

# COMMERCIAL CONNECTIONS

A PUBLICATION BY THE NATIONAL ASSOCIATION OF REALTORS®



**The Time Is Now!**

## SEIZE THE MOMENTUM

THE OPPORTUNITIES ISSUE

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### ALSO IN THIS ISSUE:

PRESIDENT'S UPDATE / United We Stand  
ADVOCACY / A Look at Commercial Issues  
LEADERSHIP / Inspiring Members  
RESEARCH / Lending Snapshot  
INTERNATIONAL / World Views & Networking

COMMERCIAL  
Real Estate



NATIONAL  
ASSOCIATION *of*  
REALTORS®

# COMMERCIAL CONNECTIONS

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NATIONAL  
ASSOCIATION of  
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# THE LATEST

## *Attending ICSC RECon in Las Vegas?*

Plan ahead and book complimentary meeting space in NAR Booth N2668 – 30 minute increments are available on a first-come first-served basis simply by sending us an email. Visit with NAR staff about your commercial resources and get a demo of the all-new CommercialSearch listing platform. While you are resting your weary feet, enter to win a gift from Loop & Tie, a NAR REach® Class of 2015 company.

Email [NARCommercial@realtors.org](mailto:NARCommercial@realtors.org)

## *State Issues Tracker*

In search of an update on a particular state-level topic? Check the “State Issues Tracker” on Realtor.org – updated yearly for most issues, this interactive, searchable database tracks and analyzes a number of core issues that concern NAR members. You can use the state issues tracker to research state regulations that affect the real estate industry, make comparisons among different state approaches to an issue, and find citations of the particular state law addressing each issue.

[www.realtor.org/political-advocacy/state-issues-tracker](http://www.realtor.org/political-advocacy/state-issues-tracker)

## *Important Leg/Reg Updates*

Access recent webinars and videos, compliments of NAR, which provide you a closer look at changes to FIRPTA, Leasehold Accounting Rules, as well as other real estate taxation issues. NAR’s expert policy representatives walk you through these updates while explaining what impact to your commercial real estate business is ahead.

[www.realtor.org/Commercial](http://www.realtor.org/Commercial)

## *Welcome Jacob!*

We recently welcomed Jacob Knabb to the NAR staff team as Commercial’s Communications & Services Associate. Jacob will be handling commercial publications and messaging, social media, and industry engagement. Jacob has an extensive background in an editorial capacity, most recently in his role as Senior Editor at Curbside Splendor Publishing in Chicago, which involved a range of work from marketing and publicity campaigns to curating web content to organizing events. Jacob was also an Assistant Professor of English at Lake Forest College and designed course curriculum for a new Minor in Print & Digital Publishing. Jacob originally hails from West Virginia, and we’re happy to have him on the NAR team. Drop him a line to connect.

Email Jacob at [jknabb@realtors.org](mailto:jknabb@realtors.org)



# UNITED WE STAND... FOCUSED

## A NOTE FROM NAR PRESIDENT, TOM SALOMONE

I wonder...what would our founding fathers, the original two-party politicians - federalists and anti-federalists, think about this year's election? Among other things, I imagine, for a lot of reasons, they'd be taken aback by the vast array of political advertisements that bombard us every time we turn on the television, check our e-mail, read the newspaper, or listen to the radio. What would the Continental Congresses have been like had there been 24hour live broadcasts, or if Alexander Hamilton and Samuel Adams provided ongoing tweet updates?

In this day and age, when it comes to politics, it is easy to get overwhelmed or disenchanted. Especially, when it's coming at us from every direction, nonstop, and sometimes feels more like a reality television show. But we must stay focused. We need to look beyond the political machinations as there is a lot at stake. And it goes beyond just concentrating on the federal elections. Decisions made by state and local leaders can greatly influence our livelihood. Think about how many times local governments have turned to real estate when looking for ways to shore up their budgets. Just look at the number of times transfer taxes and development fees come up as proposed ways to boost government revenue.

As REALTORS®, commercial and residential alike, we must come together, combine our voices, and be heard. We must seek out and support REALTOR® champions, candidates who understand the stability a sound and dynamic real estate market brings to our communities. There are a number of issues we will be watching closely throughout the year - some that could have significant influence on the commercial market. For one thing, we've got to keep our eye on tax reform discussions. We must continue to protect incentives like the 1031 like-kind exchanges and MID. While there is



TOM SALOMONE

no formal legislation yet, the REALTOR® Party has to be vigilant. After all, tax reform is not just about preserving one element of tax policy. It is about maintaining numerous tax policies that support property ownership and investment. We must ensure that the tax code continues to reflect the values that make our communities strong and our country exceptional.

Among other issues of precedence, NAR will continue to monitor lease accounting standards, marketplace fairness, and marketplace lending. Additionally, we will continue to push for technologies like drones to be made available to REALTORS® as part of a responsible business practice.

REALTOR® Party leadership and staff are working tirelessly on your behalf – the Association's professional lobbyists are second to none. However, we cannot rely on staff alone. We need the backing and involvement of our grassroots. To ensure that issues important to REALTORS® stay first and foremost in the minds of legislators, we must work together! When NAR announces a Call for Action, hear it as our rally cry – we need you to act. Additionally, while a third of NAR's 1.1 million members invest in RPAC, I know we can do better.

Local and state associations, throughout the United States, are hosting REALTOR® Party Phone Banks in a coordinated, member-to-member, outreach effort aimed at increasing member engagement and RPAC participation. No member should be able to say, "I've never heard of RPAC", "I was never asked to invest", or "I didn't know why it was important". When NAR calls, I hope you'll answer. I need your help.

**Together we can be great!!**

# A LOOK AT SEVERAL OF THE ISSUES IMPORTANT TO YOUR BUSINESS



NAR is actively engaged on issues affecting all aspects of the commercial real estate industry, supported by thousands of staff hours working tirelessly on your behalf to ensure you and your clients can conduct business.

