

COMMERCIAL CONNECTIONS

A PUBLICATION BY THE NATIONAL ASSOCIATION OF REALTORS®



STRENGTHENING YOUR COMMUNITY & YOUR PROFESSIONALISM

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RESEARCH / Rising Investment Tide in the U.S.

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PLUS! / The 2015 Gift Guide

COMMERCIAL
Real Estate



NATIONAL
ASSOCIATION *of*
REALTORS®

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Realtor.org/Commercial

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THE LATEST

Discover

Find out what you missed at the 2015 REALTORS® Conference & Expo by visiting NAR's Conference Live website. You'll find an array of video and web updates from attendees who shared their perspectives on NAR's biggest event of the year. Mark your calendars for the 2016 REALTORS® Legislative Meetings, May 9-14 in Washington D.C., and the 2016 REALTORS® Conference in Orlando, November 4-7.

NARConferenceLive.com

Analyze

The Q3 2015 Commercial Real Estate Market Survey report is now available. What's the good news? Sales volume is up 7% from a year ago, and prices also have increased 4%. The report contains data on sectors and member perspectives on local markets.

Realtor.org/commercial/research

Attend

NAR will return in 2016 to MIPIM to host the NAR-USA Pavilion. NAR is continuing a strategic initiative to raise the profile of our members and markets to a worldwide audience, to drive business and economic growth in your local markets. The additional benefit for you is savings of €575 on registration when you sign up through NAR by March 7, 2016. Join us!

Realtor.org/MIPIM

Celebrate

Eleven local and state REALTOR® associations were honored with NAR Accredited Commercial Excellence (ACE) Awards in San Diego at the Commercial Leadership Forum. Leadership at these associations have raised the bar to new heights in serving and involving commercial real estate professionals – learn what they did to increase value in their local association.

Realtor.org/commercial/accredited-commercial-excellence-ace-award

Learn

Xceligent is preparing to launch an all-new CommercialSearch.com with more features to the property listings website and over 400,000 active commercial real estate listings.

www.xceligent.com/realtor.aspx

COMMERCIAL MARKET MAKING A COMEBACK

A NOTE FROM THE PRESIDENT, TOM SALOMONE

I'm honored to continue what my predecessors started in writing this column. I look forward to sharing my thoughts on our association, the industry we support, and the members who collectively make NAR such a strong organization.

The theme of my presidency is “...**And Then Some.**” To me, it means going that extra mile...for our families, our communities, our associations, our industry, and the clients and customers we serve. I am a big advocate for getting involved at the local, state, and national levels. Participation by commercial real estate professionals like yourself helps shape development in your market and influence NAR's position in the industry. I also encourage you to stay vigilant and aware of real estate issues NAR's advocacy is focused on as we move into 2016, particularly Like Kind 1031 Exchanges, the Marketplace Fairness Act and Waters of the U.S.

All members, commercial and residential alike, bring tremendous value to NAR. Your work leads to new job creation and businesses that build communities, furthering the economic health of this great nation. NAR aims to help you in all your ventures and wants to serve as a partner in your success. I believe we have some of the best resources available to us as NAR members—including technology, data and research. We'll better serve our clients by using these tools and information to guide decision making.

As we all know, the commercial and residential real estate markets are intrinsically tied together. New construction occurring often means new business openings and new jobs, strengthening the overall local economy and community. It seems the market is improving across the country, although there are still pockets struggling. In the state of Florida, where I practice, we are still encountering short sales and foreclosures, but overall I see the market improving slowly. To me, the most positive sign in the market right now is the ramp up of new home starts and new construction.

Recent NAR survey data shows lenders are returning to the commercial market. Transactions are up due to an improving employment picture and an easing of credit requirements. Forty-two percent of commercial practitioner respondents in our most recent survey say they're seeing credit easing, while only 20 percent said they're seeing stricter conditions. These responses differ greatly from the past few years, when virtually all respondents reported greater difficulties in obtaining credit. That's an encouraging sign.

We are one in our association and your involvement is crucial for our continued success and the continued success of the entire real estate industry. Thank you for being a member of NAR. Thank you for doing all that's expected of you... **And The Some!!!**



TOM SALOMONE

COMMERCIAL LENDING SPOTLIGHT:

UPDATES ON SBA LOANS AND REG. A+

by Erin Stackley, Commercial Legislative Policy Representative, NAR & Stephanie Spear, Commercial Regulatory Policy Representative, NAR



NAR is actively involved in efforts to enhance the flow of capital in commercial real estate, to protect and help members do business.

