Green Street

Real Estate Alert

THE WEEKLY UPDATE ON THE INSTITUTIONAL MARKETPLACE

MAY 2, 2023

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Banks Report Fewer Bad Loans … For Now

Bad debt on bank balance sheets ticked down again in 2022, but the data belies a wave of loans maturing this year that could translate to distressed offerings for equity buyers.

Just $10.4 billion of commercial, multifamily and construction/land loans held by the top 300 banks were nonperforming at yearend, according to **Trepp Bank Navigator.** That's 0.5% of total loan holdings, down slightly from 0.6% in 2021, when nonperforming debt totaled $11.9 billion. The top 300 banks had only $1.1 billion of foreclosed properties on their books at yearend, down nearly 17% from $1.3 billion the year before.

As a share of overall holdings, nonperforming loans haven't accounted for 1% of bank loans since 2015, but market pros say that's about to change.

Trepp estimates that about $80 billion of bank office loans will come due this

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Sour Debt Puts Big SF Rental Package In Play

Some $800 million of nonperforming loans backed by a sprawling apartment portfolio in San Francisco are on the selling block.

The debt includes securitized and balance-sheet mortgages. The CMBS loans are being sold by trustee **Wells Fargo,** acting on behalf of two trusts. **Goldman Sachs** is offering debt it retained at origination.

Eastdil Secured is advising the sellers. The offering is split into two pools that can be bid on separately.

The debt is backed by 75 properties, most of which are rent-controlled, that total nearly 2,150 units. The owners are **Veritas Investments** of San Francisco and **Baupost Group,** a Boston-based investment shop. A buyer likely would look to assume control of the underlying portfolio, which was valued at roughly $1 billion when the CMBS loans were securitized in February 2021.

Since then, property values have fallen amid rising interest rates and a struggling

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Active-Adult Portfolio Listed On Long Island

Two age-restricted apartment complexes with upside potential on Long Island are being pitched to investors.

The properties, in Brookhaven and Babylon, total 425 units that are about 96% occupied. Both were built in 2020 and have tenant retention rates of more than 75%, with new leases signed over the past two months commanding average premiums of 6% over prior leases. Part of the pitch is that a dearth of new construction in the market will help support further rent increases.

CBRE is marketing the portfolio for its developer, **B2K Development** of Jericho, N.Y., formerly known as **Engel Burman.**

Prospective investors have not received pricing guidance as few comparable properties have recently traded. But the complexes together throw off more than $12 million of net operating income. At a prevailing capitalization rate of 5% to 5.25%, that suggests bids could come in at $235 million to $245 million.

B2K prefers to sell the properties as a package but will take bids on either one.

The complexes are open to residents 55 or older and cater to the active-adult

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THE GRAPEVINE

Net-lease shop **ElmTree Funds** has hired **Matt Innes** as head of investor relations. He joined the St. Louis-based fund operator last week as a managing director focused on raising capital and working with investors. Innes is based in New York and reports to chief executive and founder **Jim Koman.** Innes moved over from **Lazard,** where he spent three years on its private capital advisory group. He also has worked at **Jadian Capital, Hodes Weill & Associates, Building and Land Technology** and **CBRE.** Innes' hire is the second recent move on ElmTree's investor-relations team. In March, **Ikenna Nwadibia** was promoted to vice president.

Elliot Howell has joined Durham, N.C.-based **Elmwood Development** as a principal, working alongside **Chip Dillard,**

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SoCal Offices Listed At Big Discount

An office complex in Southern California's Orange County is up for grabs and expected to fetch $60 million — less than half its sales price five years ago.

The 400,000-sf One Pacific Plaza, in Huntington Beach, is 66.8% leased. The estimated value works out to $152/sf. **Eastdil Secured** is marketing the property on behalf of a partnership between **Ares Management** and **Pendulum Property Partners,** which is selling in cooperation with its lender.

The duo paid **PGIM Real Estate** $124.5 million, or $316/sf, for the three-building property in 2018, earning an initial annual yield of about 6% in a deal brokered by Eastdil. At the time, the complex was 96.2% leased, and the marketing campaign touted the opportunity to raise rents upon rollover. However, occupancy has tumbled since, and the weighted average remaining lease term is 4.2 years.

The new pitch is that a buyer could come in at a lower basis than that of the current owners and benefit from the stability of the existing rent roll while leasing up the vacant space at more competitive rents. The sales campaign also notes that the anticipated sale price represents a significant discount to replacement costs, which are estimated at $550/sf, or $217 million.

The largest tenant, **BJ's Restaurants,** has been at the complex since 2007 and recently renewed its lease on 56,000 sf for seven years. Other tenants are in the healthcare, insurance, legal and infrastructure industries.

Nearly half the complex's space is in a 12-story building at 7755 Center Avenue. It was built in 1986 and totals 198,000 sf. The other two structures have six stories: a 101,000-sf building at 7711 Center Avenue that was completed in 1994, and a 100,000-sf building at 7777 Center Avenue that was completed in 1980. Los Angeles-based Ares and Pendulum, of Irvine, Calif., renovated the complex in 2020.

The 4-acre property is just off Interstate 405, across from the 1 million-sf Bella Terra shopping center and near some 1,100 apartment units. Downtown Huntington Beach is 5 miles south.

Huntington Beach has 2.2 million sf of office space that was 84.3% leased at the end of the first quarter, with an average Class-A asking rent of $33.60/sf, according to a **Newmark** report. For Orange County overall, the occupancy rate was 82.3%. ❖

New Tampa Bay Apartments In Play

A new garden-style apartment complex is on the block in the Tampa Bay area.

The 349-unit Livano Park Boulevard, in Pinellas Park, is valued at about $121 million, or $347,000/unit. **Newmark** is representing the sellers, Birmingham, Ala.-based developer **LIV Development** and Cincinnati-based **Eagle Realty Group.**

The property, encompassing seven four-story buildings at 7950 Park Boulevard North, was completed last year and is 95% occupied. Units range from one to three bedrooms and average 982 sf. Rents average $2,561, or $2.61/sf. Amenities include elevator service, a clubhouse, a pool, a fitness center, a dog park and a sky lounge overlooking Long Bayou.

During its initial lease-up phase, the property averaged 25 leases per month, according to marketing materials. Rents for the 30 most recent leases, signed in March, averaged 17% higher than those signed in the prior-year period.

Marketing materials also tout the property's affluent demographics. Tenants have an average household income of $181,000, setting the stage for future rent growth.

The complex is near retail centers with some 3 million sf of space, including Seminole City Center, Tyrone Square, Mainlands Village Shopping Center and the Shoppes at Park Place. Downtown St. Petersburg is 10 miles southwest. ❖

Mixed-Use Site In LA Up For Grabs

A Los Angeles development site with full approvals for a mixed-use complex is on the selling block, with bids expected to come in around $95 million.

The property, known as District Square, is slated for construction of a six-story building with 577 apartments and 93,000 sf of commercial space on 6.4 acres at 3650-3700 Crenshaw Boulevard. The estimated value works out to $165,000 per buildable unit. **Newmark** is representing the seller, a family office.

District Square's apartment component would encompass studio to three-bedroom units averaging 887 sf. Plans also include two levels of parking — one above ground, one below — with 934 spaces.

The pitch is that the listing offers a rare opportunity to take on a mixed-use multifamily project with full entitlements in Los Angeles, between the city's Downtown district and Culver City.

Average household income within 3 miles is $90,298. The average price of homes in the property's ZIP code is around $1 million — pricing out most homebuyers and making renting the preferred option, according to marketing materials.

Indeed, more than 68% of housing units within 3 miles of District Square are renter occupied, signaling a strong tenant base.

The property is a mile from Interstate 10 and is adjacent to a stop on the Metro K Line and E Line. The new K Line was designed with community input to offer improved service to jobs, schools and cultural amenities. It soon will connect with the E Line, linking Downtown Los Angeles to Santa Monica. In 2024, the K Line also is scheduled to extend to the new LAX/Metro Transit Center Station, the new Aviation/Century Station and the Metro C Line. ❖

Equity Sought For Fla. Rental Projects

A development team is seeking roughly $22.2 million of equity to build two mixed-use multifamily projects in central Florida.

