

# COMMERCIAL CONNECTIONS

NAR.REALTOR/COMMERCIAL-CONNECTIONS

## GLOBAL AMBITION

BROKERS AIM  
FAR AND WIDE  
FOR INVESTMENT  
DOLLARS

PAGE 10

ST. LOUIS BROKER NATE JOHNSON

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# COMMERCIAL CONNECTIONS

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# SMALL WORLD, BIG OPPORTUNITY

## NAR'S INTERNATIONAL RELATIONSHIPS OPEN NEW POSSIBILITIES.

If there's one thing the pandemic has laid bare, it's how globally interconnected we are. And while our interconnectedness has been a vulnerability during this health crisis, it's also been remarkable to see how global business and commerce continue to thrive.

The National Association of REALTORS® has long had a role on the global stage, bringing lessons about the efficient transfer of property and properties rights into countries with developing economies while fostering new opportunities for our members. NAR's international reach has never been more important.

In March, after a pandemic hiatus, NAR was again able to host the USA Pavilion at MIPIM, the annual international real estate event held in Cannes, France, which brings together developers and capital. Joining NAR in the pavilion were 11 state and local associations, bringing awareness to economic development opportunities and incentives in the United States. (See "Welcoming the World," page 10.)

Although we haven't seen the end of the pandemic, with flights and borders opening and momentum building, foreign investment has grown. NAR research backs that up.

Global investors stepped up their acquisitions in 2021, purchasing \$52.9 billion of U.S. commercial real estate between the fourth quarter of 2020 and the third quarter of 2021. That's a 45% increase compared with the previous four quarters (\$36.6 billion). The level of cross-border capital also slightly exceeded the \$50.9 billion in foreign investor acquisitions during 2019.

The U.S. economy remains the largest in the world in terms of gross domestic product, and with our strong system of property rights, we continue to attract investors from around the globe. Canada and Asian nations are pouring the most money into the U.S. During the four quarters ending in September 2021, Canadians purchased \$19.2 billion in U.S. real estate, about one-third of all foreign acquisitions. Bahrain, Germany, Saudi Arabia, Singapore, South Korea, Switzerland, and the United Kingdom each had more than \$1 billion in U.S. commercial real estate investment. Indus-



LESLIE ROUDA SMITH, 2022 PRESIDENT  
NATIONAL ASSOCIATION OF REALTORS®

trial acquisitions made up the largest chunk of foreign investor purchases during that period at 34%.

Despite the occupancy slump during 2020 and early 2021 (see page 18), office acquisitions came in second at 30%.

In general, these foreign dollars are following the pandemic momentum toward smaller markets. During the four quarters ending in September 2021, foreign investors made more acquisitions in non-major markets like Seattle (\$3.2 billion), Atlanta (\$2.8 billion), Dallas (\$2.3 billion), and Phoenix (\$2 billion) than in major markets like Manhattan (\$1.9 billion), Washington, D.C. (\$1.5 billion), and Los Angeles (\$1.4 billion). And foreign investors poured at least \$1 billion into 16 other markets.

MIPIM is just one way we're courting and cultivating international business for our members. For years, NAR has been growing a global network of bilateral real estate partners—109 and counting—in 76 countries. In December I had the honor to attend a bilateral partnership signing ceremony between NAR and TUGEM, a Turkish association. These partnerships aren't just ceremonial. NAR's global alliances can help you establish relationships and find referrals. And because our partners must abide by a compatible code of ethics, you can be confident when working across borders. Find an international member at [nar.realtor/global](http://nar.realtor/global), and learn more about NAR's bilateral partners at [nar.realtor/global/global-alliances](http://nar.realtor/global/global-alliances).

In addition, more than 130 state and local REALTOR® associations have global business councils dedicated to networking and education. They act as community organizations, helping members build partnerships with globally minded businesses, mortgage brokers, attorneys, and others. And they position their association as the voice for global real estate in the local market.

The world has definitely gotten smaller, but that means more opportunity, if you're ready to grab it.

# 3 NEGOTIATION TOOLS

## GATHERING DATA AND USING IT EFFECTIVELY CAN HELP BUILD YOUR CASE.

By Landon Williams, CCIM, SIOR, senior vice president of capital markets, Cushman & Wakefield Commercial Advisors, Memphis, Tenn.



WILLIAMS

When it comes to negotiation, there is a spectrum that exists. On one end lie people who are flippant, unaware, or nervous. On the other are people who are measured, savvy, and confident. Most brokers are somewhere in between. You can move toward the confident side of the spectrum by equipping yourself to achieve directed, successful outcomes. Here are three tools you can use.

**1. Identify your most important deal points.** Nail down where you want to be at the finish line. Even better, write down that information. Prioritize your deal points, determining which terms are most important to your client and which are less consequential. Identify where you would like to be in each priority area—and put that in writing.

My team represented the seller of a vacant office building. Our client indicated price was important, but more significant was closing the deal by the end of the calendar year. With that information, my team could structure the deal to agree with the buyer on some key deal points to support meeting the preferred closing date.

**2. Understand the other side's key deal points.** The negotiation table has two or more sides, and we can't get to a destination without helping the other side. Encourage the other party to explain significant deal points. Then find ways to work within the framework of achieving their goals, addressing their concerns, and finding solutions to their problems. Doing this will clarify the value of bargaining chips, less meaningful deal points that you can give up to get a concession of value.

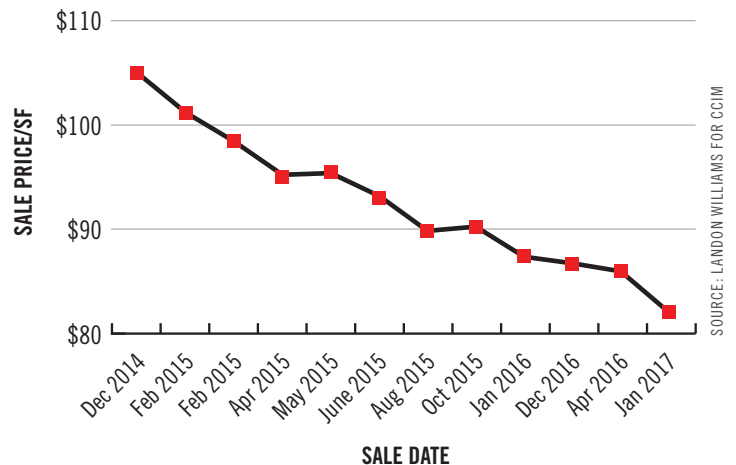
**3. Gather and leverage the data.** We represented a buyer of a residential-style office building in a park with dozens of similar-sized office buildings. My team cherry-picked comparable sales and made a case for a purchase price of around \$90 per square foot.

The seller's representative countered that the purchase price should be closer to \$100 per square foot and submitted comparable sales as justification. As we dissected both data sets, we could see that many of the seller's comparable



## COMPS IN A DIFFERENT LIGHT

Plotting both parties' comps on a timeline illustrated a trend, saving the client money.



SOURCE: LANDON WILLIAMS FOR CCIM

sales had been renovated, while the property being bought needed cosmetic renovation. That was telling from a qualitative analysis, but the case was most convincing when we put both sets of sales comps on a line graph (*above*) to show the trend in sale price per square foot over time. The graph helped both parties understand the current value of the property as the next data point in a trendline. Ultimately, they agreed on a price that equated to \$87 per square foot.