NAR continues to monitor industry reactions to the JOBS Act, and staff is committed to keeping you informed through REALTOR.org/Commercial/Advocacy where you can access a brief of all NAR commercial issues, as well as in-depth summaries. Now, let's take a look at what's been happening with SBA lending and Reg A+.

Small Business Lending

Small businesses and REALTORS® go hand-in-hand. According to NAR's 2015 Commercial Lending Trends report, the typical size of a commercial deal for NAR members is \$1.6 million, indicating that they frequently work with clients who need small-to mid-size spaces. REALTORS® are experts in their communities, able to pair their clients with the type of space— whether industrial, office, or retail – that fits their needs.

Financing in the commercial real estate market is improving, but remains tight; small businesses often find getting financing more difficult than larger

ones due to intensive underwriting processes that may rely on personal credit scores as an indicator of creditworthiness. That's where the Small Business Administration comes in, with loan programs to meet a variety of needs. The SBA does not provide the funds, but instead guarantees a portion of the lender's loan, with a total lending volume in 2015 of over \$22 billion for 7(a) loans, and over \$4 billion for CDC/504 loans.

General Small Business 7(a) loans (the most common) help creditworthy small businesses get financing when they otherwise cannot obtain credit at reasonable terms. It is a flexible program that can be used to finance a variety of business purposes, including improvements to land and buildings. Real Estate and Equipment CDC/504 loans provide financing for major fixed assets, such as equipment or land. These can be used to purchase existing buildings, improvements, and constructing new facilities/modernization.

To improve the application process and improve accessibility to SBA loans, the agency created the SBA

One program, which began rolling out in the fall. SBA One streamlines the loan-application process, bringing many of the documents online and utilizing electronic signatures, saving banks time, money, and paper when processing applications. Additionally, the SBA created LINC (Leveraging Information and Networks to access Capital), a program that matches entrepreneurs and lenders through an online questionnaire to generate referrals for lenders and accessibility for borrowers.

Crowdfunding/Regulation A+

The SEC continues to move forward with its JOBS Act rulemaking, designed to increase capital-raising opportunities for small businesses. This is the law that regulates crowdfunding, the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet. Crowdfunding is a form of alternative lending that may become a new source of capital to commercial real estate. One of the big crowdfunding milestones in 2015 was the passage of Title IV of the JOBS Act, known as Regulation A+. It took effect June 19, designed to make it easier for small businesses to raise capital by removing many regulatory compliance hurdles that had been in place. The new rules allow companies to raise up to \$50 million under Regulation A, which is a less-complicated route in terms of compliance and administration (the previous limit was \$5 million). This new rule:

- Exempts companies using Regulation A from registration with state securities administrations
- Establishes two tiers of fundraising under Regulation A:
 - Tier 1: up to \$20 million in a 12-month period, with not more than \$6 million in offers by selling security-holders that are affiliates of the issuer
 - Tier 2: \$20-\$50 million - for offerings of securities of up to \$50 million in a 12-month period, with not more than \$15 million in offers by selling security-holders that are affiliates of the issuer. These funding efforts are also subject to ongoing review.

Meanwhile, observers are waiting to see how the new law will be used. The new compliance requirements are slowly becoming understood by participants, and crowdfunding platforms are adjusting their models to be in line with the new regulation.

Title III of the JOBS Act will go into effect January 29, 2016, which will enable crowdfunding for ventures up to \$1 million, and allows unaccredited investors to participate in crowdfunding. Many observers feel this is 'true crowdfunding' because it opens investments to a significant population of investors through the unaccredited investor definition, which caps investor income or net worth at \$100,000. Title III also articulates what regulatory compliance will exist for crowdfunding platforms and the companies that conduct a capital raise through a platform. Funding portals will be required to register with FINRA and the SEC and will be subject to ongoing reporting.



COMMERCIAL TAKES THE SPOTLIGHT AND SHINES

FOCUS ON: THE 2015 REALTORS® CONFERENCE & EXPO

This year, at the 2015 REALTORS® Conference & Expo, attendees got to experience NAR's continued commitment to commercial real estate with a new and improved level of commercial focused education, meetings and events.

From the audience involving Commercial Networking Breakfast to the Commercial Lending & Financing Landscape education session, to the all-new Commercial Marketplace and the Learning Theater sponsored by CommercialSearch.com – commercial took the spotlight and was shining brightly all week. To read a full recap visit Realtor.org/Commercial.



