

SPECIAL EDITION / SUMMER 2017

# COMMERCIAL CONNECTIONS

A PUBLICATION BY THE NATIONAL ASSOCIATION OF REALTORS®



SPECIAL EDITION

## COMMERCIAL RECAP

FROM THE 2017 REALTORS® LEGISLATIVE MEETINGS IN D.C.

COMMERCIAL  
Real Estate



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# COMMERCIAL CONNECTIONS

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# TOP COMMERCIAL TAKEAWAYS

FROM THE REALTORS® LEGISLATIVE MEETINGS

1

The U.S. continues to be an attractive investment destination for commercial real estate investors as a result of commercial fundamentals remaining on an upward trend, boosted by solid employment gains.

2

Small cap markets have benefited from increased visibility and capital inflow, as growing local economies and higher investment yields provide diversification to investors.

3

The Commercial ALERT report, commissioned by NAR, explores potential roadblocks that could impact the commercial real estate industry in the coming years. Members can download the report for free at [nar.realtor/commercial](http://nar.realtor/commercial).

4

Xceligent™ continues to expand its research areas to encompass the top-tier commercial markets in the U.S. and is working with NAR's Research team to better analyze commercial trends.

5

The following emerging commercial real estate trends have the most potential for market impact: experiential retail, shared office, predictive analytics & investment, dynamic land-use initiatives, and evolution of supply-chain and warehousing in the industrial sector.

6

Three federal issues facing NAR lobbyists: congressional reluctance to address internet sales tax fairness, the potential for Dodd-Frank regulatory reform or the extension of the 1031 'like-kind' exchange in this congress, and the challenges of adapting to the new administration.

7

Issues that continue to bedevil property managers: negotiating service animal requests, combating rent control, navigating marijuana policies in residential and commercial properties, and a need for guidelines from HUD on criminal background checks.

# THE SKY'S THE LIMIT

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# GOVERNANCE IN ACTION



CHAIR TRAY BATES &amp; THE COMMERCIAL COMMITTEE GET DOWN TO BUSINESS

The **COMMERCIAL COMMITTEE** agenda featured two major guest speakers on industry trends and issues with the potential for broad impact. Doug Curry, CEO of Xceligent™ presented an update on the current status of litigation between Xceligent™ & Costar, pressing upon committee members the possible effects of the outcome on all commercial real estate professionals. A key takeaway for members was the awareness that their action is needed to help ensure there are options in the marketplace for obtaining researched property data and for marketing property listings; members are encouraged to add their listings to CommercialSearch.com, the second largest commercial property listing platform with over 500,000 listings. In addition, local associations with CIEs can support members by feeding listings to CommercialSearch.com, boosting exposure and service. Following, Randy Scheidt, Chair of the Strategic Thinking Committee introduced Stefan Swanepoel, Swanepoel T3 Group, who shared the findings of the Commercial ALERT report, commissioned by NAR to explore potential roadblocks that could impact the commercial real estate industry in the coming years. The research centers around key areas including capital markets, technology, e-commerce, sustainability and more. Swanepoel reiterated this was a massive and complex undertaking, which is fundamentally representative of the scope of the commercial real estate industry. One encouraged direction is for members to share this report with their spheres of influence and encourage discussion around the potential impact of some of the future trends suggested, and how to prepare or change course to navigate with a successful outcome. *Members can download the report for free at [nar.realtor/commercial](http://nar.realtor/commercial).*



EXCELIGENT™ CEO DOUG CURRY PROVIDES AN UPDATE

*“Year over year, the number of commercial practitioners at the NAR meetings is growing...both in numbers and involvement. We are proud of this success and thank everyone for their dedication!”*

BETH CRISTINA, ALC





CHAIR MICHAEL SCHOONOVER DELIVERS AN UPDATE

The **COMMERCIAL LEGISLATION & REGULATORY ADVISORY BOARD** led with an update from Evan Liddiard, NAR Senior Tax Policy Representative, about commercial real estate tax issues, focusing especially on the possibility of tax reform in the 115th Congress. Liddiard reviewed the Republican's Tax Reform Blueprint, which proposed immediate expensing of commercial property – but does not include land in that provision. Results were presented from a study NAR commissioned with the Real Estate Roundtable on the potential impact of replacing 1031 Like-Kind Exchanges with immediate expensing for commercial buildings, concluding that immediate expensing is not equivalent to 1031 exchanges.

The group also discussed NAR's proposed policy on the Americans with Disabilities Act (ADA) and support for reforms to require notice to be given to businesses before an ADA violation suit can be filed. Randy Woodbury, a NAR and IREM® member, spoke about his experiences dealing with “drive-by” ADA suits at his businesses, all of which seemed designed to generate a settlement without allowing for businesses to make efforts to make the necessary updates required by ADA, reinforcing the need for further advocacy on this matter.

