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# Advocates Tout a Property Rally

*Commercial Mortgages Rose in the First Quarter; Total Still Far Off Highs*

(*See Correction & Amplification below* .)

The Mortgage Bankers Association has a piece of good news to deliver to the credit-starved commercial-property industry: The amount of commercial mortgages originated in the first quarter rose 12% from a year earlier.

But the level remains low, said Jamie Woodwell, the trade group's vice president of commercial-real-estate research.

"There appears to be increasing capital available for commercial mortgages," he said. "But folks for the most part are looking to keep their properties in their current conditions rather than sell them." That leads to limited demand for new mortgages.

"We're in a 'drivers wanted' situation," Mr. Woodwell quipped.

The mortgage association doesn't break out the total dollar amount of commercial loans originated each quarter. But the figure totaled $82 billion in 2009, down 46% from the year before and only 16% of the peak level of $508 billion seen in 2007.

In recent months, big, well-capitalized banks have begun to dip their toes back into the business of financing offices, shopping malls, apartments and other commercial buildings.

But there was one notable retreat last quarter: Multifamily-loan originations enabled by Fannie Mae and Freddie Mac fell by almost half from a year earlier, the group's study shows.

—Lingling Wei

## *Racy Resort Faces Dearth of Hedonists*

The racy Hedonism III resort in Jamaica's Runaway Bay is about to call it a night.

SuperClubs, a family-owned company that operates Hedonism III and 18 other hotels in six countries, has decided to reposition the resort as a more-conservative venue open to a wider range of customers. The transformation and related redecorating will close the resort from August to October of this year.

Hedonism III, opened in 1999, is known for its party atmosphere, nude beach, lively discotheque and risque entertainment such as wet-T-shirt contests. Hedonism II, opened in 1981, continues to operate in Negril, Jamaica. There is no Hedonism I.

The challenge for the 225-room Hedonism III was that it needed to attract a larger volume of guests to generate the necessary returns, said John Issa, SuperClubs' executive chairman and family patriarch. It couldn't because it served a niche market.

In addition, SuperClubs couldn't expand on the resort's 7-acre site because its lease is held by the Development Bank of Jamaica. The bank gained the lease in an earlier restructuring that pushed aside previous owners.

"It isn't the core strategy of the Development Bank to develop hotels," Mr. Issa said.

In October, the resort will reopen as SuperClub's first SuperFun resort, catering to a wider market through additional tour operators. The all-inclusive resort will keep its nude beach to cater to its European clientele, but premium liquor and motorized water sports will cost extra. The wet T-shirt contests and other adult diversions will be restricted to Hedonism II.

—Kris Hudson

## *Fix-Up Boost*

The Obama administration wants to give a new lease on life to a $6 billion federal program that helps cities buy, fix up and resell foreclosed and vacant properties.

The Neighborhood Stabilization Program started in 2008 with an initial round of $4 billion in funds, and last year's economic stimulus bill offered a second round of $2 billion. The administration says it is now considering how to reallocate unused funds from the current pot of cash, while asking Congress for additional money for a third round for the program.

The initiative has been hindered by strict time frames that require cities to allocate their funds to specific projects within 18 months. Many cities have waited to deploy their cash and are now racing to commit those federal funds. Some are finding themselves outbid by investors on bank-owned properties and face the prospect of losing unused cash.

To help ease restrictions that have limited the program's reach, the administration last month said it would change certain definitions to increase the number of properties that would be eligible for purchases.

— Nick Timiraos

**Correction & Amplification**

Jamaica's Hedonism III resort occupies seven acres. An item in this article previously said it is situated on 70 acres.