VOLUME 15 / ISSUE 3 / FALL 2014

COMMERCIAL CONNECTIONS

A PUBLICATION BY THE NATIONAL ASSOCIATION OF REALTORS®

THE FUNDING POWER OF THE CROWD

HOW ONLINE DEBT AND EQUITY INVESTING IS SHIFTING THE COMMERCIAL REAL ESTATE PARADIGM

ALSO IN THIS ISSUE:

COMMERCIAL Real Estate

REALTOR®

NATIONAL ASSOCIATION of REALTORS®

COMMERCIAL CONNECTIONS

NAR PRESIDENT
Steve Brown, ABR, CIPS, CRS, GREEN
Dayton, OH

NAR COMMERCIAL LIAISON
Linda St.Peter, AHWD, CCIM, CIPS, GREEN
Wallingford, CT

COMMERCIAL COMMITTEE CHAIR
Leil Koch, CCIM, CIPS, CPM, CRB
Maui, HI

CHIEF EXECUTIVE OFFICER
Dale A. Stinton, CAE, CMA, CPA, RCE

SENIOR VICE PRESIDENT
COMMERCIAL & GLOBAL SERVICES
Janet Branton, CAE, CIPS

VICE PRESIDENT
COMMERCIAL & GLOBAL SERVICES
Jan Hope, RCE

DEVELOPMENT
& SERVICES DIRECTOR
Jean Maday

MARKETING &
COMMUNICATIONS MANAGER
Lauren Van Holten

RESEARCH DIRECTOR
George Ratiu

DEVELOPMENT & SERVICES COORDINATOR
Shara Varner

POLICY REPRESENTATIVE
Erin Stackley

REGULATORY REPRESENTATIVE
Stephanie Spear

PRINTED BY
Omega Printing, Inc.
An Inc. 500 and NAPL Hall of Fame Company
www.omegaprinting.com

www.facebook.com/NAR.CommercialRE

www.Twitter.com/commsource

tinyurl.com/REALTORCommercial

COMMERCIAL Real Estate
REALTOR®
NATIONAL ASSOCIATION *of* REALTORS®

THE LATEST

Listen

NAR is continuing efforts to prevent lease accounting changes from having a detrimental impact on commercial real estate. In this video, NAR's Commercial Policy Representatives discuss the current proposed changes, potential impact and how NAR is advocating on behalf of members.

REALTOR.org/videos/nar-commercial-regulatory-update-lease-accounting

Support

Did you participate in the Call for Action on TRIA? About 1500 of your commercial colleagues did and sent letters of support to their Senators to vote in favor of reauthorizing the Terrorism Risk Insurance Act. Download the REALTOR® Action Center mobile app, available for Android and iPhone, so that you can act on future opportunities.

Realtoractioncenter.com/realtor-party/get-involved/mobile-app-1.html

Learn

NAR's Research group releases two reports each quarter – most recently, the Commercial Real Estate Outlook summarizes that a strong rebound in economic growth during the second quarter and ongoing job creation are gradually improving the outlook for all of the major commercial real estate sectors. Commercial Market Survey results showed positive indicators from members around the country.

REALTOR.org/research-and-statistics/research-reports/commercial-real-estate

Involve

Make a difference. Good communities are good business. As a commercial real estate professional, taking an active role in making a community a better place will benefit you, your public image, and your bottom line. NAR's Community Outreach program, supported by REALTOR® Party, gives you and your association the opportunity through grant funding to have an impact on the local level.

REALTOR.org/commercial/commercial-community-outreach

Share

For an upcoming issue of Commercial Connections, we want to showcase commercial member advice. Send your tip for developing a successful career in commercial real estate to Lauren Van Holten at *lvanholten@realtors.org*. You might be featured in the next issue of Commercial Connections!

STEVE BROWN, ABR, CIPS, CRS, GREEN

THE FUTURE IS TODAY

A NOTE FROM THE NAR PRESIDENT

In our industry, thinking ahead is crucial. Not only as individuals, but as an organization. We are constantly bombarded with messages of change and disruption: new technology, new ways of marketing, and new avenues of communication. There is constant pressure to learn the latest technique, strategy, or tool.

As a community of real estate professionals, we have set a high bar for professional conduct and expertise. Your experience as a commercial real estate practitioner and involvement as a member of NAR sets you apart. The challenge for us today is to adapt and grow with the changes in our industry, while retaining our core ethics and values to serve our clients and each other tomorrow. Together, we can achieve this.