Adding these practical tools can increase your negotiating confidence and support successful outcomes for you, your team, and your clients.

*Editor's note: This article was adapted from "3 Tools for Negotiations," published in the fall 2021 issue of Commercial Investment Real Estate.*



# PARADISE REGAINED

## CRE CONSULTING CORPS TEAM SUPPORTS REBUILDING OF TOWN DEVASTATED BY WILDFIRE.

A team of real estate professionals representing The Counselors of Real Estate has proposed a road map to help rebuild the town of Paradise, Calif.

The Camp Fire of 2018, named for its origin along Camp Creek Road, burned more than 150,000 acres and leveled almost 19,000 buildings over 17 days in Paradise and the surrounding area. The fire killed more than 80 people and left about 30,000 residents homeless. It was the costliest disaster worldwide that year and the deadliest, most destructive wildfire in California's history, according to the National Institute of Standards and Technology.

In 2021, the Paradise Association of REALTORS® engaged the CRE Consulting Corps to offer objective analysis and strategic counsel and recommend actions to expedite redevelopment and restoration of the town. The CRE Foundation, the California Association of REALTORS®, and the National Association of REALTORS® also supported the Paradise project.

CRE Consulting Corps teams offer pro bono guidance to municipalities, not-for-profit organizations, government entities, educational institutions, and other owners of real property. Teams have completed more than 50 projects since 1997.

The Paradise team, after a fact-finding visit, stakeholder interviews, and more than 20 virtual meetings, developed a report focusing on actions that would enable Paradise to see progress in a three- to five-year time frame.

The team's near-term recommendations, presented in January, include:

- Designating an office or individual as the single point of contact at the local government level to help individuals with rebuilding and financing.
- Creating proposals and real estate development opportunities and expediting rebuilding efforts via public-private partnerships in coordination with other agencies and private sector developers and landowners.
- Enacting a resolution to strengthen property insurance coverage. The resolution could include creating a prototype state of California wildfire area insurance program, establishing pre-fire season inspections of



real estate parcels to prevent and mitigate wildfire, and coordinating with the California insurance commissioner on coverage and costs.

- Addressing diverse housing supply and affordability.
- Expanding septic capacity for the community to support development and boost the local economy.
- Streamlining the zoning code and development review process to better facilitate safe rebuilding.

“We see great promise in Paradise with the adoption and implementation of the right steps,” says Steven R. Norris, CRE, CRE Consulting Corps’ team leader for the Paradise assignment. “We want to build on the hard work and vision of the town of Paradise and the Paradise Association of REALTORS®, giving them catalytic ideas to spur thoughtful, responsible, and sustainable redevelopment.” Norris adds that other communities could turn to the report's ideas if they want to future proof against—or rebuild from—catastrophe.

“The team of Counselors listened to our problems and concerns,” says Aubrey Pruis, association executive of the Paradise Association of REALTORS®. “We feel this project is going to change lives and give a lot of people hope. It already has.”

PHOTO CREDIT: STEVE NORRIS



TEMPORARY PARADISE SIGN

# AN UPBEAT OUTLOOK

## FORSEEABLE FUTURE LOOKS POSITIVE, SIOR DESIGNEES SAY.

Omicron may have taken the wind out of the sails of office brokers, but in Q4 2021, SIORs' outlook on the foreseeable future state of the commercial real estate industry remained mostly positive. There was still a divide between the level of optimism held by industrial brokers and that of office brokers, according to the SIOR Snapshot Sentiment Report for that period, but the two sectors were beginning to experience a convergence.

For industrial specialists, vacancies remains at an all-time low, causing record-breaking asking rents and great seller and landlord conditions. There's a collective desire, the report says, to "make hay while the sun shines."

Meanwhile, office specialists say they're seeing declining vacancies and higher asking rents. According to the report, tenants have been attracted by concessions and by spaces retrofitted for health and safety.

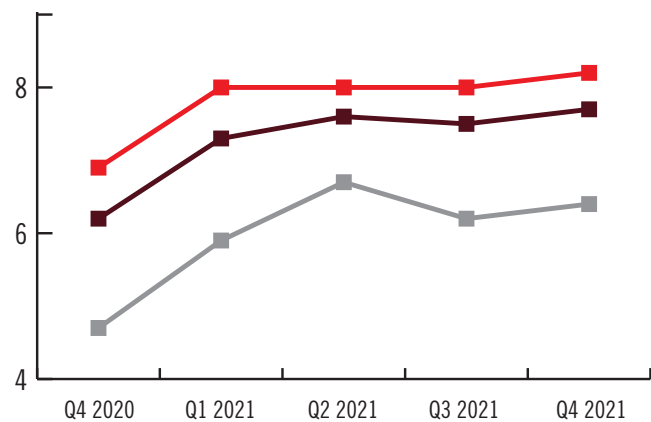
Below are highlights from SIOR's report on the current state of the industry:

- Combined confidence for industrial and office improved at the end of 2021, with a 7.7 average level of confidence (out of 10). This is the highest overall confidence reported since Q2 2020.

## AVERAGE LEVEL OF CONFIDENCE

Average level of market confidence on a 10-point scale.

KEY ■ Office Confidence ■ Industrial Confidence ■ Overall Confidence



SOURCE: SIOR



- Industrial market confidence also reached its highest level, rising to 8.2 in Q4 2021.
- Office regained some of the confidence lost in Q3, increasing from 6.2 to 6.4, making it the second highest confidence level since the start of the pandemic.
- The status of transactions remained mostly unchanged in Q4 2021, with SIORs reporting 81% of deals staying on schedule (a 1% dip from Q3). On-hold transactions held steady at 12%, and cancelled transactions increased from 6% to 7%.
- Overall, economic conditions have continued to positively impact performance in all markets, but not equally for both sectors.
- An overall 71% reported a positive impact from local conditions, up from 69% in Q3. That's the highest level since the pandemic began and also nearly matches conditions reported in Q4 2019. The industrial sector is responsible for the growth, averaging a positive impact of 82%, up from 79% last quarter. Meanwhile the office sector dipped one percentage point to an average 46% feeling positive about conditions.
- Leasing activity slightly dropped in Q4 2021, with 74% reporting a little higher or much higher activity. Leasing is still vastly improved compared to a year ago, when only 29% reported higher activity.
- Overall asking rents rose 11% in Q4, with 83% reporting higher asking rents. This brings asking rents close to pre-pandemic levels (87% in Q4 2019).
- Available vacancy has hit its lowest levels in years, with 73% reporting low available vacancy (up from 68% in Q3 2021). These levels haven't been seen since Q2 2018, (when low available vacancy was 74%). Only 14% report high vacancy, down from 19% in Q3 2021.

# LAND OF PLENTY

## VIRTUAL COURSE WILL HELP REAL ESTATE PROS VALUE ENVIRONMENTAL ASSETS.

As energy and environmental impact gain importance, commercial real estate professionals are helping clients navigate ever more complex property transactions. Land sales, in particular, are affected by the presence of carbon, oil and gas, solar power, wind turbines, mining, broadband, cell towers, and conservation easements.

### BENEFITS TO LANDOWNERS

One way that corporations can meet tightening government environmental regulations is by financing carbon removal and reduction projects to offset carbon emissions. The projects can be done on privately owned property, earning money for landowners. Free estimators, like LandGate's Carbon LandEstimate, can quantify the value of selling carbon credits from carbon offsets.