COMMERCIAL NETWORKING BREAKFAST
PHOTO CREDIT: REALTOR® MAGAZINE



COMMERCIAL LEGISLATION & REGULATORY ADVISORY BOARD LEADERSHIP
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RODNEY ALDERINK



THE COMMERCIAL LENDING PANEL



THE COMMERCIAL MARKETPLACE



XCELIGENT

GOAL SETTING FOR SUCCESS

IT'S TIME TO REVIEW YOUR ANNUAL CHECKLIST!

by David Morris, CCIM



DAVID MORRIS, CCIM

Goal setting is an incredible tool for mapping out your future and committing to new initiatives for the coming year to ensure you're doing the right things and are in the right places. You can use the below or create your own checklist.

- Update your professional profile (the one you would include in proposals or give to new contacts). Add awards, recognitions, appointments to new boards, etc.
- Update your LinkedIn profile and any other web presence
- Review charitable/civic organizations: drop them or add some
- Clean up your database: delete waste-of-time prospects & update missing data fields.
- List three new marketing initiatives you want to achieve in the coming year (market via Twitter/LinkedIn, use online listing platform, hand-write personal notes, create a postcard mailer, etc.)
- Discuss your plan/goals with a mentor and listen to their feedback
- Check next year's education opportunities: CCIM courses?
- Check industry conference schedules to consider attending (CCIM, SIOR, CoreNet, ISCS)
- How will you improve your health in the coming year?
- What will you commit to do for your family in the coming year?
- What are your plans to follow up with past clients?
- What will you do to stay accountable to your initiatives and goals?
- Are you strategic about prospecting small, medium and large deals?
- What tools/resources are available for you to use with your clients?
- Name three NEW sources or geographical areas to prospect
- Name three areas you want to be more proficient
- What hobbies/personal interest activities do you need to add in the coming year?
- How can you leverage the expertise of your office staff, management and in-house resources?
- What is your worst business habit and what will you do to minimize/eliminate it?
- Make plans to be on an expert-panel or speak in front of groups (chambers, clubs)
- Be able to describe the top 2-3 things that give you a competitive advantage over your competitors (write them down).

Goals and initiatives should create a balance-of-life. In my particular case, my five "buckets" include self, faith, family, work and community. Create goals and initiatives for each of your buckets to ensure you grow personally and professionally.

David Morris, CCIM is the former Managing Director of the Grubb & Ellis office in St. Louis. Connect with him on LinkedIn: [DavidMorrisCCIM](#).

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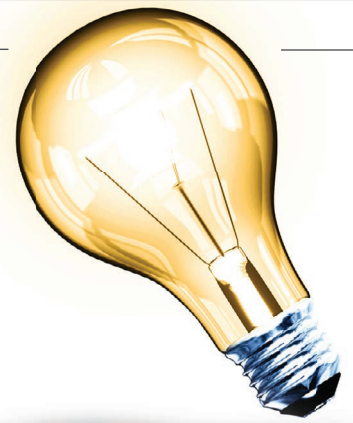


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CO-OPERATIVES AND COMMERCE:

FINDING THE REAL ESTATE OPPORTUNITY

by Rob Warmowski, Contributing Writer



When a business seeks a new permanent location, it's common that a relationship is formed that puts a commercial real estate professional together with an owner or top executive of that business.

Let's call that player "the boss." Together, the boss and the commercial real estate professional work through all the options in the property market, building understanding between them so that the offers and choices made best fit the goals of the business. But what happens when there is no boss?

Your Target Client: Think Outside The Boss

What if the commercial property professional faces the workers, who undertake management decisions democratically and who collectively and co-operatively own the business?

It's tempting -- and convenient -- to imagine a business's viability is defined by the skill of a small group of its managers making all of its choices, or its real estate goals are best defined by a single executive. Pragmatically speaking, this traditional view and structure of business ownership and management is not the only one available.

In an economy as strong and diverse as the U.S., alternative business models based on co-operative principles do thrive. Successful firms operating under "labor management," known as **worker co-ops**, number in the hundreds today. These are only one facet of the wider co-operative picture.

Two Common Types of For-Profit Co-Operative Enterprises

Worker: Owned and controlled by worker-owners.

Retailer: A business-to-business pooling of buying or marketing power. Commonly used in franchise business models.

How Big can Worker Co-Ops Get?