NAR is also reaching out to build relationships with the largest commercial real estate firms, to identify new ways we can collaborate to strengthen our industry. This past August, some of NAR's Leadership team and staff met with high-ranking executives from those firms as part of our first Large Commercial Advisory Group. NAR will continue to focus our efforts in supporting you, our commercial real estate practitioners in every way possible. We'll pursue positions on legislative and regulatory issues that benefit the ability to conduct commercial real estate transactions. These positions also help grow small business, strengthen the economy, and develop communities.

Your voice matters, and I urge you to participate in future Calls for Action. Take a moment today to download the REALTOR® Action Center app for your mobile device. Help us protect the future of real estate.

Thank you for being a member of NAR, for your investment in strengthening the professionalism of the real estate industry, and your support of property owners everywhere.

THE FUNDING POWER OF THE CROWD

HOW ONLINE DEBT AND EQUITY INVESTING IS SHIFTING THE COMMERCIAL REAL ESTATE PARADIGM

by Mariywn Evans, Contributing Writer

Crowdfunding isn't just for indie brands anymore. The practice of using the Internet to solicit funding has come to commercial real estate, and it may be a game changer for developers, brokers and investors alike.

"In some ways, crowdfunding platforms are an MLS for investment offerings. It's pretty exciting," says Gene Trowbridge, CCIM, a principal with Trowbridge Taylor Sidoti LLC in Lake Forest, Calif., who advises real estate companies on securitizing real estate investments.

How big is the impact so far? " It's difficult to get reliable figures because the sector is growing so rapidly but our publication did single out real estate finance as one of four industries that will be most altered by crowdfunding," says Andrew Dix, co-founder and CEO of "Crowdfunding Insider," an online publication that covers the crowdfunding industry. A June 2014 article in the *Wall Street Journal* estimated that $135 million had already been invested in real estate debt and equity through crowdfunding sites.

Making the Connection

One sign of the growing buzz around real estate crowdfunding is the explosion of sites offering Internet platforms to reach investors. "There isn't much empirical data on the number of platforms, but there are dozens, and dozens more in development," says Dr. Richard Swart, director of the program for Innovation in Entrepreneurial & Social Finance at UC Berkeley, and a partner at Crowdfund Capital Advisors Group in San Francisco. Swart is leading a research team to study the impact of crowdfunding on U.S. real estate.

Platforms offer a wide range of options, from a focus on senior and mezzanine debt financing (Fundrise) through a mix of equity and debt (Realty Mogul) to straightforward direct equity or debt investment in a sponsor's properties (RealCrowd and CrowdStreet). Many sites offer turnkey options, in which the sites

"Crowdfunding lets you take the old friends and family model of private placement and scale it up to expand your business"

DAVID WAXMAN, MMPARTNERS, PHILADELPHIA

handle investor accreditation, compliance with Securities and Exchange Commission advertising regulations, tax filings, and payouts to investors. David Waxman, a principal with MMPartners in Philadelphia, appreciates the turnkey service he gets from Fundrise. "It's the only way you can easily managing 50 investors in a transaction," he says.

Other platforms, such as Crowdstreet, which was co-founded by Darren Powderly, CCIM, function primarily as posting sites where deal sponsors can use their own legal teams or third-party investor accreditation sites such as VerifyInvestor or Crowdentials to approve prospects. "Many of the larger companies we hope to work with can handle all the responsibilities [of SEC compliance] and would prefer to build their grow their own accredited investor networks," says Powderly, who is also a partner in Compass Commercial Real Estate Services in Bend, Ore. Crowdstreet grew out of Compass' own need to find new investors after the downturn. "We were planning on starting and syndicating a distressed properties fund as a private placement when my outside business partner suggested the crowdfunding option. We started with our own properties and then grew the platform to cater to proven real estate sponsors and funds, " says Powderly.

Dan Miller, co-founder of DC-based Fundrise, also began his crowdfunding platform as a way to help finance his own projects. "There's a huge disconnect between a lot of investment capital and what consumers want from real estate development," so finding funding can be challenging, he says. Like many debt-focused platforms, Miller says his sweet spot is mid-sized deals, in the $2 to $10 million range; deals too small for most institutional investors and a little too rich for a small investor group. The majority of financing (65 to 70 percent) still comes from banks; $1 or $2 million per deal comes through crowdfunding.