Carbon offsets and credits can be combined with other environmental options. Landowners could receive royalties from a wind farm on their land while receiving carbon credits from carbon offsets and using regenerative grazing techniques to feed cattle. Or they could earn carbon credits by managing their land and also receive royalties from a solar farm, while also growing flowers for bees. Carbon offsets don't tie up land, so the land can still be used for a variety of surface activities.

The number of carbon credits that can be earned will depend mainly on the area of land, soil conditions, and tree cover, because trees store carbon dioxide. Climate factors, such as temperature and moisture, also play a large role. For example, rainfall helps increase the carbon input into the soil.

A carbon credit is a certificate representing the reduction of one metric ton of CO<sub>2</sub> or its equivalent of other greenhouse gases. As of July 2021, carbon credits traded for about \$16 per metric ton of carbon dioxide stored. Pricing is predicted to increase tenfold by 2030.

### WHAT YOU NEED TO KNOW

When you're involved in a land transaction, it's important to be able to:

- Identify the types of land resources on a property.
- Estimate a plot's market value based on energy-related resources.



- Understand mineral and surface rights.
- Know why landowners may want one or more conservation easements on their property.

The REALTORS® Land Institute partnered with LandGate to develop a new course, "Valuation and Transactions of Energy and Environmental Assets." The LANDU virtual course will help you value environmental assets as they roll up into an overall listing price or buyer's offer. The course is open to members and nonmembers of RLI. Registrations details are available on the RLI website.

*Editor's note: Learn more about the use of carbon credit in Boost Your Income from Carbon Credits, published by RLI and written by RLI instructor Yoann Hispa. Hispa is CEO and co-founder of LandGate, an online marketplace and data solutions provider focused on U.S. commercial land resources.*



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# BLOCKCHAIN: WHAT'S POSSIBLE

## HOW THIS NEW WAY OF RECORDING TRANSACTION DATA COULD CHANGE YOUR BUSINESS

By David Conroy, National Association of REALTORS® director of emerging technology



CONROY

For commercial estate professionals, blockchain technology seems straightforward: Blockchains are simply a way of thinking about how information about any transaction could be stored and shared. In their most basic form, they're systems that maintain a growing list of records or transactions stored across a network of computers.

This independent, verifiable, and trustworthy record of events could be used as the single source of truth for a property or transaction. Having access to this record could enable the parties to a pending deal to trust that the seller has true ownership of that property and to see without question that the property is free of claims.

**“This independent, verifiable, and trustworthy record of events could be the single source of truth for a property or transaction.”**

### WHAT THE FUTURE MAY BRING

The real estate industry has several opportunities to use blockchain in the near future, including in these areas:

1. **Title**—Blockchains could provide indisputable and instantly verifiable proof of who owns a property.
2. **Fractional property ownership**—Multiple parties could more easily own fractions of a single property. This could increase accessibility to real estate by lowering the minimum amount of capital needed to get exposure to real estate as an asset class. It could also allow property owners to sell partial equity, providing greater access to liquidity. This differs from a real estate investment trust, which falls short of granting investors any actual ownership of underlying investment properties.



3. **Nonfungible tokens**—Nonfungible tokens, or NFTs, have mostly been used as an indisputable certificate of authenticity in the sales and representation of digital art. But that doesn't preclude them from being used to represent physical products. NFTs could be used to represent physical real estate assets on a blockchain, opening property investment opportunities to many more people.
4. **Decentralized finance**—Decentralized finance, or DeFi, has been called Wall Street 2.0 on the blockchain. For institutional and retail customers, most of the traditional financial goods and services that depended on intermediary third parties such as banks and investment firms can now be accessed directly through innovations like smart contracts on blockchain protocols. Common aspects of real estate transactions like lending, borrowing, refinancing, and accessing liquidity could become equally open to anyone in the world. This is already becoming possible today without the need for backing by any central bank, relying instead on pieces of code and secure DeFi protocols.

Certain components of blockchain technology, like NFTs and cryptocurrencies, have reached the mainstream. (*See “Early Birds of Blockchain,” page 20, for a look at some companies already in this space.*) Although their impact is still ahead, the technology will undoubtedly affect the industry at some point in the future.

*Editor's note: This article was adapted from “Recording History,” published in the January/February 2022 issue of Journal of Property Management.*

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“Symbiotic” is the best way to describe the relationship between Dennis Pruitt, vice president of business development for Missouri Partnership (left), and Nate Johnson, broker-owner of Real Estate Solutions in St. Louis. Johnson can identify or compile real estate parcels and rely on Pruitt’s state economic development group as the primary source for the economic and market data sought by global investors.



© JASON DAILEY PHOTO



# WELCOMING THE WORLD

## U.S. BROKERS ARE LEVERAGING MIPIM'S GLOBAL REACH TO EXPAND THEIR BUSINESS OPPORTUNITIES.

By Carol Weinrich Helsel

Nate Johnson was eagerly working on his first international transaction. While attending an international real estate conference in 2019, Johnson had connected with a German investor. He saw an opportunity to bring the investor into St. Louis, so he returned home and got to work on a proposal.

Unfortunately, the emergence of COVID-19 scuttled the investor's plans, says Johnson, CIPS, broker-owner of Real Estate Solutions, a commercial and residential brokerage in St. Louis. But that hasn't dampened Johnson's spirit. He made other connections at the conference, known as MIPIM, and says he'll attend again in the future.

Commercial brokers from Miami to San Diego recently took advantage of NAR's return, after a two-year pandemic hiatus, to the MIPIM international property event. This year's event was March 15–18.

"I'm anxious to get back to face-to-face business," said Michael Hinton, CCIM, C2EX, in the weeks leading up to the event. "We embraced meeting technology the past couple of years, but it can't replace the experience of meeting someone in person to build a business relationship," says Hinton, senior associate with Apex Capital Realty in Miami.

MIPIM is held annually in Cannes, France, attracting 25,000 investors, developers, corporate end users, and other commercial real estate stakeholders. NAR hosts the U.S. Pavilion, which provides participating sponsors and partners with an international stage to promote their market as a destination for global capital. (See "MIPIM 2022 Sponsors and Partners," page 12.) The pavilion also serves as a kind of home base to REALTORS® who attend the conference to network and promote projects. In 2019, the last pre-pandemic MIPIM, 24% of the 25,000 attendees represented investment companies—including 80 of the top 100 real estate investors, representing \$3 trillion in assets under management.

Tim Weisheyer, CIPS, C2EX, principal broker for dbrCommercial Real Estate Services in Celebration, Fla., attended his first MIPIM this year. "People call me from all over the world looking for land and development opportunities in

the Orlando area," says Weisheyer. "MIPIM gave me the chance to connect with those looking to invest in one of the country's fastest-growing regions and introduce them to my listings."

### MIND-BLOWING CONNECTIONS

Business development at MIPIM is typically a multiyear process. Johnson first attended MIPIM as part of the Missouri REALTORS® leadership team. "By my second visit, I was better prepared to connect with investors and developers that could be beneficial to my business," he says. "We didn't have active listings that we thought would align with investor interests, so my partner and I put together a prospectus of the type of opportunities that painted a picture of what's possible in our market."