The meeting ended with an Industry Peer Partners panel, which included representatives from the Building Owners and Managers Association, the International Council of Shopping Centers, and the American Bankers Association. The discussion centered upon their organizations' priority issues, which include internet sales tax fairness, financial regulatory reform, and tax reform. The panel reached consensus on the need for laws and regulations that are better tailored to the issues they are meant to address, as well as ways that existing ones can be improved – for example, by including business interruption insurance options as part of what is offered through the National Flood Insurance Program.



The **COMMERCIAL REAL ESTATE RESEARCH ADVISORY BOARD** listened to an update and platform overview from the Xceligent™ team in response to the Advisory Board's request at the 2016 Meeting. Xceligent™ staff highlighted improvements in site traffic and increased visibility through SEO optimization and media partnerships. Recent integrations with RPR®, CCIM, STDB, ClientLook, and other products/companies were emphasized as adding value for members. The advisory board had an animated discussion on these integrations, which led to the recommendation NAR should support a more visible presence of CommercialSearch on both REALTOR.com and RPR®, with the goal of making it easier for members to access the web site. "Xceligent Direct™" was presented as a tool designed to allow brokerages, associations, and economic development agencies to host Xceligent™ up-to-the-minute property listings and data seamlessly on their websites.



MIKE VACHANI & MARK CUMBEST WITH 2017 ARELLO® PRESIDENT MIRIAM BAER

*"NAR's Legislative meeting is the one time a year where all the leaders across the USA (and World) come together to ensure our government understands what is important to the property owner and REALTOR®. It is amazing how effective we are when we storm the hill with a common goal! I especially loved this past meeting because Commercial is now truly represented in the everyday NAR agenda and we started to strategically plan for the future of the commercial industry."*

MIKE VACHANI, ABR, CIPS



WAYNE D'AMICO & DAVID O'RELL PROVIDE INSIGHT INTO XCELIGENT'S™ CURRENT MARKET EXPANSIONS



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*“It is a privilege to be able to have a detailed conversation with such an intelligent and informative expert as Lawrence Yun, who I talked with after his forum! This is a wonderful thing about the DC Conference, and NAR in general: the people are so approachable and so willing to share their expertise. This was a classic two hours and why we attend these conferences! Lawrence Yun, John Worth, and George Ratiu were equally knowledgeable and entertaining.”*

RAPHAEL BARTA

The **COMMERCIAL ECONOMIC ISSUES & TRENDS FORUM** featured three nationally renowned economists discussing how activity in the U.S. continues to grow at a moderate pace against a backdrop of global monetary policies designed to stimulate economic growth. Lawrence Yun, Chief Economist at the National Association of REALTORS®, George Ratiu, Director of Quantitative and Commercial Research, and John Worth, Sr. Vice President with NAREIT held a wide-ranging discussion for a packed room. The trio discussed changes in the retail sector due to shifting consumer preferences, the downsizing of office properties to accommodate a growing millennial workforce, the booming industrial sector buoyed by e-commerce and enhanced trade, and strong multi-family performance leading to lower vacancy rates. The ongoing evolution in consumer lifestyles and increasing importance of commercial real estate technology were noted as flashpoints that will lead to changes in the needs of commercial clients. Key takeaways: 1) The U.S. continues as an attractive investment destination for commercial real estate investors; 2) Commercial fundamentals remain on an upward trend, boosted by solid employment gains; 3) While investors have taken a step back over the past year, leading to declining sales volume in large cap markets, small cap markets benefited from increased visibility and capital inflow, as growing local economies and higher investment yields provide diversification to investors.



RAPHAEL BARTA & NAR'S CHIEF ECONOMIST LAWRENCE YUN TALK COMMERCIAL REAL ESTATE ECONOMICS



CHAIR ALEX RUGGIERI CALLS THE FORUM TO ORDER



VICE CHAIR CATHY CONEWAY WEIGHS IN DURING THE Q&amp;A.



DAVE GARLAND INTRODUCES THIS YEAR'S NAR REACH® PROGRAM

The **COMMERCIAL LEADERSHIP FORUM** spotlighted a panel discussion on “Emerging Trends in Commercial Real Estate.” Key takeaways included: 1) The permanent shift towards experiential retail with a clear focus on experiencing a brand’s culture and community, as well as testing and touching products before buying them; 2) the rise of shared office spaces stemming from new work habits which have created a market for office space which isn’t owned by an employer, but that workers can rent or subscribe to as members; 3) the importance of predictive investment analytics has created greater access to data and data tools that can help practitioners track with and get ahead of markets trends; 4) the increasing need to focus on more responsible and effective land use as it becomes an increasingly precious commodity; 5) the rise of automation in the transportation industry which is driving a need for nimbler supply chains connecting scalable manufacturing spaces and warehouses in the industrial sector.

Additionally, Chair Ruggieri announced plans for NAR’s CRT Labs to create a new series of guidebooks on real estate technology topics, the first of which addresses best-practices for using plants to improve air quality in commercial properties such as offices and multi-unit buildings. The guides are designed to be used by REALTORS® or as a gift to clients.