"Crowdfunding lets you take the old friends and family model of private placement and scale it up to expand your business," says Waxman. He used Fundrise to fund $150,000 for the renovation of an existing mixed-use property in Philadelphia's Brewerytown neighborhood. Waxman, who is in the process of closing out two larger transactions on Fundrise, has found that crowfunding is "less expensive than making contacts with high net worth individuals at the country club."

"Crowdfunding is a great way to democratize and expand investment opportunities," agrees Scott White, COO of Mainstreet in Carmel, Ind. White recently used Crowdstreet for his first "experiment in crowdfunding" and found that despite advertising and email promotions in his local market, about half of his investors came from outside the region. "At present, a lot of the most active crowdfunding investors are coming from the coasts," says Swart. White's offering was the mezzanine debt of $1.8 million for a 100-bed medical resort facility, "with 10 percent ongoing cash interest and a 4 percent equity kicker on the sale of the asset." To his surprise, the transaction took only about seven weeks from initial contact to full funding.

STORY CONTINUES ON PAGE 6

THE FUNDING POWER OF THE CROWD

CONTINUED FROM PAGE 5

"Our secret weapon is speed," says Jilliene Helman, CEO of California-based platform Realty Mogul. "It's very hard to get a bank loan done quickly, whereas we can fund a transaction in five to 10 days. Borrowers are often willing to pay a little more to lessen the time pressure." Although Realty Mogul plans on being "a capital partner for the entire real estate financing stack," much of its activity thus far is bridge lending up to $10 million, says Helman. The site also offers equity investments.

For Antonio Marquez, a principal with Comunidad Realty Partners in San Diego, finding "a partner we can scale up with" was a reason to try the crowdfunding model. Comunidad, which specializes in acquiring and renovating mid-market multifamily into lifestyle communities for its predominantly Hispanic renters, obtains its senior financing through Fannie Mae but looked to Realty Mogul for a quicker way to source the 20 to 30 percent additional funding it needed. "The best deals are won by those that are quickest to execute, so the fact that we were able to raise $500,000 in five days was critical," Marquez says. But despite the need for speed, Marquez says it vital to allow sufficient time to fully vet a platform and be sure all paperwork complies with SEC regulations before posting a deal. "There's no such thing as easy money. You have to be as diligent on your capital as you are on your properties to ensure you and your investors are protected," he says.

Added speed and efficiency are also key advantages to the appeal of the equity crowdfunding model, says Adam Hooper, founder and CEO of RealCrowd in Palo Alto, Calif. As with debt offerings, RealCrowd's sponsored equity deals tend to fall in the $2 to $10 million area. "It's beneath the institutional radar, so it's where we thought we could add the most value," says Hooper. Investors on RealCrowd fall into two main groups, says Hooper: local tech types who are comfortable investing online and savvy traders from real estate and Wall Street making purchases for their own portfolios. A platform may also add value by managing what Hopper calls "the entire ecosystem of the transaction." One key focus for his site is "a deep accreditation process" that looks at tax returns, lawyers' letters, and credit and background checks.

Is There a Crowdfund in Your Future?

With less than a year since SEC accredited investor regulations were put in place, "it's too soon to know exactly where crowdfunding will fit into the capital stack, but we are seeing expediential growth," says Swart.

"It's an interesting dynamic, but we'll have to see if the model has traction long term," says Marquez. His concern is that some investors are attracted to the exciting newness of the option and may be slower to invest when the model is more mainstream. The quality of the deals and the sponsors, as well as the ability of a site to provide the best user experience will help determine which and how many crowdfunding sites thrive, says Helman. Finally, it's critical to remember "there are a lot of things you have to get right to be success at online crowdfunding," says Powderly. You need a combination of real estate expertise, financing knowledge, top-flight technology, and a lot of human touch. "It's not easy, but if it's done right it can be extremely powerful for both sponsors and investors who want access to larger deals," he says.

