

COMMERCIAL CONNECTIONS

A PUBLICATION BY THE NATIONAL ASSOCIATION OF REALTORS®



FOCUS

YOUR VOICE, YOUR BUSINESS, YOUR COMMUNITY

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ALSO IN THIS ISSUE:

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THE LATEST

Attend

Join over 20,000 NAR members in San Diego for the REALTORS® Conference & Expo in November. The newly re-imaged trade expo space, called the Commercial Marketplace, will feature a theater for presentations, a deal making area, innovative exhibitors and tools to help your business. The Commercial Caffeinated Networking Breakfast, a ticketed event, will feature a keynote speaker. Registration is open!

Realtor.org/Conference

Read

NAR is launching a new monthly e-newsletter this summer, called the Commercial Digest. The new communication will feature exclusive content for commercial real estate professionals in a short, concise format. We've heard you ask for this – and we are delivering!

Learn

At the Commercial Committee meeting in D.C., a speaker from IIUSA shared information on the EB-5 Investor Visa Regional Center program and the opportunity that exists for new business development with the use of funding from foreign nationals who create new jobs. NAR supports the permanent authorization of this program, which is set to expire later this year. Take the time to understand how these regional centers work to drive economic development in local markets. *IIUSA.org* & *Realtor.org/political-advocacy/all-advocacy-issues*

Network

NAR's commercial affiliate organizations (CCIM, CRE, IREM, RLI and SIOR) provide great networking opportunities to learn more about various aspects of the industry. Upcoming conferences this Fall offer education, networking and insights not available anywhere else. Access the calendar of events via the Commercial Professional Development webpage.

Realtor.org/commercial/professional-development

Participate

In 2016, NAR will return to the MIPIM real estate event with an expanded pavilion representing the United States and NAR members. Over \$130 billion dollars went into commercial and residential property investments in the U.S in 2014. Learn more about how your market can be a part of the pavilion, or how you can attend as an individual with enhanced visibility as part of the NAR group, by emailing us at *NARCommercial@realtors.org*.

COMMERCIAL
Real Estate



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THE COMMERCIAL NARRATIVE

A NOTE FROM THE PRESIDENT, CHRIS POLYCHRON, CIPS, CRS, GRI



CHRIS POLYCHRON, CIPS, CRS, GRI

The REALTORS® Legislative Conference and Trade Expo is my favorite meeting. In May, we brought almost 8,500 members of NAR to our nation's capital and that's no small feat. I had many conversations with members in sessions, in the halls and conference rooms, and on Capitol Hill as we took our message to lawmakers. I was proud- it showed how strong our voice is and how our issues resonate in every community across our nation.

At NAR 360, we released our official Hill Visit Talking Points, with Commercial Real Estate Issues being one of our top four priorities. In particular, Like-Kind Exchanges and Leasehold Improvements are critical tax reform policies that play a pivotal role in our nation's economy. It's not hard to see these issues translate to the local community. They directly influence walkability and public transit, which in turn make communities more livable and have enormous impact on property values.

These livability issues are particularly popular with younger generations. That got me thinking. We talk a lot about Millennials and their home buying patterns. That's a residential narrative we hear often in the news. But what about the commercial market? Doesn't it have a narrative as well? And, aren't Millennials just as essential to commercial markets as they are to residential? Their generation is one of the most entrepreneurial we've ever seen. They want to change the world and call their own shots at the same time. That sounds like a wave of future business owners to me.

Commercial property houses the businesses and services that power great communities. These businesses are based on the taste of consumers. And tastes change. Just because people shop, buy, or live a certain way, doesn't mean it's set in stone. Think about how technology has changed consumer behavior. The list of goods and services that you can buy online grows longer by the minute. But, not everything will make it to that list. There will always be a need for storefronts. Commercial real estate issues evolve to keep pace with our society.

Financing is another example. We need regulators to realize that smaller lenders and banks are often the ones who suffer at the hands of new regulations. The simple act of compliance can threaten a small business's viability. We need a balance between regulation and the opportunity to succeed.

Our communities are developed from the ground up: land, office, industrial, retail, and multi-family housing. These are all foundations upon which we build for the future. We should make a commitment to teach our younger members and consumers about the issues that greatly impact their communities. One way is for you to be a role model and mentor. I've had great mentors at every stage of my life, even now as NAR President.

Strengthening our community takes partners of all kinds, as well as teamwork and collaboration. Above all else, we should always remember that whatever changes along the way, the commercial narrative must always be part of the story.

REALTORS® LEGISLATIVE MEETINGS & TRADE EXPO 2015 RECAP

Each May in Washington D.C., NAR members take an active role to advance the real estate industry and shape public policy. Members attend Hill Visits and meet with Members of Congress, participate in committee meetings, attend special events and the trade expo- all opportunities for networking and further strengthening the voice of NAR.

The **Commercial Committee** meeting featured guest speaker Peter Joseph, Executive Director of IIUSA, who covered the importance of the EB-5 Visa Program that facilitates job-generating commercial investment from foreign nationals. NAR Special Projects Liaison Cynthia Shelton gave a report on NAR's U.S. pavilion at MIPIM 2015, and plans for the future. Commercial Services Accreditation honors were presented to the Orlando Regional REALTOR® Association and the Sussex County Association of REALTORS®.

Wednesday's **Commercial Legislative & Regulatory Advisory Board** meeting reflected the strength of NAR's advocacy and coalition building efforts. Duane Desiderio, SVP and Counsel at the Real Estate Roundtable, presented on the "Tenant Star" program and successes with industry-lead energy efficiency standards. Congressman Peter Roskam (IL-6), Member of the House Ways and Means Committee, dialed in via Skype to discuss tax reform. The **Commercial Research Advisory Board** provided an overview of reports and initiatives from the division with findings from the 2015 Commercial Lending & Appraisal Surveys. NAR Chief Economist Lawrence

Yun, Commercial Research Director George Ratiu and guest Economist Sam Chandan presented findings from the latest Commercial Market Forecast with a discussion on commercial fundamentals during the **Commercial Economic Issues & Trends Forum**.