The forum also featured a look at NAR’s REach program, with introductions of three of its current class of companies, each with specific commercial real estate applications: Notarize, Occlly, and TrustedMail. *Learn more about these tools at [www.narreach.com](http://www.narreach.com).*





*“Seeing the inner workings of the legislative process is eye-opening, and one realizes what a difference we as REALTORS® can make by just showing up. Our legislators deal with so many diverse issues that hearing from their base, us, can help them realize how important our issues are, like tax deferred exchanges.”*

*On a separate note, the NAR governance side is up-close and personal. It is easy to see, meet, and talk to NAR leadership and staff one-on-one to learn any and everything about our association. REALTORS® at the conference are top in their field and committed to giving their time to the association and to each other, because they realize it is what makes us all better: sharing of information.”*

PAUL DIZMANG, CRS, GRI

The **PROPERTY MANAGEMENT FORUM** featured three expert panelists: Tyler Craddock, Government Affairs Director of the National Association of Residential Property Managers, Megan Booth, Senior Policy Representative at the National Association of REALTORS®, and Beth Wanless, Senior Manager of Government Affairs with the Institute of Real Estate Management®. The trio engaged in discussion of the tentative fate of the 1031 exchange and Dodd-Frank regulations. All agreed uncertainty rules the day when it comes to the 1031 exchange and Dodd-Frank regulations. NAR supports the preservation of the 1031 exchange and seeks to ensure that changes to Dodd-Frank are beneficial to commercial members—particularly to those in small cap markets where lending from credit unions and community banks has been limited by regulation. Members are encouraged to advocate for increased lending and communicate that the 1031 exchange is not a tax loophole but a method of encouraging further investment.

Member feedback and questions following the panel discussion and dialogue emerged on hot-button issues that are top-of-mind for property managers: negotiating service animal requests, combating rent control, navigating marijuana policies in residential and commercial properties, and a need for guidelines from HUD on criminal background checks. For more information see page 34 of this issue.



# 3164

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# CONVERSATIONS ON THE HILL



WISCONSIN REALTORS® STORM THE HILL!

*“One of the best events that any commercial member can attend are the Legislative Meetings every May. The speakers NAR provides help supply us with the latest information on national issues. We are able to obtain the attention of our national elected officials because of the large number of REALTORS® in D.C. for the conference and our ability to go speak directly with our Members of Congress is very effective.”*

MIKE CRADDOCK



CONGRESSMAN MIKE GALLAGHER POSES FOR A PHOTO WITH MEMBERS FROM WISCONSIN



MEMBERS OF THE COMMERCIAL ASSOCIATION OF REALTORS® WISCONSIN MEET WITH CONGRESSMAN MIKE GALLAGHER





CONGRESSMAN SEAN DUFFY MEETS WITH MEMBERS FROM WISCONSIN



SPEAKER OF THE HOUSE PAUL RYAN LISTENS TO A MEMBER FROM WISCONSIN



DON HARRIS, LYNN HARRIS, JOANNA EDWARDS, &amp; PJ DOHERTY REPRESENTING CAPE FEAR REALTORS® ON CAPITOL HILL

*“I was pleased to advocate NAR support for ADA reforms to allow for a Notice and Cure provision prior to formal litigation over minor violations. Opportunistic plaintiffs and their attorneys have found a lucrative practice in shaking down real estate owners with frivolous lawsuits, then offering to settle for amounts that are less than the cost to defend the action.”*

O. RANDALL WOODBURY, CPM



ILLINOIS REALTORS® TALK TAX REFORM WITH CONGRESSMAN RODNEY DAVIS



WASHINGTON ASSOCIATION OF REALTORS® IN THE OFFICE OF CONGRESSWOMAN CATHY MCMORRIS RODGERS



CONGRESSMAN DENNY HECK MEETS WITH MEMBERS OF THE WASHINGTON ASSOCIATION OF REALTORS®



BRENDA L. MARCHWICKI & THE RHODE ISLAND ASSOCIATION OF REALTORS® IN THE OFFICES OF CONGRESSMAN DAVID CICILLINE

*“Our focus on the hill visit was getting face-time to convey to our congressman the importance of tax reform and to learn whether the focus was on 1031s or capital gains. Not knowing what might be touched or what tax options might go away is a huge problem. Without the help and support of NAR my association would not be able to make this connection or have a unified voice to tackle issues directly impacting my business.”*

CHAD GLEASON, CCIM





MIAMI REALTORS® ADVOCATING FOR PRESERVATION OF THE 1031 WITH CONGRESSWOMAN ILEANA ROS-LEHTINEN

*“I was pleasantly surprised that the issues we were there to talk about, specifically 1031 exchanges and the EB5 program, were already on the radar of most of the legislators we met with in Washington. We were able to provide real world examples of why these programs are vital to our industry to further their importance.”*

ADAM WILLIQUETTE



(L-R) ED PATTON, CONGRESSMAN HANK JOHNSON, ALICIA BARRAS, & QUINN GREEN



GEORGIA REALTORS® MEET WITH CONGRESSMAN HANK JOHNSON



REALTORS® FROM CALIFORNIA CONFERENCE WITH HOUSE MAJORITY LEADER KEVIN MCCARTHY





MIAMI ASSOCIATION OF REALTORS® MEMBERS STRIKE A POSE AT THE CAPITOL

*“With thousands of REALTORS® at NAR Legislative walking Capitol Hill this year, the Power of R is amazing! Our members are boots-on-the-ground constituents that know all about their communities and garner a deep respect from our legislative leaders. So when REALTORS® talk, our elected officials listen.”*

