

Commercial Real Estate News

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We note that the yield chase is on again in CRE as pension funds that lost capital in the financial crisis seek to recover through investments with aggressive fund managers who charge the CRE markets on major broker offered properties, driving down CAP Rates and pump yields through leverage. This looks scary to us, and seems to suggest that many have already forgotten how leverage can change a perfect hedge (income producing CRE), and reduce it to one more go-for-broke toss of the dice. Our **Southwest Fund** remains committed to our low-risk no-leverage strategy, providing safe harbour for capital in the worst possible economic scenarios, while delivering a solid risk-adjusted yield (see www.SouthwestFund.net for more information).