MMI Development and **Galaxy Realty Capital** plan to build 602 apartments in Orlando and Sarasota. The combined estimated construction cost for the projects is $191 million, or $317,000/unit. Both developments are slated for completion in the summer of 2025. The duo has tapped **JBM** to line up one or more equity partners.

The plan is to use construction debt to fund roughly half the development costs. Galaxy would provide the loans and the bulk of the projects' equity, but it would own only 45% of each property via a structured capital stack. Both Galaxy and any partner would receive the same preferred return on the equity — 14.5% initially, reducing to 8% when the construction debt is refinanced, expected to be for three years after delivery.

MMI is contributing the portion of the land value remaining after it retires existing loans on the development sites.

The Orlando project, known as Progress at Lee Vista, entails the construction of 322 units on a 15-acre parcel at 4412 Judge Road, just north of Orlando International Airport.

The estimated cost is $99.2 million, or $308,000/unit, and a new equity partner would need to contribute about $11.2 million. Galaxy would kick in $38.5 million of equity and a $49.5 million construction loan.

Plans call for a single four-story building with one- to two-bedroom units averaging 1,002 sf. At market rates, rents would average $2,326, or $2.32/sf. Amenities will include a pool with a large sundeck and grills, a fitness center, a clubhouse and car-charging stations. The property will have 481 parking spaces, with covered parking, reserved parking and storage units available for rent.

The property is a mile from a **Publix** supermarket and 6 miles from downtown Orlando. Universal Orlando Resort is 8 miles west, and Walt Disney World is 16 miles away.

The Sarasota development, dubbed Progress at University, would have 280 units on 16.6 acres at 1400 Desoto Road. The estimated cost is $91.5 million, or $327,000/unit. The project would require roughly $11 million of equity from a new partner. Galaxy would provide $36.5 million of equity and $44 million of project debt.

The development will encompass four four-story buildings and a single-story clubhouse. The one- to three-bedroom units will average 1,048 sf. Based on market rates, rents would average $2,640, or $2.52/sf.

Amenities will include a pool, a sundeck with cabanas, a fitness center, a business center, a game room and a pet grooming station. There will be 504 parking spaces, with covered parking available for rent.

The property is a mile from Sarasota Bradenton International Airport, 3 miles from downtown Sarasota and 8 miles from downtown Bradenton. It's also within 2 miles of the **University of South Florida's** Sarasota-Manatee Campus, the **New College of Florida** and the **Ringling College of Art and Design.**

Uniondale, N.Y.-based Galaxy Realty is owned by affiliates of two family-run firms, **Sterling Equities** and Galaxy Investment Management. Orlando-based MMI, founded by **Michael Wright,** has developed thousands of properties in Austin, Denver, Miami, Orlando and Tampa over the past 40 years. ❖

Investor Snaps Up Mass. Retail Center

Nightingale Properties has agreed to pay $86.5 million for a sprawling shopping center southeast of Boston.

The 400,000-sf Colony Place, in Plymouth, is 93% occupied, but that's slated to drop to 88% when tenant **Bed Bath & Beyond** vacates its space. New York-based Nightingale will realize a 7.6% initial annual yield based on nearly $6.6 million of net operating income, though it plans to boost that with leasing and further development.

Marcus & Millichap's IPA division is brokering the sale on behalf of **Rainier Cos.,** a Dallas-based investment shop.

Rainier first listed the property with IPA last year, with expectations that bids would hit at least $110 million, producing a capitalization rate closer to 6%. But borrowing costs have more than doubled in the last year, and with a potential looming recession, underwriting has become more conservative.

Still, the pending sale represents a rare gain in valuation. Rainier bought the property in February 2020 for $80.2 million. The deal also would mark the largest trade of a retail property in the Boston area so far this year, according to **Green Street's** Sales Comps Database.

The complex is at 100-198 and 200 Colony Place, near the interchange of State Route 3 and U.S. Route 44. It encompasses a 224,000-sf big-box retail center, dubbed the Plaza, and a 176,000-sf lifestyle center, known as the Village. The weighted average remaining lease term is almost 13 years.

Tenants include **Aldi, Best Buy, Dick's Sporting Goods, T.J.Maxx, La-Z-Boy, Michaels, DSW, Old Navy** and **Petco.** A 213,000-sf **Walmart Supercenter** shadow anchors the complex.

Nightingale already is fielding interest for the Bed Bath & Beyond space and an undeveloped area that could accommodate up to 30,000 sf.

Average rents are 19% below market rates in the Plaza and 7% below in the Village, leaving room to boost income as leases expire. Nightingale also is considering developing or selling outparcels on the property. Overall, retail space in the surrounding Route 3 South submarket was 98% occupied as of April, and asking rents have climbed almost 14% over the last three years.

Colony Place is part of a mixed-use development that has hotels, a 224-unit active-adult community, and an under-construction multifamily property that will have 320 units. It is among the busiest hybrid shopping centers in Massachusetts, drawing some 5.4 million visitors annually, according to marketing materials. ❖

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Value-Added Rentals In Ill. Offered

An investment firm is marketing a suburban Chicago apartment complex as a value-added play.

The 310-unit Avant at the Arboretum, in Lisle, is 95% occupied and is expected to attract bids around $83 million, or $268,000/unit. At the estimated price, a buyer's initial annual yield would be around 5%. **JLL** has the marketing assignment for Oak Brook, Ill.-based **JVM Realty.**

The complex was built in 2013. JVM bought it in October 2017 for $69.6 million, or $224,500/unit. **CBRE** brokered that sale on behalf of a joint venture between **Opus Development** and **TA Realty.**

The property's one- and two-bedroom apartments average 920 sf and have granite counters, subway-tile backsplashes, stainless-steel appliances and full-size washer/dryers. Some units have walk-in closets and patios or balconies. Amenities include a pool, outdoor seating and fireplace, a dog park, a movie theater, a clubhouse and a fitness center. Rents average $1,987, or $2.16/sf.

JVM has spent $2.5 million on upgrades since 2018, according to marketing materials. Suggested additional renovations include painting kitchen cabinets, adding wood-style flooring, installing car-charging stations, and expanding the package receiving room.

The complex, at 450 Warrenville Road, is near the Illinois Technology and Research Corridor, which runs along Interstate 88, a hub for companies including **Navistar, Nicor Gas** and **Nokia** as well as the government-run **Argonne National Laboratory** and **Fermilab.** The property is 25 miles west of downtown Chicago and 14 miles from O'Hare International Airport.

Average household income in DuPage County, which includes Naperville, Lisle, Downers Grove, Wheaton and Oak Brook, is $122,000, and the average home value is $343,000. ❖

Silicon Valley R&D Property Shopped

GI Partners is marketing a research-and-development building in Silicon Valley that's fully leased by **Apple.**

The 75,000-sf property is at 825 Stewart Drive in Sunnyvale, within 4 miles of Apple's headquarters in Cupertino. Bids are expected to come in around $44 million, or $587/sf.

San Francisco-based GI Partners, which owns the property on behalf of **California State Teachers,** has given the marketing assignment to **JLL.**

The two-story building dates to 1970 and underwent a $5 million renovation in 2015. Apple also has invested substantial capital into the space, which includes laboratories.

The marketing campaign is touting the strength of the marquee tenant, which is rated Aaa/AA+ by **Moody's** and **S&P.** The company's lease runs through April 2030, with two five-year extension options.

Apple has more than doubled the amount of space it leases in Silicon Valley over the past six years. It now has 15 million sf in the area, including 3.9 million sf in Sunnyvale.

The offered property is on 4.3 acres near the interchange of U.S. Route 101 and the Lawrence Expressway. It's within 2 miles of two Caltrain stations that provide service to San Francisco and San Jose.

GI Partners, acting for CalSTRS, bought the property in 2016 for $34.7 million, or $451/sf. JLL advised the seller, a partnership between Houston-based **Hines** and **Oaktree Capital Management** of Los Angeles.

The San Jose/Silicon Valley's office sales market has had a sluggish start this year, with just two trades worth at least $25 million, according to **Green Street's** Sales Comps Database. Combined, those sales totaled $67 million.