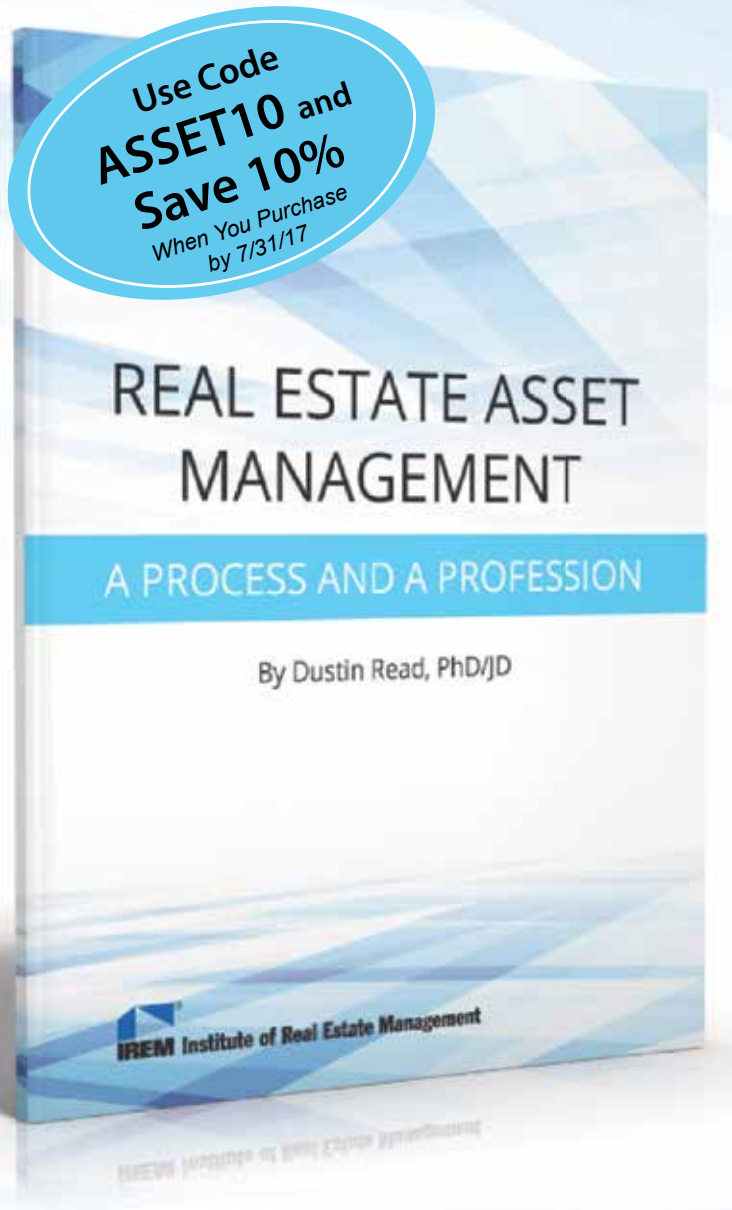
2016 COMMERCIAL LIAISON DAN WAGNER



(L-R) JOHN DOHM, MIAMI CONGRESSWOMAN FEDERICA WILSON, &amp; ANA MARIA RODRIGUEZ

# REAL ESTATE ASSET MANAGEMENT

## A PROCESS AND A PROFESSION



Asset management is critically important to the success of many large real estate investors, yet it is often poorly understood by those working outside the field. This new report from IREM® addresses existing knowledge gaps by summarizing the results of more than 90 interviews conducted with real estate practitioners familiar with asset management as both a process and as a profession.

This report offers new insights into the roles, responsibilities, and requirements of asset managers working in different types of real estate companies. The analysis is intended to serve as a means of stimulating conversation about the relationship between asset and property management, as well as the steps that can be taken to support the ongoing growth and development of asset management as an attractive and rewarding career option.

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\*RPAC Major Investors invest \$1,000 or more annually. To learn more, visit [www.realtoractioncenter.com/rpac](http://www.realtoractioncenter.com/rpac).