FIVE QUESTIONS TO ASK WHEN CHOOSING AN ONLINE CROWD-FUNDING PLATFORM

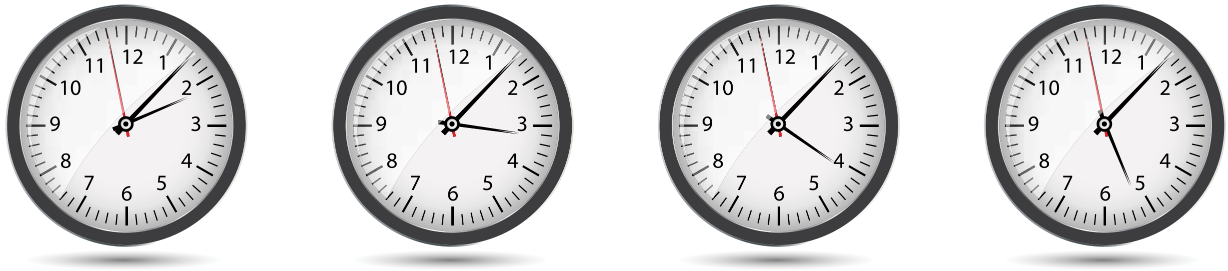
1. Does the site have high level security and privacy safeguards in place? Also look for sites with an Extended Validation Certificate to prevent unauthorized access to site data.

2. What does the site do to drive traffic to your offering? Just posting a deal doesn't drive traffic to the platform.

3. Does the platform comply with all SEC regulations, if it is providing this service? Even if you outsource accreditation and filing to a platform, the real estate sponsor is ultimately responsible under Reg. 506C, says Trowbridge.

4. How selective is the site about the deals it accepts? Most sites require deal sponsors to have a set level of experience and pass background and credit checks.

5. Does the site have good design and scalability and the capital backing so that it and you can grow together?



A TIMELINE OF LEASE ACCOUNTING

by Erin Stackley, NAR Legislative Policy Representative for Commercial Real Estate

The joint Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) project on Lease Accounting was forecast to be completed, with new rules regulating lease accounting in the U.S. and internationally, by the end of 2014, but it is unclear if that will come to pass.

The project, which has the goal of changing lease accounting requirements to promote transparency and also developing compatible accounting standards for both domestic and international financial reporting, has been met with several delays over the course of its life. In May 2013, FASB and the IASB issued their second Exposure Draft ("ED"), which, though an improvement over the first ED (issued in August 2010), still raises significant concerns; mainly that it will require companies to use a "right-of-use" model of accounting, forcing them to capitalize commercial leases onto their balance sheets. This could force lessees to shorten lease terms to minimize costs, which in turn may affect how much collateral they can raise (as leases and the value of the property are frequently used as collateral in financing).

Although the comment period for the current Exposure Draft has closed, NAR continues to work in coalition with other industry groups, meets with Members of Congress, and communicates with the FASB/IASB to ensure that any modifications to lease accounting rules will not negatively impact commercial real estate practitioners.

1977

JANUARY 1, 1977

Financial Accounting Standards Number 13 ("FAS 13") is issued, regulating lease accounting standards.

— Under FAS 13, unless it meets certain criteria, a lease is considered an "operating expense" and is not characterized on balance sheets.

2005

2005

The SEC issues a report following the Enron scandal recommending making changes to lease accounting requirements to ensure greater transparency in the transactions.

2006

JULY 2006

The FASB and IASB announce their joint project on lease accounting standards; the projected completion date is June 2011.

AUGUST 17, 2010
The first ED is published; it treated all leases as capital leases, among other changes.

SEPTEMBER 24, 2010
NAR sends a Comment Letter to FASB stating concerns that the changes proposed in the August 2010 ED would dramatically affect the availability of capital for commercial real estate, and urged for more flexible mark-to-market accounting rules.

OCTOBER 21, 2010
NAR joins a 25-organization coalition letter to the G-20 nations, asking FASB and the IASB to delay their June 2011 deadline for completion of the new lease accounting standards.

DECEMBER 1, 2010
NAR submits a Comment Letter to FASB raising concerns over the effect its proposed lease accounting rule change would have by bloating balance sheets and cause debt-to-equity ratios to rise among commercial real estate companies.

DECEMBER 8, 2010
NAR signs onto an industry coalition letter to the FASB and IASB asking them to reconsider their proposal to capitalize all leases onto companies' balance sheets.

MAY 19, 2011
FASB/IASB meet to reconsider their original lease accounting proposal.

NOVEMBER 30, 2011
NAR signs onto an Accounting Coalition letter to the FASB/IASB requesting an extension of the comment period for the three proposed accounting rules changes promulgated by FASB; an extension is granted to February 2012.

FEBRUARY 2012
NAR and other industry groups publish a report on the proposed lease accounting changes which finds they will negatively impact job creation, the health of the U.S. commercial real estate sector, and liabilities of U.S. publicly traded companies.