Randall Woodbury, Christopher Mellen and Russ Salzman of IREM presented a panel discussion on the importance of planning, safety, emergency response and crisis management at the **Property Management Forum**. Association management expert Malcom Young delivered a planning presentation at the **Commercial Leadership Forum** on Core Standards, and Association Executives from commercial organizations across the country shared best practices for serving commercial members at the local and state levels. Nathan Graham from RPR demonstrated how economic trade reports can be generated and used for advocacy efforts locally.

Members attending **Hill Visits** were supported with talking points for commercial real estate, appearing for the first time as a separate piece. CCIM also partnered with NAR this year to positive effect. CCIMs from



NAR PRESIDENT CHRIS POLYCHRON



NAR CHIEF ECONOMIST LAWRENCE YUN



CARW STAFF & MEMBERS IN D.C.



SENATOR PETERS (MI)

the local Georgia CCIM Chapter joined Georgia Association of REALTORS® members in their group, reporting that the quality of NAR handouts were well received. CCIM designees who joined the Houston Association of REALTORS® Hill Visits were impressed by the key relationships cultivated over the years with influential representatives. “Partnering directly with HAR was a great idea. I look forward to continuing to strengthen the partnership between HAR and CCIM – Houston,” shared one member.

When asked for his feedback on the success of the meetings, Derek Sprague, CCIM said, “This was my second time attending the annual Legislative meeting, and I continue to be impressed with how much activity takes place in just a few days. We had some outstanding discussions and collaboration in the Commercial

Committee and the Commercial Real Estate Research Advisory Board, along with fantastic opportunities for networking at the YPN meetings and reception. I am looking forward to meeting in San Diego to continue with the progress we made in D.C.”

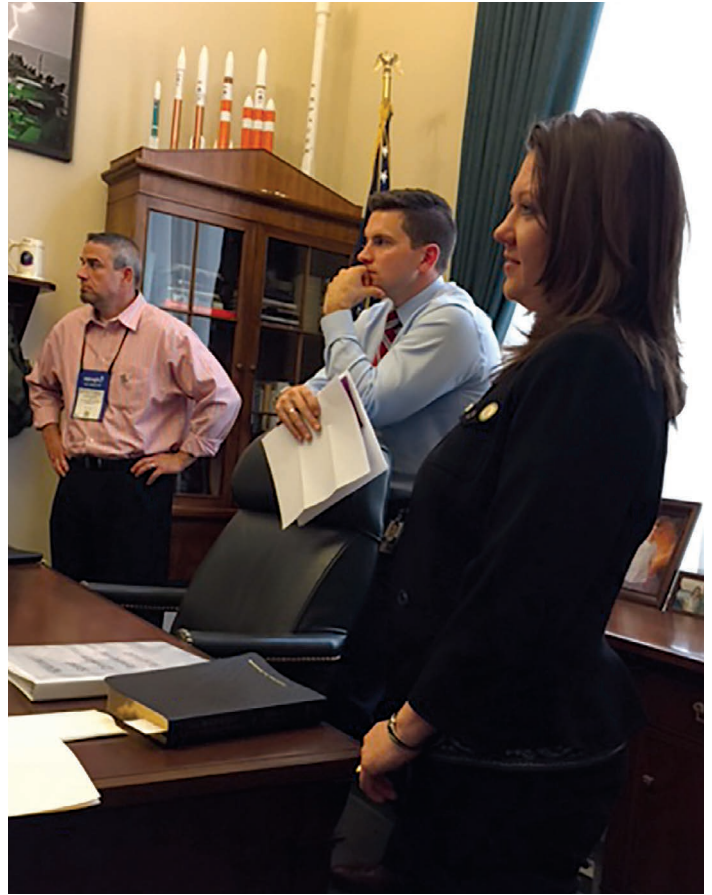
As you can see, members at all levels of engagement contribute to the Association’s reputation as the “voice of real estate.” In turn, members are re-energized, ready to bring back new ideas, relationships and tools to benefit their businesses in their respective markets.

Thank you to Tracy Johnson, Alex Ruggieri, Gene Szepeinski, Mike Craddock, Bill Milliken and Rod Alderink for contributing photos for this article.

REALTORS® LEGISLATIVE MEETINGS & TRADE EXPO 2015 RECAP CONTINUED



CONGRESSMAN PAUL RYAN (WI)



HILL VISITS



SENATOR RON JOHNSON (WI)



HILL VISITS



HILL VISITS



SENATOR TAMMY BALDWIN (WI)

KEEPING A FOCUS ON COMMERCIAL REAL ESTATE ISSUES

NAR policy staff in D.C. are always monitoring issues that may affect your business. Currently, seventeen of the issues on NAR's radar are connected to commercial real estate.

- **1031 Like-Kind Exchanges**
- **Basel III**
- **Commercial Lead Based Paint**
- **Dodd-Frank Law**
- **EB-5 Program**
- **Energy Deduction 179D**
- **Energy Efficiency**
- **FAA Proposed Building Height Restrictions**
- **FIRPTA Reform**
- **Jumpstart Our Business Startups (JOBS) Acts of 2012**
- **Lease Accounting**
- **Leasehold Improvements**
- **Marketplace Fairness**
- **National Flood Insurance Program**
- **Terrorism Insurance**
- **Unmanned Aerial Vehicles (Drones)**
- **Waters of the U.S. Definition**

KNOW THE ISSUES

To stay informed about the current status of any of the above issues, NAR has three key resources online available to you at www.realtor.org/commercial/advocacy.

Commercial Issues Brief – A summary of the three to five highest priorities for the month.