The largest worker-owned and managed co-op in the world, Mondragon Corporation in northeastern Spain, has over 74,000 employees and revenues over 11 billion Euros. They have divisions in industry, retail, finance, and information services. There are over 300 worker co-ops and thousands of cooperative enterprises in the US. For example, the U.S. Federation of Worker Cooperatives has 3,500 employees nationally and \$400M in annual revenues.

How the Commercial Real Estate Industry Can Serve Co-Ops

The central challenges that co-operatively structured businesses face when contemplating relocation or acquisition of new property are similar to those traditional businesses face together with their brokers, property managers or landlords. Contacts for financing, community knowledge, market experience and deal making acumen are all in demand by co-operative clientele.

Flexibility is also in high demand. "One thing that's in big need is rent-to-own," says Amy Johnson, co-Executive Director of the US Federation of Worker Co-Operatives. "Because worker co-ops have a much better track record of survival past five years than the average business -- that co-op isn't going to outsource jobs or leave the community -- longer term leases and owner financing can be very attractive to our member businesses."

Special Approaches to Financing: CDFIS, SBA, FUNDS

Finding sources of capital for the purchase of real estate

by labor-managed businesses can be a special challenge. Explaining the co-operative structure to a traditional lender can be tricky. Property professionals would benefit from learning about the ecosystem of investment and credit sources available for co-operative businesses, starting with Community Development Financial Institutions (CDFI).

A designation by the US Treasury Department, CDFIs receive equity capital from the CDFI Fund through a range of programs geared toward community development. A CDFI might be organized as a community development bank, loan fund, credit union, or venture capital fund.

Already well-versed in the vocabulary and culture of worker co-ops, CDFIs can be invaluable partners in getting a property deal done when your client is a co-operative venture. As of 2013, there are 808 certified CDFIs including 96 banks or thrifts plus over fifty depository institution holding companies.

CDFIs with special histories in the co-operative business lending space include those found at Community Wealth.org (*source: <http://community-wealth.org/strategies/panel/cdfis/models.html>*).

SBA Recognition Opens Doors

The Small Business Administration has long served as a go-to for loan guarantees for conventional businesses and the financing of real estate under its 7(a) and 504 loan programs. Until the passage of the 2010 Small Business Jobs Act, SBA recognition of worker co-ops as viable businesses was practically non-existent. With the Act's passage came a new era, adding a traditional capital source to the toolbox in funding expansions and relocations of co-operative operations of all types. To learn more about SBA's lending to co-operative business through CDFI entities, reach out to your SBA District Office (*<https://www.sba.gov/tools/local-assistance/districtoffices>*).

Financing Opportunities Already in the Ecosystem

Any commercial real estate professional working with a worker co-op on a property purchase might shy away from the uphill battle that can come with involving traditional lenders -- the explanations and the business-cultural gaps that need to be navigated can prove difficult.

It should be noted even in the universe of loan funds created especially to provide capital to worker co-ops, there are financing opportunities left unused on the table. Loan

funds intended for worker co-ops have reported unused funds in their loan pools.

The Local Enterprise Assistance Fund (LEAF), a CDFI based in, Brookline, MA supports co-ops and community enterprises with investment. According to Newell Lessell, former Director of LEAF's parent organization ICA, as recently as 2012 "LEAF [has been] underutilized. We don't get many applications from worker co-ops, and many of those that do apply are not creditworthy."

Creditworthiness in the co-operative financing space remains a matter for the lender to settle, and the health and successful history of the business will speak volumes, just as we expect it to in structured businesses seeking financing. What a commercial property professional working with a worker co-op can do to help is to **learn about the capital sources in the co-operative space** by becoming familiar with CDFIs. This will make adding value to an expansion or relocation of a co-op much easier, while at the same time enabling a more direct commitment to economic development that is more resilient.

Worker co-ops that need funding for real estate may be able to find it if they have sound business plans and meet other common loan criteria. And on that level, this "radical, alternative" business structure doesn't look very radical at all. It just looks like business.

Want to learn even more?

TAKE A DEEPER DIVE



Visit NADCO.org and SBA.gov for a list of local CDFIs and program information.



Meet with a local CDFI to understand their mechanics and process for small business loans.



The REALTORS® Federal Credit Union has a SBA Loan Program. For more information, contact Vice President of SBA & Commercial Lending Tony Price at 703-925-5105 or tprice@mufcu.org.



Work through your local REALTOR® association to arrange an educational program on commercial lending and small business.

2015 NATIONAL COMMERCIAL AWARDS

Congratulations to these REALTORS® for excellence in commercial real estate this past year.