## 1031 LIKE KIND EXCHANGES

Under both House and Senate tax reform proposals released in the 113th Congress, Section 1031 is repealed, and further, the President's budget for Fiscal Year 2015 proposed limits on the deferral provisions of Section 1031. Although none of these proposals progressed in the 113th Congress, if tax reform plans are introduced in the 114th Congress it is likely that they will borrow heavily from the previous ones, so Section 1031 is still at risk.

*What does this mean for my business?* The exchange rules often provide a real estate professional with an opportunity to facilitate two transactions: the sale of the relinquished property and the purchase of the replacement property. Any curtailment of the exchange rules will make both pieces of exchange transactions more difficult to conclude and would mean many transactions would not take place. The like-kind exchange technique is among the most important of all tax provisions for real estate investors and commercial real estate professionals.

## COMMERCIAL LEAD-BASED PAINT

The Environmental Protection Agency (EPA) continues to consider federal rules that would regulate the renovation and remodeling activities in public and commercial buildings to address possible lead-based paint hazards. The EPA is collecting data about the hazards presented by lead-based paint and how renovation and remodeling activities in commercial and public buildings would potentially increase the harm to building occupants.

*What does this mean for my business?* Residential property managers must spend more on staff that now must be EPA certified in lead-safe renovation procedures. The Agency may impose the same regulatory burden on commercial building owners and managers if data show their RRP activities pose a child lead hazard. In addition, contractors must be certified and comply with the lead-safe renovation procedures, which drives up the cost of these renovation activities, which drives up the cost of owning and managing both residential and commercial properties.



## CREDIT UNION LENDING

The National Credit Union Administration (NCUA) proposed a rule which would eliminate restrictions on credit unions making member business loans (MBL). The proposal would give credit unions more autonomy in creating commercial lending policies unique to each credit union. The proposal would also create a new treatment for construction and development loans.

***What does this mean for my business?*** What has worked in the past may not work now in terms of accessing credit. Increased banking regulations, particularly in community and regional banks, mean banks are spending more of their capital on regulatory compliance.

## ENERGY DEDUCTION 179D

The Section 179D deduction in the Internal Revenue Code encourages greater energy efficiency in our nation's commercial and larger multifamily buildings, by allowing for cost recovery of energy efficient windows, roofs, lighting, and heating and cooling systems meeting certain energy savings performance targets. Without section 179D, the same energy efficient property would be depreciated over 39 years (nonresidential) or 27.5 years (residential). In the Omnibus Appropriation bill passed on December 18, 2015, Section 179-D was extended retroactively to include the 2015 tax year and through 2016.

***What does this mean for my business?*** In addition to reducing energy consumption and saving owners and tenants' money, these improvements can also increase the property's attractiveness to new tenants and help them retain value as they age. Short-term extensions of 179D and allowing it to expire, even for short periods that are covered retroactively, can undermine its purpose, as building owners may be unsure as to whether it will apply to improvements they hope to make and opt not to take the risk.

## ENERGY EFFICIENCY

The federal government is moving forward with voluntary energy efficiency policies and programs, as well as regulations to limit the U.S. atmospheric contribution of carbon dioxide (CO<sub>2</sub>) and other greenhouse gases. Some of these policies, programs and regulations may impact the built environment, including commercial properties.

*What does this mean for my business?* If energy efficiency were federally mandated, property owners' ability to sell their home or building could be at risk without first having to conduct energy audits and improve its heating and cooling system, windows, insulation and/or lighting.

## LEASE ACCOUNTING

As part of a larger effort to converge accounting standards, the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) have been working since 2005 to develop a standardized approach to lease accounting. The latest reports from FASB indicate it will replace the current dual model approach with a new one: though leases currently categorized as "operating leases" will be brought onto balance sheets under the new rule, "Type A" leases are treated as capital leases and "Type B" leases continue to be recorded as straight-line rent expenses. Most real estate leases will fall into the "Type B" category. The updated standards were released in February 2016 and will go into effect for public companies in 2019 and private companies in 2020.

*What does this mean for my business?* The new standards could harm businesses of all sizes, especially lessees and lessors of commercial real estate. With more bloated balance sheets, some companies may see their debt-to-equity ratios increase and find it more difficult to obtain credit, especially those with heavy debt loads or still recovering from the recession. The new standard could also complicate compliance with debt covenants or agreements between the bank and borrower, which usually prohibit companies from borrowing more than they are worth. By capitalizing new and/or existing leases, some businesses could show more debt than allowed in their agreement with the lender, and therefore be in default of their loan. This could force some firms to put up more capital for existing loans or even have their credit lines revoked.

Additionally, the elimination of off-balance-sheet financing could be detrimental to commercial property owners. More frugal lessees will want less space and shorter-term

leases without renewal options or contingent rents, which will decrease cash flow for property owners. Shorter-term rents will likely reduce the borrowing capacity of many commercial real estate lessors, who rely on leases and the value of the property as collateral in order to obtain financing. Ultimately, property owners would be forced to increase rent rates due to market uncertainty and reduce tenant improvements due to shorter recovery periods. Conversely, this change could encourage some firms to consider buying instead of leasing commercial real estate.

## LEASEHOLD IMPROVEMENTS

The 15-year straight-line cost recovery for qualified leasehold improvements on commercial properties provision expired at the end of 2013; in December 2015, Congress passed and the President signed into law an Omnibus Appropriations bill which makes the provision permanent. Thus, it is now available for all improvements to property placed in service.

*What does this mean for my business?* Property owners are required to amortize the costs of improvements made on behalf of tenants over a recovery period that has no relation to the economic life of the assets. This artificially depresses rates of return. Providing a shorter and more realistic depreciation period for tenant improvements allows upgrades for technology and modernization to be more economically feasible. These types of improvements help assure that nonresidential buildings will be adequately maintained and remain technologically current.