Commercial Real Estate Top Priorities Issues & Actions – A quarterly summary of the current issue and NAR action for all issues related to commercial real estate.

Commercial Issues Summary – A comprehensive overview of an issue, including the impact to members and in the industry, along with staff policy representative contact information.

5 THINGS TO KNOW ABOUT 1031 LIKE-KIND EXCHANGES

by Erin Stackley, Commercial Legislative Policy Representative, NAR

1 Section 1031, which allows for “like-kind exchanges,” has been in the tax code since 1924, with the most recent significant modification in 1991. It is a very well-established provision.

2 A 1031 like-kind exchange is not a tax “loophole,” but rather a deferral – the owner pays tax on the property when it is ultimately sold for cash, as opposed to when it is exchanged for another property.

3 Any cash you receive as part of the deal – for example, if the property you receive is valued lower than the one you exchange it for and you receive cash for the difference – is taxed as partial sales proceeds (usually at the capital gains rate).

4 1031 exchanges are only allowed for investment or business property, but in some cases can be used for properties such as vacation rental homes, and for tenants in common real estate.

5 Timing is important. A “replacement property” must be designated within 45 days of the sale of your property, and you must close the deal on the new property within six months (180 days) of designating it.

Want to learn even more?

TAKE A DEEPER DIVE



1031 LIKE-KIND EXCHANGE RESOURCES FROM NAR

NAR Field Guide on 1031s

www.realtor.org/field-guides/field-guide-to-1031-exchanges

Issue Summary

www.realtor.org/topics/section-1031-like-kind-exchange

Commercial Talking Points

www.ksefocus.com/billdatabase/clientfiles/172/10/2278.pdf

PROFILES IN LEADERSHIP

NAR'S 2015 COMMERCIAL LEADERSHIP

With over 1 million members, the role of governance at NAR is incredibly important to ensure we stay on course and in alignment with the needs of our membership. Learn about this year's leadership, why they choose to dedicate time as a volunteer in the organization, and how commercial real estate became their career path.



NAR LIAISON TO COMMERCIAL **Dan Sight, CCIM, SIOR**

I left a family business in the mid-80s and commercial real estate looked like the place to be. I believe strongly in giving back to the industry that helps me make my living in a couple of ways. First, by lobbying all levels of government for issues that support and enhance commercial real estate. Second, by raising the education and training standards of fellow agents to make them better. One of the great benefits of being a leader is meeting other professionals from around the country, learning from them and building new friendships.



COMMERCIAL **COMMITTEE CHAIR**

Steve Moreira, CCIM, CIPS, GREEN

Volunteer leadership at NAR provides dedicated members the opportunity to network with peers while making a difference in the industry. My career began in the 70s right out of college, buying and selling commercial properties in New Jersey, and I became a residential developer in Florida in the 80s. In 1997, I received my CCIM designation, which changed my life and directed my career for the past 39 years towards working with institutional quality real estate investment.



COMMERCIAL COMMITTEE **VICE CHAIR**

Lori Burger, CPM

My career in real estate started in 1979 with a family owned and operated, full-service real estate company, where I still work today. Being a commercial leader gives me the ability to network with like-minded individuals; to monitor legislation and take a proactive stance when necessary; to further my leadership skills; and to be able to give back to the industry that has served me well.



COMMERCIAL LEGISLATIVE & REGULATORY ADVISORY BOARD CHAIR

Dan Wagner

It's an honor to be part of NAR at the commercial level. NAR provides us the most incredible staff and resources on behalf of the industry. From my experience, the more you get involved, the more you experience how impactful NAR is to issues within the commercial industry. Inland is one of the largest real estate companies in the U.S., and I was fortunate to start my career working for the Chairman and CEO, Mr. Dan Goodwin, ten years ago. He's been a REALTOR® for over 40 years. Through his guidance and involvement, I was inspired to become active on the governance side and with RPAC.



COMMERCIAL LEGISLATIVE & REGULATORY BOARD VICE CHAIR

Lou Nimkoff, CCIM, CPM

I got my start in real estate by working with my father, who was a real estate investor. Being a commercial leader means being fortunate enough to have the time and resources to give back. It means helping those just starting out, along with more established members who have other commitments, to help move the needle for all REALTORS® to become more successful. This positively impacts the small businesses that so many of us serve, who can then grow their offices, retail stores, manufacturing and residential income businesses.



COMMERCIAL RESEARCH ADVISORY BOARD CHAIR

Jared Booth, CCIM

My father suggested I get my real estate license to keep me busy during the spring between the end of high school and start at university- I've been a proud fourth-generation REALTOR® since. It is a privilege and a responsibility, as NAR is the voice for ALL real estate, both commercial (including leasing/sales & property management) and residential. Each NAR member is best served by having a comprehensive, cohesive voice for real estate, so it is crucial for us all to enhance the commercial brand of NAR and coordinate together for the benefit of our clients, property owners and each practitioner. NAR has the ability to positively influence policies on the commercial industry for clients and our members.



COMMERCIAL RESEARCH ADVISORY BOARD VICE CHAIR

Kay Michael Alexander, GRI

As a commercial practitioner in a small market, I always felt that we were being neglected as members. When the Commercial Alliance (now NAR Commercial) was formed, I quickly discovered that we were being given the voice and support we wanted. Serving has been a worthwhile effort because real action results from our efforts to the benefit of all of our members and our industry. It has also allowed me to expand my business network and make valuable relationships with other commercial brokers around the U.S. I started in real estate by doing marketing for a company, which led to an appraisal position. As the company expanded into the brokerage business, I transitioned into commercial real estate.



COMMERCIAL LEADERSHIP FORUM BOARD CHAIR

Jared Martin, CCIM, GRI

I'm a third generation REALTOR®. My grandfather and mother encouraged me to join the family business in 2001. Being involved with NAR's Commercial Leadership enables me to advocate on behalf of my fellow REALTORS® and property owners. I'm grateful for that opportunity.



