



**For Rent: The Ongoing Perils
of Commercial Real Estate**

AN ABTV INDUSTRY WATCH REPORT

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ANDERSON BAUMAN TOURTELLOT VOS

GREENSBORO CHARLOTTE ATLANTA JACKSONVILLE RICHMOND

CORPORATE HEADQUARTERS

230 North Elm St., Suite 1650 Greensboro, NC 27402 p. 336.275.9110

www.abtv.com

As the economic recession has pummeled the overall economy, it has decimated the Commercial Real Estate industry. With the general economy showing signs of stabilizing, government, financial institutions, industries and investors have turned from handling the emergency triage of the immediate economy-threatening financial crises of the recent past to identifying and managing the crises on the horizon. While the residential real estate industry has been the poster child for the struggles of the financial markets, the Commercial Real Estate industry must now face its own challenges.

Defaults and anticipated defaults in bundled packages of residential mortgages, many with one- or two-year triggers for interest rate adjustments, were at the heart of the subprime meltdown. In 2007, with little prospect that large numbers of individual borrowers facing an interest rate increase could meet the new higher payments or refinance their mortgages, the wave of defaults and anticipated defaults of residential mortgages swept over the financial landscape and helped to trigger the financial turmoil of 2008 and 2009. Problems with securitized bundles of these single-family residential mortgage-backed securities rocked the financial markets.

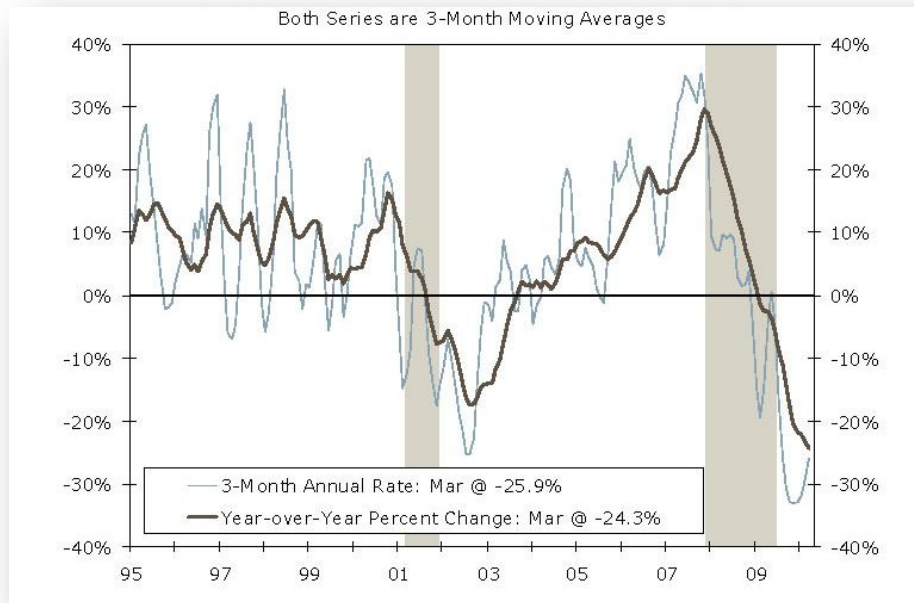
These setbacks triggered the overall economic crisis that has crippled the five sectors of the Commercial Real Estate industry. The National Association of Realtors' latest Commercial Real Estate Outlook predicts continued short-term declines in each of Commercial Real Estate's five sectors:

- **Office:** As businesses have reined in expenses, office vacancies have leapt and rents have plunged.
- **Retail:** Without a consumer spending rebound, tenants suffer declining sales and rents continue to decline as vacancies increase.
- **Industrial:** Although not hit as hard as Office and Retail, economic contraction affects the need for warehouse and manufacturing space.
- **Multifamily:** Also not as hard hit as Office or Retail, a weakened market due to increased unemployment, rents and vacancies.



- **Hospitality:** Although not addressed in the National Association of Realtors' forecast, the Urban Land Institute and PricewaterhouseCoopers forecast occupancy improvements in 2010 with limited service hotels doing better than higher end properties.⁽¹⁾

PRIVATE NONRESIDENTIAL CONSTRUCTION SPENDING



As the overall economy struggles, new Commercial Real Estate construction spending has plummeted.⁽²⁾