## BUILDING A U.S.-BASED EVENT

After experiencing MIPIM, 2021 NAR President Charlie Oppler advocated for a U.S.-based event where commercial stakeholders could come together to share insights, source capital, and showcase investment opportunities. C5 (named for *Capital, Connect, Commerce, Community, Commercial*) launched in September 2021 in New York City. Despite the pandemic-related challenges (U.S. travel restrictions largely prevented foreign investor participation), attendees found value in the event.

T. Dallas Smith, CEO of T. Dallas Smith & Company in Atlanta, says C5 was a place where he met like-minded professionals. "I made some good connections there," says Smith. "NAR provided a platform that exposes attendees to true commercial real estate. I spoke to other attendees who appreciated the transparency and the opportunity to have honest conversations about what is happening in the industry," says Smith.

C5 2022 will be Aug. 15–17 at the New York Marriott Marquis.

## WHAT TO KNOW BEFORE YOU GO

MIPIM offers business opportunities for anyone willing to work to make connections and commit to a long-term strategy to turn those connections into relationships. The brokers cited in this article offer the following advice for first-time MIPIM attendees.

- Build a robust profile in the MIPIM database.
- Research participating companies and individuals with whom you want to connect.
- Request appointments, attend sessions, and visit exhibits related to your interests, but be open to chance meetings.
- Come prepared with market information and project possibilities.
- Follow up with contacts to build relationships.

The strategy worked. Johnson connected with the German investor, who was interested in urban neighborhood investment opportunities. “I came home and pulled together enough parcels to create the scale the developer wanted and to make the numbers work,” says Johnson. “We discussed plans for the investor to come to St. Louis, but COVID changed everything. I hope to reignite the conversation, and I have other leads still hanging out there. The global connections made at MIPIM are mind-blowing.”

Johnson’s strategy is evolving. He plans to partner with large firms in the St. Louis market for his next trip to create the desired business outcomes.

Weisheyer took a similar approach to prepare for MIPIM. “I surveyed central Florida projects for large tracts of land and opportunities for mixed-use development and compiled a couple of dozen potential projects.” Weisheyer relies on a team of experts from various disciplines to differentiate himself. “My team includes a J.D. in immigration law who advises on immigration and visas, an engineer who understands what will be required to develop a property, and an MBA in finance who can work the numbers.”

### DO YOUR HOMEWORK

“I was like a deer in the headlights at my first MIPIM,” says Bill Caton, CIPS, of Caton Commercial Real Estate Group in Naperville, Ill. “I wasn’t prepared for what was coming at me, but I walked away with a sense of the value

that could come from MIPIM.” Caton notes the lack of local competitors. “I might be one of a handful of Illinois brokers at MIPIM.” Caton’s business associate, Andy Velkme, CIPS, agrees. “Given the small percentage of U.S. participants compared to the rest of the world, Americans really stand out,” Velkme says.

“MIPIM was transformational to my business,” says Caton, but he stresses the need to do your homework and come prepared—including researching registered investors and developers and setting up appointments in advance. “Getting appointments is not easy, but they produce results,” says Caton, who recommends creating a robust profile for the online attendee database. (See “What to Know Before You Go,” left.)

“Based on my profile, a German investor reached out to request a meeting. We spent 30 minutes discussing his interest in importing a European co-living concept into the U.S. The company owner flew to Chicago, where I had arranged appointments to view multifamily housing properties,” says Caton. The visit resulted in the lease of a Chicago building and the sale of a D.C. building.

Caton’s firm soon became the preferred brokerage for the company’s central U.S. expansion. While the co-living concept is no longer in operation (partly due to COVID-19), the original connection continues to pay off. “We have business relationships with developers all around the U.S. and clients in the U.K., Germany, France, and elsewhere,” says Caton. “That first deal elevated our business from a small boutique company to a national and international firm in four years.”

Velkme acknowledges that his firm’s success following one meeting is atypical. “MIPIM is a great place to create relationships, but business is more likely to come from repeated follow-up and subsequent opportunities over multiple years to reconnect and build on the relationship.” Velkme recommends making as many contacts as possible while at MIPIM and being open to unexpected opportunities. “Some of my best contacts came from talking to someone while waiting in a line for a sandwich,” says Velkme.

### DOMESTIC RIPPLE EFFECT

The domestic ripple effect of MIPIM is a common theme among its attendees. Jennifer Wollmann, EPRO, C2EX, a Coral Gables, Fla., REALTOR® affiliated with the commercial division of Berkshire Hathaway, connected with a New York-based investment group at MIPIM, where she learned of the group’s interest in the South Florida

market. Wollmann now reaches out periodically about projects that may be of interest.

Alex Ruggieri, CCIM, CRE, senior investment advisor with North Star Equities in Champaign County, Ill., says he beat out local and Chicago competitors to secure a \$6 million hotel listing by promoting his MIPIM network. “Ultimately, the buyer was local, but it was my international connections that got me that listing.” Caton reports similar experiences. “We get listings that have absolutely no global play but come to us because they know us from the global side of our business.”

Tony Harrington, CIPS, C2EX, a residential broker with The Property Shop in Wilmington, N.C., added international branding to his company’s profile after attending MIPIM. “Almost immediately, I got a lead from a French company looking to relocate to the region that included a residential component.” Harrington partners with local commercial brokers on commercial transactions and uses information from the region’s economic development agency to educate potential investors about the Wilmington market.

### **PARTNER WITH ECONOMIC DEVELOPMENT GROUPS**

Ties to area economic development agencies are an often-cited benefit of attending MIPIM. Nate Johnson relies on Missouri Partnership—a public-private economic development organization—as a source for market statistics to provide to potential investors. Dennis Pruitt, vice president of business development for Missouri Partnership, attends MIPIM as part of the Missouri REALTORS® delegation. “Dennis is instrumental in putting together economic information that showcases Missouri as an investment destination,” says Johnson, adding that “Dennis helps people understand what ‘a Missouri’ is.”

“All of our projects involve real estate,” says Pruitt. “If we don’t have a product, we can’t win the project.” Pruitt describes the group’s relationship with the commercial real estate community as symbiotic. “We’re all interested in promoting the economic viability of our market and attracting companies to our state.”

Ties to area economic development groups deliver value locally as well. Cynthia Shelton, CCIM, CRE, with LandQwest Commercial in Orlando, says she made many great contacts with the Florida economic development agency while at MIPIM. “I got an education on opportunities available back home that I didn’t know about.” Shelton says MIPIM is also a great forum to meet other U.S. commercial practitioners. “You learn their niche.



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- Greater San Diego Association of REALTORS®
- Miami REALTORS®

I specialize in retail but have met investors looking for office or industrial opportunities. I’ve made several referrals to U.S. contacts at MIPIM.”

