

Court of Appeals in Washington upholds a Federal Communications Commission ruling that banned the exclusive agreements as anticompetitive.

The deals involved a provider exchanging a valuable service like wiring a multiunit building for cable in exchange for the exclusive right to provide service to all the residents.

The commission said cable operators could no longer enter into such deals and existing ones could not be enforced.

The National Cable & Telecommunications Association and a pair of affiliated real estate groups sued, saying the FCC did not justify the change in policy, consider the retroactive

See **Cable** on 2B

## March home prices pulled down by surging foreclosures

By COURTNEY SCHLISSERMAN  
Bloomberg News

NEW YORK — Home prices in 20 major metropolitan areas fell in March as foreclosures surged, threatening to extend the housing slump.

The S&P/Case-Shiller home-price index decreased 18.7 percent from March 2008, matching the drop in the year ended in February.

The measure declined 19 percent in January, the most since data began in 2001.

Record foreclosures are depressing the value of other properties, contributing to a slump in household wealth that is hurting consumer spending and the economy.

Still, falling prices and mortgage rates have made homes more affordable, helping to stem the slide in sales, which will eventually help prices stabilize.

"The housing market still has somewhat of a ways to go before it completely bottoms," Celia Chen, an economist at **Moody's Economy.com** in West Chester, Pa., said. "Prices I think still will fall a little bit further."

Compared with a month earlier, home prices decreased 2.2 percent in March, also the same as in February, Tuesday's Case-Shiller report showed.

The price figures aren't adjusted for seasonal effects, so economists prefer to focus on year-over-year changes.

Tuesday's report also showed prices nationally fell 19.1 percent in the first quarter from the same period last year, the largest drop in the figure's the 21-year history, and were down 7.5 percent from the last three months of 2008.

All 20 cities in the index showed a year-over-year price decrease in March, led by Phoenix, Las Vegas and San Francisco.

### Midwest declines

Compared with the prior

month, prices fell in 17 cities, led by a 6.1 percent drop in Minneapolis that was the largest one-month drop ever recorded by any city.

The 4.9 percent month-over-month drop in Detroit and the 2.5 percent decrease in New York also set records for those cities.

"We see no evidence that a recovery in home prices has begun," David Blitzer, chairman of the index committee at S&P, said in a statement.

Robert Shiller, chief economist at **MacroMarkets LLC** and a professor at Yale University, and Karl Case, an economics professor at Wellesley College, created the home-price index based on research from the 1980s.

Auction sales of foreclosed homes are depressing home prices and extending the four-year property slump, said Karl Case, co-creator of the S&P/Case-Shiller home-price index.

"The single-family home market by and large continues its drift," Case, an economics professor at Wellesley College, said Tuesday.

Foreclosure filings in the U.S. rose to a record for the second consecutive month in

See **Foreclosures** on 2B

## Children's Villages in Carlsbad

### Leasing Notes

By Richard Spaulding

Leasing Notes are updated twice weekly and are now available in a fully searchable database format at [www.sddt.com/databases/leasing-notes](http://www.sddt.com/databases/leasing-notes).

Retail: **Children's Villages** has leased 6,000 square feet of retail space at 2504 El Camino Real, Suite 4, Carlsbad **92008**, from **Hughes Investments**. The property was leased for 10 years at \$1.2 million.

The lessee was represented by Kirk Allison, of **Colliers International**. The lessor was represented by Bruce Schiff, Phil Lyons and Chad Iafrate, of **Grubb and Ellis|BRE Commercial**.

Retail: Andre Phillips, dba **Furniture Outlet**, has leased 9,541 square feet of retail space at Miramar Commercial Center, 8990 Miramar Road, Suite 270, San Diego **92126**, from **Miramar Commerce Center Ltd.** The property was leased for 60 months at \$564,753.

See **Leasing Notes** on 3B

## Industry Briefs

### Zandi says

(Bloomberg) — Rising mortgage defaults and falling home prices will prolong the U.S. economic slump until 2011, said Mark Zandi, chief economist at **Moody's Economy.com** (NYSE: MCO) in West Chester, Penn.

The jobless rate, meantime, won't return to 5.5 percent, which now represents full employment, until 2013, Zandi said Tuesday.

The government may launch another economic stimulus program in early 2010, he said.