## NATIONAL FLOOD INSURANCE PROGRAM (NFIP)

The National Flood Insurance Program (NFIP) was extended for five years in 2012 by the Biggert-Waters Act, but Congress must reauthorize it again to continue providing flood insurance after 2017. Biggert-Waters also phased out subsidized flood insurance rates for many commercial properties but severe implementation problems threatened to undermine real estate transactions where flood insurance is required to obtain a mortgage. In March 2014 Congress responded to these issues by amending Biggert-Waters with the "Homeowner Flood Insurance Affordability Act." The new law, among other things, restores the grandfathering of properties under lower risk rates upon remapping, reduces the increased rates of non-grandfathered properties, and repeals rate premium increases at the sale of properties (including refunding increases to those who have already paid them). In June 2015 Reps. Dennis Ross (R-FL)

and Patrick Murphy (D-FL) introduced H.R. 2901, the “Flood Insurance Market Parity and Modernization Act,” which clarifies that property owners may satisfy federal flood insurance requirements with either NFIP or private coverage. The bill was approved by the House Financial Services Committee on March 2, 2016.

**What does this mean for my business?** Without the NFIP, millions of home and small business owners in more than 20,000 communities nationwide would not be able to obtain a mortgage or insurance to protect their property against the most expensive and common natural disaster in the U.S.: flooding. The NFIP was created because of the lack of access to affordable flood insurance coverage in the private market. It also reduced the number of uninsured properties that otherwise would rebuild with taxpayer-funded disaster relief after major floods.

### WATERS OF THE U.S. DEFINITION

In April 2014 the EPA and the Army Corps of Engineers jointly proposed a rule to “clarify” which bodies of water are “waters of the U.S.,” and thus able to be regulated under the Clean Water Act (CWA). In support of this, the agencies released a draft science report on “connectivity” of various bodies of water in the U.S. Depending on how the definition is finalized, compliance with the CWA under it may require expensive, time-consuming federal permits to develop private property near most water bodies, not just those which are navigable (as under the current regulatory scheme). The final definition was released in May 2015, and several states sued the government. In October 2015, an appellate court ruled to stay the implementation of the rule, effectively halting the rule from going forward.

**What does this mean for my business?** Depending on the “U.S. water” definition, the Act will require expensive, time-consuming federal permits to develop private property near most water bodies -- not just those which are navigable. In addition, property owners may experience a taking under the regulation without adequate compensation, as prescribed under the 5th Amendment of the Constitution.



Want to learn even more?

## TAKE A DEEPER DIVE

This article covers some of the more timely issues, but you can find all of the below issues briefs online:

-  **BASEL III**
-  **DODD-FRANK LAW**
-  **EB-5 PROGRAM**
-  **FAA PROPOSED BUILDING HEIGHT RESTRICTIONS**
-  **FIRPTA**
-  **INTERNET SALES TAX FAIRNESS**
-  **JUMPSTART OUR BUSINESS STARTUPS (JOBS) ACT OF 2012**
-  **MARKETPLACE LENDING**
-  **TERRORISM INSURANCE**
-  **UNMANNED AERIAL VEHICLES (DRONES)**

### FEDERAL ISSUES TRACKER

Access the Issues Brief for any issue NAR is actively engaged on with advocacy efforts via the Federal Issues Tracker. Use these to stay informed and as a resource for your clients.

Need to know what the current NAR position is on any issue, or what action has been taken? Bookmark this resource and access the specific Issues Brief, along with the contact information for the NAR staff member(s) focused on the issue.

[www.realtor.org/political-advocacy](http://www.realtor.org/political-advocacy)

# YOUR 2016 COMMERCIAL LEADERSHIP

## DAN WAGNER

COMMERCIAL LIAISON

*What is your NAR leadership goal in your role this year?* As someone whose job it is to represent commercial real estate interests, I think it's important to help create a greater awareness of the issues facing this vital part of the industry. Serving as a resource to explain and promote sound commercial policy such as the 1031 Exchange could provide benefits for the industry as a whole.

*What's your favorite activity/hobby when you aren't working?* Being a Dad! My wife and I are very blessed to have Irish Quadruplets. Triplets that are 14 and a 13 year old. There is not a greater joy in the whole world!

## LORI BURGER, CPM

CHAIR, COMMERCIAL COMMITTEE

*What is your NAR leadership goal in your role this year?* There is a gap between the benefits NAR offers and what commercial members perceive as the value received. I would like to work toward the elimination of that gap.

*What's your favorite activity/hobby when you aren't working?* 4 wheel drive enthusiast, mud, rock, sand and snow!

## TRAY BATES, CCIM, CIPS, SIOR

VICE CHAIR, COMMERCIAL COMMITTEE

*What inspires you about this industry?* What is inspiring about Commercial Real Estate is the caliber of people I meet, especially the people who volunteer to serve on NAR Commercial Committees. I always return home with great ideas and excitement to push myself even harder.

*What's your favorite activity/hobby when you aren't working?* My favorite activity when not working is Scouting. I serve as the Cubmaster for Pack 11 and Assistant Scoutmaster for Troop 11 in Corpus Christi.

## LOU NIMKOFF, CCIM, CPM

CHAIR, COMMERCIAL LEGISLATION &  
REGULATORY ADVISORY BOARD

*What is your NAR leadership goal in your role this year?* To raise awareness of the high priority that NAR puts on commercial issues and that it's a two-way street, which means that we need to show the love by investing in RPAC.

*What's your favorite activity/hobby when you aren't working?* I love to scuba dive, and now everyone in my family is certified, which makes it all the better.

## MICHAEL SCHOONOVER, GREEN, SFR

VICE CHAIR, COMMERCIAL LEGISLATION &  
REGULATORY ADVISORY BOARD

*What is your NAR leadership goal in your role this year?* To support our Leadership team and be a strong voice on REALTOR® issues, both in Congress and many times more importantly with the regulatory agencies. I hope to champion the REALTOR® position.

*What inspires you about this industry?* Every day I get to work as a coach and mentor to many new and experienced agents as they expand their knowledge and expertise in our profession. I also get excited every time I attend a meeting or convention as I get to rub elbows with the "best of the best".