APRIL 28, 2012
NAR signs onto a coalition letter to the FASB/IASB calling for an economic impact study, extensive field testing, and full re-exposure of the entire lease accounting proposal, with the goal of creating a standard that meets the tests of the marketplace while fulfilling the needs of all stakeholders.

MAY 17, 2012
Reps. Sherman (D-CA) and Campbell (R-CA) send a bipartisan letter signed by 60 lawmakers to the FASB/IASB urging them to conduct a comprehensive economic analysis of their lease accounting proposal before making it a final rule.

SEPTEMBER 10, 2012
NAR and a coalition of business organizations send a letter to the FASB/IASB urging them to fundamentally rethink their lease accounting project, raising serious concerns about its objective and whether investors will receive any additional decision-useful information under the new proposed standard.

MAY 14, 2013
13 U.S. Senators send a letter to the FASB expressing concerns that the second ED will be released without any cost-benefit analysis being done on the proposed lease accounting changes.

MAY 16, 2013
The second ED is published; it made improvements over the first draft, but still uses a "right-of-use" model of accounting, which will force many commercial leases to be brought onto balance sheets.

SEPTEMBER 13, 2013
NAR sends a comment letter to the FASB reiterating its concerns with the lease accounting proposal, its potential negative impact on the commercial real estate sector, and again asking for a cost-benefit analysis to be conducted on the proposed rules.

YEAR-END 2014
New Standard Issued (Projected)

2018
Likely effective date of the new lease standard

TECH ROUNDUP

NATIONAL ASSOCIATION of REALTORS®
REach® Class of 2014
Accelerating Real Estate

by Mark Birschbach, Principal, Second Century Ventures and REach®

These featured tech tools can help you in your business, as well as bring value to the investors and clients you work with on a daily basis. Each company was selected for investment or participation in the REach® technology accelerator program by Second Century Ventures (SCV), the strategic investment arm of NAR – bringing the best-in-class technology solutions to real estate.

Commercial Search.

Are your commercial properties listed on CommercialSearch.com? It's free exposure for you and your clients. The most recent statistics in August reported more than 400,000 listings on the site, with over 1 million listing views. CommercialSearch.com is operated by Xceligent, who also powers the commercial listings search feature on Realtor.com resulting in additional marketing power. Xceligent is a strategic investment and REALTOR Benefits® Partner. Create an account at *www.CommercialSearch.com*

deductr

If you download one app today, this is the one! Designed for people like you, Deductr's technology enables you to track your business expenses, track deductions, and monitor your progress – so you can keep more of the money you worked so hard to earn. Learn how to get your account started and download the mobile app at *www.deductr.com*

Desktime

Unused office space could be a hidden source of cash flow. Monetize it with this platform that makes it easy and lucrative for you to lease that extra conference room or other office space on a short-basis. Desktime simplifies the process by managing the marketing of empty space, scheduling and managing of payments. Discover more at *www.desktimeapp.com*

SeoSuite by goby

Are you involved in property management? By staying on top of trends in sustainability and compliance with LEED EB operational best practices, you have the opportunity to identify cost savings that can benefit the bottom line and the environment. Contact Goby to determine how their solutions can help you save on utilities, attract and retain tenants, or manage the exposure to risk. *www.gobyllc.com*

FundWell

Do you have a small business client that needs financing for a transaction? FundWell has an ever-growing national network of lenders that can be matched to small business owners looking to find the right funding option to meet their needs. Learn more at *www.fundwellre.com*

PRINTING PROPERTY

BUILDING THE FUTURE WITH DR. BEROKH KHOSNEVIS

by Rob Warmowski, Contributing Writer

Don't look now, but there's a robot in your office. It's your computer printer. Happy to print your spreadsheets, this familiar little robot now has cousins, strange new machines with far bigger jobs in mind. How big? Your next office building just might be built by one.

By now, news of 3D printing technology is familiar. Making the leap from 2D printing of ink on paper, new "printers" are using molten plastic to build real objects with height, depth and breadth. The question of how big these objects can be is a question of how big the robot doing the printing can be. As it turns out, the robot can be big enough to build a commercial building. It's not quite 3D printing -- a better term for it is automated building construction -- but the principle is the same: start with a computer file, end up with an object.

What's Different, What Isn't

To clearly understand the relationship between 3D printing and automated building construction, imagine something familiar from our industry: a tabletop model showing off a proposed commercial construction project. Typically, a tabletop model is made of pieces of hand-cut plastic or foam. In the tradition of architectural modeling, these pieces are cut, shaped and detailed by hand. With the arrival of 3D printing technology, this tradition changes. 3D printing can be used for model making in two main ways: print-and-assemble or print-whole.