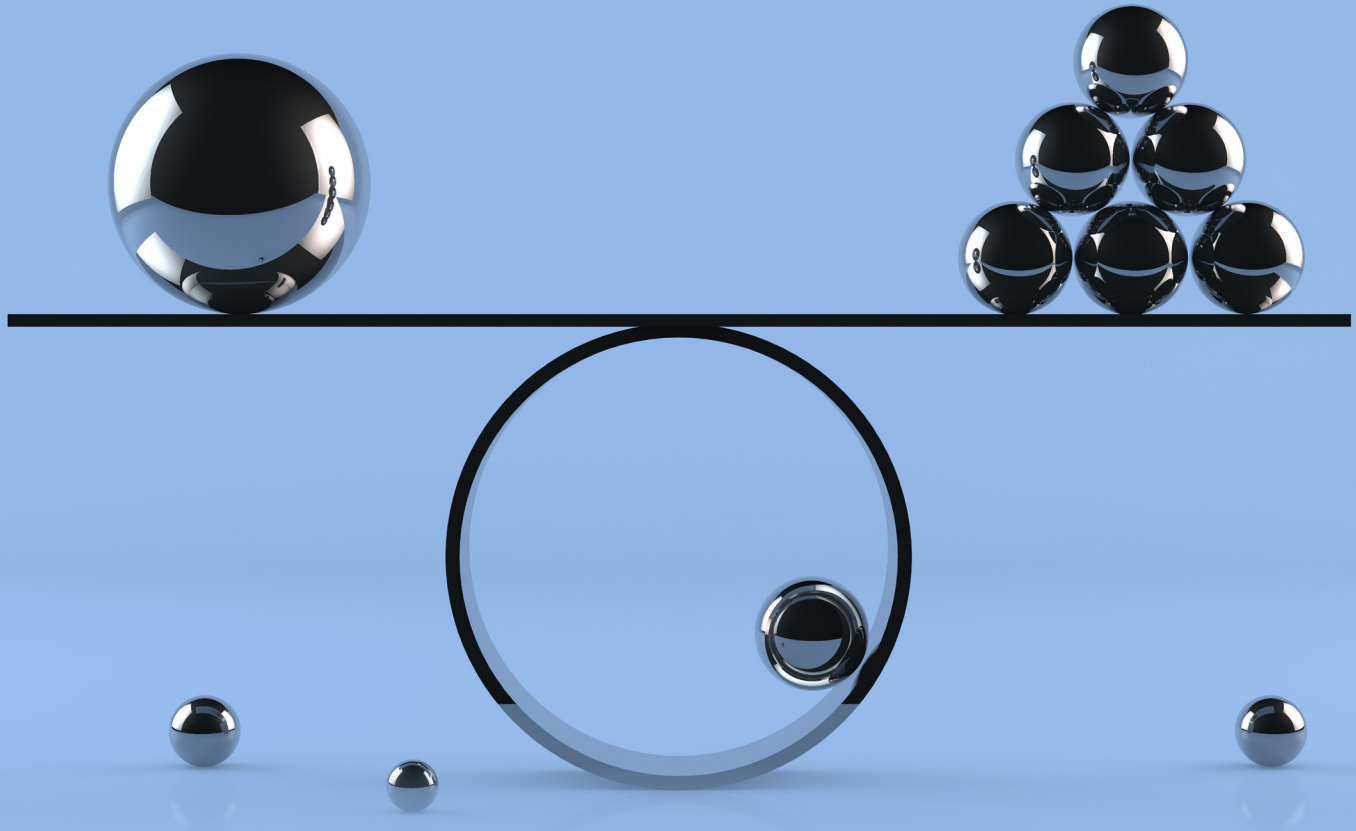
### **A SHOWCASE FOR INNOVATION**

Aside from being an arena for developing a business network, MIPIM is a showcase for cutting-edge property technology. “I saw my first multistory warehouse at MIPIM some years back,” says Jose Maria “Chepe” Serrano, CCIM, C2EX, of New Miami Realty in Florida. “You see the trends and where things are headed.”

“It’s great for anyone working in development,” says Wollmann. “In addition to the networking, your business will benefit from understanding how creative uses of new construction technology can bring down the cost of development. MIPIM helps you think outside the box.”

*Carol Weinrich Hesel is principal of Pastiche Communications and formerly represented NAR at MIPIM as managing director of international operations.*





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# WEIGHING YOUR OPTIONS

**BROKERS BALANCE THE PROS AND CONS OF AFFILIATING WITH A NATIONAL BRAND.**

By John Salustri

For commercial real estate brokers looking to raise the profile of their company or cast a wider net, the brokerage landscape is populated by organizations that offer a range of benefits—large corporate players such as CBRE, Cushman & Wakefield, or JLL; franchisors; strategic partnerships; and professional associations.

No matter the structure you're considering, the common thread is the upfront research necessary to root out the right organizational fit. Start with a little introspection: "What are the goals of your organization?" asks David Liebman, SIOR, an attorney and managing broker of Merit Partners LLC in Northbrook, Ill. What is your

company set up to accomplish now, with its current staff? And what are you looking for in terms of culture? “It’s not just about qualifications and benefits,” Liebman says. “There has to be chemistry.”

## DUE DILIGENCE

Before you take the leap, talk with industry peers for their insights on the connections you’re looking to make and the tradeoffs of giving up independence. Understand the costs (transaction and referral fees; one-time onboarding fees; annual dues) and benefits, from name recognition to proprietary technologies.



RINKOV

Jeffrey Rinkov, SIOR, CEO of Los Angeles-based Lee & Associates, says his firm has historically planted flags in markets where they can find “leaders and brokers that align with our culture of entrepreneurialism and ownership.” The company currently has 76 offices in the U.S. and Canada, as well a strategic alliance with the U.K.-based company Gerald Eve. “A cultural fit and an entrepreneurial spirit can coexist,” he says, “but that can be a constant struggle, which is why the goals and objectives have to be aligned.”

The company grants exclusive market territories that are spelled out in the onboarding agreement. “We do that to limit the amount of competition within markets and enhance the value of our expansion capital,” Rinkov says.

The onboarding fee at Lee & Associates helps fund a variety of support items, but in addition, venture capital is raised downstream by the firm’s “650 or 700 local principals who are producing agents and have the opportunity to make an investment in our expansion.” Otherwise, Rinkov says, all locally generated revenue and profit remain in that shop.

Irvine, Calif.-based Sperry Commercial Global Affiliates offers franchisees access to an expanding global network of companies supported by marketing and communications tools, training, and technology, including a transaction management platform, SperryCentral. “No matter where clients are located or what property type they own or lease, our affiliates provide a full-service experience, as well as sources of equity and debt through Sperry RE Capital,” says President Mark Hinkins, CCIM, FRICS. The company align independent companies behind a brand with “thoughtful, cooperative, and ethical practices,” he says. As of Q4 2021, SperryCGA had 60 North American affiliated offices.



HANSON

No matter the type of affiliation you choose, “you have to work it,” says William C. Hanson, SIOR, president of NAI James E. Hanson Inc. in northern New Jersey. “You don’t join an organization and think the business will just flow to you. It’s a commitment. Go in with that understanding.”

It was Hanson’s dad who signed up with NAI Global, a for-profit networking organization, back in 1981. In fact, he was the sixth member of the then-fledgling group. NAI was formed to give otherwise boutique brokerages the reach and resources to compete with the major corporate firms. NAI fees are the result of a formula based on the size of the member’s metropolitan statistical area. In return, members are provided with guidelines for best practices, tech tools, and collateral materials to help reinforce their branding.

If everyone in an affiliation adheres to the group’s commitment and gives back, membership becomes a quality issue, “and it’s the quality of the membership that counts,” Hanson says. “It has to be more than just a name or letters we put on a card.”

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## No matter the type of affiliation you choose, “you have to work it.”

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## ROI OF ASSOCIATIONS

Despite the perks of corporate relationships, some brokers prefer to remain independent. For those brokers, networking, training, some form of technical support, and branding that comes from professional designations are all they need to grow their business. For Liebman, a foray into a strategic partnership about a decade ago didn’t yield value. Now, except for his involvement with SIOR, he flies solo.