Day of Reckoning Looms

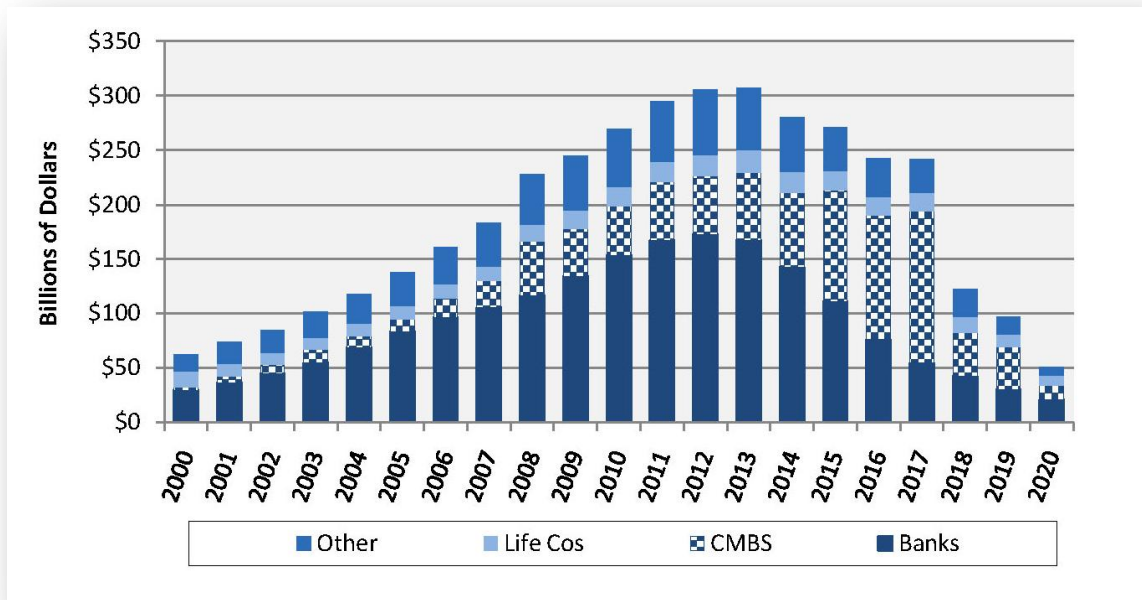
Due to these constraints, no one predicts a recovery in the Commercial Real Estate industry based on new projects, and these factors may trigger a Commercial Real Estate mortgage version of the subprime debacle. Though the fuse might be longer than its residential mortgage counterpart, a similar fuse leading to defaults and failed refinancings of Commercial Real Estate mortgages is lit and burning. Commercial Real Estate loans, both those held by lenders in their own portfolios and those collected, securitized and sold as pools of commercial mortgage-backed securities have generally had a five-year term for refinancing, a few years longer than their residential mortgage counterparts.

Thus, the Commercial Real Estate market will shortly face its own day of reckoning. According to the government and Commercial Real Estate professionals, over one trillion dollars of Commercial Real Estate loans will be coming due in the next few years. With many commercial



properties devalued from recent highs, refinancings will prove challenging as properties now are often worth less than their loan balances and, thus, may fail to meet loan-to-value refinancing requirements sufficient to pay off the existing debt.

COMMERCIAL MORTGAGE MATURITIES BY LENDER TYPE

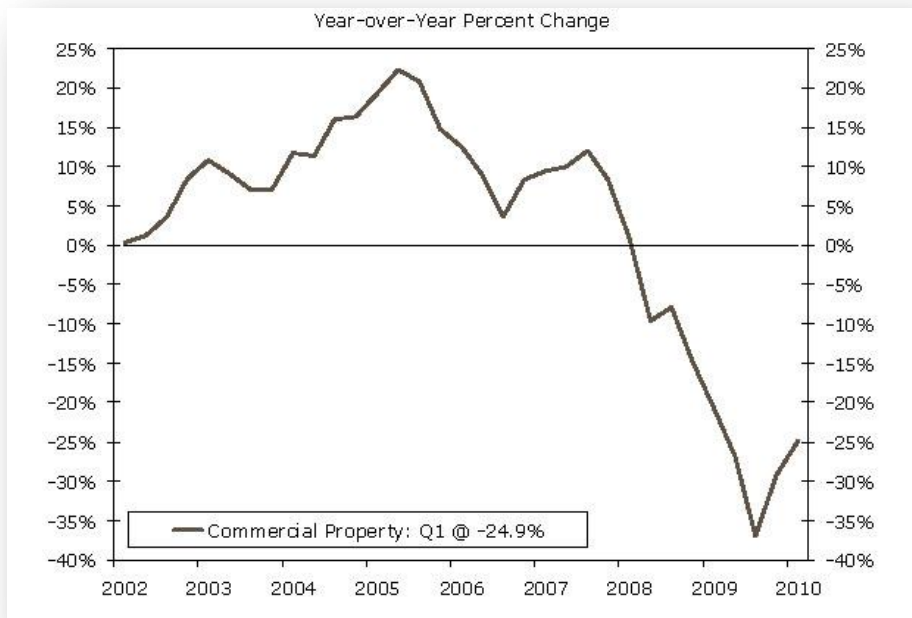


A government report forecasts that the wave of Commercial Real Estate mortgages coming due will be cresting in the next three years. ⁽³⁾

The popular press has heard the alarm bells and warnings of a looming financial crisis in Commercial Real Estate due to declining property values. *Newsweek*, for example, focused on Boston’s John Hancock Tower as typical of the problems facing the industry. At the end of 2009, the Boston landmark sold for one half of its 2006 purchase price. Although different areas of the country have been affected in different ways, some professionals estimate that Commercial Real Estate values have fallen up to 25 percent across the board. With five-year terms, Commercial Real Estate financed in 2006 when the Hancock Tower was purchased at the height of the market will come up for refinancing in 2011.



