From: Bisnow First Draft <news@publications.bisnow.com>
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Subject: $1B CRE Crowdfunding Lawsuit
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Construction always comes with complexities, but these days, contractors are having trouble even getting to that stage. They're stuck trying to figure out how to bid in a world that is shifting under their feet daily, particularly as larger-than-expected tariffs toggle on and off.

Negotiations are dragging on, costs and risks are increasing, and budgets and contracts are being rethought.

All of that is pushing out timelines — **it takes 6.5 more months for a commercial development to move through planning in 2025 than it did in 2019.**

“How do you budget with all that uncertainty, and how do contractors bid on these things?” Rider Levett Bucknall Vice President Michael O'Reilly said.

See what contractors told *Bisnow* about their struggles to adapt and keep development moving: Construction Managers Grapple With Budgeting, Risk In Trump Tariff Era.

— Kayla Carmicheal, Mark F. Bonner, Jay Rickey and Catie Dixon

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CRE News Quiz

Which MLB team just sold a 10% stake in the club to fund real estate developments and stadium upgrades?

(Answer at the bottom.)

On Our Radar

- **A $1B class-action lawsuit is calling out CrowdStreet’s role in the Nightingale fraud.** Investors who were defrauded out of millions by Nightingale CEO Elie Schwartz have asked the courts to rescind more than $1B in investments made on the CrowdStreet platform before 2023. That’s the year it registered as a broker-dealer, but the lawsuit alleges it was operating as one for years beforehand, selling securities and collecting fees without taking the right steps to protect investors, like putting funds into escrow rather than depositing them directly to sponsors. CrowdStreet’s former CEO and chief investment officer were also named as defendants.

- **J-Pow won’t call cut today.** The Fed’s interest rate announcement will come at 2 p.m. ET, but it appears a foregone conclusion it will hold steady, as inflation has stayed above the 2% target. So all eyes are on two things. The first is the FOMC’s Summary of Economic Projections — last meeting, 79%

of Fed governors saw the risk of inflation growing, up from 16% in September, and they forecast two 25 bps rate cuts this year. And, of course, the world will be parsing through Jerome Powell's 2:30 p.m. ET speech for clues to his thinking. Tariffs have been the elephant in the room — consensus is they are a major reason rates aren't coming down, but Powell has yet to address their impact directly. Most predictions call for cuts to start in May or June, but does it even matter for CRE if 10-year Treasurys don't follow?

- **On the heels of an unusual board shake-up, layoffs could be next for Fannie and Freddie.** Bill Pulte, the newly appointed head of the Federal Housing Finance Agency, named himself the chairman of the Freddie Mac and Fannie Mae boards this week — a surprising move — as a combined 14 members of both boards were removed and eight are being added. Now the agencies, which Pulte has said he will unwind from conservatorship slowly and deliberately, are bracing for job cuts or major policy changes. Combined, they employ 15,000 people.

- **We're all mad here.** Sign up here for the First Draft March Madness bracket and put your company name in there (it's easiest to sign up with your last name as "Name, Company") so we can see who we're up against. There's a prize — $250 in *Bisnow* event ticket credit, *Bisnow* swag and a trophy — and we'll give some shoutouts to top performers as the tourney goes along.

On The Charts: Tenant Allowance

Courtesy of Cushman & Wakefield

TI for Class-A office rose 7% across the U.S. last year as property owners found they had to offset rising construction costs to get tenants in the door, according to Cushman & Wakefield's Fit Out Cost Guide. Gateway markets saw a 19% average spike in TI allowance. Still, Cushman said these increases aren't actually covering the increased cost of build-outs.

This Morning's News

AFFORDABLE HOUSING — Trump Officials Announce Plan To Build Homes On Federal Land (Bisnow): HUD and the Department of the Interior are working together to identify federal land where homes can be built. Read more here.

DEI — CRE Firms Scale Back DEI Initiatives (TRD): At least 12 publicly traded commercial real estate firms have either removed or reduced commitments to diversity, equity and inclusion in annual reports. Read more here.

CAPITAL MARKETS — Nasdaq To Open Dallas HQ (Bisnow): The new HQ will serve the Southeast. It will be home to the operator's division that helps clients catch fraud and money laundering in addition to focusing on winning listings. Read more here.

HOTELS — Aman Eyes $2B Global Expansion Investment (Bloomberg): Ultra-luxury hotel chain Aman is seeking to raise $2B to support its global expansion plans. Read more here.

HOUSING — Secret Mortgage Blacklist Renders Condos Unsellable (WSJ): The blacklist, maintained by Fannie Mae, includes condo associations that need critical building repairs or have inadequate property insurance. Read more here.