## KAY MICHAEL ALEXANDER, GRI

CHAIR, COMMERCIAL REAL ESTATE RESEARCH  
ADVISORY BOARD

*What inspires you about this industry?* The impact that we have on our communities to facilitate growth and improvements.

*What's your favorite activity/hobby when you aren't working?* Riding my Harley with friends around the mountains of West Virginia.





DAN WAGNER



LOU NIMKOFF



MICHAEL SCHOONOVER



LORI BURGER



TRAY BATES



KAY MICHAEL ALEXANDER



MIKE VACHANI



LINDA ST. PETER



LEIL KOCH



O. RANDALL WOODBURY



DAWN CARPENTER



ANGELA WEST



PAUL DIZMANG



DAN SIGHT



CYNTHIA SHELTON

## MIKE VACHANI, ABR, CIPS

VICE CHAIR, COMMERCIAL REAL ESTATE RESEARCH  
ADVISORY BOARD

*What inspires you about this industry?* I love real estate and have loved it my whole life. As a kid, I watched my dad run his residential real estate firm and was encouraged by the way he made his client's dream come true. I love how a REALTOR® is in the middle of everything and finds solutions, volunteering time and helping the community. This motivates me and I seek to inspire those around me.

*What's your favorite activity/hobby when you aren't working?* My favorite part of the day is spending time with my kids or encouraging other kids. When I am not working, I am coaching soccer and volunteering at my kids school. Bottom line, my activities outside of work revolve around my kids and their activities — and I would not have it any other way!

## LEIL KOCH, CCIM, CIPS, CPM, CRB

CHAIR, COMMERCIAL LEADERSHIP FORUM

*What is your NAR leadership goal in your role this year?*

To expand the informational quality and reach of relevant topics to our commercial practitioners throughout NAR. To stress the importance of member participation in the legislative process through RPAC and additional commercial FPC's.

*What inspires you about this industry?* The importance of this industry in the creation and ongoing stability for a healthy and prosperous community.

## LINDA ST. PETER, CCIM, AHWD

VICE CHAIR, COMMERCIAL LEADERSHIP FORUM

*What inspires you about this industry?* When business thrives within any community the rest of the community is vibrant. I feel nearly parental pride some 30 years later as I drive by a thriving business commerce park, which was one of my first projects when I got into the business. It started with a bunch of dirt, and now it is a beehive of activity. I drive by and I think – I did that!

*What's your favorite activity/hobby when you aren't working?* Music and the arts is a big one. I love to travel and when travel is paired with amazing fresh local food experiences, that is even better.

## CYNTHIA SHELTON, CCIM, CRE

CHAIR, COMMERCIAL ECONOMIC ISSUES & TRENDS FORUM

*What inspires you about this industry?* The ability to be a professional and help others build net worth, while using some of the information to help build my net worth.

*What's your favorite activity/hobby when you aren't working?* Believe it or not, it's not only being with my family but teaching & mentoring others in our industry. I also like snow skiing even being from Florida!

## O. RANDALL WOODBURY, CPM

VICE CHAIR, COMMERCIAL ECONOMIC ISSUES & TRENDS FORUM

*What inspires you about this industry?* The business of real estate is entrepreneurial at its core and REALTORS® in commercial real estate commit to playing higher stakes than their residential counterparts. Creativity, perseverance and integrity are rewarded both financially and with the satisfaction of seeing the fruits of your work in the improvement of communities.

*What's your favorite activity/hobby when you aren't working?* Sports cars and playing guitar.

## DAWN CARPENTER, CPM

CHAIR, PROPERTY MANAGEMENT FORUM

*What inspires you about this industry?* Being able to use my skills as a CPM to assist the consumer.

*What's your favorite activity/hobby when you aren't working?* Golf and Travel.

## PAUL DIZMANG, CRS, GRI

VICE CHAIR, PROPERTY MANAGEMENT FORUM

*What inspires you about this industry?* Opportunity.

*What's your favorite activity/hobby when you aren't working?* Boating, 4 Wheeling, and Smokin' Meat.

## DAN SIGHT, CCIM, SIOR

CHAIR, LARGE COMMERCIAL FIRMS ADVISORY GROUP

*What inspires you about this industry?* I am a huge believer in the ownership of commercial real estate, and the wealth creation vehicle it can be for investors of all sizes.

*What's your favorite activity/hobby when you aren't working?* Travel, cooking, wine, and in the summer, cabana boy.

## ANGELA WEST, CCIM, SIOR

VICE CHAIR, LARGE COMMERCIAL FIRMS ADVISORY GROUP

*What inspires you about this industry?* Real Estate is the fundamental element in almost every industry in every nation.

*What's your favorite activity/hobby when you aren't working?* Road Biking.

# COMMERCIAL LENDING TRENDS FOR 2016

Sourced from the recently released 2016 NAR Commercial Lending Report available at [www.realtor.org/commercial/research](http://www.realtor.org/commercial/research)

## COMMERCIAL TRANSACTIONS

61% of respondents closed deals in 2015

REALTORS® closed an average of 8 commercial transactions

94% of sales were valued at or below \$5 million

17% of respondents had international clients/investors

## FINANCING

Cash comprised 26% of all transactions

61% of transactions had financing with LTV equal to or higher than 70%

Lending conditions tightened for 33% of respondents and eased in 31% of respondents' markets

## TOP SOURCES OF CAPITAL



## SPEED BUMPS

40% of sales failed due to lack of financing

Loan underwriting standards caused 54% of financing failures

20% caused by appraisals/valuation

12% due to financing availability

# TIPS TO A MEMORABLE PROPERTY TOUR

by Dave Morris, CCIM



Having participated in hundreds of property tours with various commercial agents and clients, I am rarely surprised when the listing agent gives a poor property tour.