McGOWAN

“My heart and soul were always with being an independent broker,” says Kevin McGowan, SIOR, CCIM, president of McGowan Corporate Real Estate Providers in Allentown, Penn. “We’re not the big marketing machine that some of the big companies are. We’re focused on tenant representation and sale-leaseback work. I’m not trying to compete for listings with the big institutional owners.” He says he can

“flex up on staffing” as the project dictates and turn to his association networks to fill in the blanks.

At a Society of Industrial and Office REALTORS® meeting in Scottsdale, Ariz., in 2012, McGowan brought together a group of unaffiliated peers for a social event. The group became the SIOR Independent Broker Network, and it has been on a growth trajectory since, welcoming independent players from around the country. National brands with access to the broader SIOR network are not permitted to join.

Working in the industrial space since 2004, McGowan says the network has helped him build his book of business—and it didn’t hurt to be in the right place at the right time, when “most commercial firms were still focusing on office transactions,” he says. “Industrial was a sort of a bolt-on.”

Just as in corporate affiliations, giving back figures heavily in the association world. Liebman says it took him a few years of SIOR membership to pick up on that fact. “In the early years, I was going to the conferences and meeting people, but that isn’t enough,” he says. Between meetings, stay in touch, and get involved in leadership, “and become a presence,” he says. “You have to think of ways to help someone else, through such gestures as sharing resources and contacts.”

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## “Independent firms will be really challenged to obtain corporate and middle-market business today.”

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### SIGNS OF THE TIMES

Given the difficulty of keeping up with market changes, technology advancements, and the market power of national and global competitors, it would seem to be a bold broker who opts to go it alone, rather like a tightrope walker without a safety net. “Independent firms will be really challenged to obtain corporate and middle-market business today,” says Rinkov. “I’m not sure why a boutique wouldn’t want to create a better presence with a larger brand, especially if that brand would allow them to retain their local culture and ownership.”

## FINDING YOUR FIT

Want to explore national brands? There's a wide range of franchise and affiliation opportunities.

**BHHS:** [bhhs.com/commercial-services](http://bhhs.com/commercial-services)

**CBRE:** [cbre.com/about-us](http://cbre.com/about-us)

**Century 21:** [commercial.century21.com](http://commercial.century21.com)

**Coldwell Banker:** [coldwellbanker.com/franchising](http://coldwellbanker.com/franchising)

**Colliers:** [colliers.com/en/careers](http://colliers.com/en/careers)

**Cushman & Wakefield:** [careers.cushmanwakefield.com](http://careers.cushmanwakefield.com)

**JLL:** [us.jll.com/en/careers](http://us.jll.com/en/careers)

**Keller Williams:** [kwcommercial.com](http://kwcommercial.com)

**Lee & Associates:** [lee-associates.com/about](http://lee-associates.com/about)

**NAI:** [naiglobal.com/broker-services](http://naiglobal.com/broker-services)

**RE/MAX:** [remaxcommercial.com](http://remaxcommercial.com)

**Sperry Commercial Global Affiliates:** [sperrycga.com/franchise-services](http://sperrycga.com/franchise-services)

**SVN:** [svn.com/franchise](http://svn.com/franchise)

The tightrope walkers see the landscape differently. “The landscape is constantly changing,” says McGowan, “and if you’re tied to one corporate flag, you might eventually find yourself restructuring your business every few years as the corporate alliance goes through an M&A or there’s general turnover.”

“I know of several independent commercial brokerage firms that will likely remain successful because of their authenticity and focus, their dedication to their credos, and the superior capabilities they bring to the table,” Liebman says. No matter the allegiance you choose, he adds, it all comes down to “the individual professionals, their business philosophies, and how they conduct their business.”

*John Salustri is editor in chief at Salustri Content Solutions Inc. and was a founding editor at GlobeSt.*





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# THE OFFICE SHUFFLE

## BUSINESSES SEEK SMALLER SPACES, SHORTER LEASE TERMS, ENHANCED SANITATION.

By Gay Cororaton, National Association of REALTORS® senior economist and director of housing and commercial research

Notwithstanding big tech company announcements that they are postponing office reentry plans, workers are returning to the office.

Among workers whose occupations are “management, profession, or related occupations” or “office or administrative support,” just 19% (15.4 million) said in December that they had teleworked in the past four weeks because of the pandemic. That’s according to the Bureau of Labor Statistics’ Current Population Supplemental Survey. At the nadir of the pandemic, in May 2020, 54% of workers (41.5 million) with these occupations teleworked.

The number of teleworkers still exceeds prepandemic levels, however. In 2019, just 9% of workers in those occupations said they worked from home.

Office occupancy rose during the third and fourth quarters of 2021, with 20 million square feet of office space absorbed. However, with the large drop in 2020, occupancy is still down by 108 million square feet compared to the level in the first quarter of 2020. The vacancy rate remains elevated at 12.2% compared to 9.7% in Q1 2020.

### POSTPANDEMIC TRENDS

The National Association of REALTORS® quarterly commercial market survey tracks how the pandemic is affecting working from home, the demand for office space, and how and where the space is used. The Q4 2021 survey reveals:

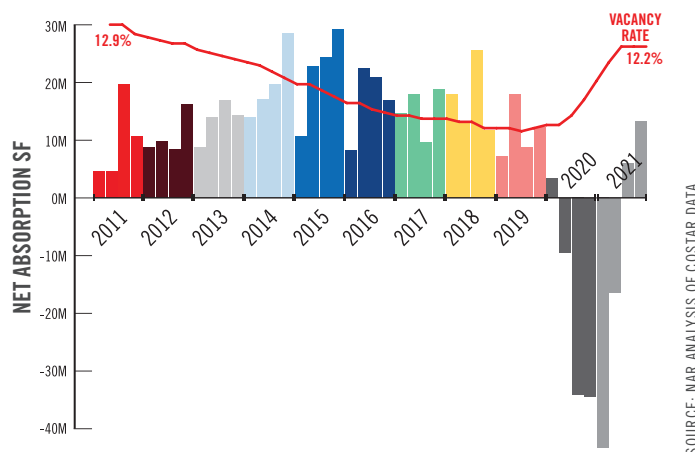
- 65% of respondents reported more businesses adopting a hybrid work schedule.
- 63% of respondents reported more businesses in their local markets leasing smaller spaces compared to the prepandemic level.
- 62% of respondents reported consolidation of office space in their local markets.
- 57% reported more businesses with lease terms of two years or less.
- 69% reported more businesses investing in facilities and redesigning workspaces to enhance sanitation, hygiene, and physical distancing.

Surveys from other organizations support those trends. For example, CBRE’s 2021 Occupier Sentiment Survey,

## START OF A COMEBACK?

### QUARTERLY NET ABSORPTION IN MILLION SQUARE FEET

While office vacancy rates remained above 12%, the office sector is seeing positive net absorption after five straight quarters in negative territory.



conducted in spring 2021, revealed that among large companies, those with 10,000 or more employees:

- 87% believe a hybrid work policy is the new normal.
- 47% expect employees to have an equal mix of time in and out of the office.
- 81% expect to reduce their office footprint.