MOODY'S/REAL COMMERCIAL PROPERTY PRICE INDEX



Over the last three years, Commercial Real Estate property prices have fallen precipitously.⁽⁴⁾

The financial press rings changes on the same theme: In its Money Supply blog, the *Financial Times* noted the concern that Commercial Real Estate lenders are playing a game of “extend and pretend” or “delaying and praying” with their Commercial Real Estate loans. And the *Wall Street Journal*, while reporting on a jump in the sale of Commercial Real Estate in December 2009, still notes “the commercial real estate sector faces significant challenges.”

A government report published in February 2010, from the Congressional Oversight Panel for the Treasury Asset Relief Program (TARP), provides the analysis that underlies a lot of the popular reporting. According to the report, in the next four years \$1.4 trillion of Commercial Real Estate loans will come up for refinancing, and almost half of those loans are currently under water with existing loan balances exceeding the value of the properties securing those loans due to falling values exemplified by the John Hancock Tower.

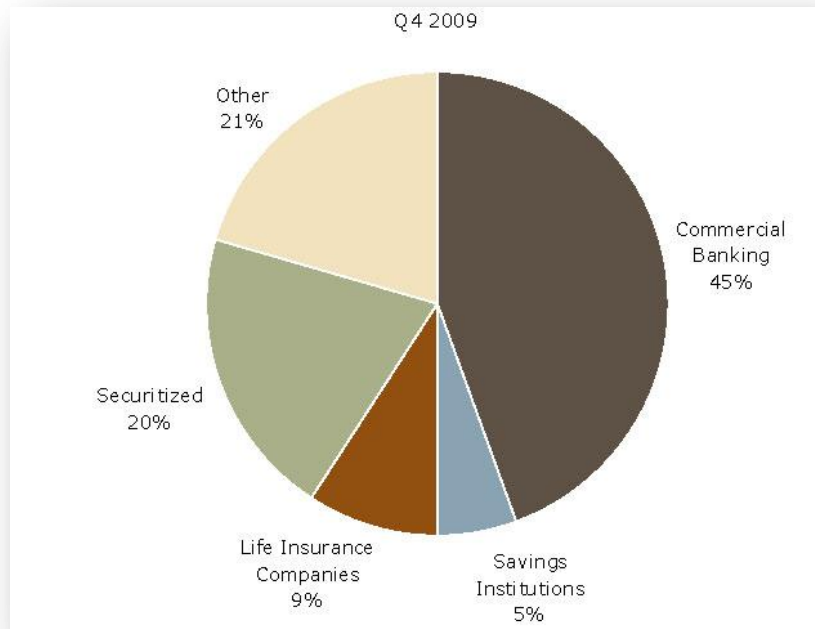
Risky Business for Smaller Banks

Like their residential mortgage counterparts, the Commercial Real Estate mortgages include both those held by lenders in their own portfolios and those securitized and sold as pools of commercial mortgage-backed securities. Unlike the residential real estate mortgage situation, however, where the investors in the securitized market bore the brunt of the risk, in the Commercial Real Estate area, small- and mid-sized banks face particular risk since, according to the report, such



banks are “proportionately even more exposed than their larger counterparts to commercial real estate losses.” The government report does not predict a quick enough recovery in consumer and business confidence and spending to reverse these negative trends in the short term.

COMMERCIAL & MULTIFAMILY MORTGAGE OUTSTANDING



Commercial banks have the lion's share of outstanding commercial and multifamily mortgages.⁽⁵⁾

Without a robust recovery and with new construction stalled at best, the looming crisis will focus the attention of the Commercial Real Estate industry in two areas: defaults and forced sales or foreclosures and loan workouts and restructurings. According to Wells Fargo⁽⁶⁾, delinquency rates for Commercial Real Estate mortgages have risen approximately nine percent and are likely to continue to increase in quarters to come.

The market appears to be anticipating this prospect and a potential flood of forced sales or foreclosures. A Wells Fargo report and other observers have noted the creation of investment groups poised to acquire Commercial Real Estate properties at market-bottom prices. The Wells Fargo group finds, however, that there remains a “wide gap between what people are willing to pay for the properties and what sellers are willing to take for them.”⁽⁷⁾

The expected flood of properties may be stemmed by government efforts to avert the results of the savings and loan crisis of the early 1990s. The fire-sale prices of the earlier crisis may be avoided as the FDIC better manages the portfolios of troubled and failed institutions, and



government regulations encourage extensions of existing loans, preventing all of the properties facing difficulty from coming to market at one time.