Maybe the worst example of this is when the listing agent doesn't even attend the tour or substitutes someone with little/no sales skills. The property tour is the only opportunity leading to a transaction to ① listen to a prospect's needs, ② show feature/benefit(s) of the property, ③ receive feedback and, ④ represent the property owner in a positive, let's-make-a-deal way.

After touring three or four properties, a prospect's memory fades and most find it difficult to differentiate the first property from the fourth.

With 27 years worth of learning experience touring spaces, and from gathering colleagues advice, here are some tips for creating a thorough - and more importantly - memorable property tour.

## PREPARATION

- Is the space showable? Remove old carpeting or demo dysfunctional walls/layout.
- Confirm how much time you have for the tour and how many will attend.
- If needed, arrange for a reserved parking spot in front for them when they arrive.
- Research the prospect's industry. Is it going up/down? What are their competitors doing?
- Arrive early, open blinds, turn on ALL lights, open doors.
- Stage the tour. Know where you will take them. Be knowledgeable about the space and property.

## DURING THE TOUR

- Bring a "tour bucket" with water bottles and protein bars to offer. (*This move alone will make you a memorable stop on their tour!*)
- Be enthusiastic and keep things "light". Smile!
- Communicate the owner's desire to make deals.
- Help them visualize the space.
- Highlight area amenities (*restaurants and "errand" services*).
- Have some open ended questions prepared:
  - "If you could change two things about your current space, what would they be?"*
  - "How has your current landlord helped you in economic ups and downs?"*
  - "What is going to influence your relocation the most?"*
- At the end of the tour, determine next steps.

Executing a good, memorable property tour has a huge impact on a prospect's decision process. I've seen spaces get leased because of a leasing agent's enthusiasm and positive attitude. I've experienced the reverse too when the agent is boring, doesn't seem to care, and doesn't know his /her listing or worse: doesn't care to show up.

The property tour is one of the most important occasions to SELL the prospect and promote a commissionable transaction. A positive attitude goes a long way. Don't take the opportunity lightly.

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

# BRINGING THE NAR MEMBERS TO THE WORLD STAGE

by Jan Hope, Vice President, Commercial & Global Services, NAR

With nearly \$200 billion of foreign investment flowing into the United States last year, there is no doubt that opportunities are everywhere for real estate professionals involved in the transaction side. Positioning your expertise in your market can make a world of difference in gaining this business.

In March, NAR returned to MIPIM, one of the largest international real estate events in the world, with an enlarged pavilion and United States presence. MIPIM is considered the world property marketplace, bringing together more than 23,000 developers, brokers, government authorities and other real estate professionals from 89 countries, including 2,400 exhibiting companies and nearly 5,000 investors. MIPIM offers unrivalled exposure to a great number of development projects worldwide along with capital resources.

The NAR-United States Pavilion featured 8 exhibiting partners and 3 sponsors in an expanded footprint on the event floor, along with an area where representatives from each partner market delivered presentations on local development and real estate. These partners seized the opportunity to drive attention to economic development in U.S. markets while reinforcing the REALTOR® brand on an international stage. The NAR-United States Pavilion provided meeting space and a home-base for NAR members, enabling real-time business to be conducted and helping members grow valuable relationships with potential future clients.

By the time the fourth and final day of the event rolled around, it was clear the conference was abuzz with talk of the United States being at MIPIM with greater presence. NAR will continue to be committed to commercial members and promoting growth and development of communities in locations across the country, along with the educational and networking power of our affiliate organizations. As a

## 2016 EXHIBITING MARKETS

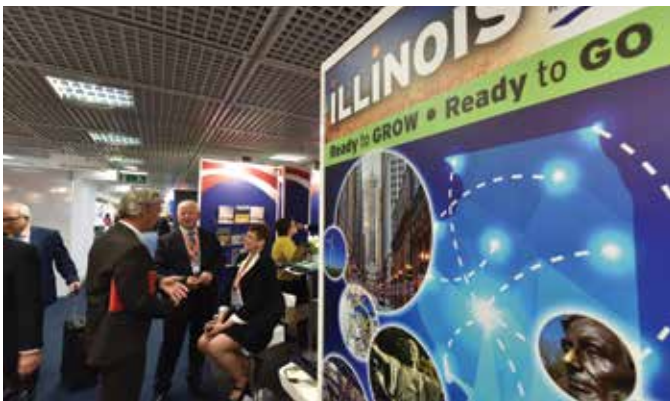
Miami Association of REALTORS®  
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## 2016 SPONSORS

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NAR member, you benefit from this exposure – here and abroad. As you make plans for 2017, keep in mind there is a significantly discounted NAR member rate for MIPIM registration, saving you hundreds of dollars. Whether MIPIM is in your future or not, the opportunities that come from broadening your horizon on an international level will continue to be there.

*To learn more about NAR's MIPIM initiative and how you or your association can participate in 2017, please visit [www.realtor.org/MIPIM](http://www.realtor.org/MIPIM).*



THE U.S. PAVILION REPRESENTED REALTORS® AND NAR PARTNERS AT MIPIM 2016  
PHOTOS COURTESY OF MATT DIFANIS, 2016 IAR TREASURER & JEAN MADAY, NAR

*“Being a part of MIPIM 2016 with NAR has offered the opportunity to showcase Arizona on a world stage. We have networked with business professionals, financiers, and government officials from around the globe. We believe this event will be the start of many profitable long term relationships that Arizona will benefit from.”*

**PEGGY NEELY**  
Scottsdale, AZ

*“So many insights and priceless information gained from interacting with representatives from markets far and wide. The MIPIM convention is the place to be if you want to be on the world map and bring back the pulse of global real estate to our members.”*

**MARIA G. JUNCADIELLA, CCIM, MBA**  
Miami, FL

THE U.S. PAVILION REPRESENTED REALTORS® AND NAR PARTNERS AT MIPIM 2016  
 PHOTOS COURTESY OF MATT DIFANIS, 2016 IAR TREASURER & JEAN MADAY, NAR



*“MIPIM is, from my perspective and simply stated, the world marketplace for commercial real estate. It is a meeting place of people who are willing to share ideas and build upon one another’s experience to improve their own businesses, institutions and governments, and enrich their own lives by doing so.”*

**JOHN DOHM, CCIM, SIOR**  
 Miami, FL



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# URBAN GROWTH: CHALLENGES ON A GLOBAL SCALE



According to the United Nations, the world's urban population is expected to increase by 380 million people by 2020. Pause for a moment and consider what 380 million more urban dwellers means. As Knight Frank points out, that's the equivalent of building five cities the size of Los Angeles every year between now and 2020, plus all the supporting infrastructure.