Print-and-assemble

In print-and-assemble model making, tabletop model pieces are fabricated inside a 3D printer machine, one layer of molten plastic at a time. Starting with a computer representation of the piece, drawn in three dimensions by the architect, an operator feeds the digital drawing to a tabletop-sized 3D printer attached to the computer. The printer — a robot similar to the kinds you may have seen on factory assembly lines —

STORY CONTINUES ON PAGE 12

PRINTING PROPERTY

CONTINUED FROM PAGE 11

starts up a dance where it melts drops of plastic that quickly harden, layer by layer, into the shape of the 3D drawing. Complex shapes, simple corners, tops and bottoms and sides all take form in plastic as the robot does its work. When the 3D printer is finished, a completed model part -- a wall section or a balcony for example -- is now available to be assembled into the model, a job which is finished by hand.

In print-and-assemble model making, the size of the 3D printer itself can be modest. A final model that might measure three feet by three feet at the ground and rise three feet into the air can be assembled out of smaller parts - wall sections, floors, cutaways - that measure a few inches across. 3D printers that produce pieces that measure only a few inches across are very affordable -- more expensive than paper printers to be sure, but are not massive capital expenses.

Print-Whole

In print-whole model making, more of the work is done by a bigger machine. First a 3D drawing is made -- not of a pediment or a facade section, but of an entire commercial building model, with external detail. The 3D printer output could be the same as before -- three feet across by three feet deep by three feet high -- or even greater. Because the whole model is being printed at once, this requires a larger and far more expensive 3D printer. Outside of the greater printer size requirement, the 3D printing process is the same as in print-and-assemble. A detailed drawing of the entire model is fed from a computer to a 3D printer large enough to output the entire model.

From Printing Models To Printing...Motels

Now, imagine the largest 3D printer you can, outdoors, on wheels, two stories tall or bigger - big enough to print-whole a strip mall, a motel or a house. Instead of molten plastic, this giant 3D printer uses concrete to build walls, a mix delivered by hose from a truck on a construction site. And instead of models, it produces standing buildings -- whole shells including embedded conduits for electrical, plumbing and HVAC.

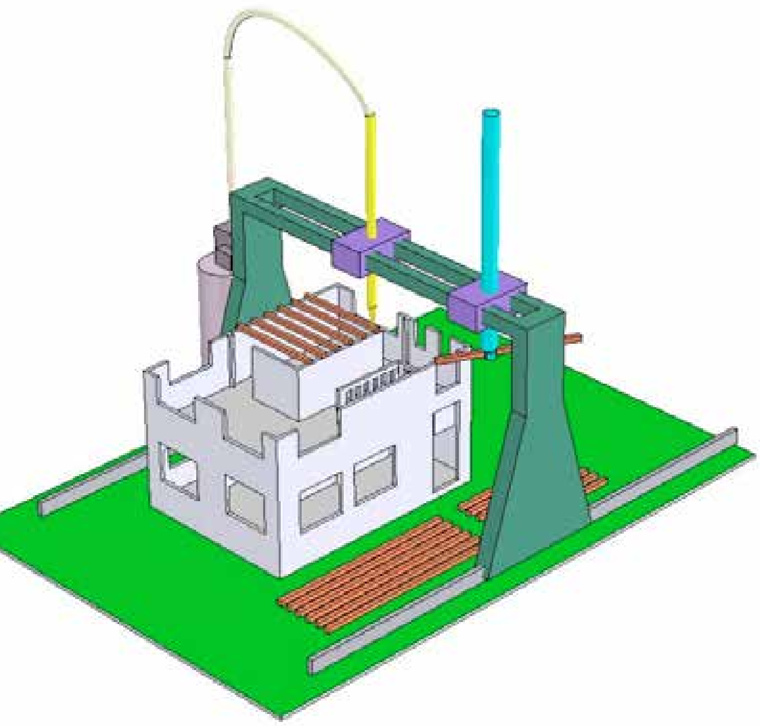
It's exactly this beast that Dr. Behrokh Khoshnevis has designed and built. Only you won't find it called 3D printing. He calls his invention -- a form of automated construction -- by the name "contour crafting."