COMMERCIAL LEADERSHIP FORUM VICE CHAIR

Leil Koch, CCIM, CIPS, CPM, CRB

I was looking for a lasting career path that would enable me to remain on Maui. Previous to my real estate career, I was a DJ on the radio and in nightclubs. It is truly an honor to participate in the governance process at NAR. The goal for me is always to improve the ability of our members to be professional REALTOR® practitioners, improving our ability as an organization to effectuate change- which ensures we remain relevant, well-educated and at the forefront of technology.



COMMERCIAL ECONOMIC ISSUES & TRENDS FORUM CHAIR

Nancy Lane, CCIM

Being a leader, not just a commercial leader, gives me the opportunity to interact with others in our profession and to give back to the organization that has given so much to me. My goal is to help commercial and residential members realize the value and friendships NAR has to offer. My initial introduction

to real estate was in a title insurance law office. From there, I transitioned to sales of building products to homebuilders. The title and sales experience combined opened an opportunity for me to enter the corporate side of real estate for a retail investment company. During that time, I earned my CCIM designation. After the retail company sold, I resigned, assisted them in selling the investment assets and became an independent commercial broker.



COMMERCIAL ECONOMIC ISSUES & TRENDS FORUM VICE CHAIR

Melvin Wilson, SRES

My aim is to help REALTORS® use all the research, resources and tools NAR has for our members, and I'm honored to be part of the Commercial Leadership team. Each year, world events impact our domestic and international commercial markets. NAR makes it easier to stay informed on market trends and industry perspectives. In my senior year at California State, Northridge, I wrote a term paper on local real estate companies where I interviewed Gribin Von Dyl REALTORS®, a firm lead by NAR Past President Ira Gribin. I received my business degree, was drafted in the 5th round by the NY Giants, and after a brief career in the NFL and the CFL, I joined Gribin Von Dyl REALTORS®.



PROPERTY MANAGEMENT FORUM CHAIR

Keith Kelley, ABR

Being involved in commercial leadership at NAR has been a growth experience. No matter what your commercial specialty, meeting the needs of commercial members across the country makes you get out of your comfort zone, and provides the opportunity to be proactive in influencing industry issues. I started in commercial leasing over twenty years ago, and continue to grow and learn.



PROPERTY MANAGEMENT FORUM VICE CHAIR

Dawn Carpenter, CPM

I started my career in real estate as a commercial bank employee, hired by a local real estate broker/property manager to keep his books. The value I receive as a commercial leader at NAR comes from helping our industry & my REALTOR® colleagues strive for success.



LARGE COMMERCIAL FIRM ADVISORY GROUP CHAIR

Bob Mathews, SIOR

NAR is the preeminent professional trade organization and is a pivotal part of making sure the real estate business in America is strong and vibrant. It is an honor to serve such a noble organization that is making a valuable difference for all Americans. A friend of mine encouraged me to look at the commercial real estate brokerage business in my early 30's. Through his guidance and support I was able to secure a start as an office tenant rep at a young firm in Atlanta (that was 31 years ago). I am thankful every day for my introduction to the commercial business.



LARGE COMMERCIAL FIRM ADVISORY GROUP VICE CHAIR

Karl Landreneau, CCIM, SIOR

Being a commercial leader at NAR gives me the opportunity to stay on the cutting edge of industry issues and trends, which I apply in my commercial practice. After selling my commercial printing business, I chose commercial real estate as my second career.

YOUR VOICE

Consider attending one of the many other NAR governance meetings to represent the voice of commercial members at the NAR conference this Fall.

- Broker Involvement Program Council
- Business Issues Policy Committee
- CIPS Advisory Board
- Consumer Communications Committee
- Conventional Financing & Policy Committee
- Data Strategies Committee
- Diversity Committee
- Emerging Business & Technology Forum
- Federal Financing & Housing Policy Committee
- Federal Legislative & Political Forum
- Federal Taxation Committee
- Global Alliance Advisory Board
- Global Business & Alliances Committee
- Idea Exchange Council for Brokers
- Insurance Committee
- Land Use, Property Rights & Environment Committee
- Local Leadership Idea Exchange Council
- Meeting & Conference Committee
- Member Communications Committee
- Multicultural Real Estate Leadership Advisory Group
- Professional Development Committee
- Professional Standards Committee
- Professional Standards Forum
- Property Management Forum
- Public Policy Coordinating Committee
- REALTOR® Party Member Involvement Committee
- RPAC Fundraising Forum
- Real Property Valuation Committee
- Real Property Valuation Forum
- Regulatory Issues Forum
- Research Committee
- Residential Economic Issues & Trends Forum
- Resort & Second Home Real Estate Committee
- Risk Management & License Law Forum
- Smart Growth Advisory Board
- State & Local Forum on Global Business
- State & Local Issues Policy Committee
- Young Professionals Network Advisory Board

ASSOCIATIONS IN ACTION

Throughout the country REALTOR® Party grants are being utilized to positively impact economic development and community growth. Two great examples are Milwaukee, WI and Spokane, WA.

CITY SPOTLIGHT: MILWAUKEE, WISCONSIN

by Tracy Johnson, CEO, Commercial Association of REALTORS® Wisconsin

The Commercial Association of REALTORS® Wisconsin (CARW) recognized an opportunity to use its strong voice to support a once in a lifetime project for the City of Milwaukee and the State of Wisconsin. In early 2014, Milwaukee's NBA Basketball Team, the Bucks, was sold to a group of private investors. Part of the sale was contingent on the construction of a new arena for the team. This is where CARW members saw an opportunity to be involved at the ground level, to ensure that the arena project came to reality and that conversations about ancillary development would include CARW.