### SUN BELT GOING STRONG

Although the overall trend suggests a decline in office space demand, markets with strong job growth, lower office rent, and more affordable housing will tend to attract workers, businesses, and retirees. That, in turn, will strengthen demand for office space. As of Q4 2021, the Sun Belt states are experiencing the strongest commercial market conditions among metro areas with a population of at least 250,000, according to NAR’s Commercial Real Estate Market Conditions Index. Florida arguably has the strongest conditions, representing nine of the 15 strongest markets.

Download NAR’s Commercial Real Estate Metro Market Reports at [nar.realtor/research-and-statistics/research-reports/commercial-real-estate-metro-market-reports](https://www.nar.realtor/research-and-statistics/research-reports/commercial-real-estate-metro-market-reports).

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# EARLY BIRDS OF BLOCKCHAIN

By Leah Zitter, Ph.D.

It's said about blockchain that it's a solution in need of a problem. But early adopters in real estate predict the industry will be irreversibly altered by the technology. "What real estate professionals should know about this technology is straightforward," says Dave Conroy, National Association of REALTORS® director of emerging technology. "Blockchains are simply a new way of thinking about how information regarding a transaction could be stored and shared." (See Conroy's *"Blockchain: What's Possible,"* page 8.)

"Being able to close a transaction on an immutable blockchain with less friction than we've ever seen is going to transform our industry," says educator Amy Chorew, president of Hartford, Conn.-based Curated Learning.

Blockchain uses smart contracts to expedite the flow of funds, making property transactions fast, convenient, and seamless. Documents are updated in real time. Parties retain control of their own data, and emanations are visible to all participants, thereby ensuring content accuracy.

"Less friction means happier clients," says Steve Bintz, owner of Insights Realty Advisors in Fairport, N.Y., and, along with Chorew, a member of the Crypto Real Estate Alliance. Alliance members serve as ambassadors for Propy, a proptech company founded in 2016 to create a global real estate market using blockchain technology. The company was a 2019 NAR REACH company and, in 2021, was named a technology pioneer by the World Economic Forum.

## DEFI-NING A NEW PARADIGM

One of blockchain's most revolutionary changes may be in the area of decentralized financial services, or DeFi. Proponents say finance transacted over the distributed ledger instead of through banks can deter fraudulent activities.

"My VC fund invested in DigiBuild, which brings blockchain to the construction sector," says Zain Jaffer, a partner in Blue Field Venture Capital Fund, which invests in early-stage proptech startups. "A contractor could create a simple rule to verify construction materials were delivered before sending payment [as well as] having an IoT device measure and verify the materials were delivered on time, sign lien-waivers on behalf of all parties, and [confirm] payment."

Blockchain's transparency deters wire fraud, says Nate Smoyer, host of the proptech podcast Tech Nest.

It also creates new avenues for real estate investing. Canadian company AcreageWay says it's "democratizing the market," giving would-be investors an avenue to spend as little as \$1,000 on a fractional share of a building. Investors can click "buy" or "sell" on their mobile device and trade ownership in properties. Buyers use cryptocurrency tokens to purchase "blocks" of property without the need for proof of funding or credit scores. Such a process makes investing in property as convenient and seamless as investing in stock.

With fractional investment, "you don't have to sell the entire building," says Jaffer. "Instead, you could sell a 'corner' of the building, which unlocks trapped liquidity. DeFi disrupts an entire industry of middlemen, including title companies, banks, attorneys, and even governments."

## 'ONLY A MATTER OF TIME'

Will that disruption extend to real estate brokerage itself? In 2019, Britain's Instant Property Network worked with blockchain software firm R3 to conduct a trial that the company said reduced transaction time "from months to weeks" and transformed transactions that generally involve eight parties into a direct person-to-person transaction.

But proponents say knowledgeable pros will remain essential to the transaction and that blockchain has the potential to benefit them. First, says Bintz, it can help brokers and agents complete transactions at a lower cost, more quickly, and more securely, resulting in improved buyer-seller relationships. Second, it provides new opportunities for them to showcase their thought leadership, rewarding them for their expertise and helping them invest in and finance their ventures over the distributed ledger.

Use cases in commercial real estate are still rare, says Jaffer. In September, Magnum Real Estate Group announced it would accept bitcoin in the sale of three retail condos in Manhattan's Upper East Side. *Real Estate Weekly* called it "the first major income-producing real estate investment opportunity in the United States for bitcoin investors."

"Real estate is already behaving as a digital asset," says Natalia Karayaneva, founder and CEO of Propy. "It's only a matter of time for blockchain technology to become the new industry standard. Agents will see new streams of revenue in the world of Web 3.0, as well as the benefits of increased speed, savings, and security."

# A GAME OF PING PONG

**WATERS OF THE U.S. RULE MUST BE SCIENCE-BASED AND REDUCE COMPLEXITY FOR OWNERS.**

By Erin Stackley, NAR senior policy representative, commercial issues

Rewriting the “waters of the United States” rule (referred to informally as WOTUS) has become something of a rite of passage for U.S. presidents, with every president since George W. Bush taking a stab at getting it right. So, it was no surprise that shortly after taking office, the Biden administration released a list of regulations it was considering for review and rulemaking—with WOTUS on the list.

By way of background: The Clean Water Act, passed in 1972, is the primary federal law in the U.S. governing the cleanup, maintenance, and protection of waters in the country. Under it, the Environmental Protection Agency and the Army Corps of Engineers have jurisdiction over “navigable waters of the U.S.” Thus, the WOTUS rule, which defines “navigable waters” since the meaning was left open-ended in the legislation. While seemingly obvious, the phrase has led to multiple court cases, some of which reached the Supreme Court, over multiple decades. The result is a definition that combines a number of Supreme Court decisions and reflects the different aspects of the rule that were challenged.

How an administration defines WOTUS has a massive impact on real property owners. An overly broad definition may result in the need for expensive and time-consuming federal permits to develop private property with any wet area—not just properties with a navigable interstate water or that are adjacent to a wetland. It could also result in a property being rendered unusable. The result, in effect, is a taking without adequate compensation, which is proscribed under the Fifth Amendment of the Constitution. Thus, NAR and its members have a particular interest in how the rule is written and the scope of its coverage.

The EPA and the Army released their latest WOTUS proposal in January 2021, which includes several key changes to the rule written under the Trump administration. The new proposal largely reverts to the pre-2015 standard, which was set by the George W. Bush administration. (Between 2015 and 2020, the Obama administration’s rule was in effect. It expanded the WOTUS definition and jurisdiction.) However, there is a key change in the Biden administration’s proposal: It includes a “relatively permanent” standard for waters (e.g., waters that do not exist year-round, such as vernal pools, may be subject to the



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rule), as well as a broader definition for “significant nexus,” which allows certain smaller waters that connect to larger, navigable ones to be regulated under WOTUS. These standards are legal phrases that have been debated in the past and which will almost certainly be challenged in court, possibly resulting in yet another Supreme Court ruling.

NAR has long held that WOTUS should be based in science, focusing on preservation of high-value wetlands and requiring that local officials and affected property owners be notified about the presence of such wetlands. In other words, if you own a property with a wetland on it, you should know whether it is covered by WOTUS. And if you do not, it should not be a difficult undertaking to make that determination. NAR participates in a coalition of industry groups aiming to ensure WOTUS meets these criteria and does not unnecessarily impinge on property rights or the ability to develop land. NAR has participated in listening sessions and meetings with the EPA and the Army regarding rulemaking. We recently provided comments to assert our position as part of the notice-and-comment rulemaking process, and we will continue to advocate for a science-based, common-sense WOTUS rule.