Even though the principles of contour crafting are similar to print-whole 3D techniques, Khoshnevis, a civil engineering professor based in Los Angeles, picked a different name to help distinguish his technology from 3D printing and the too-small tabletop-scale impressions that come with it. "Every day I'm getting calls from construction companies, development companies, real estate companies. They want to come see," Khoshnevis explains when asked about the technology's commercial applications. It's no surprise a line is forming outside his office — the invention promises to radically alter the economics of new construction, cutting it to a fraction of current levels.

No Longer "One And Done"

A major advantage to contour crafting is its ability to automatically produce a series of buildings in a single run. While the buildings do not have to be the same design, as long as they conform to maximum width and height dimensions of the contour crafting robot, the vision of a machine building an entire block of structures is now a reality. Efficiencies and cost controls associated with single-structure development may now be applied to entire groups of structures.

This rapid and economical vision of development of an entire neighborhood all at once neighborhood came to Khoshnevis after a 2003 earthquake destroyed the city of Bam in his native Iran. The widespread devastation of that disaster left 100,000 homeless and prompted Khoshnevis to develop a fast and economical method to restore a standard of earthquake-durable shelter to the stricken. It's no small feature that earthquake resistance is one of any number of construction standards that can be "baked in" to contour crafted structures - and into entire areas all at once.



EXAMPLE OF CONVENTIONAL BUILDING CONTOUR CRAFTING CONSTRUCTION

Rewriting The Rules Of Traditional Construction
Contour crafted buildings aren't complete when the robot finishes -- electrical, HVAC, plumbing, doors, windows, all need to be added to complete a project. But the inventor says the costs of construction can still be cut by as much as 80% with contour crafting. "Usually [contour crafting] is just focusing on the shell of the building. You don't do all the detail work, you don't do finish work, you don't do molding. But gradually you'll do all of that. So eventually the cost will come down significantly to about a quarter or fifth of what you pay now."

Want to learn even more?

TAKE A DEEPER DIVE

Watch the entire Dr. Berokh Khosnevis **TEDx** *Talk referenced in this SideBar at:*
http://www.youtube.com/watch?v=25rrNrkn2pg

Savings on construction materials and crew for the shell fabrication are only part of the picture.

In a recent TEDx Talk, Khoshnevis pointed out a list of construction industry problems and costs that contour crafting goes a very long way toward solving.

Costs associated with the inefficiency of hand construction, work site hazards to humans, the waste generated and the constant challenge of staying on schedule and on budget all are addressed head-on by contour crafting:

WORKER HAZARDS:
Without manual wall erection, and with floor installation aided by robotics, opportunities for workplace injuries are deeply reduced.

WASTE:
Contour crafting uses a liquid medium to create its walls: no more or less material than is necessary is pumped by the system. Cleanup is minimal.

SCHEDULE AND BUDGET:
Khoshnevis estimates that using contour crafting, a 2,500 square foot structure will take 20 hours. That's hours - not weeks. That means the only construction type that goes up faster than contour crafting is emergency construction.

CORRUPTION:
Increasingly punitive fines levied by regulators against construction companies operating globally means contour crafting presents huge opportunities to streamline the trades management process and avoid traditional losses to corruption. A recent PriceWater-house Coopers report on corruption prevention in the construction industry cites a "Bribe Payers Index" which identifies industry sectors most likely to bribe a public official. The top sector is Public Works contracts and construction.

RPR COMMERCIAL

PINPOINTING TARGET AUDIENCES

by Emily Line, Director, RPR Commercial Services

When working with clients, REALTORS® are generally given specific criteria needed to support a business. RPR Commercial pinpoints the "right customers" based on a client's needs. This analysis allows you, as a REALTOR®, to help your client find the best place to locate using various data to identify areas with a high volume of target customers for the business.

For example, a REALTOR® in Washington DC oversees office expansion for a technology company. The client has indicated they are looking for a location in Irvine, California. From a recruiting perspective, it's important for this company to have access to areas with young adults who have technology backgrounds. They also want to ensure that the location has projected growth to accommodate the corporate commitment of locating offices in areas with convenient, desirable amenities for employees.

Incorporating the client's criteria, you can run a location analysis by following a few simple steps. From the RPR Commercial dashboard, you would choose to run the analysis "Where are the Right Customers for a Business?". After entering the desired geographic, and selecting the attributes from the list in the drop-down menu, you can run the analysis.