The CARW decided to develop a survey for the members to gauge their interest and enthusiasm in the project. Survey results overwhelmingly showed members believed ensuring the arena project happened was a top priority.

As a result, staff and leadership devised a strategy about how to position CARW as a leader in the effort to build the arena and leverage its legislative strength to ensure a very complicated deal would have support. CARW's first step was to communicate with members the survey results and the business case for supporting the project. Next, the organization penned an op-ed piece for the Milwaukee Journal Sentinel, garnering attention that sparked the conversation about ancillary development possibilities surrounding a new arena. In early 2015, when the State budget was presented, funding for the project was included. CARW used that opportunity to state the project – and its financing deal – was on the top of the Association's legislative agenda, and made it a top priority for Commercial Real Estate REALTOR® and Government Day where members met with nearly 40 of the State's legislators and staff. This



PETER FEIGIN, MILWAUKEE BUCKS PRESIDENT
& DAN COHEN, MID-AMERICA REAL ESTATE WISCONSIN



CARW BILLBOARD



MILWAUKEE MAYOR TOM BARRETT, MILWAUKEE COUNTY EXECUTIVE CHRIS ABELE, TRACY JOHNSON (CARW), TOM SHEPHERD (CARW), JAMES BARRY III (CARW)

effort garnered media attention and showed members the power of the association's voice.

Soon after, CARW became a founding member for a coalition called "Play It Forward Wisconsin." The group includes individuals and organizations joined under a common message of supporting the Arena. Members of the coalition include the Milwaukee Area Chamber of Commerce, Hispanic Chamber of Commerce, Urban League, Building Trades Organizations, Local BIDs, Young Professionals Associations, among others. The coalition engaged in pep rallies at Bucks Games, media interviews, letters and opinion pieces, and an appearance before the Legislative State Budget Committee.

In March, prior to the site being announced and plans unveiled, CARW hosted a program for more than 200 commercial real estate professionals at a hotel near the expected site. The goal was to discuss specific ancillary development opportunities in retail, office and multi-family. The group also invited a developer in Minneapolis where a similar project had been constructed. One week later, the site and project plans were announced and CARW was part of the announcement – due in large part to the fact the plan relied heavily on the creation of an entertainment district that included nearly 11 acres of land CARW was

involved in marketing through a public / private effort.

In May, as budget discussions at the State level advanced, CARW launched a billboard campaign aimed at engaging the public through message points about jobs creation, ancillary investment, State revenue, and more. It also prompted them to send a letter to local officials encouraging them to continue pushing for a fair and sustainable funding deal. The two-week campaign yielded television coverage, newspaper coverage and social media attention.

Members have been inspired and engaged through the entire process as a result of communication at events, updates in newsletters, and letters from the Chairman. Leadership on this project has instilled further pride in CARW and an appreciation for the strength the organization has in shaping opinion and making a difference in the community they live, work and play. At the time this article is written, the Bucks President committed to getting a deal completed soon. Once that phase is complete, CARW will engage in a local campaign to ensure components of the plan requiring local support are completed.

CARW utilized two grants from REALTOR® Party funding for this Smart Growth initiative.

ASSOCIATIONS IN ACTION CONTINUED**CITY SPOTLIGHT: SPOKANE, WASHINGTON**

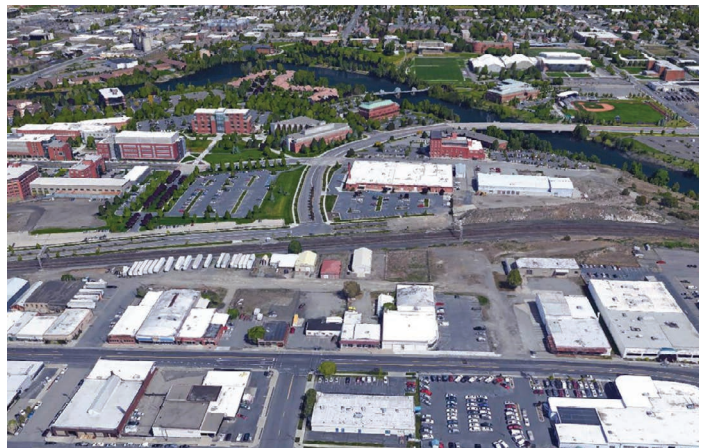
by Mike Livingston, Past President, Washington State Commercial Association of REALTORS®

A 770-acre area whose principal feature used to be a derelict railroad yard just east of downtown Spokane is blossoming into Spokane's most vibrant area. Known as the University District, the area includes Washington State University-Spokane (WSU), Eastern Washington University-Spokane (EWU), Gonzaga University (GU), Whitworth University and the Community Colleges of Spokane. While each school offers a different curriculum, the most dynamic element of the University District is its health-science orientation and the complimentary nature of health sciences to Spokane's robust medical community.

The University District currently has an inordinate amount of underutilized real estate, representing a tremendous opportunity for economic development via repurposing buildings and sites for residential, retail and other commercial use. It is fairly straightforward to assess the abundant "supply" of development sites. The challenge for the University District Development Authority (a not-for-profit quasi-governmental entity responsible for administration of tax increment financing in the University District) has been to quantify the "demand" for housing which in turn would drive development of other kinds. To that end, the UDDA felt it was critical to conduct a housing study in and around the University District—yet did not have sufficient funding to pay for a study.

The Washington State Commercial Association of REALTORS® (WSCAR) is the commercial overlay board representing commercial members across the entire State of Washington. At a WSCAR board meeting in late 2014, a past president of WSCAR who is also a current UDDA board member discussed the need for funding a housing study in Spokane. With the assistance of WSCAR's Government Affairs Director Bob Mitchell, WSCAR and the Spokane Association of REALTORS® collaborated to submit a request to the National Association of REALTORS® for a \$15,000 Smart Growth Action Grant to help fund a study of housing needs in and around Spokane's University District.