That level of growth would trigger a huge demand for every type of urban real estate, from the development of housing, offices, warehouses, manufacturing and distribution facilities, shopping centers, restaurants, hotels, entertainment venues, roads, parking, plus all the infrastructure for transportation, energy, water, sanitation, etc.

Planning for such growth, however, also presents huge challenges. Success requires identifying the best investments over the long term (while also eliminating wasteful practices), then carefully planning each step in the process. It takes patience, tenacity, and long-range vision. It's not unlike tackling a complex real estate development project.

Cities with strong links to the global economy will have a distinct advantage over those that take a more insular view. If a city examines its unique competitive advantages, then implements policies that attract additional global trade and investment, it's inevitable that even second-tier players will become "global cities."

## Best Practices

As urban planners, government policy-makers, investors, and real estate developers work together to shape our future cities, what are some of their most important considerations? According to Hugh Kelly, a Clinical Professor of Real Estate at the NYU Schack Institute of Real Estate and 2014 Chair of the Board for the Counselors of Real Estate (CRE), they include:

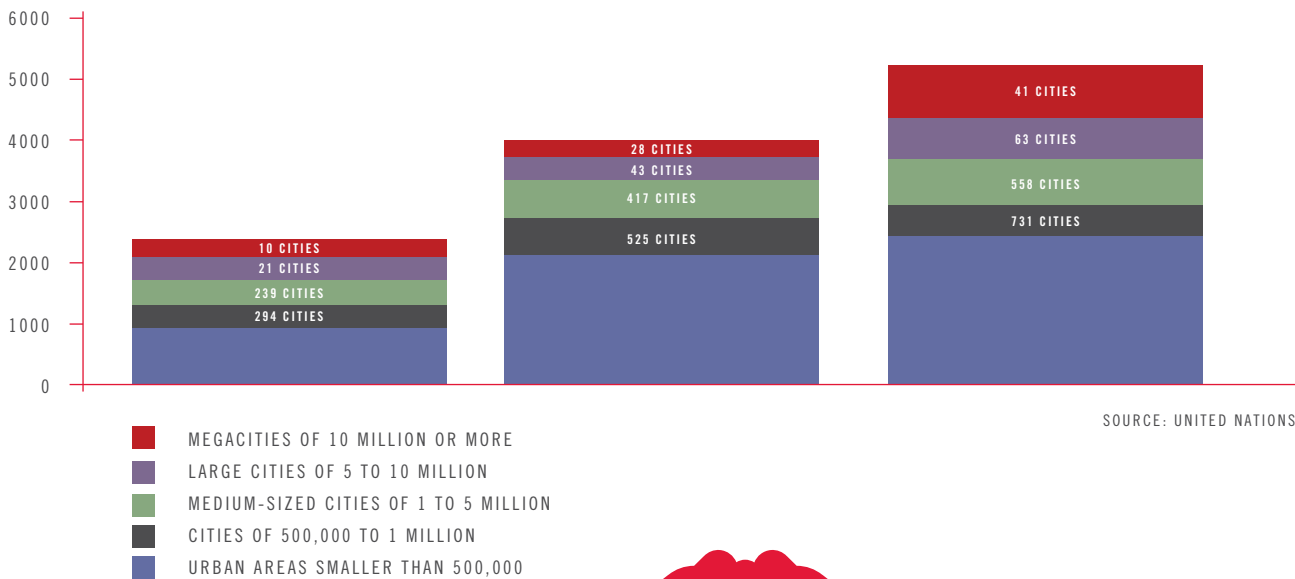
**Cities vs. suburbs** – Economic growth should not be a matter of urban centers prevailing over their suburban communities, or vice versa. As Kelly points out in his new book, *24-Hour Cities: Real Investment Performance, Not Just Promises*, the most vibrant urban areas are those with a strong core and strong suburbs.

"It's not a zero sum game," says Kelly. "Incomes earned from high-paying jobs in the city are spent throughout the region." In some cases, like San Francisco, the flow between home and work may be reversed. Adobe, for example, funds employees' commuting costs to Palo Alto if they prefer living in downtown San Francisco, while Google runs its own shuttle buses.

**Transportation** – Cities must constantly reinvest in their transportation infrastructure—and the cost could spike dramatically as driverless cars enter the scene, potentially requiring a complete overhaul of our roadways (adding sensors, monitors, etc.) and introducing new density problems (parking spaces for more idle cars).

"While the technology is exciting, I don't think the costs associated with autonomous cars have been fully penciled out," says Kelly. "Like any large infrastructure project, this will take longer and cost much more than expected, especially in urban settings."

## GLOBAL URBAN POPULATION GROWTH IS PROPELLED BY THE GROWTH OF CITIES OF ALL SIZES



SOURCE: UNITED NATIONS

**Affordable housing** – Living in global cities is generally an expensive proposition, with affordable housing being the tallest hurdle. Solving the problem is not just a question of creating inventory, but also a matter of creating better opportunities for inhabitants to move up the income ladder. Too often, entry-level jobs are dead-end jobs (think hotel employees, construction workers, or security personnel).

Real estate is one industry that could make a direct contribution. In fact, Kelly imagines that “the real estate industry could easily put together a program that took 100,000 people and put them on an upward track, by promoting real estate as a career instead of a job.” In addition to fostering a spirit of giving back to the community, such an endeavor could make a measurable difference in economic and income growth. It is also in the employers’ interests in a period where unemployment is already down to five percent, with labor markets likely to be tightening as the boomers retire.

