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- Avison Young's Earl Webb Forecasts Sluggish U.S. Investment Scene This Year
- RECI's John Oharenko Sees Commercial Property Values Continuing to Slide in 2010
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(CHICAGO, IL) -- Earl Webb, president, U.S. operations, Avison Young, doesn't foresee a vibrant investment scene this year.

"The U.S. (investment) market continues to be in a falling-value state where asset values have dropped from their peaks in 2007 by between 35% and 50%, depending on the type of property and the market," he notes in his company's annual outlook.

"It appears 2009 may very well mark the trough for real estate investment volume in the U.S."

He says sales transaction volume "has continued to decline, down approximately 70% from 2008 which, in itself, was down almost 80% from 2007.

"Financing continues to be scarce for office, industrial, retail and hotel properties, especially when seeking loans in excess of \$50 million."

However, Webb notes, "Multi-family assets continue to attract significant industry attention due to the available financing through U.S. government-sponsored enterprises" like Fannie Mae and Freddie Mac.

Rents, "while remaining well below their peaks in 2006-2007, appear to have settled out at cyclical lows in most markets and asset classes."

Still, Webb has some "good news" as well. "Construction of new supply was relatively contained in the prior up-cycle and there will not be a significant overhang of new deliveries in the next several years as (it is hoped) absorption picks up."

Webb is the former CEO of Jones Lang LaSalle's Capital Market Group.



Earl Webb

(HORSHAM, PA) -- John Oharenko, vice president, GMAC Commercial Mortgage, is another industry watcher who doesn't see big gains for the real capital markets this year.

Still, he tells CoStar Group, "some of the greatest investment opportunities lie ahead, especially for those buyers willing to sacrifice current return and rely upon overall market momentum to improve during the next three to five years."

Oharenko, who is also an advisory board member at the non-profit Real Estate Capital Institute in Chicago, says "senior debt purchases are preferred by many investors who prefer to avoid untangling equity positions often plagued by multiple capital tiers, including preferred and mezzanine funds."



John Oharenko

Like Earl Webb of Avison Young (see above item), Oharenko says multifamily "continues to be the 'darling' of the income-property capital markets, as the (federally sponsored) agencies Fannie Mae and Freddie Mac provide ample liquidity into this sector.

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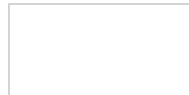
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