ALABAMA



Hal Tillman, CPM
Tillman Real Estate
Birmingham Area Association
of REALTORS®
*Commercial REALTOR®
Advocacy Award January 2015*

CONNECTICUT



Robert M. Goman
Goman & York
Property Advisors
Greater Hartford Association
of REALTORS®
*2015 CT Commercial RE
Alliance Best Services Award*

INDIANA



Stanley Phillips
Bradley Company
Indiana Commercial Board
of REALTORS®
2015 REALTOR® of the Year

FLORIDA



Kent Cooper, CCIM
Capstone Commercial
Central Florida Commercial
Association of REALTORS®
*2014 Commercial REALTOR® of the
Year*

CALIFORNIA



Melanie Holthaus, CIPS
Premier Century Real
Estate Services
Northern California
Commercial Association
of REALTORS®
*Good Neighbors in Your
Community Award*

GEORGIA



Paul T. Aase, CCIM
Roberts Commercial Real
Estate Services
Atlanta Commercial Board
of REALTORS®
2014 REALTOR® of the Year

ILLINOIS



Daniel L. Goodwin
Inland Real Estate Group
Chicago Association
of REALTORS®
*2014 DuPage County
Historical Museum "Making a Histor-
ical Difference" Award*



Scott Field
Realty Associates
Florida Properties
REALTORS® Association
of the Palm Beaches
*2014 REALTORS®
Commercial Alliance –
REALTOR® of the Year*



Paula Waters, ABR, CRS, GRI
RE/MAX United
West Metro Board
of REALTORS®
2015 Vision Award



**Charles Wiercinski,
CCIM, CRB**
McLennan
Commercial Properties
Northern Illinois Commercial
Association of REALTORS®
*Namesake Annual
Commercial Award to
be created in honor
of his community service*



Jose I. Juncadella, SIOR
Fairchild Partners
Miami Association
REALTORS®
*2015 SIOR Innovator
of the Year Award*

FLORIDA CONT.,

Larry D. Richey
Cushman & Wakefield
Florida Gulf Coast
Commercial Association
of REALTORS®
2014 Henry H. Blanton
Lifetime Achievement Award



Danny Smith, ALC, CCIM
Smith & Smith Realty
REALTORS® Association
of Lake & Sumter Counties
2015 Commercial
REALTORS® Achievement Award

KENTUCKY

Stephen C. Lannert, CCIM, GRI, SIOR
DTZ Harry K. Moore
Greater Louisville Association
of REALTORS®
2014 KCREA Industrial
Broker of the Year

LOUISIANA

Paul G. Richard, GRI
NAI Latter & Blum
New Orleans Metropolitan
Association of REALTORS®
2014 The 22nd Annual CID Achieve-
ment Awards Overall Top Special
Purpose Producer

MAINE

C. Anthony McDonald, CCIM, SIOR
CB Richard Ellis, the
Boulos Company
Maine Commercial
Association of REALTORS®
2015 REALTOR® of the Year

MASSACHUSETTS

Mark DiFranco
DiFranco Realty
REALTORS® Commercial
Alliance of Massachusetts
2015 REALTOR® of the Year

MICHIGAN

Ty Hallock
First Companies
Commercial Alliance
of REALTORS®
2015 REALTOR® of the Year



Eugene Szepeinski, GRI
Signature Associates
Grand Rapids Association
of REALTORS®
2015 Michigan
REALTORS® President

MISSISSIPPI

Brian Estes, CCIM, CPM
The Estes Group
Mississippi Commercial
Association of REALTORS®
2015 REALTOR® of the Year

MISSOURI

Peter Krombach, SIOR
The Maune Company
St. Louis Association
of REALTORS®
2014 Daniel Sheehan Lifetime
Achievement Award



Shari Nevels
McKelvey Properties
St. Charles Association
of REALTORS®
Commercial Recognition Award

NEVADA

Christopher McGarey, CCIM, CPM
BHHS Nevada Properties—
The McGarey Group
Greater Las Vegas Association
of REALTORS®
2014 and 2015 Berkshire Hathaway's
Number One
Commercial Team

NEW HAMPSHIRE

John A. Jackman, CCIM
Jackman Commercial Realty
New Hampshire Commercial
Investments Board
of REALTORS®
2015 REALTOR® of the Year

NAR HONORS THE 2015 NATIONAL

NEW MEXICO



Daniel B. Newman, CCIM, SIOR
CBRE
Commercial Association of
REALTORS® of New Mexico
2014 REALTOR® of the Year