The Silicon Valley/San Jose area was the nation's sixth-most active office sales market last year, according to **Real Estate Alert's** published rankings of large deals. The region posted $3.3 billion of trades worth at least $25 million in 2022. That was down 60% from the previous year, compared with a 30% drop nationally. ❖

Upside Touted For Dallas Offices

Goddard Investment is marketing a Dallas office building with upside potential, and with an offer of seller financing.

The 233,000-sf Crossings 1 is adjacent to the Galleria shopping center. The building is expected to attract bids of $40 million, or $172/sf. At that price, a buyer's initial annual yield would be 7.5%.

JLL has the listing. Atlanta-based Goddard is offering an interest-only loan, with a 5% fixed interest rate and a three-year term, that would cover 60% of the acquisition costs.

Crossings 1 is 89% leased, with a weighted average remaining lease term of 5.8 years. In-place rents average $23.15/sf plus electricity. That is 19% below market rates, and the pitch is a buyer could raise rents upon rollover.

Rexel, the largest tenant, occupies 69,000 sf under a lease that is 25% below market and matures in 2031.

The marketing campaign also is touting recent leasing momentum, with Goddard having signed leases for 160,000 sf in the past three years.

Crossings 1 was built in 1986 and renovated in 2018. It is at 5429 Lyndon B. Johnson Freeway, just off the interchange with the Dallas North Tollway and 10 miles north of downtown Dallas.

The average household income within 3 miles is $138,000, and some 59% of residents have a bachelor's degree or higher.

At least two other Dallas-area office listings have hit the block in recent weeks. **Franklin Street Properties** of Wakefield, Mass., is marketing One Legacy Circle, a boutique office building in Plano, via **CBRE.** Bids are expected to hit $60 million, or $280/sf.

Meanwhile, CBRE Investment Management is shopping a 510,000-sf building at 8750 North Central Expressway in Dallas. Bids are expected to hit $120 million, or $235/sf. CBRE's brokerage affiliate has that listing as well. ❖

Renovated Charlotte Offices Teed Up

A newly renovated Charlotte office building that's just 26% occupied is on the selling block.

The 181,000-sf Johnston Building, at 212 South Tryon Street, is expected to fetch bids in the vicinity of $28 million, or $155/sf. **CBRE** is marketing the property on behalf of **Spaulding & Slye Investments** of Boston.

The investment shop bought the building in July 2019 for $35.3 million, or just over $200/sf, when it was 72% occupied. Occupancy was reduced to complete a renovation and repositioning to attract tenants with larger footprints. But that plan was derailed as leasing demand dried up amid the pandemic.

The pitch is a buyer could acquire the building at a lower basis and continue leasing it up when demand picks up again. The property could also be redeveloped into multifamily units or a hotel. Tenants have a weighted average remaining lease term of 2.4 years.

The 1924-vintage building rises 17 stories and is a designated historic landmark. Spaulding & Slye spent some $1.4 million on renovations to upgrade the facade, restrooms and lobby. It also added three spec suites, two of which are leased.

The building's floorplates average 10,500 sf. Buildings with smaller layouts have leased up faster in the current market, as tenant demand for large blocks of space remains muted, according to marketing materials.

The property has street-level retail space that's leased to **Starbucks** and **Chopt.** The building is in the Uptown submarket, surrounded by offices, hotels, shops and restaurants. ❖

RANKINGS

Banks ... From Page 1

year. "Those are all loans that if the lender could step away from … they would love to," Trepp managing director **Matt Anderson** said. "The current lenders are faced with needing to either refinance those loans or look at those as heading to default and taking a loss on it."

Anderson noted that some of those loans will have suffered occupancy and/or income loss, "so even if the lender comes back in with a stapled loan to help keep it afloat, it's going to be on lower terms, so there's probably going to be some losses there regardless."

He added that while bank balance sheets looked strong at yearend, nonperforming loans are a lagging indicator. "It takes a while for actual problems … to then show up in the delinquencies and defaults," he said. "Then it takes another little while for that to flow into nonperforming loans and foreclosures and REO."

Opportunistic buyers already are disappointed at the lack of distressed debt being shopped by bankers and borrowers.

Potential trades are being thwarted by a wide bid-ask spread, said **Raymond Chalme,** chief executive of **Broad Street Development** who recently launched **Paradigm Advisory Group** to work with lenders, servicers and property owners dealing with distressed office and apartment properties in New York. That gap "has to move to kind of establish the next layer of watermark," he said.

"A lot of the equity is probably out of the money," he added. "A lot of [preferred equity] and [mezzanine financing] is somewhere out of the money, and we're trying to see where that is."

Nick Seidenberg, a managing director and loan-sales specialist at **Eastdil Secured,** said that headlines about commercial real estate are overstating the risk in the market. While office buildings are facing a secular shift in usage and value, the industrial, multifamily and retail sectors remain strong, as do niche property types like student and senior housing and data centers.

"The real distress is on the office side," he said. "The main difference in office versus all these other asset classes is the retenanting cost and the cost to stabilize is so significant."

While staggered maturities and in-place leases may delay trouble for some office properties, chances to buy those buildings at discounts eventually will emerge, Seidenberg said.

He said that, since January, Eastdil has provided lenders broker opinions of value on roughly $16 billion of properties, 80% of which were office properties. "So that's where the activity will be from, whether loan sales or short sales," Seidenberg said. "There's going to be a lot of opportunity for buyers to buy office buildings at a reset basis."

Trepp's Anderson said that how much distress eventually emerges will be proportional to how hard a line banks take with their borrowers.

"We all learned a strange lesson from the [global] financial crisis, which was that extend and pretend seemed to work," he said. "So for the banking industry broadly and all sorts of individual players, when they really rolled up their sleeves and made as many accommodations as they could to keep loans and borrowers afloat, that worked out."

Seidenberg questions whether banks and other lenders will provide extensions and forbearances for office properties facing existential questions of value, especially without extracting material concessions from borrowers.

"From the bank side, because of the regulation, I don't think they're just going to be given the ability to kick the can," he said. "They need something from the borrower to get extensions, whether that's a partial paydown, escrowing money for interest reserves and [tenant improvements/leasing costs]. The borrower needs to give them something."

Jack Howard, an executive vice president and a senior partner in **CBRE's** national loan and portfolio-sale advisory group, said extensions and modifications are most useful when borrowers are willing to put new capital into a property.

"In some asset classes, that's going to make more sense than others," he said. "With office, there's a supply-demand

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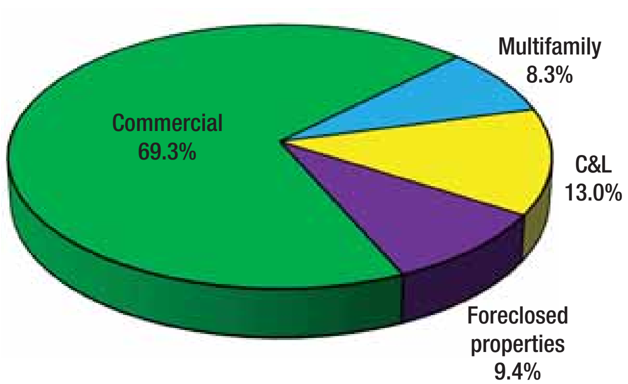
Distressed Commercial Real Estate On the Books Of the Top 300 Banks

As of Dec. 31, 2022



	Amount ($Bil.)
Nonperforming commercial mortgages	$8.0
Nonperforming multifamily mortgages	1.0
Nonperforming construction and land loans	1.5
Total foreclosed properties	**1.1**
Total distressed real estate	**11.5**
Total real estate assets	**1,331.9**