"As long as housing prices are falling, we're not going to get back to normal," Zandi said. "We're losing a lot of wealth and there's a lot of additional pressure on the financial system."

First mortgage loan defaults are running at a 3.7 million annual rate "and rising" compared with 800,000 in 2005, according to Zandi's estimates.

### Altamont commute

(AP) — Transportation planners say the number of commuters crossing Altamont Pass from the San Joaquin Valley will increase from 42,000 to 74,000 by 2030.

The new San Joaquin Valley Express Study says a commuter rail would be the ideal transportation option, but given the current economic climate, the more realistic alternative is van pooling.

Consultant Bonnie Nelson said the valley's eight counties should work together to secure long-range transportation funding while working in the short term on air quality rules that favor ride-sharing.

Transportation agencies across the valley contributed to the \$200,000 study.

### Rhode Island mansion

(AP) — Looking for a major housing upgrade? How about the largest privately owned home in posh Newport?

The Belcourt Castle, a 60-room mansion, might be for you — if you have \$7.2 million.

The *Providence Journal* reports that the sole surviving member of the family that has owned the home for more than 50 years has put the mansion on the market.

Harle Tinney, whose husband's family bought the property in 1956, says she's been alone in running the house since her husband, Donald, died in 2006. She says she's ready to part with it.

Belcourt was completed in 1894 for Oliver Hazard Perry Belmont, a New York congressman.

### Unburied river

(AP) — A long-buried stretch of the Clinton River could see the light of day as part of an effort to help Pontiac, Mich. redevelop.

Officials are considering "daylighting" part of the river enclosed in a 1963 flood-control project.

The proposal would create an open channel with a pedestrian walkway to attract stores and restaurants to the southeastern Michigan city.

Oakland County water resources commissioner John McCulloch told *The Detroit News* he got the idea during a visit to San Antonio's River Walk.

An estimate put the cost of the Clinton River project at \$47

See **Industry Briefs** on 3B



### COMMERCIAL SALES

Additional commercial sales data is available online at [www.sddt.com/databases/commercialsales](http://www.sddt.com/databases/commercialsales)

#### THE TOP COMMERCIAL SALES OF THE DAY

1. The restaurant at 134 Orange Ave, Coronado, **92118**, was sold by D & A Semi-Annual Mortgage Fund III, L.P. to Orange Avenue Real Estate Holdings, LLC on 05/12/2009. **Tax Value \$2,546,500.**

2. The 4 unit, multi-residential at 1019-25 Hornblend St, San Diego, **92109**, was sold by Patricia Rask to Helen R. Rask, trustee on 05/12/2009. **Tax Value \$1,056,000.**

3. The 4 unit, multi-residential at 1703-19 Bacon St, San Diego, **92107**, was sold by Lee Caudill and Giovanna Busalacchi-Caudill, trustees, to Orchard Properties, LP on 05/12/2009. **Tax Value \$1,000,000.**

4. The 4 unit, multi-residential at 417-23 Aurora St, San Diego, **92102**, was sold by FDIC, trustee, to 418 Grand, LLC on 05/08/2009. **Tax Value \$245,000.**

### HOME SALES

Additional home sales data is available online at [www.sddt.com/databases/homesales](http://www.sddt.com/databases/homesales)

#### THE TOP FIVE HOME SALES OF THE DAY

1. The house at 601 Hoska Dr, Del Mar, **92014**, was sold by Timothy D. Edwards and Mary B. Edwards, trustees, to Carter Chappell and Kathryn Chappell on 05/13/2009. **Tax Value \$1,750,000.**

2. The house at 731 Jamaica Ct, San Diego, **92109**, was sold by William Holland to Robert C. Ault, III and Melanie Ault on 05/12/2009. **Tax Value \$935,000.**

3. The house at 15515 Camden Pl, San Diego, **92131**, was sold by Stonebridge-San

Diego, L.P. to Douglas A. Ballesteros and Ashley M. Ballesteros on 05/12/2009. **Tax Value \$853,000.**

4. The duplex at 770-72 E Ave, Coronado, **92118**, was sold by Lynn A. Napolitano to Tamara Merrill on 05/12/2009. **Tax Value \$830,000.**

5. The condo at 403 E Ave #2, Coronado, **92118**, was sold by Four Eyez, Inc. to Dan Rose and Rachel Rose on 05/12/2009. **Tax Value \$781,500.**

See **Home sales** on 8B

## Pound slide — Commercial — Commercial mortgage debt may be cut Leasing Notes

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That difference would be less than 2,000 euros per square meter if not for the pound's decline, CB Richard Ellis said.