Acknowledging that nearly everyone predicts stormy days ahead, the purpose of this report is to consider the current state of the Commercial Real Estate industry from the perspective of its participants – Lenders, Owner/Borrowers, and Tenants – and to consider whether opportunities may “loom” amidst the crisis, as each of the participants in the industry faces challenges that may provide the others with some leverage.

We will explore these opportunities:

- Lenders could proactively manage troubled asset portfolios, shedding loans and foreclosed properties with no hope of recovering while working with Owner/Borrowers on properties that might survive.
- Owner/Borrowers could creatively refinance loans and conserve assets worth conserving while acknowledging the reality of a market that faces a stunted recovery.
- Tenants could collaborate with Owner/Borrowers and Lenders for rent relief during difficult economic times if they can weather the overall economic downturn.
- Investors could acquire assets that cannot be conserved by their Owners.

The greatest opportunity, however, may be a systemic one. In the wake of public recriminations from the economic meltdown at the end of 2008 and early 2009, the Commercial Real Estate industry as a whole can demonstrate that the market, given the time to sort itself out and reasonable regulations governing its conduct, can provide a rational resolution to the looming “crisis” with minimal government intervention.

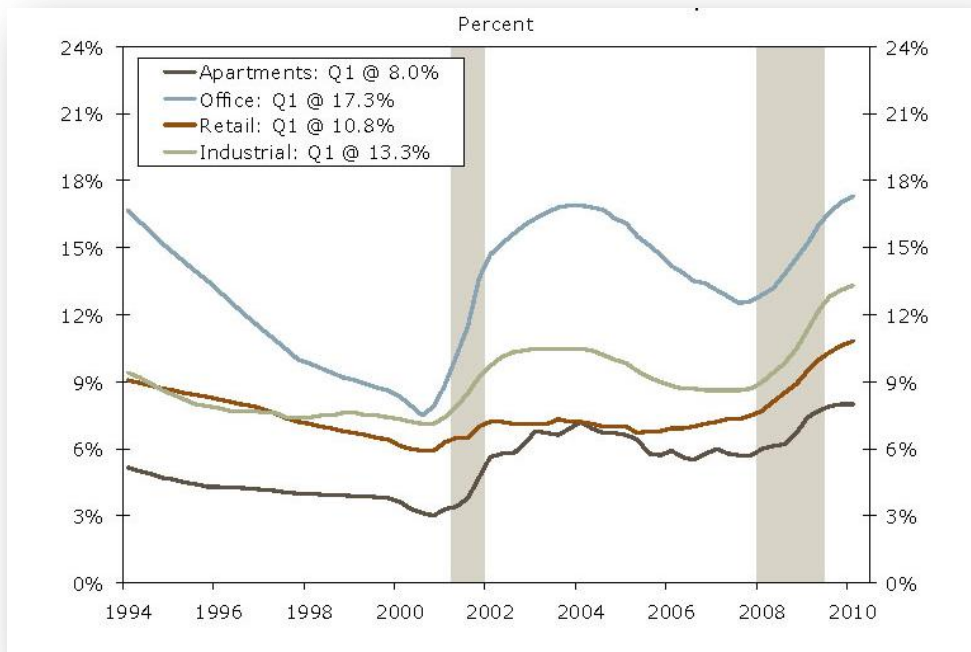
Ascending and Descending

Like the poor fellow in an optical illusion of M.C. Escher, who starts at the bottom of many flights of stairs with the prospect of climbing all of the stairs, only to find himself back at the bottom where he started, the current Commercial Real Estate market finds itself in the cellar and appears locked in an unending march to nowhere. Once the recession rocked the industry, bad economic prospects sent Commercial Real Estate into a loop that feeds on itself.

Low consumer and business confidence resulting in less spending affect Tenants on the frontline in four of the Commercial Real Estate sectors. In Retail, consumers stop buying, sales drop, small and large retailers stop expanding and start contracting. For Office tenants, profits dip, employment falls, needs for space contract. For the Industrial tenant, lower sales for retailers mean less demand for warehousing or manufacture and, thus, less need for space. In the Multifamily sector, unemployment or its prospect leads individuals to cut expenses, move in with relatives or rent one of those recently foreclosed houses.



COMMERCIAL REAL ESTATE VACANCY RATES



Commercial Real Estate vacancies increase as Tenant demand falls.⁽⁸⁾

At the next flight, these Tenant problems in turn affect Owner/Borrowers. Lower demand and Tenant failures create cash flow problems for the Owner/Borrowers as their properties produce less income, and partially vacant properties no longer support the debt they carry. Even if cash flow still meets debt service on the current loan, a devalued property may not meet required loan-to-value ratios for refinancing sufficient to pay off the balance of the current loan coming due in the next couple years.

