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## **Moving the money and the market**

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The money is moving from the sidelines and resulting transaction activity will provide some benchmarking data, and with incremental momentum, change the velocity in the market. The market and recent activity include capital movements in portfolios and one-offs with portfolio ramifications; so, some of this activity is not as user-friendly as one-offs for the real estate professional. The Counselors will meet in Philadelphia October 17th - 20th, for their annual convention to sort out the data and exchange some sensible and collegial iterations. Practically speaking, Mark Zandi of Moody's and an impressive fed panel will lay the groundwork, and Counselors will lead business issues panels including appraising property in a distressed market.

The Property Report featured in the Wall Street Journal September 1st reported a jump from Wall St. to commercial real estate and a capital thaw. The news included some old news, breaking news and pending news, all of which is good news to commercial real estate, although not necessarily good news for everyone in commercial real estate. Most importantly, the sidelined capital is moving into commercial real estate. Lingling Wei in the Property Report announced Goldman Sachs' Clairvue Capital Partners' \$60 million credit line to Normandie Partners' 2006 fund. Lingling Wei also reported that the Pennsylvania Public School Employees' Retirement System received a staff recommendation to contribute \$20.3 million, as part of a \$125 million credit line, to a \$1 billion Stockbridge-managed fund, with the new money bearing a 25% annual interest rate. Normandie and Stockbridge will be happy holding. However, the sellers are not all happy and might well represent reluctant, unwilling sellers in a distressed market.

The new money and the buyers are anecdotal evidence of attractive pricing of the risks, renewed confidence in commercial real estate and a functioning market. Well, almost. Lingling Wei also reports that according to Townsend Group, an institutional investor consultant, that only a handful of a total of 40 private-equity funds seeking additional capital have been successful in attracting additional capital from institutional investors.

The Philadelphia CRE roundup is timely both because of recent market activity and the regulatory rollout of the Fed's new powers and responsibilities. Additionally, Mark Zandi is one of the most thoughtful and communicative economists on the watch, and he has consistently made a special effort to bring the global economy and capital markets down to the level of domestic commercial real estate markets. The Fed panel assembled by K.C. Conway, CRE, Risk Specialty Officer for the Fed (Atlanta), represents four of the Fed member banks (Atlanta, Cleveland, New York and Philadelphia) and specialties in risk management and analytics, trading, supervision and regulation, and exam coordination for national credits. Peter Korpacz, CRE and Richard Marchitelli, CRE of Cushman & Wakefield will discuss cap rates and valuation in distressed markets. REIT's will be the focus of a general session, and Capital Markets will have a general session and business issues session.

For the Boston real estate professional, this lineup and the topical program is almost customized. To

the Boston properties and Boston investors that are sure to be mentioned throughout the meeting, the CRE's have added a general session on the gaming industry and casino development.

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