Source: Trepp Bank Navigator

RANKINGS

Top 40 Banks In Nonperforming Real Estate Loans At Yearend 2022

			Nonperforming Commercial Real Estate Loans					
		Total CRE Loans ($Mil.)	Commercial ($Mil.)	Multifamily ($Mil.)	Construction And Land ($Mil.)	Total ($Mil.)	'21-'22 % Chg.	Nonperf./ CRE Loans (%)
1	M&T Bank, Buffalo	$44,280.2	$1,377.0	$72.0	$127.2	**$1,576.2**	36.6	3.6
2	Wells Fargo, San Francisco	140,328.0	757.0	75.0	4.0	**836.0**	-15.8	0.6
3	Goldman Sachs, New York	12,370.0	149.0	148.0	374.0	**671.0**	28.8	5.4
4	JPMorgan Chase, New York	132,122.0	216.0	52.0	324.0	**592.0**	-9.1	0.4
5	Capital One, McLean, Va.	30,331.0	362.4	84.5	23.3	**470.2**	-3.7	1.6
6	Bank of America, Charlotte	76,803.0	432.0	0.0	17.0	**449.0**	-26.4	0.6
7	First Citizens Bank, Raleigh	27,298.9	267.1	4.2	62.3	**333.6**	949.2	1.2
8	Morgan Stanley, New York	16,170.0	297.0	0.0	0.0	**297.0**	-37.5	1.8
9	PNC, Pittsburgh	47,001.5	264.6	7.6	16.8	**289.0**	-52.1	0.6
10	U.S. Bank, Minneapolis	53,155.0	202.0	9.0	72.0	**283.0**	8.0	0.5
11	Truist, Charlotte	53,519.0	178.0	1.0	19.0	**198.0**	19.3	0.4
12	Signature Bank, New York	35,208.8	122.8	59.9	9.8	**192.5**	0.0	0.5
13	Huntington Bank, Columbus, Ohio	20,204.5	148.4	1.4	5.7	**155.5**	-18.5	0.8
14	Valley National Bank, New York	29,423.1	31.1	39.5	78.2	**148.8**	47.0	0.5
15	CIBC, Chicago	18,858.3	78.5	52.8	7.2	**138.6**	-40.1	0.7
16	Citizens Financial, Providence, R.I.	32,776.5	104.2	18.1	11.9	**134.2**	264.8	0.4
17	Regions Bank, Birmingham, Ala.	15,149.0	125.0	0.0	1.0	**126.0**	63.6	0.8
18	Old National Bank, Evansville, Ind.	12,957.8	86.6	11.4	10.2	**108.1**	154.2	0.8
19	BNP Paribas, New York	15,352.6	75.1	7.6	19.0	**101.7**	20.5	0.7
20	RBC, Toronto	21,105.1	91.7	0.0	0.2	**91.9**	882.7	0.4
21	Santander Holdings USA, Boston	17,682.7	61.4	18.5	2.2	**82.1**	-41.2	0.5
22	TD Bank, Wilmington, Del.	28,833.8	73.6	7.3	0.4	**81.3**	-37.8	0.3
23	Fulton Bank, Lancaster, Pa.	8,315.2	72.5	0.1	0.8	**73.4**	29.7	0.9
24	Northwest Bank, Columbus, Ohio	2,607.8	42.6	18.5	0.0	**61.1**	-51.9	2.3
25	Live Oak Bank, Wilmington, N.C.	3,453.2	59.6	0.0	0.0	**59.6**	61.0	1.7
26	BOK Financial, Tulsa, Okla.	9,609.9	58.6	0.0	0.2	**58.8**	36.1	0.6
27	OFG Bancorp, San Juan, P.R.	1,208.0	54.0	0.1	0.5	**54.5**	-17.9	4.5
28	Pacific West Bank, Beverly Hills	14,207.7	42.5	0.0	10.6	**53.1**	64.7	0.4
29	BNY Mellon, New York	5,250.0	42.0	0.0	11.0	**53.0**	341.7	1.0
30	SouthState Bank, Winter Haven, Fla.	16,366.1	50.2	0.0	2.1	**52.4**	61.2	0.3
31	Axos Bank, Las Vegas	8,134.4	1.5	32.3	14.9	**48.7**	127.6	0.6
32	Banco Popular, San Juan, P.R.	10,602.0	46.0	0.0	0.0	**46.0**	-33.3	0.4
33	HSBC North America Holdings, New York	7,005.9	45.7	0.0	0.0	**45.7**	-67.6	0.7
34	New York Private Bank & Trust, New York	1,463.2	33.4	11.0	0.0	**44.4**	-6.5	3.0
35	BMO Financial, Chicago	13,459.7	33.6	0.4	10.1	**44.1**	-56.0	0.3
36	Provident Bank, Jersey City, N.J.	7,704.8	40.3	1.6	1.9	**43.7**	36.8	0.6
37	Kearny Bank, Fairfield, N.J.	4,053.9	17.9	24.7	0.0	**42.6**	-31.9	1.1
38	Bank of Hope, Los Angeles	9,356.7	41.7	0.4	0.0	**42.1**	-25.2	0.4
39	Citigroup, New York	27,089.0	31.0	10.0	0.0	**41.0**	-79.6	0.2
40	Webster Bank, Stamford, Conn.	19,655.0	38.9	0.6	0.0	**39.5**	486.9	0.2
	TOTAL FOR TOP 40 BANKS	**1,050,473.5**	**6,252.4**	**769.6**	**1,237.4**	**8,259.3**	**-0.9**	**0.8**
	TOTAL FOR TOP 300 BANKS	**2,191,948.7**	**7,980.7**	**959.6**	**1,498.8**	**10,439.1**	**-12.2**	**0.5**

Source: Trepp Bank Navigator

RANKINGS

Top Banks In Ratio Of Nonperforming Commercial Real Estate Loans

Commercial Mortgages

		Total			Nonperforming			Nonperf./
		2022 ($Mil.)	2021 ($Mil.)	'21-'22 % Chg.	2022 ($Mil.)	2021 ($Mil.)	'21-'22 % Chg.	Total (%)
1	OFG Bancorp, San Juan, P.R.	$1,071.4	$986.2	8.6	$54.0	$65.1	-17.1	5.0
2	New York Private Bank & Trust, New York	698.8	631.3	10.7	33.4	16.6	100.8	4.8
3	M&T Bank, Buffalo	29,989.3	21,997.2	36.3	1,377.0	1,028.9	33.8	4.6
4	Bank of Stockton, Stockton, Calif.	767.3	647.0	18.6	16.7	1.9	768.3	2.2
5	Morgan Stanley, New York	13,816.0	13,275.0	4.1	297.0	475.0	-37.5	2.1
6	Northwest Bank, Columbus, Ohio	1,990.9	2,083.2	-4.4	42.6	121.6	-65.0	2.1
7	Live Oak Bank, Wilmington, N.C.	2,787.9	2,303.4	21.0	59.6	33.1	79.7	2.1
8	Bancorp, Wilmington, Del.	672.2	640.4	5.0	13.7	7.4	84.7	2.0
9	Capital One, McLean, Va.	18,315.8	18,943.7	-3.3	362.4	323.4	12.1	2.0
10	Goldman Sachs, New York	7,671.0	7,632.0	0.5	149.0	103.0	44.7	1.9
11	Primis, McLean, Va.	1,042.3	979.6	6.4	20.2	0.8	2,293.1	1.9
12	Kearny Bank, Fairfield, N.J.	1,010.4	1,016.2	-0.6	17.9	29.5	-39.3	1.8
13	Woodforest Nat'l. Bank, The Woodlands, Texas	1,856.5	1,547.4	20.0	31.0	3.2	874.7	1.7
14	BNY Mellon, New York	2,813.0	2,423.0	16.1	42.0	0.0		1.5
15	Amalgamated Bank, New York	335.5	370.6	-9.5	4.9	4.1	19.7	1.4
16	Park National Bank, Newark, Ohio	1,675.9	1,678.6	-0.2	24.1	37.6	-35.9	1.4
17	HSBC North America Holdings, New York	3,194.4	3,226.6	-1.0	45.7	140.9	-67.6	1.4
18	Santander Holdings USA, Boston	4,451.7	4,767.0	-6.6	61.4	34.2	79.6	1.4
19	Hometown Community Banks, Morton, Ill.	784.2	801.9	-2.2	10.3	24.5	-58.0	1.3
20	Regions Bank, Birmingham, Ala.	9,657.0	9,928.0	-2.7	125.0	75.0	66.7	1.3
	TOTAL FOR TOP 300 BANKS	**1,331,879.0**	**1,227,017.7**	**8.5**	**7,980.7**	**9,205.1**	**-13.3**	**0.6**