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Tracee Lutes Sterling R  
Mark Ratterman Sterling R  
Nathan Reeder Sterling R  
Nancy Smith Sterling R

## KANSAS

Nestor Weigand Golden R  
Gladys Broderick Sterling R  
W Dee Grisamore Sterling R  
Jodi Knapp Sterling R  
Stephen McCullough Sterling R  
John McKenzie Sterling R  
Daniel Sight Sterling R  
Todd Woodburn Sterling R

## KENTUCKY

Charlie Murphy Golden R  
Michael T Inman Sterling R  
Charlene Rabold Sterling R

## LOUISIANA

Carole Horn Golden R  
Marbury Little Golden R  
David McKey Golden R  
Bruce Roberts Golden R  
Matthew Richie Golden R  
Pamela Testroet Golden R  
Janice Bolton Sterling R  
Walter Campbell Sterling R  
Cathy Craddock Sterling R  
Beth Cristina Sterling R  
Ben Dowis Sterling R  
Sue Dupont Sterling R  
James Gardner Sterling R  
David Holloway Sterling R  
Jeri Little Sterling R  
Al Lopez Sterling R  
Al Peterson Sterling R  
Mark Rodi Sterling R  
Tim Skinner Sterling R  
Kathleen Venable Sterling R  
Benjamin Walker Sterling R  
Mindy Wardlaw Sterling R  
Curtis Wright Sterling R

## MASSACHUSETTS

Kimberly Allard Golden R  
Corinne Fitzgerald Golden R  
Ronald Rusin Golden R  
Kevin Sears Golden R  
Laura Shifrin Golden R  
Barbara Davis-Hassan Crystal R  
Jason Parisella Crystal R  
James Armstrong Sterling R  
Douglas Azarian Sterling R  
Francis Bertolino Sterling R  
William Callahan Sterling R  
David Wluka Sterling R  
Paul Yorkis Sterling R

## MARYLAND

Dale Ross Platinum R  
William Armstrong Golden R  
Janice Kirkner Golden R

Jan Brito Sterling R  
Ben Frederick Sterling R  
Harold Huggins Sterling R  
Bob Kimball Sterling R

## MAINE

Gregory Gosselin Sterling R  
Angelia Levesque Sterling R

## MICHIGAN

David Botsford Golden R  
Gordon McCann Golden R  
William Milliken Golden R  
Furhad Waquad Golden R  
James Iodice Crystal R  
Caron Koteles Riha Crystal R  
John Meyer Crystal R  
Doug Beiswanger Sterling R  
Howard Boeve Sterling R  
A. Michael Conn Sterling R  
Thomas Cronkright Sterling R  
Steven Fase Sterling R  
Shelley Frody Sterling R  
Loren Gerber Sterling R  
Scott Griffith Sterling R  
Ryan Ogle Sterling R  
Robert Schautz Sterling R  
Eugene Szepeinski Sterling R  
Chad Van Horn Sterling R

## MINNESOTA

James Stanton Platinum R  
James Cormier Golden R  
Lynn Leegard Golden R  
Jerry Teeson Golden R  
John Anderson Sterling R  
Kathleen Beckman Sterling R  
Robert Clarke Sterling R  
Steve Havig Sterling R  
Claire Killen Sterling R  
Cotty Lowry Sterling R  
Nene Matey Keke Sterling R  
Anthony Maurer Sterling R  
Deborah Newell Sterling R

Michael Olsen Sterling R  
David Pope Sterling R

## MISSOURI

Elizabeth Mendenhall Platinum R  
Richard Mendenhall Golden R  
Jennifer Langston Golden R  
Sam Licklider Golden R  
Sean Moore Golden R  
John Seabee Golden R  
Deana Wolfe Golden R  
Nate Johnson Sterling R  
David Nichols Sterling R  
Derek Ramsay Sterling R  
Barrett Upchurch Sterling R  
Michael Weeks Sterling R

## MISSISSIPPI

Ernie Clark Golden R  
John Dean Golden R  
Larry Edwards Golden R  
Tommy Morgan Crystal R  
Timothy Allred Sterling R  
Beth Hansen Sterling R  
Dustin Hill Sterling R  
Phil Landers Sterling R  
Nancy Lane Sterling R  
Douglas McKinnon Sterling R  
Bob Ridgway Sterling R  
Christa Saulters Sterling R  
Tom Smith Sterling R  
Dorothy Thompson Sterling R  
Vicki Weaver Sterling R  
Watkins Wild Sterling R  
Chris Wilson Sterling R

## MONTANA

James Anderson Sterling R  
Michael Basile Sterling R  
Diane Beck Sterling R  
Robyn Erlenbush Sterling R  
Cynthia Lanier Sterling R

## NORTH CAROLINA

James Smith Platinum R  
Matthew Alexander Golden R  
Danny Brock Golden R  
Cindy Chandler Golden R  
Swayn Hamlet Golden R  
Thomas Lawing Golden R  
Linda Trevor Golden R  
Stephanie Walker Golden R  
Louis Baldwin Crystal R  
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Amy Hedgecock Crystal R  
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Mayaribe Galletta Sterling R  
Lewis Grubbs Sterling R  
John Head Sterling R  
Rufus Hutchinson Sterling R  
Tony Jarrett Sterling R  
James McCook Sterling R

## NORTH DAKOTA

Daryl Braham Golden R  
Mary Shelkey Miller Sterling R

## NEBRASKA

Henry Kammandel Golden R  
Patricia Ohmberger Golden R  
Kent Thompson Golden R  
John Hoppe Crystal R  
Cinda Munoz Sterling R  
Diana Schilf Sterling R