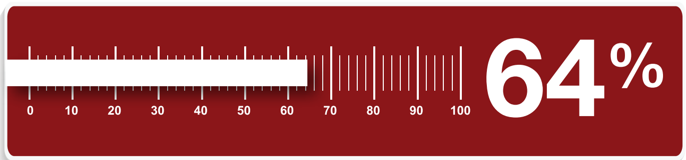
After doing so, the REALTOR® is able to see the best trade area matches both on the map and in a list view based on the client's criteria.

From the results, the option to look for office space or take a deeper look into trade area details to reiterate the location selection with specific demographics and consumer segmentation. Let's say you elect to dive into trade area details for the top area that matched the client's criteria in Irvine. They are able to see details on the population including the following on the dominant consumer segmentation, driving home the corporate culture presented by the client and further validating your expertise as a REALTOR®. The analysis results highlight trade areas that meet a client's criteria and the trade area report validates location analysis.

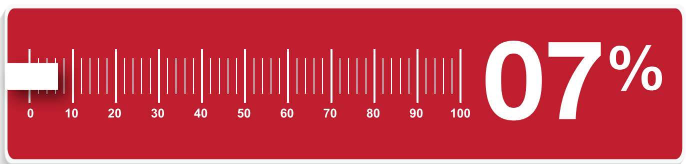
All REALTOR® members have access to RPR Commercial as a free member benefit. Register for a LIVE tutorial webinar today at *blog.narrpr.com/commercial*

THE LATEST

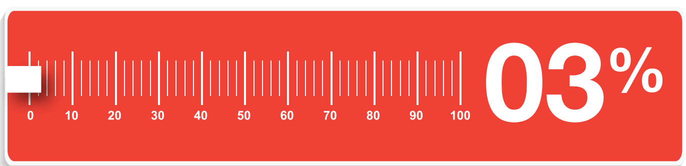
COMMERCIAL MARKET SURVEY RESULTS



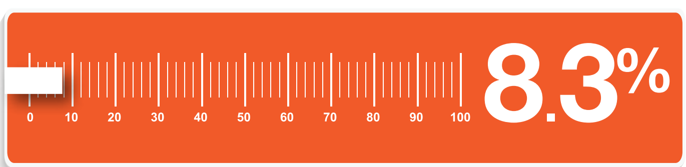
***64%** of commercial REALTORS® closed a sale last quarter*



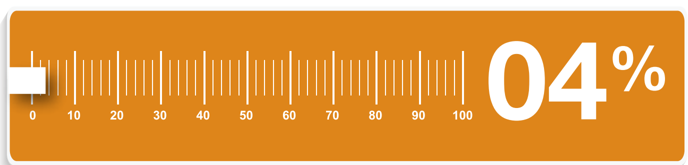
*Sales volume rose **7%** from a year ago*



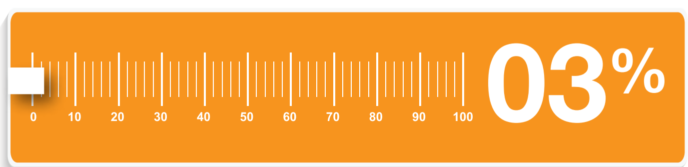
*Sales prices increased **3%** year-over-year*



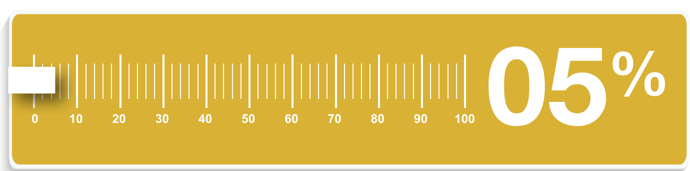
*Cap rates averaged **8.3%** during Q2.14*



*Leasing volume advanced **4%** from previous quarter*



*Leasing rates increased **3%** over previous quarter*



*Concession levels declined **5%** on a quarterly basis*

For more information, visit *www.realtor.org/cre-research*

COMMERCIAL Real Estate
REALTOR®
NATIONAL ASSOCIATION of REALTORS®

COMMERCIAL & GLOBAL SERVICES
430 N. MICHIGAN AVENUE
CHICAGO, ILLINOIS 60611-4087

Commercial Connections is printed on Forest Stewardship Council (FSC) certified paper with vegetable-based ink products that significantly reduce volatile organic compounds and minimize ink loss from oxidation.

YOUR

COMMERCIAL CONNECTIONS INSIDE!

A PUBLICATION BY THE NATIONAL ASSOCIATION OF REALTORS®