# WORD TO THE WISE

## SEEKING BOUNDLESS SUCCESS? DON'T GO IT ALONE.



HALL



COSENZA

Moses Hall, CEO and founder of MoHall Commercial & Urban Development in Chicago, recently joined the staff of *Commercial Connections* as a guest interviewer to talk

with Chicago real estate legend Joe Cosenza.

Hall, a CCIM candidate, got into commercial real estate with a mission: to attract investors into underserved communities. He's part of an all-minority investment group bringing quality affordable housing and retail to Chicago's South and West sides. He's also a jazz musician and the founder of a music publishing business that acquires the rights to collect music royalties of celebrity catalogs. Cosenza is vice chairman for the Inland Real Estate Group and president of Inland Real Estate Acquisitions, based in Oak Brook, Ill. The company was started in 1968 by four former high school teachers—Cosenza, Daniel L. Goodwin, Robert H. Baum, and Robert D. Parks. Inland has made real estate investment opportunities available to countless investors, first through the use of limited partnerships and later adding REITs. All four principals remain actively involved, and in 2021, Cosenza hit a personal milestone, surpassing \$50 billion in real estate acquisitions.

**Hall:** Joe, can you start by describing your career arc?

**Cosenza:** We started investing on a part-time basis—and we got all the way up to about 1,600 employees. Now, we're below 1,000 people because so much of the property that we bought ended up in real estate investment trusts, five of which are on the New York Stock Exchange. We went from ringing the school bell to ringing the New York Stock Exchange bell. Over 53 years, we've bought about \$51 billion worth of real estate. That's approximately 3,800 properties of all different types.

**Hall:** You went from a schoolteacher salary to acquiring over \$51 billion of real estate. How did you have the know-how to say, "Hey, it's time to invest in real estate"?

**Cosenza:** First of all, we didn't know a damn thing. We were earning \$5,600 a year. One night, Dan says, "Joe, let's do something to make some money on the side. Why don't we get into real estate?" We didn't have any money, so we asked other people for money. Maybe they chipped in \$500, maybe \$1,000. We'd buy vacant lots, build houses, and sell for a profit—and it snowballed. More people heard about us and wanted to invest. The broker-dealer community and financial planners brought more money to us, and we went into apartments. By the mid-1980s, we had about 45,000 apartment units in the Chicagoland area, southern Wisconsin, and Indiana.

**Hall:** Nowhere to go but up.

**Cosenza:** That's right, but when Congress changed the tax law [in 1986], they took away the tax benefit [of passive investments] and crushed the real estate market. It took from 1988 through about 1994 to come out of it. We couldn't let our investors lose money, so we took money out of our own pockets. We also decided that if we could find a company that was safe [and buy their locations], we'd see if the partners would vote to trade into the new properties. We found Walmart. After nine months of calling, we made a connection. We did 25-year bonded leases; by the time it was over, we must have had over 150 of their stores. Then, in the 1990s, we went into REITs. And there's one other entity, Inland Private Capital. That's about \$9 billion in assets, and that's strictly for individual properties that somebody may want to invest in or somebody may want to exchange into because they sold something and want to defer the tax.

**Hall:** I'm so glad you mentioned that, because there was a lot of talk last year about potential changes to the 1031 exchange. Can you talk about how 1031s benefit an investor?



**Cosenza:** Benefiting the investors is one thing. Benefiting the U.S. economy is something different. Yes, a 1031 helps an individual taxwise, but it also helps the economy, because it keeps the volume of money going through the economy. You've got jobs that are at stake, because once you trade into another property, what do you do? Usually, you paint, put in new carpeting, put on a new roof. It goes on and on.

**Hall:** Real estate is truly a job creator. But has there been a deal where you looked at it afterwards and thought, "We never should have bought into this"?

**Cosenza:** We do a lot of sale-leasebacks. One of them sticks in my head, and my partners will never let me forget it. Toward the end of 2007, I did a sale-leaseback with Atlas Cold Storage on 11 industrial buildings. Their parent was an Icelandic company, and in 2008, with the global financial crisis, the country's banking system collapsed. The parent company was ruined. Holy crap! You could not have expected it. They had \$2.7 billion in assets, and that went poof.

**Hall:** On the flip side, what markets are you investing in today?

**Cosenza:** Florida has started to outperform many areas of the country. I would also include New Jersey. And, of course, a lot of people are high on Denver. Those are three markets that come to mind. But there are so many other places around the country. We've bought in 49 of the 50 states.

**Hall:** How about Chicago? We're a world-class city, yet it's safe to say Chicago is having a bit of a PR issue in terms of getting investors into our market.

**Cosenza:** Who couldn't like Chicago? We've got theater, symphony, opera, restaurants, museums, sports teams. We've got water from Lake Michigan, that skyline, the people. That Midwest Chicago attitude has a level of kindness that you do not see in other places. However, I'm not buying in Cook County because the taxes are crushing the income of the real estate properties.

**Hall:** I appreciate your transparency. If someone of your caliber is saying, "Hey, it is hard to underwrite these deals with these taxes," hopefully we can communicate that with our people in Congress and in our state and local governments so we can incentivize people to invest in our community. Speaking of which, rumor has it that your father was a business owner in Chicago with a famous client.

**Cosenza:** Yes, my dad, Joe the barber. He came to America in 1922, and in 1927, he opened a barbershop on Halsted

Street at Harrison. So a bookie joint owned by Al Capone opened up across the street. Capone would cross the street to get a haircut on my father's chair, which I have right here in my office. When I was a kid, my father would tell me this, and I would say, "Dad, weren't you afraid?" He'd say, "I was afraid, but a cut was 25 cents, and the tip was \$20."

**Hall:** So you come from humble beginnings. What advice would you give a newcomer getting into commercial real estate?

**Cosenza:** Find somebody you can partner with, and I don't mean some money person. My partners and I didn't know anything, but we learned together. If I'm by myself, it's just my opinion, and I always think I'm right. It doesn't matter what business you're in; it's very difficult to do it on your own.

**Hall:** Absolutely. I concur. If you were looking for a partner, what qualities or background would you be looking for?

**Cosenza:** I love teachers. They have the ability to explain things, and they need to know what's going on, week in and week out. In other words, they know how to plan.

**Hall:** What are you planning for in the next five years?

**Cosenza:** We'll probably concentrate on what we're doing now: apartments, self-storage, the Amazon-type facilities, net leases, sale-leasebacks with grocery stores. Three or four years ago, we didn't have one single self-storage facility, but when we learned that business and saw the demand, all of a sudden now we've got 187 facilities. In December, we bought 38 properties in one deal.

**Hall:** What gets you excited today, Joe, I mean if you had to pick out one thing?

**Cosenza:** Truly—and I'm not kidding about this—any deal I go after. I don't care if it's a 40-flat or 400 units, I get so doggone focused on the transaction—and I love it. You may wonder, how do we get all these deals? We keep records on the last 3,000 deals we did: 49% are done because sellers called us, and 24% come from what we call "broker first," before it hits the market. And the balance, about 26% or 27%, are on the market. We bid like other people. Sometimes we're not the highest, but sometimes we're the best buyer and so they choose us, even though it wasn't the highest price.

**Hall:** And that's why I will call you when I have a deal for you, Joe.

**Cosenza:** Moses, so it is said, so it is written, so it shall be done!



# The Future is Here

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