## NEW HAMPSHIRE

Alan DeStefano Sterling R  
Nathan Dickey Sterling R

## NEW JERSEY

Eugenia Bonilla Golden R  
Drew Fishman Golden R  
Anneke Brahver- Keely Sterling R  
William Flagg Sterling R  
John Walters Sterling R



**NEW MEXICO**

Wes Graham	Golden R
Jim Maddox	Golden R
Thomas Whatley	Crystal R
Tim MacEachen	Sterling R
Damon Maddox	Sterling R
Victoria Murphy	Sterling R
James Russ II	Sterling R
Tego Venturi	Sterling R

**NEVADA**

Jack Woodcock	Platinum R
Nancy Anderson	Golden R
Heidi Kasama	Golden R
Keith Lynam	Golden R
Gregory Martin	Crystal R
Paul Bottari	Sterling R
Betty Chan	Sterling R
Amber DeLillo	Sterling R
Todd Disbrow	Sterling R
Soozi Jones-Walker	Sterling R
Timothy Kuptz	Sterling R
Doug McIntyre	Sterling R
JC Melvin	Sterling R
Bobbi Miracle	Sterling R
Mark Miscevic	Sterling R
Kevin Sigstad	Sterling R
Kamyar Zargari	Sterling R

**NEW YORK**

Dawn Carpenter	Golden R
Susan Goldy	Golden R
Max Gurvitch	Golden R
Margaret Hartman	Golden R
Linda Lugo	Crystal R
J. Gregory Connors	Sterling R
Susan Greenfield	Sterling R
Nancy Mosca	Sterling R
Jan Nastri	Sterling R
Dennis Pezzimenti	Sterling R
Yoshinori Takita	Sterling R

**OHIO**

Joseph Aveni	Golden R
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Bradley Bennett	Golden R
Sara Calo	Golden R
Anjanette Frye	Golden R
Ted Oatts	Golden R
Jeanette Kremer	Crystal R
Sandy LoCascio	Crystal R
John Lynch	Crystal R
Phil Morrical	Crystal R
Maggie Beckmeyer	Sterling R
James Coridan	Sterling R
Gregory Hrabcak	Sterling R
Tiffany Meyer	Sterling R
John Royer	Sterling R

**OKLAHOMA**

Sherry Lewis	Golden R
Susan Beach	Sterling R
Mike Craddock	Sterling R
John Louis Hausam	Sterling R
Jessica Hickok	Sterling R

**OREGON**

Rick Harris	Platinum R
Colin Mullane	Golden R
Evan Sanders	Golden R
Michael Kozac	Crystal R
Byron Hendricks	Sterling R
Louis Hoffman	Sterling R
Shaun Jillions	Sterling R
Angela Stuckart	Sterling R

**PENNSYLVANIA**

Gregory Herb	Golden R
William Lublin	Golden R
Andrew Ferrara	Sterling R
James Helsel	Sterling R
Amanda Helwig	Sterling R
Bette McTamney	Sterling R
Christopher Raad	Sterling R

**PUERTO RICO**

Elena Delgado	Golden R
Eduardo Santos Alvarado	Golden R
Edgar F. Morales	Sterling R
Marcos Vilar	Sterling R

**SOUTH CAROLINA**

Alexander Stone	Platinum R
Robert Pratt	Golden R
Milton Shockley	Golden R
Charley Ray	Golden R
J.D. Rinehart	Sterling R
Karen Ryan	Sterling R

**SOUTH DAKOTA**

Dawn Aspaas	Sterling R
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**TENNESSEE**

Brain Copeland	Golden R
Rosemarie Fair	Golden R
Lois Killebrew	Golden R
Price Lechleiter	Golden R
Sher Powers	Golden R
Doyle Webb	Golden R
Sharon Duncan	Crystal R
Marcia Franks	Crystal R
Marilyn Blankenship	Sterling R
Robert Bradney	Sterling R
John Brittle	Sterling R
James Chris Carothers	Sterling R
Gerald Daves	Sterling R
Katherine Dunn	Sterling R
Scott Ghertner	Sterling R
Amy Hamilton	Sterling R
Jim Hodge	Sterling R
Dan Jordan	Sterling R
Deborah Korlin	Sterling R
Dick Leike	Sterling R
Thomas Magli	Sterling R
Janet Nettles	Sterling R
Robyn Ring	Sterling R
Bob Sorey	Sterling R
Jim Wallace	Sterling R
Randy Worcester	Sterling R

**TEXAS**

Mike Brodie	Platinum R
Alvin Collins	Platinum R
Tray Bates	Golden R
Russell Berry	Golden R