Solutions aren’t simple, but fortunately the world is also filled with thought leaders and innovators, working across geographic borders to share actionable ideas and collaborate on successful results.



Want to learn even more?

## TAKE A DEEPER DIVE



This article was originally published in the June 2016 edition of *Global Perspectives*, the official newsletter & benefit of the Certified International Property Specialist (CIPS) designation. To read the full issue, visit [realtor.org/ccglobalperspectives](http://realtor.org/ccglobalperspectives).



The CIPS designation provides the education, network, and resources to conduct international business transactions efficiently and effectively. The five days of study provide the information real estate professionals need to minimize risk when working with this lucrative investor group. Upon earning the designation, members join an influential network of nearly 3,000 elite professionals who turn to each other first when looking for referral partners. For more information on the CIPS designation, visit [realtor.org/commercialcips](http://realtor.org/commercialcips).



### Moving Cities Onto the Global Stage

Launched in 2012, the Global Cities Initiative (GCI) is a \$10 million, five-year joint project of the Brookings Institution and JPMorgan Chase designed to help the leaders of U.S. metropolitan areas strengthen their economies and become more competitive in the global marketplace, while also fostering an international network of metropolitan leaders who are committed to trade, invest and grow together.

Twenty-eight U.S. metropolitan areas are engaged in a two-phase planning process:

Phase 1 is a metropolitan export plan that helps regions cultivate a larger pipeline of export-ready firms and better connect them to export services and growing global markets.

Phase 2 is a foreign direct investment (FDI) plan that explores new forms of FDI, assesses the interaction of FDI and exports, and develops strategies to attract and retain investment.

Ultimately, each metro area produces its own market assessment, a global trade and investment plan (which is

a roll-up of its export and FDI plans), an implementation plan, and a policy memo. Five cities (Columbus, Portland, San Antonio, San Diego and Seattle) have already completed unique global trade and investment plans, whereas the remaining 23 cities are at earlier stages. (See map.)

Real estate professionals can turn to the GCI plans for insights into emerging global opportunities in these markets. Specific strategies, tactics, and implementation steps are outlined, including the organizations involved in executing various initiatives related to attracting investment, building infrastructure, promoting innovation, and much more.<sup>1</sup>

Real estate plays a pivotal role in all these endeavors. Practitioners who get familiar with and involved in civic leaders' efforts to build the global cities of the future are in an excellent position to participate in key networking opportunities and related real estate transactions.

*To learn more about the Global Cities Initiative and access participating cities' plans and related research, go to [brookings.edu/about/projects/global-cities](http://brookings.edu/about/projects/global-cities).*

<sup>1</sup> MANY PARTICIPATING CITIES ARE STILL IN THE PLANNING STAGES AND HAVEN'T PUBLISHED EXPORT OR FDI REPORTS YET. STILL, AN ONLINE SEARCH FOR "GLOBAL CITIES INITIATIVE [CITY NAME]" WILL LIKELY RETURN DETAILED RESULTS RELATED TO THAT CITY'S EFFORTS.

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REALTORS  
PROPERTY  
RESOURCE

# RPR COMMERCIAL TAKES STOCK OF OFFERINGS TO LAND PRACTITIONERS

by Laurie M. Brown, Marketing Communications Manager Realtors Property Resource®, LLC

## Building on Land

RPR® is committed to meeting the needs of all real estate segments, including a focus on what got this industry started...land. The strength of this all-important sector is unmistakable. Last year, RPR recorded more than 450,000 on-market land listings in its database—across both residential and commercial segments. That's a large enough number to command anyone's attention, including RPR's commercial team who decided to the start digging into how we serve this segment.

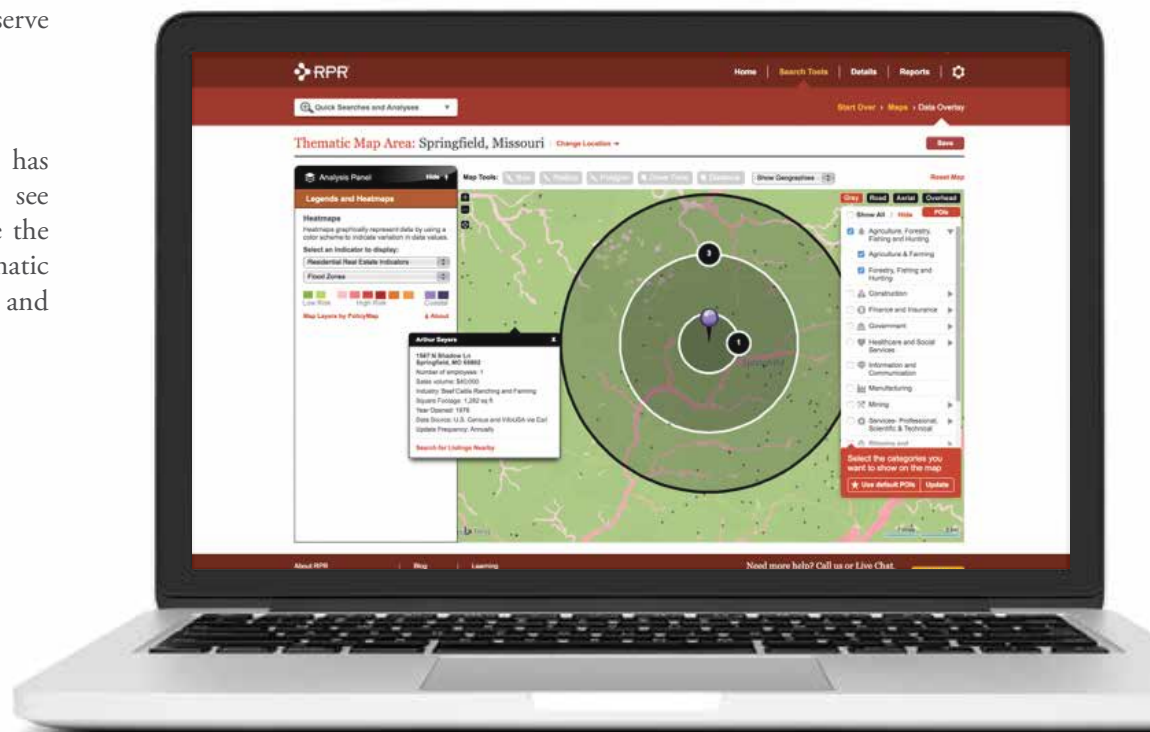
## A Solid Bedrock

When you look at what RPR has to offer land practitioners, we see three major features that provide the building blocks for usage: Thematic Maps, Trade Area Reports, and Property Record Data.