Multifamily Mortgages

		Total			Nonperforming			Nonperf./
		2022 ($Mil.)	2021 ($Mil.)	'21-'22 % Chg.	2022 ($Mil.)	2021 ($Mil.)	'21-'22 % Chg.	Total (%)
1	Goldman Sachs, New York	$1,095.0	$1,530.0	-28.4	$148.0	$0.0		13.5
2	Northwest Bank, Columbus, Ohio	357.2	459.3	-22.2	18.5	1.3	1,364.5	5.2
3	Midland States Bank, Effingham, Ill.	276.5	189.6	45.8	9.1	2.2	319.6	3.3
4	New York Private Bank & Trust, New York	521.6	385.8	35.2	11.0	30.9	-64.2	2.1
5	CTBC Bank, Los Angeles	454.1	385.3	17.9	6.4	6.5	-1.8	1.4
6	Southern Bank, Mount Olive, N.C.	96.9	92.2	5.1	1.3	1.1	23.5	1.4
7	Axos Bank, Las Vegas	2,426.9	2,393.4	1.4	32.3	3.6	792.4	1.3
8	M&T Bank, Buffalo	5,675.1	3,880.2	46.3	72.0	10.5	589.0	1.3
9	CIBC, Chicago	4,571.6	4,322.6	5.8	52.8	81.0	-34.8	1.2
10	Horizon Bank, Michigan City, Ind.	299.7	313.7	-4.5	3.3	0.1	2,925.9	1.1
	TOTAL FOR TOP 300 BANKS	**520,175.7**	**442,265.7**	**17.6**	**959.6**	**1,138.2**	**-15.7**	**0.2**

Construction And Land Loans

		Total			Nonperforming			Nonperf./
		2022 ($Mil.)	2021 ($Mil.)	'21-'22 % Chg.	2022 ($Mil.)	2021 ($Mil.)	'21-'22 % Chg.	Total (%)
1	Goldman Sachs, New York	$3,604.0	$3,793.0	-5.0	$374.0	$418.0	-10.5	10.4
2	Orrstown Bank, Shippensburg, Pa.	185.2	107.9	71.7	15.4	0.0		8.3
3	JPMorgan Chase, New York	9,259.0	8,843.0	4.7	324.0	318.0	1.9	3.5
4	Republic Bank, Philadelphia	260.2	218.4	19.1	9.0	0.0		3.5
5	Valley National Bank, New York	3,700.8	1,854.6	99.6	78.2	17.6	343.4	2.1
6	First Citizens Bank, Raleigh	3,193.6	1,517.9	110.4	62.3	3.5	1,679.1	2.0
7	BankUnited, Miami Lakes, Fla.	279.5	157.1	77.9	4.8	7.3	-34.8	1.7
8	Midland Financial, Oklahoma City	1,046.5	881.3	18.8	17.4	4.3	306.8	1.7
9	First Bank, San Juan, P.R.	141.2	149.4	-5.5	2.3	2.5	-11.3	1.6
10	M&T Bank, Buffalo	8,615.8	9,301.6	-7.4	127.2	114.8	10.8	1.5
	TOTAL FOR TOP 300 BANKS	**339,894.0**	**292,690.7**	**16.1**	**1,498.8**	**1,547.5**	**-3.1**	**0.4**

Source: Trepp Bank Navigator

RANKINGS

Banks With Largest Holdings Of Foreclosed Commercial Properties

Based on loan balances when seizure occurred

		Commercial ($Mil.)	Multifamily ($Mil.)	Construction And Land ($Mil.)	2022 Total ($Mil.)	2021 Total ($Mil.)	'21-'22 % Chg.
1	Bank of America, Charlotte	$173.0	$0.0	$11.0	$184.0	$216.0	-14.8
2	Wells Fargo, San Francisco	163.0	0.0	5.0	168.0	89.0	88.8
3	Truist, Charlotte	105.0	0.0	0.0	105.0	57.0	84.2
4	JPMorgan Chase, New York	72.0	0.0	0.0	72.0	88.0	-18.2
5	First Citizens Bank, Raleigh	32.9	0.4	9.1	42.4	37.0	14.6
6	BancFirst, Oklahoma City	33.9	0.0	1.1	35.0	38.9	-10.0
7	IBC Bank, Laredo, Texas	9.2	0.0	20.7	29.9	35.3	-15.4
8	Capital One, McLean, Va.	24.6	0.0	0.0	24.6	50.9	-51.6
9	Independent Financial, McKinney, Texas	23.9	0.0	0.0	23.9	0.0	
10	Bancorp, Wilmington, Del.	19.7	0.0	1.5	21.2	19.2	10.3
11	Univest Financial, Souderton, Pa.	19.3	0.0	0.0	19.3	0.3	6,802.5
12	Amarillo National Bank, Amarillo, Texas	15.5	0.0	0.0	15.5	0.0	
13	Banco Popular, San Juan, P.R.	8.1	0.0	5.0	13.1	15.3	-14.6
14	Kearny Bank, Fairfield, N.J.	13.0	0.0	0.0	13.0	0.0	
15	BOK Financial, Tulsa, Okla.	9.5	0.0	3.2	12.7	17.0	-25.5
16	Associated Bank, Green Bay, Wis.	11.9	0.0	0.0	11.9	25.8	-53.9
17	Wintrust Bank, Rosemont, Ill.	7.8	0.0	3.9	11.7	5.8	100.8
18	Western Alliance Bank, Phoenix	10.3	0.0	0.8	11.2	11.7	-4.4
19	HTLF Bank, Denver	9.0	0.0	1.4	10.3	11.2	-8.0
20	Fifth Third Bank, Cincinnati	9.5	0.0	0.0	9.5	20.1	-52.6
21	Peoples Bank, Marietta, Ohio	8.7	0.0	0.0	8.7	9.1	-4.1
22	KeyBank, Cleveland	8.5	0.0	0.0	8.5	11.8	-28.3
23	Carter Bank & Trust, Martinsville, Va.	1.5	0.0	6.8	8.3	10.9	-23.9
24	Fishback Financial, Brookings, S.D.	8.2	0.0	0.0	8.2	11.3	-27.3
25	First Bank, San Juan, P.R.	5.9	0.0	1.8	7.6	11.3	-32.7
26	Midland States Bank, Effingham, Ill.	6.5	0.0	0.1	6.6	11.3	-41.4
27	Pinnacle Financial Partners, Nashville	1.8	0.0	4.5	6.4	6.2	2.7
28	Sunflower Bank, Denver	5.4	0.0	1.0	6.4	5.2	22.6
29	Atlantic Union Bank, Richmond, Va.	6.2	0.0	0.1	6.3	8.2	-22.9
30	Bank OZK, Little Rock, Ark.	6.1	0.0	0.0	6.1	4.8	28.6
31	First Merchants Bank, Muncie, Ind.	0.0	5.9	0.0	5.9	0.3	1,878.4
32	WaFd Bank, Seattle	0.0	0.0	5.7	5.7	5.3	7.9
33	Fulton Bank, Lancaster, Pa.	4.2	0.0	1.4	5.6	1.1	391.7
34	TD Bank, Wilmington, Del.	5.0	0.0	0.0	5.0	13.2	-62.4
35	FirstBank, Nashville	2.3	0.0	2.6	5.0	9.0	-45.0
36	Summit Community Bank, Moorefield, W.Va.	0.3	0.0	4.5	4.8	9.3	-48.5
37	Bangor Savings Bank, Bangor, Maine	4.7	0.0	0.0	4.7	4.7	0.0
38	First Mid Bank & Trust, Mattoon, Ill.	1.4	0.0	2.8	4.2	5.0	-16.5
39	Equity Bank, Wichita, Kan.	3.9	0.0	0.2	4.1	9.2	-55.7
40	Cathay Bank, Los Angeles	0.0	0.0	4.1	4.1	4.4	-6.9
	TOTAL FOR TOP 40 BANKS	**851.6**	**6.2**	**98.4**	**956.2**	**890.3**	**7.4**
	TOTAL FOR TOP 300 BANKS	**933.5**	**10.4**	**140.9**	**1,084.8**	**1,298.4**	**-16.5**

Source: Trepp Bank Navigator

New Mexico Shopping Center Pitched

Investors are getting a crack at a grocery-anchored retail center in New Mexico that's valued at roughly $27.5 million.