The housing study will be the centerpiece for a UDDA Developer Summit, expected to occur in October of 2015. Residential development (both market rate and student housing) is seen as the critical path for revitalizing the area and facilitating continued growth of the universities. The housing study is scheduled to be completed in June and the outcome of the research will be identification of a critical gap between the amount of housing available and the amount of housing needed.



RIVERPOINT PROJECT: BEFORE



RIVERPOINT PROJECT: AFTER



GET INVOLVED IN ECONOMIC GROWTH

By Emily Line, Director Commercial Services, Realtors Property Resource®

Being a leader means staying on top of real estate trends, along with having data to support your conversations. ESRI Tapestry Data from Realtors Property Resource® (RPR) is just the right solution for that purpose. Through RPR, REALTORS® have access to creating Commercial Trade Area Reports that detail activity within a specified geography using demographics, psychographics and consumer spending data. A REALTOR® can measure, predict, and target the right location for business growth, whether representing businesses looking to start or expand in a particular area. The ESRI Tapestry Data combines the “who” of the lifestyle demography with the “where” of the local neighborhood to create a model of various lifestyle classifications.

Dan Bagwell, researcher with the Birmingham Business Journal, recently produced a series of articles focused on consumer spending habits in various zip codes using ESRI data, the exact data available through RPR. There’s great opportunity for REALTORS® to strengthen their voice and demonstrate their expertise within their communities with access to validating data. Through RPR reports, you have presentational pieces that are customizable to increase the REALTOR® voice within media, sitting down with elected officials, and strategizing with economic development councils.

With market specific demographic and economic trends and forecast data available through RPR, REALTOR® leaders, Federal Political Coordinators, Local and State REALTOR® Association Staff have

responded favorably to the depth this data adds to business meetings:

“When I met with Congressman Loudermilk, I supplied him with a Federal Report for Georgia’s 11th District created within RPR. I wanted to give him something of value (more than just our info exchange) and it served as a ‘leave behind,’ which also contained all of my contact info and picture on the front of the report.” - Brent Ellis, NAR Member and Federal Political Coordinator for Congressman Loudermilk, Georgia 11th Congressional District

“I have been using RPR to generate reports that help our local officials fully understand the local property/real estate industry in light of the exceptional growth Greater Chattanooga and Hamilton County, TN have experienced in the past few years with the arrival of Volkswagen and Amazon as our new growth partners in Chattanooga.”- Robert Nodes, Government Affairs Director, Greater Chattanooga Association of REALTORS®

Interested in taking a look at trends and forecasts in your area? Sign into RPR today and click reports at the top right corner of RPR Commercial at www.narrpr.com. If you have questions about RPR Commercial Trade Area Reports, call the RPR team at 1-877-977-7576.

COMMERCIAL LENDING IMPROVES

By George Ratiu, Director of Quantitative & Commercial Research, NAR



The Expectations & Market Realities in Real Estate 2015: Scaling New Heights report—released by Situs, RERC, Deloitte and the National Association of REALTORS® (NAR)—points to a commercial real estate market which has benefited from improved macroeconomic conditions and bullish capital markets. During 2014, gross domestic product rose, employment growth accelerated, and stock market indices reached new heights. Consumer confidence improved and oil prices declined sharply, adding wind to the sails of economic activity.

Commercial vacancy rates declined for the core property types. Availability is expected to continue contracting for office, industrial and retail properties in 2015 and beyond. Vacancies for apartments are estimated to rise, due to gains in supply. Commercial rents have risen across the board, and are projected to advance this year to the tune of 2.5 percent to 3.7 percent.

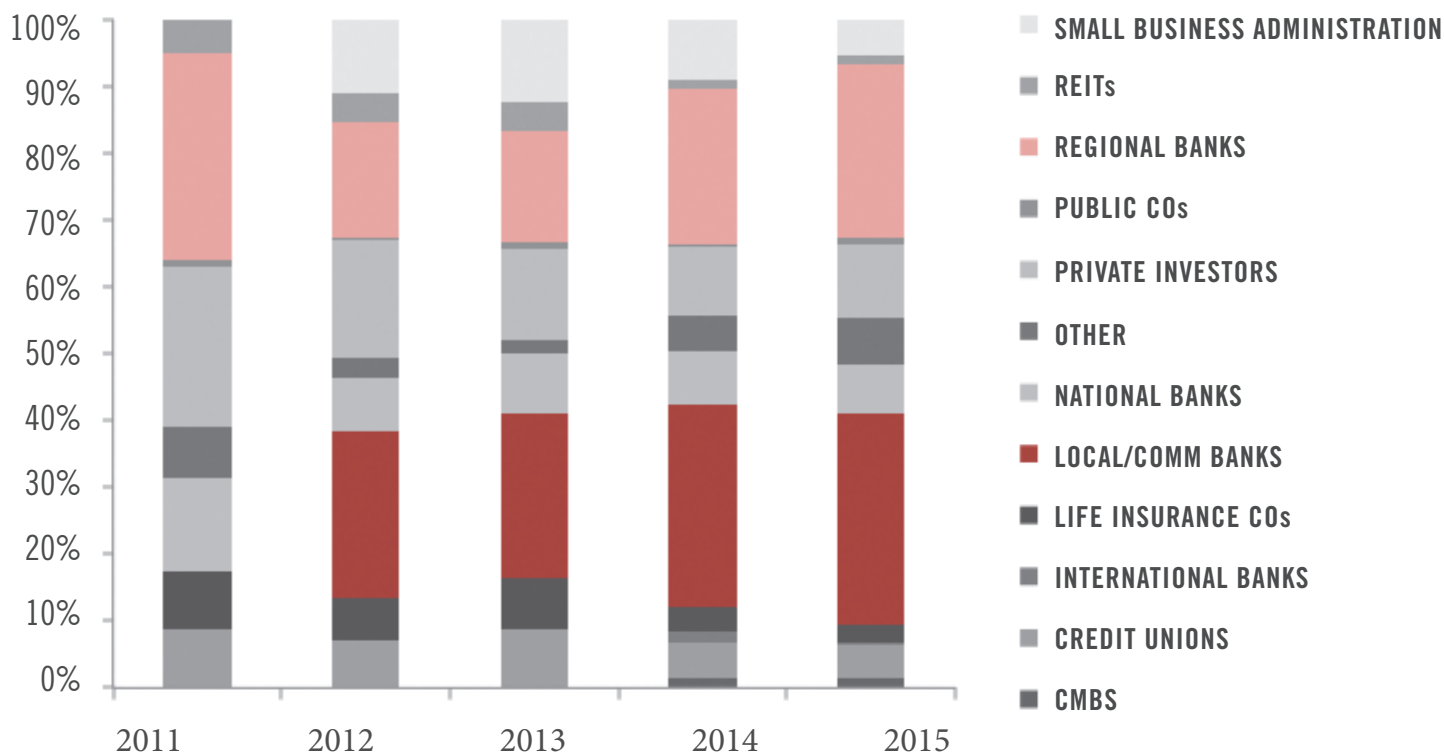
Sales volume continued its positive trend in 2014, with \$438 billion in closed transactions, compared with \$361 billion in 2013, based on data from Real Capital Analytics (RCA). Most of the transactions reported by RCA are based on data aggregated at the top end of the market—above \$2.5 million.