Garth Dunklin,
CCIM, CRE
Bass, Dunklin, McCullough
& Smith
North Carolina Association
of REALTORS®
*Elected 2015 Chairman
of the North Carolina Rules Review
Commission*



William Shore, GRI
Shore Real Estate
Winston-Salem Regional
Association of REALTORS®
2014 Elder Statesman Award



Richard P. Carrubba, GRI
Sterling Appraisal Services
Rhode Island Commercial &
Appraisal Board
of REALTORS®
2015 REALTOR® of the Year

NEW YORK



Nick DeMarte
Pioneer Realty Advisors
New York State Commercial
Association of REALTORS®
2014 REALTOR® of the Year



William Leonard
Cape Fear Commercial
Wilmington Regional
Association of REALTORS®
*2014 Commercial Member
of the Year*



Timothy Maly
Colliers International
Columbus Association
of REALTORS®
2014 Commercial Rookie of the Year



Matthew Carter, CCIM
The Commercial Division
of Berkshire Hathaway
Greater Greenville Association
of REALTORS®
*2014 Caine Halter
Commercial REALTOR®
of the Year*

NORTH CAROLINA



Thomas Richard Beard
Schulman & Beard
Commercial Real Estate
Greensboro Regional
REALTORS®
Jack H. Brown Memorial Award



Marty McLaughlin
Park Commercial Real Estate
Charlotte Regional
Commercial Board
of REALTORS®
2014 President's Award



Brant Smith, CPM
NEO Realty Group
Akron Cleveland Association
of REALTORS®
2015 Green Lease Lenders



**Dan Tompkins
Henderson, Jr.**
CCBG Real Estate Group
Charleston Trident
Association of REALTORS®
*2014 Charleston Commercial REAL-
TOR® of the Year*

OKLAHOMA



George Thomas, CCIM
Whiteside & Grant
REALTORS®
Greater Tulsa Association
of REALTORS®
*2014 Commercial REALTOR®
of the Year Award*

COMMERCIAL AWARD RECIPIENTS

SOUTH CAROLINA CONT.,



Jay Rinehart
Rinehart Realty Corporation
South Carolina Association
of REALTORS®
*2015 South Carolina
REALTOR® of the Year*

TEXAS



Christopher L. Stewart
Vasseur Commercial
Real Estate
Greater Fort Worth
Association of REALTORS®
*2014 Charles D. Tandy
Commercial REALTOR® Award*

VERMONT



Nicole Senecal
Omega Real Estate Associates
Vermont Commercial
Investment Board of
REALTORS®
2015 REALTOR® of the Year

WASHINGTON



Monica Wallace
Wallace Properties
Washington State
Commercial Association
of REALTORS®
*2014 Commercial REALTOR® of
the Year*

TENNESSEE



Steven Guinn, CCIM, SIOR
Highwood Properties
Memphis Area Associations
of REALTORS®
*2014 Commercial Council Broker of
the Year*



Larry D. Wood
American Real Estate
ERA Powered
Beaumont Board
of REALTORS®
*2014 Commercial Transaction of the
Year*

VIRGINIA



Bryan K. Gilpin
Sam Segar & Associates
Hampton Roads
REALTORS® Association
*2014 Commercial Sales & Leasing
Achievement Award*

WISCONSIN



Daniel Cohen
Mid-America Real Estate
Commercial Association
of REALTORS® Wisconsin
*2014 Retail Deal of the Year— May-
fair Collection*



**Maribel Koella, CCIM, CRE,
GRI, SIOR**
NAI Knoxville
Knoxville Area Association
of REALTORS®
2014 CCIM Impact Award

CONGRATULATIONS!

www.realtor.org/CommercialAwards

A NOTE OF THANKS

NAR appreciates those of you who have volunteered time and expertise to be involved at the national level during this past year in a leadership and governance role.