## 1 THEMATIC MAPS

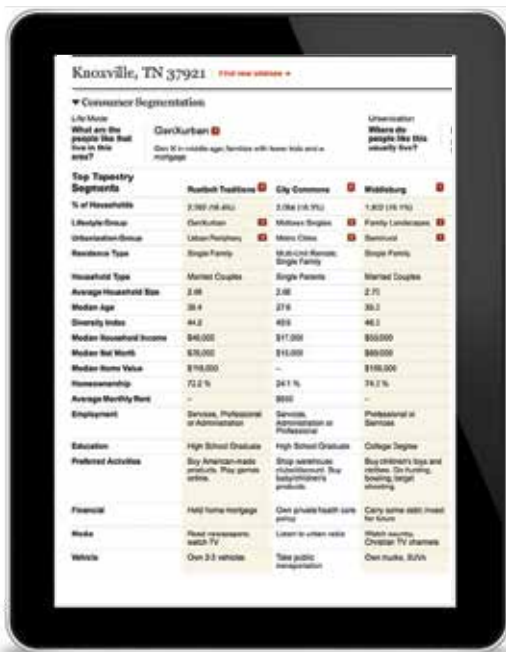
As a real estate professional, you can search for land visually while layering key data such as street and overhead views, ZIP boundaries, heatmap layers such as flood zones and points of interest (POIs).



# 2

## COMMERCIAL TRADE AREA REPORTS

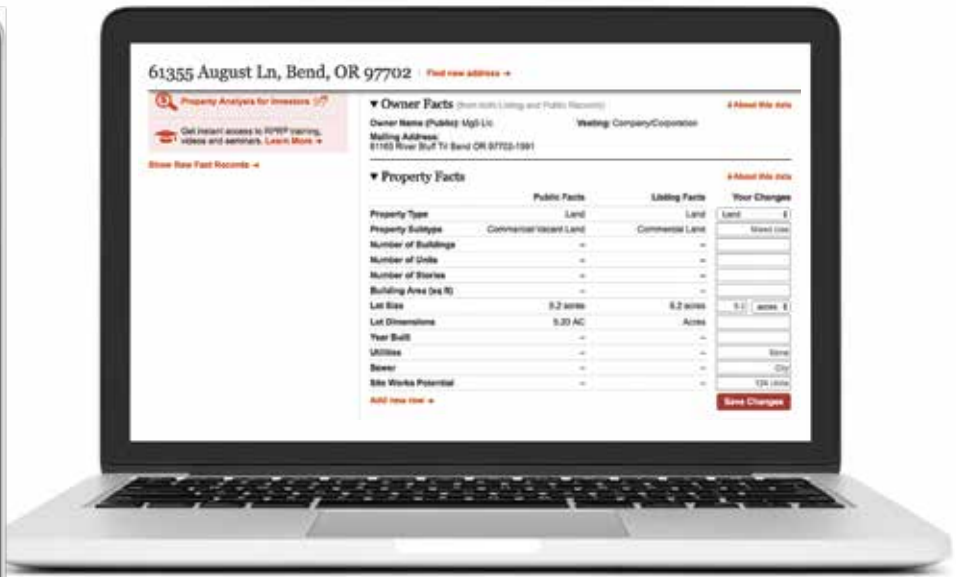
With data compiled from Census Blocks up to Counties, in addition to projections and Esri Tapestry Segments - these Trade Area reports are a land developers dream.



# 3

## PROPERTY RECORD DATA

You'll find a base of property information that begins with Public Records across the country. Comprehensive information - owner name, parcel number, and zoning - is just the beginning. From here RPR lays in CIE and/or MLS data where applicable. In addition, you can input additional information to any property for your own use.



### Moving Forward

Over the last six months we have spoken with a variety of REALTORS® involved in land transactions, from experts who work solely with dirt, to those who do only a few land transactions a year. Yet, no matter what their specialty or frequency, the same “room for growth” issues applied. Here’s what we found:

*Searching for a parcel of land without an address can be an exasperating and sometimes futile exercise. What if RPR offered one true method by building in the ability to search via section, township and range? Stay tuned. We'll work on it.*

*Viewing a picture of grass, dirt or trees does little to reveal the true characteristics of a property. RPR is looking at two ideas: first, allow agents to modify a map by adding borders, points of interest, etc., and second, allow agents to upload a video to RPR's Property Details page.*

*Limitations on land, based on soil composition, can be problematic as well. Although accessing the information is easy enough, sites like the USDA Web Soil Survey are not as user friendly according to end users. As a solution, we are looking at bringing pieces of the USDA Soil Data into RPR where ease of use will be a priority.*

RPR, with strong support from the REALTORS® Land Institute (RLI), intends to study and pursue implementation of these suggestions where plausible. “Here at RLI, we’re committed to sharing expertise that could further enhance RPR technologies and provide additional benefits for REALTORS® who specialize in land deals,” said 2016 RLI National President Bob Turner.

Want to share your ideas? Tell us what tools you are using and what you like/don't like about them. Email Nathan Graham at [nathang@narrpr.com](mailto:nathang@narrpr.com).



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