So, in turn, at the next level, Owner/Borrower woes affect the Lenders. Paying off existing loans requires refinancing. A new loan requires a loan-to-value ratio supporting a debt in excess of the amount to be paid off. Given the current distress and property devaluations from the height of an over-bought market, properties may no longer support a loan sufficient to do so. The inability to refinance affects both the lender portfolio loans and the securitized commercial mortgage-backed loans.

For Lender-owned loans, the prospect of these troubled assets unable to be refinanced may require writing down the value of the existing loans. Such write-downs lead to capitalization and regulatory issues for banks, curtailing their ability to make new loans. In the securitized-debt area, the market for new commercial mortgage-backed securities dries up as the market focuses on problems with existing issues. With new lending constrained on all fronts, the overall economic prospects worsen further, Tenants have more problems, the cycle starts again, leaving the market back where it started in the cellar at the bottom of the steps, if not in the sub-basement a few flights lower.



This type of loop often leads to paralysis in the market. No one steps up to break the loop. Lenders can short circuit the loop by defaulting delinquent Owner/Borrowers and foreclosing or otherwise obtaining and selling their security. Lenders are reluctant to take this step, however, since for banks, this would require recognition of losses and affect capitalization requirements, or for securitized loans, it could possibly endanger pass-through tax treatment for income and create potential servicer liabilities.

Owner/Borrowers might short circuit the process by abandoning the property to the Lender or going into bankruptcy, but Owner/Borrowers would prefer not to take such a step when dire economic conditions place everyone in the same difficult position making it hard to distinguish between a good property temporarily in difficulty from a bad property that will never recover. While Lenders and Owner/Borrowers face daily struggles to handle the lending issues, they often are deaf to Tenant requests for rent concessions that might avoid a vacancy or help to stabilize the property.

Limping into the Future

A robust recovery might break this cycle, but few forecast a recovery that in the near term would do so. All five sectors of the Commercial Real Estate market are at the mercy of the overall economy. A recovery is likely to be gradual at best. The National Association of Realtors does not see rents recovering for any of the five sectors during 2010. Even in the longer view beyond 2010, the Urban Land Institute and PricewaterhouseCoopers forecast continued overall weakness in most sectors of the Commercial Real Estate market:⁽⁹⁾

- **Multifamily** is likely to rebound earlier than the other sectors based on traditional resiliency of the sector and investor appetite for the product.
- **Industrial** is also a good prospect for an earlier rebound. The market has adapted and is adapting to new distribution trends that hasten the rebound but also make some existing facilities obsolete.
- **Retail** is a major concern both in the short and long term. Even with a recovery, consumer spending is unlikely to return to pre-recession levels as consumers have lost home equity used previously to bolster their spending and have to deal with tighter credit and paying off existing debt. In the longer term, the same distribution system hastening recovery in the Industrial sector may impinge on the Retail sector as stores require less storage space, and Internet sales continue to erode sales at bricks and mortar stores, according to the report.
- **Office** can expect further vacancies in the short term, as unemployment continues. In the long term, similar to the Retail sector, trends in using space more efficiently and changing work habits, including alternative working arrangements and telecommuting from home, may lead to longer-term brakes on growth.



- **Hospitality** is particularly reliant on the overall recovery. The forecast predicts that recovery in rents and occupancies in the hospitality sector is dependent upon the growth in the overall economy.

Calling Uncle Sam

If lenders will not take action on their own to short circuit the loop, then the government may step in to do so. As many will recall, the government did so in the savings and loan crisis of the early 1990s with wrenching results. According to the Wells Fargo Annual Economic Outlook 2010, the sheer number of lending institution failures and the lack of adequate portfolio management led to fire-sale prices on Commercial Real Estate properties. The federal government appears to be taking a different approach this time.

With little prospect that the economy will turn around quickly enough to raise property values and defuse the foreseeable Commercial Real Estate refinancing crisis and little taste for the approach of the 1990s, the government has acted to avert the crisis by prodding the Lender to short circuit the loop rather than taking over institutions wholesale. It has done so with actions aimed at the two types of Lenders in the Commercial Real Estate market: Real Estate Mortgage Investment Conduits (REMICs), essentially the lenders in the securitized Commercial Real Estate debt market, and banks that keep loans in their own portfolios. The actions are intended to encourage workouts for loans that may be in trouble due to property devaluations, even though the Owner/Borrowers may still be able to meet debt service requirements of restructured loans.

REMICs to the Rescue?

Just as the convoluted securitized mortgage market for residential mortgages has complicated workouts in the residential mortgage arena, the securitized Commercial Real Estate mortgage market may be less susceptible to government prodding than the bank-owned Commercial Real Estate mortgages. REMICs are pass-through tax entities in which Commercial Real Estate mortgages overseen by servicers and special servicers are pooled to support Commercial Real Estate mortgage-backed securities sold to investors. Income from the pooled mortgages is not taxed at the REMIC level but only at the investor level, thus avoiding a double tax on the interest income. To obtain this favored tax treatment, REMICs must meet Internal Revenue Service regulations.