Commercial Liaison

Dan Sight, CCIM, SIOR

Commercial Committee

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Jared Booth, CCIM

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Mike Clancy

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Cathy Coneway, GRI

Allan Corbett

Mike Craddock

John Dohm, CCIM, SIOR

Ian Edmonson

Ann Foncellino

Paisley Gordon, CCIM

Richard Hollander, SIOR

Sheila Holley, EPRO, GRI

Brett Hunsaker

Gregory Ibbetson, CCIM, CRE

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Susan Kelly, EPRO, SRES, SRS

Leil Koch, CCIM, CIPS, CPM, CRB

J Karl Landreneau, CCIM, SIOR

Nancy Lane, AHWD, CCIM

Louis Lollo, RSPS, SFR

John Lynch, SFR

Mark Macek, CCIM, GRI

Jared Martin, CCIM, GRI

William Milliken, CCIM, CIPS

Louis Nimkoff, CCIM, CPM

Joe Parker, CRE

Fred Prassas, CPM, GRI

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Matthew Ritchie, CCIM

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Alex Ruggieri, CCIM, CIPS, CRE, GRI

Russell Salzman, RCE

Andrew Scaglione

Michael Schoonover, GREEN, SFR

Dan Sight, CCIM, SIOR

Kevin Sigstad, CCIM, CPM

Daniel Smith, ALC, CCIM

Linda St. Peter, AHWD, CCIM

Drew Stange

Margery Stratton, SIOR

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U.S. MARKETS RIDE RISING GLOBAL INVESTMENTS TIDE

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

As global economic conditions hit patches of volatility, commercial real estate continued to provide solid returns in 2015, positioning it as a preferred investment asset. Global investment volume rose 17 percent year-over-year during the first half of 2015 (H1.2015), totaling \$420.3 billion, according to Real Capital Analytics (RCA).

Benefitting from stronger economic performance and improved market conditions, the Americas recorded the highest volume—\$218.3 billion, followed by the EMEA region (Europe-Middle East-Africa) with \$144.0 billion, and Asia Pacific which posted \$57.5 billion in transactions during H1.2015.

Office properties remained the top choice for investors seeking income properties, comprising 35 percent of total volume. The retail and apartment sectors rounded up the top three, accounting for 23 percent and 20 percent of total, respectively. Industrial and hotel investments totaled \$91.9 billion, making up a combined 22 percent of total.

Even with a stronger dollar on the currency markets, the United States continued as a dominant market for commercial real estate. Sales volume totaled \$211.1 billion in H1.2015, a 43 percent gain year-over-year. The other countries with large capital inflows were Norway, which witnessed a 393 percent yearly increase, as well as Italy and Spain which posted investment volume growth of 109 percent and 43 percent, respectively. Commercial markets in Canada, France, China, Japan and Sweden experienced investment declines exceeding 19 percent compared with the prior year.

With the top 10 global cities accounting for 37 percent of total global transactions, commercial real estate markets in the United States accounted for seven of the top 10 investment destinations. New York retained its number one position for the fifth year in a row, with sales volume of \$36.8 billion in H1.2015. London retained the second spot for the sixth consecutive year, with investments totaling \$29.7 billion. Los Angeles and San Francisco were the third and fourth most active markets, accounting for \$16.9 billion and \$15.8 billion in transactions, respectively. Tokyo rounded up the top five metros. Chicago, metropolitan Washington, DC, South Florida (Miami) and Dallas were the other U.S. cities in the top ten global markets during H1.2015.

As fundamentals in U.S. markets improved, investors have moved beyond the gateway metros toward secondary markets, boosting investments. Orlando climbed from the 44th top global market to the 24th most active market, posting 280 percent year-over-year sales growth. Atlanta, Seattle, Houston, Phoenix, San Diego and Austin moved higher up in the global classifications, as well.

With 86 percent of REALTORS® focused on commercial sales below \$2.5 million—mostly in rising secondary and tertiary markets—cross-border investments have been a prominent feature of the landscape. Based on the Commercial Lending Trends 2015 report, 20 percent of REALTORS® engaged in investment sales to or on behalf of international clients. The proportion of REALTORS® who represent international clients has been steady over the past four years, accounting for one-in-five commercial real estate sales. Based on

RCA data (which centers on transactions above \$2.5 million), at the higher end of the market international investors have accounted for 8 – 10 percent of total U.S. sales over the past four years. The comparison highlights the active role that REALTORS® play in facilitating cross-border investments.

With U.S. investment volume poised to touch \$500 billion in the next year, commercial assets are well-positioned for continued growth. While high prices and low yields have been a cause for recent concern among some analysts, low interest rates continue to provide a favorable environment, where returns on commercial real estate investments remain an attractive proposition.