In contrast to the large commercial transactions reported by RCA, commercial members of NAR managed transactions averaging \$1.6 million per deal, frequently located in secondary and tertiary markets, and focused on small businesses and entrepreneurs. The Commercial Lending Trends 2015 report recently published by NAR shines the spotlight on this significant segment of the economy—a segment which tends to be somewhat obscured by reports on large Class A commercial properties.

Based on NAR's 2015 survey of members, lending conditions in markets notched a year of sustainable recovery. Commercial asset prices strengthened, and cash flows continued rising, with 48 percent of respondents indicating higher net operating incomes over the past five years. Riding upward trends in fundamentals, financing and lending conditions improved in 2014.

Local and community banks were the largest lending group in commercial markets accounting for 32 percent of transactions. Local and community banks gained market share from 2013, when they made up 30 percent of the market. The second largest capital source in 2014 comprised of regional banks, which captured 26 percent of REALTORS® commercial deals, a slight increase from the 23 percent in 2013.

CHART: PROVIDERS OF COMMERCIAL REAL ESTATE FINANCING



Private investors were the third main capital providers, accounting for 11 percent of deals during 2014. National banks came in fourth place, with 7 percent market share. The Small Business Administration and credit unions made up 6 percent and 5 percent, respectively, of transactions. Life insurance companies were much less active, representing 3 percent of deals, while CMBS conduits accounted for only 1 percent of funding, tied with REITs and public companies.

The incidence of failed transactions—due to lack of financing—reached a new low. However, it is worth noting that over four-in-ten REALTORS® reported financing issues having caused transaction failures. The main reason for financing leading to incomplete transactions—cited by 62 percent of commercial practitioners—was banks’ loan underwriting standards. Appraisals accounted for another 19 percent of failed transactions.

Even with the recovery on a more solid footing, 58 percent of REALTORS® continued to find bank capital allocated to commercial real estate insufficient. About

one-in-four members cited uncertainty from legislative and regulatory initiatives as the most relevant cause for the shortage. Financial regulatory uncertainty and weak fundamentals (NOI, values, equity) accounted for 20 percent each of bank capital shortage.

As commercial markets continue to be dependent on community and regional banks, and—as opposed to top-tier markets which benefit from equity contributions—for these markets debt financing represents a much-larger portion of capital, the raft of financial regulations which has hit the industry over the past six years has left a deeper impression on available capital for commercial deals. With higher costs of compliance and higher capital reserve requirements for commercial loans, regional and community banks will likely continue to be more cautious in their lending.

Download the entire Commercial Lending Trends 2015 Report at www.realtor.org/reports/commercial-lending-trends-survey.

COMMERCIALSEARCH GROWING NUMBERS



102,099

USERS



448,299

PROPERTY LISTINGS



1.8million

LISTING VIEWS

July 2014



57,997 USERS



389,059 LISTINGS



867,891 VIEWS

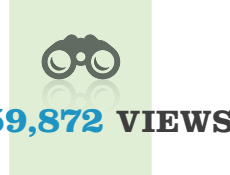
Dec 2014



75,515 USERS



386,791 LISTINGS



1,459,872 VIEWS

May 2015



102,099 USERS



448,259 LISTINGS



1,749,585 VIEWS

Source: May 2015; CommercialSearch.com is operated by Xceligent, a REALTOR Benefits® Partner. Listings are populated by aggregation of data uploaded from commercial real estate firms, franchises, individual brokers and agents, as well as MLSs and CIEs. Visit www.CommercialSearch.com to add your search listings.

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REACHING NEW TECHNOLOGY HEIGHTS

The 2015 NAR REach[®] Class has launched and this year's class features eight companies selected for the potential benefit their products bring to NAR members and the impact they can have on the real estate industry. Several of the companies have products that focus on helping commercial practitioners and property managers. Here's a look at the companies that can enhance your value with clients, help you be more efficient in business and increase your bottom line.