Until recently, the IRS regulations have restricted the flexibility of servicers in workout situations. Certain actions taken in the reworking of a mortgage in one of the securitized pools in a workout scenario could have jeopardized the status of the mortgage as a qualified mortgage, thus removing the substantial benefit pass-through tax treatment.

An IRS guidance released in the fall of 2009 relaxes those standards. A complete summary of the new standards is beyond the scope of this report.⁽¹⁰⁾ In general, the guidance encourages



proactive work by the servicers of the securitized debt to work out troubled loans by removing some of the adverse tax consequences of taking such action. Since REMICs also have servicing agreements and other non-tax requirements that restrict the servicer's or special servicer's latitude in workout situations, whether the new guidance can have the desired effect of encouraging proactive treatment of troubled loans has been debated.

How Banks Are Working it Out

Fortunately, the reception has been better for the encouragement of Commercial Real Estate mortgage workouts by banks that hold Commercial Real Estate mortgages in their own portfolios. At the end of October 2009, the major bank, credit union and thrift regulators – the Federal Reserve, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Office of Thrift Supervision and the Federal Financial Institutions Examination Council State Liaison Committee – joined to issue an interagency Policy Statement on Prudent Commercial Real Estate Loan Workouts. As noted above, banks had been reluctant to enter into workout arrangements since such arrangements could have created regulatory and capitalization issues for the banks proactively dealing with troubled loans.

The new policy is aimed at bank examiners and the classification of Commercial Real Estate mortgages. It specifically addresses the issue of loans where the value of the collateral has fallen and emphasizes that restructured loans will not be adversely classified merely due to a drop in value of the underlying collateral as long as the Owner/Borrower can repay a restructured debt on reasonable terms. One article concludes, “lenders now have new breathing room and may be permitted to retain billions of dollars of undersecured commercial real estate loans without having to write down the assets.”⁽¹¹⁾

Politicians are pushing for banks and other federally supervised lenders to start taking action authorized by the policy. In late February, Senate Banking Chairman Christopher Dodd asked supervisors of the financial institutions for an update on how the new policy guidance “is helping to stabilize the CRE [Commercial Real Estate] market.” Fed Chair Ben Bernanke in a late February letter to Representative Ken Calvert outlined the steps the Fed has been taking to “reinforce the expectations outlined in the interagency policy statement.” According to Chairman Bernanke’s letter, “the volume of troubled loans that were restructured by banks increased by almost 32 percent during the fourth quarter of 2009, the quarter in which the guidance was issued.”



The Best Advice: Act Now

Recognizing opportunities in the current state of uncertainty requires a realistic appraisal of the current environment. Many observers think that the Commercial Real Estate market is in the process of bottoming out by the end of this year, although some observers think that the looming refinancing crisis could push the market to further depths. In either case, the stark conditions leave each of the financial players – Lenders, Owner/Borrowers, Tenants and Purchaser/Investors – with incentives to take action now.

Lenders, of course, have the same leverage they always have had with life or death control over whether loans are called or worked out, but, in the current fragile financial environment, choosing default and foreclosure can create problems for the lender. Owner/Borrowers can walk away, but if they do, then they forfeit the possibility of sharing in any recovery from the current depths, even recognizing the recovery may not come in the short term. Tenants seem to be the odd man out, but if the Lenders and Owner/Borrowers choose to work out the loan, the Tenants become integral players with leverage of their own. Meanwhile, if the loans cannot be, or do not deserve to be worked out, then Purchaser/Investors have their options.

Acknowledging this bleak environment, each of the Commercial Real Estate industry players then has its own opportunities:

Lenders can proactively manage troubled asset portfolios: The new regulatory guidance provides lenders with a framework to evaluate their Commercial Real Estate portfolios and to anticipate and address problems before they become acute as refinancing deadlines approach. Whether Lenders are doing so is up for debate. Some observers note that banks are reluctant to give up their hardball tactics, while others say that in the wake of the residential real estate debacle, many of the lenders are addressing the Commercial Real Estate loans in a more practical way. Often whether a loan is worked out or not can be a matter of style. Banks can throw up their hands when it looks like the Owner/Borrower has either given up or is playing fast and loose with the property cash flow, but they are more willing to work with an Owner/Borrower that enters into realistic, though often tough, negotiations for a workout.

The new guidelines offer the possibility of creative solutions to existing loan situations. The K & L | Gates authors, for example, suggest that a single distressed loan can be split into a “good” loan and a “bad” loan, allowing the lender to “come out ahead in terms of regulatory results.” With deadlines for refinancing looming, now is the best time for Lenders to realistically assess their portfolios, anticipating the coming issues before they become acute.