London office prices would be 10,930 euros per square meter if the currency had remained at its January 2007 level of 67.57 pence, it estimates.

"The fall in the exchange rate has made assets of all kinds in the U.K. more attractive to people overseas," Bank of England Governor Mervyn King said on May 13.

"We are seeing that in the property market, and I suspect we will also see it in terms of people thinking which businesses to purchase. That's one of the stimulatory consequences of a lower exchange rate," King said.

The pound may recover even as Gordon's Brown's popularity declines amid voter discontent about his management of the economy and a scandal over parliamentary expenses.

### Buy the pound

Goldman Sachs is bullish on the pound against both the euro and the dollar because "relative financial conditions and valuation" are "big drivers," in currency markets, Dominic Wilson, the firm's senior global economist in New York, wrote in a research note on May 10.

The U.K.'s economy is likely to contract 0.4 percent in 2010, while Germany's, Europe's largest, will shrink 1 percent, the International Monetary Fund said on April 22.

"The huge monetary easing and the 30 percent depreciation of the pound make the U.K. better off on the road to recovery, compared to many other countries, particularly Europe," said Richard Benson, who oversees \$14 billion of currency funds at **Millennium Asset Management** in London.

Hedge funds and other large speculators reduced wagers on a drop in the pound to the lowest level since August 2008, according to the Washington-based Commodity Futures Trading Commission.

"The pound is cheap," said

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office space (starting) for the next three years," London said.

"Office was the worst performing sector in the nation, and of all the quarterly indices covered in (the Moody's/REAL) report. Office property prices fell 18.6 percent in the first quarter of 2009. That brings the total value decline over the past year for national office properties to almost 29 percent," the report noted.

Office was the hardest hit sector in the western region, with prices falling nearly 16 percent in the first quarter of 2009 alone.

Elkin added the dollar sales volume for commercial properties of all types were between 75 to 80 percent lower in the first quarter in 2009 than they were in 2008.

There is at least one sector that seems to be faring just fine.

London said despite the fact that numerous projects that were condominiums have reverted to apartments, multi-family construction levels are so low that the vacancies will remain low enough for apartments to be an excellent investment.

"While the valuation of these projects are lower as rentals, they are holding their own," London said.

The Moody's/REAL report said while apartment prices were generally flat in most parts of the country, the prices actually climbed by about 2.7 percent in the first quarter.

They were off 14.3 percent year over year in the western U.S. and 14 percent, year over year nationally, however.

"Apartment prices in the West peaked one full year after the nation as a whole, in the first quarter of 2008," Moody's/REAL continued.

While industrial property prices have moderated somewhat, the Moody's/REAL report said they have remained much flatter, given what one might have expected given the enormous loss in manufacturing jobs.

London said while some flow

By SARAH MULHOLLAND  
Bloomberg News

NEW YORK — The highest-graded bonds backed by commercial mortgages may be cut by **Standard & Poor's**, potentially rendering the securities ineligible for a \$1 trillion U.S. program to jumpstart lending.

As much as 90 percent of so-called super senior commercial-mortgage backed securities (CMBS) sold in 2007 may be affected as the ratings firm changes how it assesses the debt, New York-based S&P said Tuesday in a report.

"We believe these transactions are characterized by increasingly more aggressive underwriting than prior vintages," S&P said. "Furthermore, recent vintage CMBS, particularly those issued since 2006, were originated during a time of peak rents and values," and may be more affected by falling rents.

Cutting the ratings would exclude the securities from the

## Industry Briefs — Housing

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million.

Similar projects have happened on urban waterways such as Castro Valley Creek in Castro Valley, Calif.; Indian Creek in Caldwell, Idaho; and Gilkey Creek in Flint.

### Grouse vs. turbines

(AP) — In the high-stakes game of preserving sage grouse, biologists say they're still figuring out how the birds will react to the influx of wind turbines rising up from the wide-open sagebrush plains of Wyoming, where the birds evolved.

The U.S. Fish and Wildlife Service 15 months ago commenced a review of whether sage grouse should be protected under the Endangered Species Act.

