Friday as malls opened for what is still one of the busiest days of the year, even as the start of the holiday season edges ever earlier. Black Friday, the day after Thanksgiving, used to launch the holiday season, but the competition to grab customers first is keen. Stores like Macy's, Walmart, Target and more were open Thursday evening in what they hope will be a new holiday tradition as they try to fight off competition from online juggernaut Amazon. Retailers have also been spreading deals out more throughout the week. (NEW YORK AP)

U.S. Watchdog Objects to Caesars Entertainment Unit's Bankruptcy Proposal "The U.S. government's bankruptcy watchdog objected on Monday to a Caesars Entertainment subsidiary's proposal to exit Chapter 11, threatening to derail a largely consensual plan to slash $10 billion of debt. The Caesars subsidiary, Caesars Entertainment Operating Co (CEOC), filed an $18 billion bankruptcy in January 2015 amid allegations by creditors that its private equity-backed parent had looted the unit of its best assets and stripped debt guarantees. Feuding parties made a peace deal in September that included a $5 billion contribution by Caesars to the unit's reorganization plan in exchange for releases from billions of dollars in potential legal claims." (*Fortune*)

Marriott Deals Into 'Black November' With Early Discounts "Marriott Int'l (**MAR**) is offering certain hotel deals this week just in case people want to book a room closer to places they like to shop during the retail frenzy known as Black Friday. Marriott is taking 30% off room rates at more than 40 hotels in the U.S. including the Residence Inn in Mobile, Ala. and the Fairfield Inn in Albany, N.Y. With a promotional code, guests can book a hotel room for as low as $79 per night, compared to the average lowest rate of about $107 a night. 'Beat the crowds for Black Friday deals by staying near your favorite shopping destination,' Marriott said on its website." (*The Street*)

Rising Rates Threaten Global Property Investments "Commercial property has been a big winner from years of ultralow interest rates around the world. Now markets are signaling that change might be in the air. Investors have been dumping government bonds in Europe, Asia and the U.S., sending prices tumbling. When bond prices fall, real-estate values often follow. The commercial real-estate boom of the past few years has been driven by global investors seeking out returns better than those found in low-yielding bonds. But that dynamic could start reversing, analysts said, as ultrasafe government bonds start to offer yields that make commercial property look less desirable in comparison, given the potential risks. Bonds have sold off beyond the U.S. because investors think U.S. President-elect Donald Trump 's plans to spend on infrastructure might lead the Federal Reserve to raise interest rates more aggressively than expected, which in turn could ripple through to other central banks. While the selloff has been greatest in the U.S., government bond prices are down sharply across the world. Eventually, that could impact property." (*The Wall Street Journal*)

Condominium, Apartment Sectors in U.S. Post Positive Gains in Q3 "According to the National Association of Home Builders, the Multifamily Production Index (MPI) posted a gain of three points to 53 in the third quarter of 2016. The MPI has been at 50 or above since the beginning of 2012. The MPI measures builder and developer sentiment about current conditions in the apartment and condominium market on a scale of 0 to 100. The index and all of its components are scaled so that a number above 50 indicates that more respondents report conditions are improving than report conditions are getting worse. The MPI provides a composite measure of three key elements of the multifamily housing market: construction of low-rent units, market-rate rental units and “for-sale” units, or condominiums. All three components increased in the third quarter. Low-rent units rose two points to 54, and market-rate rental units and for-sale units both increased four points to 57 and 59, respectively.” (*World Property Journal*)

Bahrain’s Arcapita buys U.S. senior citizen housing for $110 mln “Investment management firm Arcapita said on Tuesday it had acquired a privately-held portfolio of three housing schemes for senior citizens in the United States for around $110 million. The “senior living communities”, located in the metropolitan areas surrounding Washington D.C. and Atlanta, follow the Bahrain-based company’s acquisition of three similar schemes in Colorado for a total of $87 million earlier this year. The properties will be managed by an affiliate of Arbor Company, a community management company, it added.” (*Reuters*)