Christi Borden	Golden R
Cathy Coneway	Golden R
Candace Cooke	Golden R
David Cox	Golden R
Natalie Henshilwood	Golden R
Bill Jones	Golden R
Lance Lacy	Golden R
Myra Oliver	Golden R
Avis Wukasch	Golden R
Mario Arriaga	Crystal R
Catherine Cole	Crystal R
Chad Khan	Crystal R
Carol Knott	Crystal R
Dan Williams	Crystal R
Ivy Boland	Sterling R
Socar Chatmon-Thomas	Sterling R
Stephen Foster	Sterling R
Christy Gessler	Sterling R
Jason Gregory	Sterling R
Lou Huber	Sterling R
Jerry McAlister	Sterling R
Mary Miner	Sterling R
Stephen Raffaelli	Sterling R
Shannon Register	Sterling R
Kirk Schneider	Sterling R
A. David Shwarz	Sterling R
Lampros Vrinios	Sterling R
Dorothy Wanko	Sterling R
Gail Whitfield	Sterling R
Angela Williams	Sterling R
Don Windle	Sterling R

**UTAH**

Russell Booth	Golden R
Kenny Parcell	Golden R
H. Walker	Golden R
Micah Capener	Crystal R
O. Randall Woodbury	Crystal R
Jared Booth	Sterling R
Mark Sheperd	Sterling R
Jordan Smith	Sterling R
Bruce Tucker	Sterling R

**VIRGINIA**

Bradley Boland	Golden R
Charles Burnette	Golden R
Dennis Cronk	Golden R
Jack Torza	Golden R
William White	Golden R
Margaret Burke	Crystal R
Edward Mull	Crystal R
Lisa Saunders	Crystal R
Merlyn Banks	Sterling R
Mary Ann Bendinelli	Sterling R
Beckwith Bolle	Sterling R
S. Lisa Herndon	Sterling R
David Herndon	Sterling R
Nathan Hughes	Sterling R
Mimi Kopassis	Sterling R
Percy Montague	Sterling R
Kimber Smith	Sterling R

**VIRGIN ISLANDS**

Tanya Van Blake-Coleman	Sterling R
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**VERMONT**

Kenneth Libby	Platinum R
Donna Cusson	Crystal R

**WASHINGTON**

Philip Harlan	Golden R
Michael McAleer	Golden R
Pili Meyer	Golden R
Craig Soehren	Crystal R
Theresa Springer	Crystal R
Terence Sullivan	Crystal R
Michael Wallin	Crystal R
Sharri Bailey	Sterling R
Brody Broker	Sterling R
Joe Garst	Sterling R
Karla Kaley	Sterling R
E. Michael McAleer	Sterling R

**WISCONSIN**

Kevin Armstrong	Sterling R
James Barry	Sterling R
John Czarnecki	Sterling R

Anthony DeBartolo	Sterling R
Charles Feather	Sterling R
Jerold Franke	Sterling R
Jeffrey Hoffman	Sterling R
Michael Kleber	Sterling R
Joseph Lak	Sterling R
Mark Lake	Sterling R
Stephen Mills	Sterling R
J Michael Mooney	Sterling R
Anthony Nudo	Sterling R
Peter Ogden	Sterling R
Stephen Provancher	Sterling R
Stewart Wangard	Sterling R
Scott Welsh	Sterling R

**WEST VIRGINIA**

William Burton	Platinum R
Kay Alexander	Sterling R
Joshua McGrath	Sterling R

**WYOMING**

Randall Hall	Golden R
Dennis Baker	Sterling R
Karen Valentine	Sterling R
Jim Weaver	Sterling R

*Thank  
you*

# WHAT'S NEXT FOR COMMERCIAL REAL ESTATE?



STEFAN SWANEPOEL OF THE SWANEPOEL T3 GROUP PRESENTS THE COMMERCIAL ALERT REPORT

The Strategic Thinking Advisory Committee of the National Association of REALTORS® was tasked with the responsibility to produce a report detailing the risks and opportunities in the commercial real estate industry. With the help of the Swanepoel T3 Group, the findings examine trends in technology, demographics, lending, and politics.

*The list below is excerpted from an article originally published by REALTOR® Magazine. Read full article here: <http://realtormag.realtor.org/commercial/feature/article/2017/05/what-s-next-for-commercial-real-estate>*

Some of the major issues to watch include:

- 1** Low interest rates and strong economic indicators in the United States indicate the country will continue to be a **safe harbor for international investors**. The report also predicts more foreign capital will flow into smaller cities and secondary markets.
- 2** The report predicts **uncertainty will persist in commercial lending** as regulations are slowly rolled out over the coming years. New regulations will likely increase borrowing costs and reduce credit capacity, which may price many lenders out of the market.
- 3** **Crowdfunding** portals appear to be gaining ground and could become a principal method for developers to gain access to capital. Whether it disintermediates real estate professionals or offers cheaper, faster credit to more investors is still an open question in this largely untested market.
- 4** Technology—particularly in the forms of **increased connectivity, better data analysis, and smarter buildings**—will transform the way commercial real estate professionals use, build, assess, and sell properties.
- 5** With **e-commerce** sales continuing to take up greater shares of the retail marketplace, demand for “last-mile” distribution points in major cities will continue to grow. While this development will **impact retail spaces negatively** overall—one study indicates roughly 20 percent of all anchor space in U.S. malls will close over the next few years—it’s likely to be a net **positive for industrial real estate**, as brands will buy up more logistics space in order to serve customers more efficiently.
- 6** Shifting **demographics** will result in increased demand for flexible commercial spaces. While aging boomers will drive up demand for senior housing and medical office buildings, the lifestyle preferences of millennials will challenge all sectors of the commercial real estate industry. The report cautions against discounting the influence of the smaller Generation X, as it sets the tone for the transition between millennials and boomers.
- 7** Although many in commercial real estate are currently focused on short-term cost saving rather than a long-term environmental strategy, **sustainability** will become a more important factor in evaluating property as energy and water shortages accelerate.
- 8** With the **new presidential administration**, some worry about what the potential loss of 1031 exchanges and carried interest could do to the industry, while infrastructure spending could improve manufacturing and industrial real estate. Changes to international trade agreements and financial regulations are also important political discussions for REALTORS® to watch.