The Far North Shopping Center, in Albuquerque, totals 145,000 sf and is 95.2% occupied. At the estimated valuation, a buyer's initial annual yield would be 6.5%. **JLL** is marketing the property on behalf of **Argonaut Investments,** a Larkspur, Calif.-based retail-focused shop.

In-place rents are 28.5% below market rates on average. That could allow a buyer to raise rates and significantly boost net operating income, according to marketing materials.

The complex is anchored by **Sprouts Farmers Market.** Other major tenants include **Dollar Tree, Firestone, Hertz** and **Petco.** About half of the leased space has been occupied by the same tenants for more than 10 years.

The 17-acre property, at 6300 San Mateo Boulevard NE, is in a retail corridor just off Interstate 25, where some 167,000 vehicles pass each day. The complex was developed in 1976 and renovated in 2019. It draws 292,000 shoppers annually.

Argonaut, founded in 1992, operates a portfolio of nearly 40 shopping centers totaling 3 million sf in the Western U.S.

Large shopping center trades are rare in New Mexico. The last shopping center in the state to trade for more than $25 million was in 2017, according to **Green Street's** Sales Comps Database. ❖

Banks ... From Page 8

imbalance. … Loan [modifications] will only work when you've got both sides willing to do that, and some sponsors are not willing to commit new capital to office product."

Patrick Arangio, a vice chair in CBRE's national loan and portfolio-sale advisory group, said much of what will happen remains tied to the **Federal Reserve's** policy on interest rates.

"So much of what is driving decisions — both on the lender and sponsor sides — is predicated on where rates settle," he said. "If the market anticipates a dovish tilt in policy, then you may see groups choose to wait to make decisions. If the Fed remains hawkish, we think this will drive increases in loan sales in the near term."

Howard noted that banks also may write down commercial real estate loan values over several quarters, further delaying opportunities for distressed buyers. "Banks have historically been prudent with regards to making sure they're provisioned correctly prior to incurring losses associated with nonperforming office loan sales," he said. "We expect they'll continue to take writedowns in anticipation of increased disposition volumes."

That said, Arangio believes that both owners and lenders have been "actively triaging their books for the better part of 24 months.

"I don't think anyone is saying 'office bad, multi good,' " he said. "It's more that 'we know what we have, we've been studying it for three years … we know which assets we are going to protect. At some point, we'll have to decide where to focus our dollars going forward, especially if an asset has significant near-term capital requirements.' "

Some good news for lenders is that the field of players eyeing distressed opportunities remains crowded, meaning demand for troubled plays is high. By nearly every metric, a record amount of dry powder is targeting commercial real estate, and much of that is seeking higher returns from opportunistic investments.

"What we saw in the [global financial crisis], and in a smaller way during Covid, is that there is a lot of money out there that you can line up for making opportunistic bets," Trepp's Anderson said. He noted that during the real estate recession of the early 1990s, there was zero liquidity for years, but in the Great Recession, the period of no liquidity lasted only about six to eight months, which meant property prices didn't fall as far as they might have.

"For marginally distressed real estate, there might be a middle path," Anderson said. "[Banks will] sell at a discount, of course, but maybe not the huge discount that opportunistic buyers would be hoping to get. There might be some loss for the lender, but maybe not as massive as they might have been looking at."

For the second year in a row, **M&T Bank** held the most distressed debt, with $1.6 billion of nonperforming loans, up 37% year over year from $1.2 billion. Prior to the last two years, **Wells Fargo** had held the top spot each year since Trepp began publishing bank data in 2010.

M&T's rise in distressed holdings follows its purchase of **People's United Bank,** which closed in April 2022. Anderson noted that when banks merge, the resulting entity typically designates a larger amount of debt as distressed for accounting purposes.

Wells repeated in second place, with $836 million of nonperforming loans, down 16% from the prior year. **Goldman Sachs** ($671 million of nonperforming loans, up 29% from $521 million), **JPMorgan Chase** ($592 million, down 9% from $651 million) and **Capital One** ($470 million, down 4% from $488 million) rounded out the top five.

Trepp Bank Navigator data is based on reporting by U.S. banks, including those that have foreign ownership, but excludes the holdings of foreign banks' U.S. branches and agencies, which are reported separately. ❖

Sour ... From Page 1

Bay Area office market, among other factors. But potential bidders have been told that by acquiring the debt at a discount, they can look to reap a windfall by breaking up the portfolio and selling the properties in smaller packages or individually.

Bidders can make offers on either the CMBS or the balance-sheet debt, market pros said. The larger pool has an outstanding balance of $667.8 million and is backed by 61 properties totaling 1,719 units. The smaller pool has an unpaid balance of $134.2 million and is collateralized by 14 assets with 430 units. The portfolio also has 45 commercial spaces.

Goldman securitized $448 million in two single-borrower transactions, GSMS 2021-RENT and GSMS 2021-RNT2. The borrowers defaulted on the securitized debt in November 2022 after indicating they wouldn't exercise a one-year extension option or pay off the loan at maturity, according to a **Fitch** report. The balance-sheet debt had the same maturity date.

A Veritas spokesperson attributed the problems to a mix of issues bedeviling apartment owners in San Francisco, including increased regulation and taxes.

When Veritas lined up its debt in 2021, it totaled $754.8 million, according to servicer reports. In addition to the two CMBS loans, Goldman held on to a $147.5 million slice of the senior mortgage, while another $75 million of senior debt was divvied up among several affiliates of **Liberty Mutual,** including **Employers Insurance Co. of Wausau, Ohio Casualty Insurance, Peerless Insurance** and **Safeco Insurance.** Goldman also sold an $80 million mezzanine loan to **Fidelity Investments.**

The status of those loans, including whether the insurance companies or Fidelity still hold them, is unclear. The higher overall balance offered for sale versus at origination presumably includes some default interest and other fees.

The portfolio is among the largest apartment packages to run into distress. Its properties are spread across downtown San Francisco and the city's Haight-Ashbury, Marina, Mission, Pacific Heights and Russian Hill neighborhoods.

In a twist, Veritas and Baupost assumed control of the portfolio in 2011 after the prior owner, the **Lembi** family, defaulted on its debt.

If the Veritas-Baupost venture loses the portfolio, it will end a multiyear saga of the owners' attempts to dispose of the properties. The duo first offered them for sale in December 2019, with a rough value of $1.4 billion. But the listing foundered a few months later, when the onset of the pandemic froze large trades. In addition, the proposed sale rankled affordable-housing advocates leery of losing rent-controlled housing stock that a buyer could have looked to convert to market-rate apartments. ❖

Wis. Offices With Vacancy Available

An insurance agency is shopping an office building in Madison, Wis., that it plans to hand over vacant.

The 278,000-sf property at 302 North Walbridge Avenue is expected to fetch bids in the vicinity of $20 million, or $72/sf. The owner, **American Family Insurance,** has given the listing to **Newmark.**

The four-story building was completed in 1980 as a build-to-suit for the insurance agency, which has its headquarters 4 miles north. The offered property underwent a $27 million renovation in 2019 that resulted in a LEED-gold designation.

The listing is being pitched as an opportunity to lease up the existing building or redevelop the 41-acre site. The property, southeast of the interchange of U.S. Route 51 and Highway 30, is surrounded by residential neighborhoods and parks.

The building includes a data center and loading docks as well as dining facilities, conference space and patios.

Marketing materials tout a highly educated pool of workers in the area given its proximity to the **University of Wisconsin-Madison.** There are 154,000 people in 71,000 households with an average income of just over $89,000 within 5 miles. The average age is 32.8 years. ❖

Active ... From Page 1

segment. A CBRE survey identified active-adult communities as the most sought-after type of senior-housing investment opportunity for 2022, and marketing materials for the offered package note that the property type generates rents about 25% above traditional multifamily space.