Owner/Borrowers can creatively refinance loans and conserve assets worth conserving: Owner/Borrowers who have been able to maintain cash flow coverage of debt service may now find Lenders more willing to discuss a loan restructuring even though the loan may be under water. Many observers suggest that Lenders are more receptive to workouts as the market bottoms out. As the economy recovers, the market begins to distinguish between those who are



going to make it and those with more difficulties. Lenders then have less incentive to work with everyone. Also, as the economy rebounds and Lenders are able to shore up their portfolios, Lenders become more able to absorb losses and again have less incentive to work with their Borrower/Owners. With everyone in the same distress, the Lenders seem more willing to work with everyone, now is the time for Borrower/Owners to evaluate and shore up existing properties to weather the bottom of the market in anticipation of a slow turn around.

Tenants can collaborate with Owner/Borrowers and Lenders for rent relief during difficult economic times: In any workout or refinancing situation, the Tenants are going to be integral players. Though not directly affected by the government policies, Tenants will be collateral beneficiaries. In either a workout or a refinancing, Lenders will be looking at the Tenants and their leases as the basis of the credit. The Tenant's acknowledgement to the Lender of the continued stream of rent income is crucial.

As participants in the process, Tenants may find leverage to obtain some rent relief, at least on a temporary basis. Tenants with the wherewithal to do so may also be able to gain additional concessions by offering to extend the terms of their leases, particularly in the refinancing context. Now is the time for Tenants to make their own assessments of properties where they have the opportunity to wrest concessions while helping to maintain a viable location.

Purchaser/Investors can acquire assets that cannot be conserved by their Owners: Although an enhanced workout environment may not provide the cornucopia of buying opportunities presented during savings and loan crises, given the slow recovery and possible systemic changes in the Retail and Office sectors, there will still be opportunities for value investing in both the short and longer term, as Lenders and Owner/Borrowers discover properties that cannot be refinanced or saved by workouts. As noted above, most people in the industry believe that there is a lot of money available to take advantage of the opportunities in this area. The best time to purchase (aside from the precise bottom of the market, of course) may be on the way down, since sellers will have more incentive to sell than when the market starts to rebound. The market may see a return to some of the creative sales techniques, including sale-leasebacks and other vehicles. Assuming the market is approaching its bottom, now may be the time to approach Owner/Borrowers and Lenders.

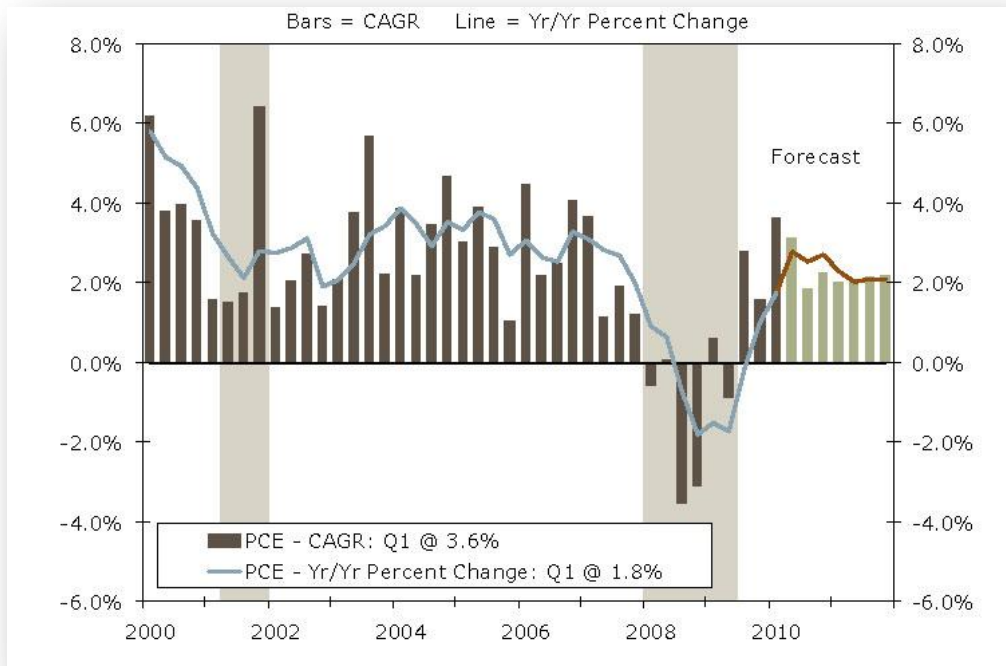
The Biggest Loser—Up for Grabs

In conclusion, while everyone agrees that there will be no meaningful recovery in the Commercial Real Estate industry until the overall economy rebounds, the industry's response to the refinancing challenges could affect the overall recovery. Some critics have labeled the relaxation of the workout standards for troubled assets as "extend and pretend," arguing that the policy will simply prolong the time the Commercial Real Estate market wallows at its bottom. Proponents, however, see the relaxed guidelines permitting a respite for the Lenders to consolidate their capital,



for the Owner/Borrowers to weather the depths of the market, for the Tenants to obtain some needed concessions, and for Purchaser/Investors to pick up the pieces that cannot be saved.

