

Tuesday, August 23, 2016

## Pittsburgh-Area Mall Sees Sharp Drop in Appraised Value

The Galleria at Pittsburgh Mills, a troubled shopping center in suburban Pittsburgh, has been re-appraised at a value of only \$11 million.

A total of 887,007 square feet of the 1.1 million-sf shopping center serves as collateral for a \$133 million CMBS loan that's securitized through Morgan Stanley Capital I Inc., 2007-HQ11. The loan originally had matured in 2012, but was modified that year with its term extended through April 2015. In addition, its coupon was cut to 4.75 percent from 6.37 percent. It was sent back to special servicer C-III Asset Management when it wasn't retired by its modified maturity.

The collateral property's latest appraisal, which was highlighted in a TreppWire report this week, compares with a \$12.7 million value that Morningstar Credit Ratings had placed on the property earlier this year. The New York rating agency got to that value by pegging a 15 percent capitalization rate against the property's \$1.9 million of expected net operating income for the year.

The property, constructed in 2005, was valued at \$190 million in 2006 when the CMBS loan was written.

The latest servicer notes compiled by Trepp LLC indicate that the collateral property, in Frazer Township, which is less than 10 miles northeast of downtown Pittsburgh, is now being handled by a receiver. Foreclosure efforts were started earlier this year, but those notes indicate that a consensual transfer of title would take place before the end of the year.

So far, some \$2 million of principal and interest payments have been advanced against the loan. In addition, the latest appraised value has resulted in a \$124.9 million appraisal reduction amount being taken against the loan.

*Reprinted with permission from Commercial Real Estate Direct  
Copyright ©2016 [www.crenews.com](http://www.crenews.com)*