The Brookhaven property, Sutton Landing at Mount Sinai, totals 225 units at 300 Sutton Court in the town's Mount Sinai neighborhood. The Babylon complex, Sutton Landing at Deer Park, encompasses 200 units at 500 Sutton Court in the Deer Park neighborhood.

Both properties have payment-in-lieu-of-taxes agreements that a buyer would assume. Sutton Landing at Mount Sinai's agreement has nine-plus years remaining, while the one at Deer Park runs another 27 years.

At both properties, most units have two bedrooms. The apartments have stainless-steel appliances and full-size washer/dryers, and some have high-end finishes.

Each property has an outdoor pool and kitchen with dining areas and firepits, a clubhouse with a fitness center, putting greens and bocce courts.

The sales campaign is touting the strength of the market for rentals aimed at people 55 and older, which marketing materials identify as the area's fastest-growing population segment. More than one-third of households in the age group have annual incomes of $150,000 or more. Median household incomes at Sutton Landing at Mount Sinai top $168,000, while those at Deer Park are more than $158,000.

In addition to highlighting the affluence of surrounding Suffolk County, CBRE is telling potential bidders that the area is among the most supply-constrained housing markets in metropolitan New York. In the last five years, fewer than two housing units have been built on Long Island per 1,000 residents, versus some eight units in New York City and nearly 15 units in Northern New Jersey.

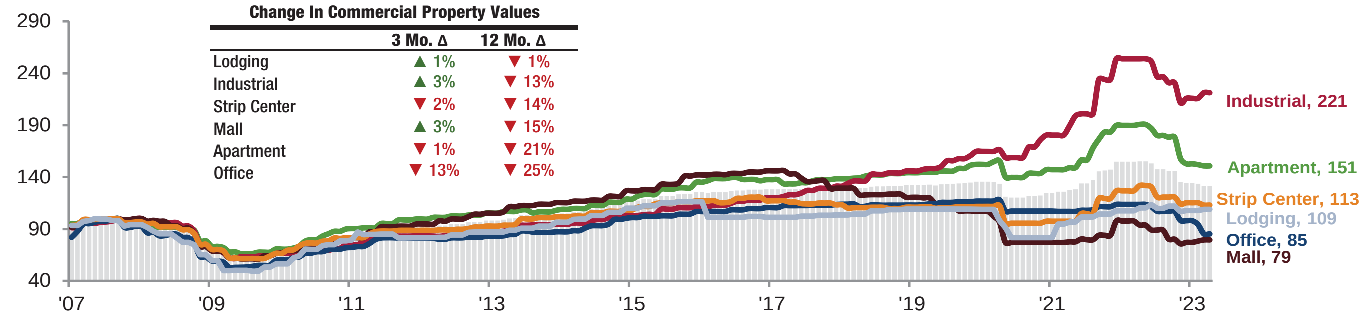
The offered properties are 20 miles from each other. Sutton Landing at Mount Sinai is 52 miles east of Midtown Manhattan, along Route 25A and near Long Island Sound. Sutton Landing at Deer Park is 35 miles east of Midtown Manhattan and some 3.5 miles south of the Long Island Expressway. ❖

MARKET MONITOR

SUMMARY

- The Sun Belt had five of the top 10 markets by transaction volume over the last 12 months.
- The apartment- and industrial-property sectors have accounted for more than 70% of core-sector transaction dollars so far this year.
- REITs, in aggregate, are trading at an 11% discount to underlying property values.
- Commercial real estate continues to be expensive relative to fixed-income alternatives.

GREEN STREET COMMERCIAL PROPERTY PRICE INDEXES



Change In Commercial Property Values

	3 Mo. Δ	12 Mo. Δ
Lodging	▲ 1%	▼ 1%
Industrial	▲ 3%	▼ 13%
Strip Center	▼ 2%	▼ 14%
Mall	▲ 3%	▼ 15%
Apartment	▼ 1%	▼ 21%
Office	▼ 13%	▼ 25%

Source: Green Street

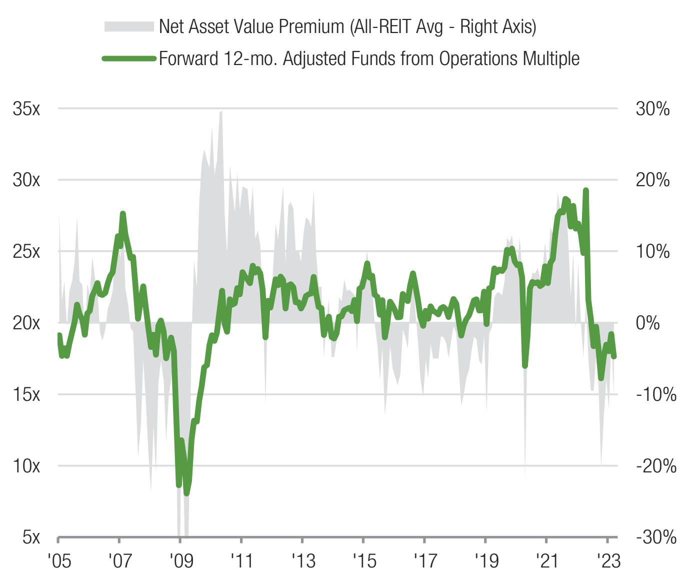
PUBLIC MARKET PERFORMANCE

	Total Returns*			Pricing Metrics		
	1 mo.	YTD	Last 12M	Prem to NAV	Prem to Assets	Nominal Cap Rate
RMZ	1%	4%	-15%			
S&P	2%	9%	3%			
US 10-Yr.	0%	4%	-2%			
Apartment	5%	6%	-22%	-18%	-14%	5.1%
Healthcare	6%	6%	-15%	7%	5%	6.2%
Lodging	-2%	1%	-22%	-29%	-19%	8.3%
Industrial	0%	9%	-15%	1%	1%	4.3%
Mall	1%	-3%	1%	-9%	-5%	7.6%
Manu. Housing	0%	1%	-15%	-5%	-4%	4.8%
Net Lease	-1%	-1%	-1%	22%	14%	7.0%
Office	-3%	-18%	-44%	-49%	-27%	6.8%
Storage	-3%	10%	-12%	-13%	-11%	4.9%
Strip Center	-1%	-3%	-13%	-14%	-9%	6.4%
Wtd. Avg.	**1%**	**4%**	**-15%**	**-18%**	**-11%**	**6.0%**

**Pricing as of 05/01/2023*

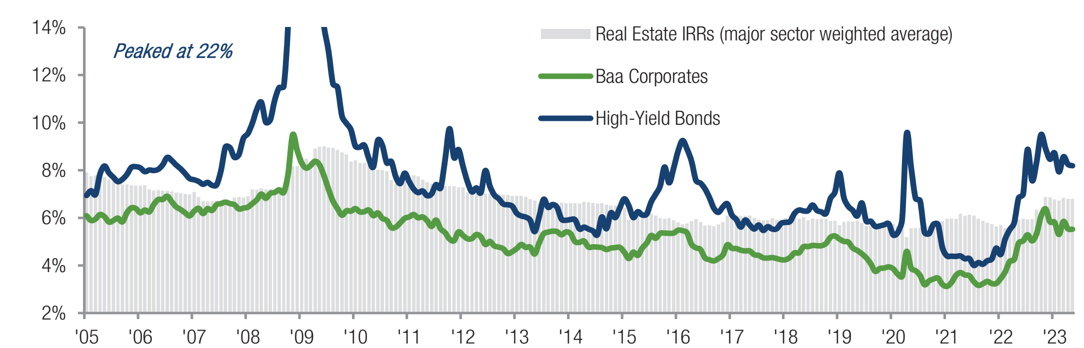
Sources: Bloomberg, Green Street

NAV PREMIUMS AND REIT AFFO MULTIPLES

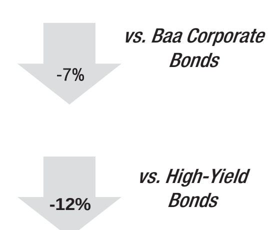


Source: Green Street

REAL ESTATE RETURNS VS. BOND YIELDS



Real Estate Fair Value (Major Sectors)