Google Maps

RETAIL — Hudson's Bay Asks To Start Liquidating Stores (Bisnow): The department store owner is asking a judge for the go-ahead to begin liquidating all its stores. It owns 80 department stores, 13 Saks Off Fifth stores, three Saks Fifth Avenue stores and an e-commerce platform. The separately owned Saks stores are in Canada — U.S. locations wouldn't be affected. Read more here.

LEGAL — Mortgage Fraud Sentencing: Co-Conspirator Gets 30 Months (TRD): Moshe Silber has been sentenced to 30 months in prison for his role in a mortgage fraud scheme. Read more here.

HOUSING — Renter Population Up 1% In Q4 (Redfin): Home prices are up more than 40% above prepandemic levels, while rent prices are up about 20%, one reason the rentership rate has been rising faster than the homeownership rate. Read more here.

LEGISLATION — EPA’s WOTUS Regulation Review (Multifamily Dive): The EPA is set to review the Waters of the United States rule, which impacts permitting processes for developments near water bodies. Multifamily organizations applauded the announcement. Read more here.

FINANCING — Hines REIT Arranges New $1.4B Debt Facility (Bisnow): The facility was arranged for a $4.5B global REIT managed by Hines by a group of banks led by JPMorgan. It matures in March 2028 with two one-year extension options. Read more here.

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SFR — Supply Is Soaring (SFR Analytics): Many markets saw a 40% increase or more in SFR stock in Q1, opening up investment opportunity as sale prices have come down. Read more here.

FINANCE — Stack Infrastructure Obtains $4B In Green Financing (Stack Infrastructure): Stack Infrastructure has secured $4B in green financing for its campus in Stafford, Virginia, as well as campuses in Portland, Oregon, and Toronto. Read more here.

ARCHITECTURE — Trump Remaking Federal Architecture In His Own Image (Bloomberg): Trump's government real estate projects include a $100M ballroom in the White House and a National Garden of American Heroes with 250 statues. Read more here.

HOUSING — National Rental Assistance On The Brink (Cal Matters): $5B in federal funds to help people on the verge of homelessness pay their rent is running out of cash. Roughly 60,000 renters will likely lose housing after the last dollar is spent. Read more here.

CONSTRUCTION — Ontario, Toronto Propose U.S. Contractor Ban (Global Construction Review): Ontario will ban U.S. firms from public sector contracts, locking American contractors, engineers and consultants out of some $139.7B worth of infrastructure projects in the most populous Canadian province. Read more here.

INFRASTRUCTURE — DOT's $51B Infrastructure Plans At Risk (Construction Dive): Up to $51B in federal funds awarded by the U.S. DOT but not yet obligated could be defunded. The funds were meant to go to road safety, bicycle paths and electric vehicle infrastructure. Read more here.

Courtesy of Populous/Denver NWSL

CONSTRUCTION — Denver Pro Women's Soccer Team Unveils Plans For Stadium (Bisnow): Denver's new professional women's soccer team has revealed the 14,500-seat stadium is expected to go up in the Baker neighborhood at Santa Fe Yards. There are also plans for a recreational park and a mixed-use development. Read more here.

LEGAL — How TD Bank Got Tied Up In Money Laundering Schemes (Bloomberg): Fast expansion combined with budget-cutting left TD Bank's branches open to exploitation by organized crime. Read more here.

RETAIL — Breakfast-First Restaurant Chains Underperform (Placer.ai): Breakfast chains are adding surcharges on egg-based menu items, perhaps contributing to a slowdown in foot traffic to these eateries this year. Read more here.

HOTELS — Zoning For Casino Resort, New Arena In Dallas (WFAA): The Sands Corp.'s plan to build a new stadium for the NBA's Dallas Mavericks with a resort casino took its first steps forward this week even though Texas does not allow casino resorts. Read more here.

RETAIL — Yum Brands Accelerates AI Integration (CNBC): This is Nvidia's first partnership with a restaurant company. Fast-food chains are testing AI to take drive-thru orders, decide workers schedules and place supply orders. Read more here.

PEOPLE — Andrew Cuomo Receives Strong Backing From Real Estate Sector (CO): Former New York Gov. Andrew Cuomo is receiving financial support from the real estate industry in his run for NYC mayor. Read more here.

OFFICE — Trump's Firm To Develop First Commercial Tower In Pune, India (Bloomberg): Trump's real estate firm plans to construct its first commercial tower in Pune, India. Trump World Center Pune will feature two glass towers. India's office space saw a record 77.2M SF leased last year. Read more here.

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So You've Come For An Answer

The San Francisco Giants.

The team sold the stake to private equity firm Sixth Street Partners. It will use the money to upgrade its stadium and to invest in Mission Rock, a mixed-use development across the park where the team plays. The opening of Visa's global HQ and a residential building in 2023 kicked off the project, which the team is partnering on with Tishman Speyer and the Port of San Francisco.

Bonus question: Who will win March Madness? Give us your answer by joining the First Draft pool!

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