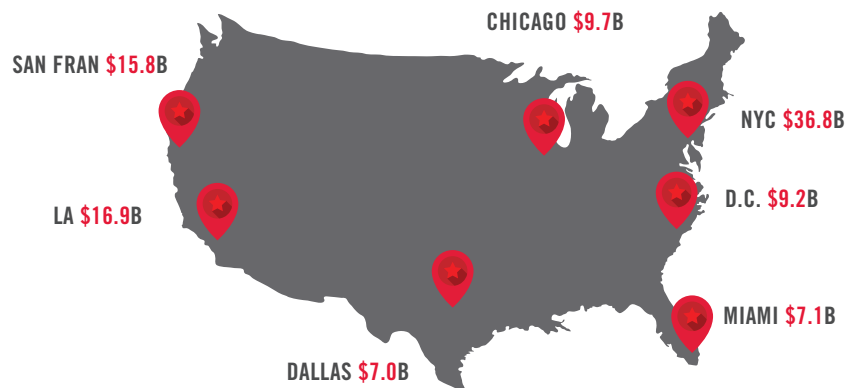
GLOBAL INVESTMENT TRENDS

IN COMMERCIAL REAL ESTATE

Global investment volume rose 17% year-over-year during the first half of 2015, totaling \$420.3B* Benefiting from stronger economic performance and improved market conditions, the Americas recorded the highest volume and rate of growth — \$218.3B, representing a 36% gain from the prior year.

COMMERCIAL MARKETS IN THE UNITED STATES ACCOUNTED FOR 7 OF THE TOP 10 INVESTMENT DESTINATIONS

Even with a stronger dollar on the currency markets, the United States continued as a dominant market for commercial real estate. Sales volume totaled \$211.1 billion in H1.2015, a 43% gain year-over-year



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* Real Capital Analytics For more information: realtor.org/commercial/research



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Commercial
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126,000

USERS



444,000

PROPERTY LISTINGS



1.6million

LISTING VIEWS

Dec2014



75,515 USERS



386,791 LISTINGS



1,459,872 VIEWS

July2015



111,067 USERS



417,337 LISTINGS



1,488,711 VIEWS

Oct2015



126,000 USERS



444,000 LISTINGS



1,600,000 VIEWS

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TOP FIVE TOOLS

FOR COMMERCIAL SUCCESS

by Laurie Brown, Marketing & Communications Manager, Realtors Property Resource®



As RPR usage amongst REALTORS® grows, commercial real estate professionals are talking more and more about how RPR's tools are aiding in working with clients on business deals. RPR is a multi-dimensional data platform available exclusively to members of the National Association of REALTORS® featuring data sets ranging from property facts and sales information, to advanced economic, market and consumer indicators.

Jose Hernandez from Tampa, Florida describes the RPR solution as a “resource that facilitates and improves workflow.” Tony Vacca from the Boston, Massachusetts’s area finds it “informative and a valuable tool for searching for properties and prospecting.” Jillian Hanson from Southern California shared the same sentiments, adding, “I appreciate how intuitive the RPR Commercial webinars are, making navigation of the technology that much easier. For those that learn and apply these tools, watch your business grow.”

Here are the top five RPR Commercial tools you can use for success in your commercial real estate business.

1 Property Facts

The Property Facts page includes data derived from public records or listings such as building/lot size, year built, photos, owner information, location and tax information, as well as a summary of statistics about the surrounding area.

2 Map Points of Interest (POI)

POIs are a great tool to facilitate a successful site selection process, helping to identify competitors along with potential business partners. Identify for sale or off market properties, overlay heat maps such as demographic information, and conduct searches for properties directly from the maps.

3 Consumer Segmentations

ESRI, RPR's commercial data provider, includes an array of demographic and consumer indicators (spending, demographics, employment, income, and retail marketplace). Using these segmentations, you can identify where consumers are and what they are buying – and presenting your client with this info can help you better determine the best location for their business.

4 Market Analyses

RPR's commercial site selection tools use data from sources such as the consumer expenditure survey to help you identify locations and businesses that will be successful for an area. Pinpoint the best location based on consumer and employee match, as well as identify attributes of people your client wants to be around and areas that fit those needs.

5 Report Generator

There are four reports that will help to educate your client—from property details, demographics and psychographics, to identifying the areas most suited for a business. Having the ability to generate reports with transparency as to what data sources are used and how often they are updated are crucial to backing up your opinions of the market.

Ready to learn how to elevate your business by using this NAR Member Benefit? Register for an RPR Commercial webinar today: <http://learn.narrpr.com/commercial>

2015 GIFT GUIDE

Savvy real estate professionals know corporate gifting is more art than science (aside from setting your budget), but in today's internet age, it can be difficult to know where to start. We've pulled together a few recommendations from the NAR family- gifts for colleagues, staff, clients and even yourself!



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