PNC Bank Closes $100M Affordable Housing Fund “PNC Bank, the largest bank in Pittsburgh, has closed on a $100 million fund that will preserve affordable rental housing for families and seniors across the country. The PNC Affordable Rental Housing Preservation Fund 1 LLC (PNC Fund 1) is one of the first and largest institutionally managed funds offered for real estate investors committed to maintaining affordable rental housing in the United States. Since 1986, the Low-Income Housing Tax Credit Program has provided affordable rental residences to families and seniors with low- to moderate-incomes. As many of these properties reach the end of their 15-year tax credit compliance period, the buildings may need to be renovated, the existing debt is coming due and the original investors may need to exit the partnership.” (*MultiHousing News*)

HRA paying skyscraper prices for bare-bones office building “An embattled city agency is renewing a huge office lease in a bare-bones, century-old office building for as high a rent as many top-flight financial and law firms pay in new skyscrapers, according to the city’s own official publication. The City Record Online says the Human Resources Administration is poised to renew its lease for 264,358 square feet at Gould Investors’ 109 E. 16th St. at a starting rent of a whopping $76.83 per square foot. Under a current lease soon to expire, the city is paying under $30 a square foot. The annual rent of $20.311 million in a 1909-built structure is as much on a per-square-foot basis as many Wall Street and legal firms are paying at modern buildings in the heart of Midtown and at brand-new towers at the World Trade Center.” (*New York Post*)

“Underwater from the start”: LA’s multifamily players tell us how they really feel about Measure JJJ “Exactly how and when the new requirements will apply is not yet clear. The measure is an ordinance — a Los Angeles city law — that will become effective when City Council votes to certify the election results. That should happen in three to four weeks. Whether the law will apply to projects already in the entitlement application process has not been announced. *The Real Deal* spoke with those who have a stake in L.A.’s multifamily sector, and the common sentiment regarding the passing of the measure was disappointment. Real estate insiders said the local law, also known as Build Better L.A., could actually worsen, rather than improve, the area’s affordable housing crisis. Kitty Wallace, an executive vice president at Colliers and a multifamily housing expert, told *TRD* that the expense of building affordable housing will cause market rents to rise as developers seek to stay above water. ‘The cost of [affordable] units is three times less that what it cost to build the unit,’ she said. ‘Offsetting the affordable [units] requires many market-rate units in a city where average rent is

$1,694.'" (*The Real Deal Los Angeles*)

Mayor Rawlings Talks Municipal Bankruptcy for Dallas. So. Wow. Really? "Just remember, I didn't paint it. First. Mayor Rawlings is the one who started saying it. In the *Times* piece he gets a big backup from one of his chorus-persons, City Council member Lee Kleinman. Kleinman boldly tells the *Times* there's no way Dallas can write the $1.1 billion check that the state pension system says the city owes to the Dallas police and fire pension system: 'The city of Dallas has no way to pay this,' Kleinman says. 'If the city had to pay the whole thing, we would declare bankruptcy.' So what's my beef? Do I think they shouldn't have said it, because now people will know? Like nobody noticed we had problems? Oh, that's rich. Believe me, the people who notice have been noticing for a year or more. Just read the headlines. Oct. 28, 2015: Moody's downgrades Dallas bonds. Oct. 7, 2016: Fitch lowers rating on Dallas bonds. Oct. 15, 2016: Moody's lowers rating again on Dallas bonds." (*Dallas Observer*)

Ukraine says it's ready to resume gas purchases from Russia – Ukraine's state-owned energy company says it's ready to resume gas purchases from Russia.The statement was released several hours after the Russian energy minister and the European Union's energy chief met for talks in Moscow on Friday and said representatives of the EU, Russia and Ukraine could get together next month to discuss gas supplies for Ukraine. Naftogaz stopped buying gas from Russia last November after it had used up a $500 million loan from the European Commission for the purchase of gas supplies that are vital to get through the cold Ukrainian winter. Ukraine has since then relied on the so-called reverse supply of gas, buying it from European countries who had received it from Russia. (MOSCOW AP)