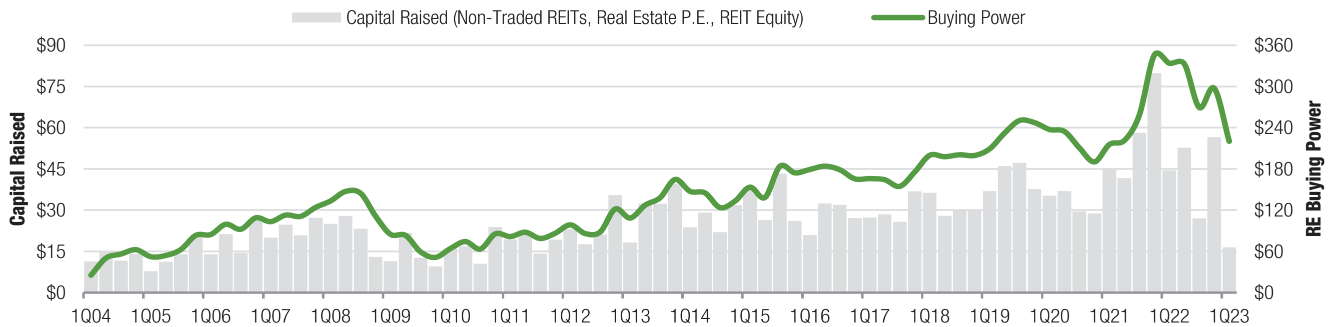


Sources: Bank of America, Moody's, Green Street

MARKET MONITOR

US REAL ESTATE CAPITAL RAISING AND BUYING POWER ($BIL.)

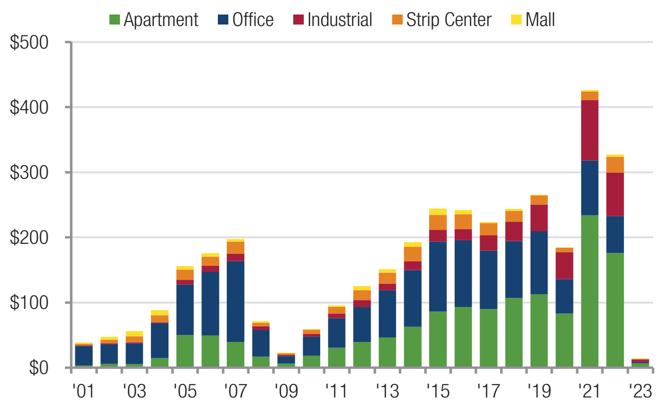
Buying power calculated as cash plus estimated incremental debt



Sources: Robert A. Stanger & Co., Preqin, SNL, Green Street

SALES VOLUME BY PROPERTY TYPE ($BIL.)

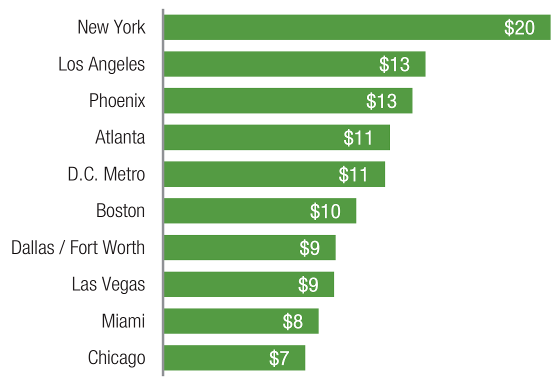
Volume representative of verified transactions $25 million or more



Source: Green Street

LAST 12 MONTHS TRANSACTION VOLUME ($BIL.)

Volume representative of verified transactions $25 million or more



Source: Green Street

NOTABLE RECENT TRANSACTIONS

Individual property transactions of $25 million or more. Excludes portfolios and partial-stake sales.

	Property Name	Date	Sector	Market	Price ($Mil.)	SF / Units	Price PSF / Unit	Buyer	Seller
1.	300 South Wacker Drive	04/27/23	Office	Chicago	$96.5	535K	$180	Agave Holdings	Alcion Ventures; Golub & Co.
2.	230 Belmont Drive	04/26/23	Industrial	New Jersey (Central)	$44.0	152K	$289	Bridge Industrial	Stonemont Financial
3.	JW Marriott Tucson Starr Pass Resort & Spa	04/26/23	Lodging	Tucson	$110.0	575	$191,304	Southwest Value Partners	Fortress Investment
4.	Heritage Park	04/26/23	Senior Housing	Palm Beach	$52.3	259	$201,737	Inspired Healthcare Capital	ValStone Partners
5.	Riverhead Centre	04/25/23	Strip Center	Long Island	$71.0	395K	$180	Prestige Properties & Development	AFL-CIO Building Investment Trust
6.	Louisville Logistics Center	04/25/23	Industrial	Louisville	$82.0	1,000K	$82	JLL Income Property Trust	Core5 Industrial Partners
7.	Prescott at Concord	04/24/23	Apartment	Boston	$156.0	350	$445,714	BlackRock	John Hancock
8.	Caesars	04/24/23	Apartment	Seattle	$35.4	131	$270,229	Dobler Management	Barcelo Homes
9.	Home2 Suites by Hilton Colorado Springs South	04/20/23	Lodging	Colorado Springs	$29.0	119	$243,697	ARA US Hospitality Trust	Chartwell Hospitality
10.	265 East 66th Street	04/20/23	Apartment	New York	$425.0	300	$1,416,667	Josh Gotlib; Meyer Orbach	Solow Realty

Source: Green Street

THE GRAPEVINE

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who started the firm in 2020. Elmwood focuses on multifamily, commercial and mixed-use projects in major Southeastern markets. Howell spent the last six years at **Walker & Dunlop** in the Raleigh-Durham-Chapel Hill area, leaving as a managing director. He had prior stints at **Trammell Crow Residential, JLL** and **Ronus Properties.**

JLL has hired two managing directors on the West Coast in recent weeks, expanding its corporate capital-markets net-lease group. **Jeff Tracy** started in Seattle on March 23, while **Campbell Black** joined the firm in Los Angeles on April 1. Both focus on office properties and came from **Northmarq.** The duo previously was at **Stan Johnson Co.,** which Northmarq acquired in October. Black started at Stan Johnson in 2017, and before that spent four years at **HFF** in Dallas. Tracy joined Stan Johnson in 2018 after working in the real estate divisions of oil and gas companies.

Caroline FitzPatrick Green joined **Wheelock Street Capital** as a senior vice president this month, focused on capital formation and investor relations. She is based in the firm's Greenwich, Conn., headquarters and reports to **Lawrence Settanni,** chief financial officer and principal. Green was previously a vice president of real estate capital formation at **Cerberus Capital Management,** where she worked since 2019. Before that, she spent two years each at **Brookfield,** where she was a senior associate, and **PJT Partners,** where she was an analyst.

Chicago-based **Doyenne Healthcare Capital** brought **Jordyn Berger** on board last month as a senior director. The women- and minority-owned firm invests in senior-housing and healthcare properties. Berger spent the last nearly four years at **Walker & Dunlop** in Chicago as a senior director, focused on investment sales of senior housing. Before that, she was a director at **Marcus & Millichap's IPA** division, targeting senior housing. She also has worked at **Enlivant** and **Ventas.**

Multifamily sales pro **Kyle Palmer** has set up his own firm in Atlanta. Palmer is a managing principal at **Palmer Real Estate Investment Services,** which specializes in investment sales and debt and equity solutions for build-to-rent and conventional multifamily properties in the Southeast. Palmer spent four years at **Walker & Dunlop** as a managing director and senior vice president in Atlanta, overseeing BTR and multifamily property sales in the southeast. Before that, he worked at **Marcus & Millichap.**

Zach Shaffer joined **ShopOne Centers REIT's** acquisitions team this week. He's an associate based in the REIT's New York headquarters, working under chief investment officer **Chris Reed.** Shaffer came from **JLL,** where he spent two years as an analyst. His prior experience also includes nearly two years at **Retail Properties of America.**

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