AssetAvenue

AssetAvenue is an online peer-to-peer lending platform for commercial real estate loans, providing borrowers and brokers quick and reliable access to competitively priced loans, while offering accredited and institutional investors the potential to earn attractive returns. AssetAvenue is better than a bank. Their easy to use and fast service makes funding your next client's loan painless by providing flexible financing options and funding in as little as ten days. www.assetavenue.com



TERMSCOUT

TermScout helps commercial real estate professionals and enterprise sales teams increase revenue by providing accurate, timely and actionable sales intelligence within your market. TermScout's tool provides daily information on prospect events in your specific market with get decision-maker contact information. Their cloud-based software allows you to focus on building relationships and negotiating deals, rather than researching vast quantities of data. www.term Scout.com

LOOP&TIE

Loop & Tie provides a platform for agents and brokers to send thoughtful gifts for customer engagement, allowing recipients to pick from a collection of artisanal products. Sending a gift is as easy as entering an email address and selecting a price range. Your customers receive a branded invitation but never see the prices of the gifts in the selection. You save time by not having to pick an individual gift, and gain insight by tracking the relationship online. www.loopandtie.com



NotaryCam

SIGN IT FOR SURE

NotaryCam offers the only online eClosing solution built upon its unique online notary platform, so closing real estate deals becomes faster, more secure, and more convenient than ever before. NotaryCam leverages a unique combination of video and a proprietary identification process and has provided thousands of notarizations in all 50 states and in 60 countries. www.notarycam.com



August is an award-winning technology company developing beautiful and functional products for the smart home. The August Smart Lock makes it simple for listing agents to arrange access for housecleaners, stagers, repairs, etc. using smartphones for time-limited access. Property Managers can authorize employees to manage multiple keys and never need to be concerned about lost keys or late night access. www.august.com



The Guard Llama is your wireless personal security and protection device system that alerts police through the push of a button. In the event of an emergency, the remote discreetly activates the Guard Llama mobile app sending your location, elevation and your personal profile instantly to our 24-hour emergency response team and the police. When taking out your phone to call 911 is not an option, Guard Llama turns your phone back into the lifeline it can be. www.theguardllama.com



BoostUp is a down payment savings platform that helps consumers save for their next home purchase. Real estate partners engage with future home buyers early in the shopping process and help them reach their down payment goal with a savings reward. www.BoostUp.com



Pro.com made it their mission to simplify home services—especially the up-front research before a project even starts. Eliminate the time and effort of figuring out how much a project will cost, finding home services professionals with the right qualifications and work ethic, and dealing with the hassle of scheduling to get the work done. www.pro.com

INTERESTED IN TECHNOLOGY?

GET INVOLVED!

NAR REach® needs members like you to help find and shape products changing the real estate industry. One way for you to get involved is to join the REach® Insight Panel. Insight Panelists receive free test accounts in exchange for providing feedback on products. Simply apply at www.narreach.com/realtors if you would like to help shape these products and impact the future of your industry.

If you're using a great product or solution that could benefit from wider adoption through our program or if you're in search of a particular technology you can't find in the marketplace, please let us know via email at info@narreach.com.



BRIGHT PERSPECTIVES AND FUTURE GOALS

By Lauren Van Holten, Commercial Communications & Marketing Manager, NAR

Recipients of the REALTOR® University 2015 Master of Real Estate (MRE) were honored recently in Washington, D.C. A primary aspect of the program is that students focus on areas of study directly relevant to their business and career goals.

NAR CEO Dale Stinton delivered the commencement address, along with a message from Sharon Millett, NAR Past President and Chair of the Board of Regents, emphasizing the importance of life-long learning and the proactive pursuit of information.

The REALTOR® University Class of 2015 totaled thirteen, with five choosing to pursue the Commercial Real Estate and Investment concentration, one of the five concentrations offered. Curriculum includes course work on investment acquisition and disposition strategies consistent with proven techniques for portfolio management to provide students with overviews of fund marketing tools, techniques and institutional target markets.

The program stands out among comparable advanced real estate degrees for being practitioner oriented. Faculty are doctoral-level practitioners who bring knowledge and hard-earned experience to the classroom, which was appreciated and echoed by the cohort. As of March 2015, 25% of all students are enrolled in the Commercial concentration, from across 30 states and Canada.



We asked a few students to share their experience with the program. Here's what they had to say:

“The master’s program has been a perfect environment to acquire a vast amount of knowledge through global collaboration in real world settings, while keeping our day professions. I have loved the program and it has taken my business to a new level.”

Micah Capener, MRE

“The program, staff and faculty helped me gain a deeper understanding of the Commercial real estate finance markets, financial analysis techniques, appraisal methods and portfolio management strategies. More importantly, I have made lifelong friends in my classmates working through our assignments, discussions, video conferences, and group projects. The practical applications of the assignments and projects required in each course have made their way into my day-to-day commercial real estate practice.”

Thomas Guirola, CCIM, MRE

“Hearing from leading commercial industry professionals on financial analysis and market trends from across the country paved the way for engaging conversations. The MRE degree has opened doors for referrals from other colleagues. I highly recommend it. The journey is worth it!”

Mike Hege*, ABR, CRS, GREEN, GRI

“The degree provides superior education for the serious minded real estate professional. It sets you apart with an elevated credential which is more recognized, understood, and appreciated by the general public and business community than other non-degree real estate designations.”

John Kent*, ABR, BPOR, SFR

*pending completion

Learn more about pursuing a Masters of Real Estate from REALTOR® University at www.realtor.com/academics/.

Tax Reform Could Spell **TROUBLE** for Like-Kind Exchanges

- Bipartisan tax reform plans circulated in the 113th Congress proposed eliminating Section 1031 like-kind exchanges, and the President's proposed FY 2015 budget severely limited its use.
- As Congress continues to look for revenue, like-kind exchanges will continue to be considered.
- NAR advocates strongly for like-kind exchanges in Congress, as they are essential to commercial and investment real estate transactions, by providing liquidity to an illiquid asset.
- Like-kind exchanges encourage efficient use of property, which spurs job creation; they are important not just to the real estate industry, but to the economy as a whole.

To protect your business, Invest in RPAC TODAY!

Call your local association or visit www.realtoractioncenter.com/rpac

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