REAL PERSONAL CONSUMPTION EXPENDITURES



A weak recovery is forecast for the short term.⁽¹²⁾

In an environment where there may be no big winners, the players may all avoid being big losers. In contrast to the chaos caused by the collapse of the residential mortgage market where big losers abounded, the more orderly redistribution of the Commercial Real Estate market could bolster the consumer and small business confidence necessary for a more robust recovery for the overall economy and the Commercial Real Estate industry in the long run.

What it Will Take to Survive

While signs of economic recovery have started to surface, it does not appear, as this report points out, that a corresponding turn in the Commercial Real Estate market will happen anytime soon.

Strategies that have been effective in the past to address previous Commercial Real Estate downturns may not work given the unique set of conditions that exist now. Unlike past slumps that were marked by high long-term interest rates, the current downturn is characterized by historically low interest rates and strict underwriting standards. Layer on the uncertainty of current economic conditions, and one can easily see that, in order to survive, new strategies must be developed.



This is a time when the Commercial Real Estate industry must take a hard, honest look at existing business conditions and cash management systems and apply resources where they can most effectively be used.

Initiatives requiring excessive outlays of financial and human capital may need to be abandoned in favor of those offering equity value, liquidity and demonstrated solid performance.

Throwing out the old rules, taking a disciplined approach to assessing current financial conditions, prioritizing resources, and making tough calls may offer the only ways this industry can survive the current economic storm.

Endnotes

1. *Emerging Trends in Real Estate 2010*, Urban Land Institute and PricewaterhouseCoopers
2. *Chart Source: The American Institute of Architects, Dept. of Commerce, Dept. of Labor and Wells Fargo Securities, LLC (Page 3 of Commercial Real Estate Chartbook: Quarter 1, Wells Fargo Securities, LLC, May 25, 2010)*
3. *Chart Source: Figure 31, Page 71, February [2010] Oversight Report, Commercial Real Estate Losses and the Risk to Financial Stability, Congressional Oversight Panel, February 10, 2010 (Report cites data provided by Foresight Analytics LLP. "Foresight estimated gross originations for commercial and multifamily mortgages based on Federal Reserve Flow of Funds data. Then, Foresight applied a distribution of loan maturities to the origination year to project future mortgage maturity dates.")*
4. *Chart Source: U.S. Department of Commerce, Moody's and Wells Fargo Securities, LLC (Page 1 of Commercial Real Estate Chartbook: Quarter 1, Wells Fargo Securities, LLC, May 25, 2010)*
5. *Chart Source: Federal Reserve Board and Wells Fargo Securities, LLC (Page 4 of Commercial Real Estate Chartbook: Quarter 1, Wells Fargo Securities, LLC, May 25, 2010)*
6. *Economics Group of Wells Fargo Securities, Commercial Real Estate Chartbook, May 25, 2010*
7. *Annual Economic Outlook for 2010, Wells Fargo*
8. *Chart Source: Federal Reserve Board, Property & Portfolio Research, Real Capital Analytics, Reis, Inc. and Wells Fargo Securities, LLC (Page 5 of Commercial Real Estate Chartbook: Quarter 1, Wells Fargo Securities, LLC, May 25, 2010)*
9. *Emerging Trends in Real Estate 2010*, Urban Land Institute and PricewaterhouseCoopers
10. *A good summary can be found at "New REMIC Rules May Provide More Room to Modify Commercial Real Estate Loans," Thomas J. Lyden, David H. Jones, Anthony J. Barwick, October 5, 2009, K & L | Gates, Newsstand*
11. *"New Policy Statement on Commercial Real Estate Loan Workouts – Providing Welcomed Flexibility, David E. Rabin, David H. Jones, November 10, 2009, K & L Gates, Newsstand*
12. *Chart Source: Federal Reserve Board, Real Capital Analytics, Reis, Inc, U.S. Department of Commerce and Wells Fargo Securities, LLC (Page 8 of Commercial Real Estate Chartbook: Quarter 1, Wells Fargo Securities, LLC, May 25, 2010)*

This report was produced by Anderson Bauman Tourtellot Vos (ABTV), a turnaround management firm headquartered in Greensboro, NC, in collaboration with Steven Garland, a retired attorney whose former practice concentrated in commercial real estate.

For questions or more information about this report, contact:

**Peter Tourtellot
Managing Director
Anderson Bauman Tourtellot Vos & Co.
230 North Elm St., Suite 1650
Greensboro, NC 27402
phone: 336.275.9110
e-mail: ptourtellot@ABTV.com**