In Wyoming, home to more than half the bird's population, Gov. Dave Freudenthal's administration has worked to try to ensure protection of sage

Federal Reserve's program to bolster credit markets by financing the purchase of older commercial real estate debt.

To be eligible for the program, collateral can't carry a rating below AAA from any rating firm.

The Fed is counting on the Term Asset-Backed Securities Loan Facility to cleanse bank balance sheets and help spur new originations.

The gap, or spread, on top-rated commercial mortgage-backed securities fell to the lowest in more than six months after the Fed set terms for its plan to fund purchases on May 19.

"If S&P were to come out and implement a lot of the downgrades they're talking about, a big chunk of securities would be removed from the legacy TALF program," said Bill Bemis, a portfolio manager who helps manage about \$40 billion at **Aviva Investors** in Des Moines, Iowa.

Source Code: 20090526tdi

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owners in California, Florida, Nevada and Arizona — states hardest hit by the housing slump — probably won't feel any relief, said David Berson, chief economist at **PMI Group Inc.** in Walnut Creek, Calif., the fourth-largest insurer of U.S. home loans. Prices there may stagnate for at least another two years, Berson said.

"The so-called sandy states that saw the biggest gains during the boom now have the most foreclosures and the most housing stock to work off," Berson said.

The national median home price will fall until at least 2011, according to Fannie Mae.

Home prices in states such as Florida dropped 30 percent in the past year, compared with a nationwide average of 12 percent.

### Taking a beating

The 34 percent decline in the Dow Jones Industrial Average last year, along with

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The lessee was represented by Chris Walton, of Cushman & Wakefield. The lessor was represented by David Hagglund, of **CB Richard Ellis** (NYSE: CBG).

Office: **Biovascular Inc.** has leased 2,979 square feet of office space at 12230 El Camino Real, Suite 100, San Diego 92130, from **Cognac Del Mar Owner II, LLC**. The property was leased for 20 months at \$166,824.

The lessee was represented by Craig Knox, of **Irving Hughes**. The lessor was represented by Dave Odmark, Rick Reeder and Joe Anderson, of **Grubb and Ellis/BRE Commercial**.

Industrial: **American Icon Autographs, LLC** has leased 1,651 square feet of industrial space at 11305 Rancho Bernardo Road, Suite 109, San Diego 92127, from **Bernardo North Properties Inc.**

The property, leased for 36 months at \$71,324, will be used for a warehouse, distribution and showroom by appointment only.

The lessee was represented by Mike Napierala, of **Coldwell Banker Commercial**. The lessor was represented by itself.

*Editor's Note: Leasing Notes for publication must contain the names of the lessee and the lessor; address (including street name and number, city and zip code); square footage; length of lease; lease terms such as NNN; financial consideration; proposed use of space (if not evident from name of lessee); and the names of brokers and their firms representing both the lessee and the lessor.*

Source Code: 20090526tw

as \$800,000 two years ago.

"We'd get at least \$50,000 less for our home today, compared with what we could have gotten two years ago," LaPoint said. "It's not what you need when you've seen your retirement funds take a beating."

Homebuilder executives aren't ready to call the end of the housing slump that slashed about 60 percent from the market value of the 13 largest residential construction companies since 2006.

**Toll Brothers Inc.** (NYSE: TOL), the largest U.S. luxury builder, said May 20 that it's "mothballing" 33 communities, even as second-quarter customer deposits increased.

The Horsham, Penn.-based company plans to maintain the grounds in the areas as it waits for housing demand to firm, Chairman and Chief Executive Officer Robert Toll said last week.

### 'Feeble recovery'

"In our view, the housing

determinant of housing's recovery path."

Michelle Meyer, an economist at **Barclays Capital** in New York, forecast a "feeble recovery" in a report on May 22.

"A recovery in home sales and a bottom in starts would be a major step in curbing the drag from housing," Meyer wrote. "However, we do not foresee a return to a normal housing market for some time. The huge overhang in inventory, much of which is distressed, must be cleared. The will keep downward pressure on home prices."

For Craig Mitchell in Boise, that means waiting for a buyer to come along. So far he's had no offers for the 2,700-square-foot home near Boise's Hillcrest Golf Course Country Club.

"I've been trying to hang on until either my business comes back or we can sell the house, but I think I'm down to my