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DAVE WILSON SHOWS OFF A PROPERTY



(L-R) JIMMY SETTLE, STEVE MOREIRA, WENDY TURNER, & BOB TURNER

*“The commercial meetings and sessions were among the most robust I have ever seen/attended at NAR’s Legislative Meetings. I had so many great takeaways and really enjoyed sharing them with my clients!”*

DEENA ZIMMERMAN, 2017 COMMERCIAL LIAISON





XCELIGENT'S™ DAVID O'RELL PRESENTS AN APPLE WATCH TO THE RAFFLE WINNER



RHODE ISLAND REPRESENTING AT THE NETWORKING RECEPTION



(L-R) DAN WAGNER, LINDA ST. PETER, JIM TAYLOR, & ALEX RUGGIERI



*“Technology and its impact on commercial real estate was at the forefront of discussion in our commercial meetings: from RPR® to the changing landscape of the large data companies in our industry. I also enjoyed the presentation from Chris Wallace and his thoughtful perspective on our nation in a new era.”*

DEREK SPRAGUE, CCIM



MIKE SCHOONOVER HOLDS COURT



(L-R) KAY MICHAEL ALEXANDER, ROBERT N. GOLDSTEIN, & K. TEYA MOORE





GEOFFREY KASSELMAN STRATEGIZES WITH FELLOW SIOR MEMBERS



(L-R) DAVID LOCKWOOD, RANDY WOODBURY, & JIM EVANS



(L-R) MICHAEL T. LANNING, NANCYE J. KIRK, JIM EVANS, & LYNN DISBROW



NAR'S GEORGE RATIU TALKS ECONOMICS WITH RON MYLES



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NAR'S JEAN MADAY THANKS MEMBERS

FOR LEASE

# COMMERCIAL FORECAST: SOLID GROWTH, SHIFTS IN PROPERTY USE

**THOUGH MODEST IMPROVEMENT IS EXPECTED ACROSS COMMERCIAL REAL ESTATE SECTORS, YOUR CLIENTS' NEEDS MAY CHANGE AS TECHNOLOGY AND CONSUMER LIFESTYLES IMPACT THEIR BUSINESSES.**

by Robert Freedman, Director, Multimedia Communications, NAR

*Originally published by REALTOR® Magazine. Read full article here: <http://realtormag.realtor.org/commercial/feature/article/2017/05/commercial-forecast-solid-growth-shifts-in-property-use>*

Despite slight easing of demand across some sectors, positive fundamentals in the economy point to modest improvement in commercial real estate activity. But sweeping changes in technology and consumer lifestyles likely will change the needs of commercial clients in the years ahead.

Completions, net absorption, and vacancy rates across most sectors will remain solid moving into 2017, George Ratiu, NAR's director of quantitative and commercial research, said during the REALTORS® Legislative Meetings & Trade Expo in Washington, D.C. The retail sector, which is grappling with changes in consumer spending patterns and the growth of e-commerce, is facing some headwinds. Ratiu forecasts vacancies to increase from 12 percent in 2016 to 12.6 percent at the end of this year.

Department stores and other big retailers are trying to adjust to changing consumer preferences. Small discount grocery retailers such as Aldi and Lidl, which had little or no presence in the United States just a few years ago, are starting to make inroads as young urban households look for low-cost convenient stores. Restaurants and bars are also doing well.

Office properties are under some pressure as the economy shifts to a more mobile workforce requiring smaller, more flexible space—but occupancy continues to hold up. Ratiu

forecasts office vacancies to drop from 13 percent last year to 12.9 percent at the end of this year.

Industrial buildings, benefitting from rising trade and e-commerce, are seeing strong absorption and rent growth. Ratiu said the sector saw 257 million square feet of net absorption last year and growth of 6.6 percent in price per square foot. Vacancies are expected to improve from 9.4 percent last year to 9.1 percent at the end of this year.

During the session, Lawrence Yun, chief economist at the National Association of REALTORS®, also pointed to growth in data centers, which is being fueled by companies such as Uber and Amazon. These companies' business models require the storage of large amounts of data.

Multifamily rental properties, which have seen strong gains in rental rates since the end of the last housing crisis, are expected to continue seeing low vacancy rates, from 6.3 percent last year to 6.2 percent at the end of this year.

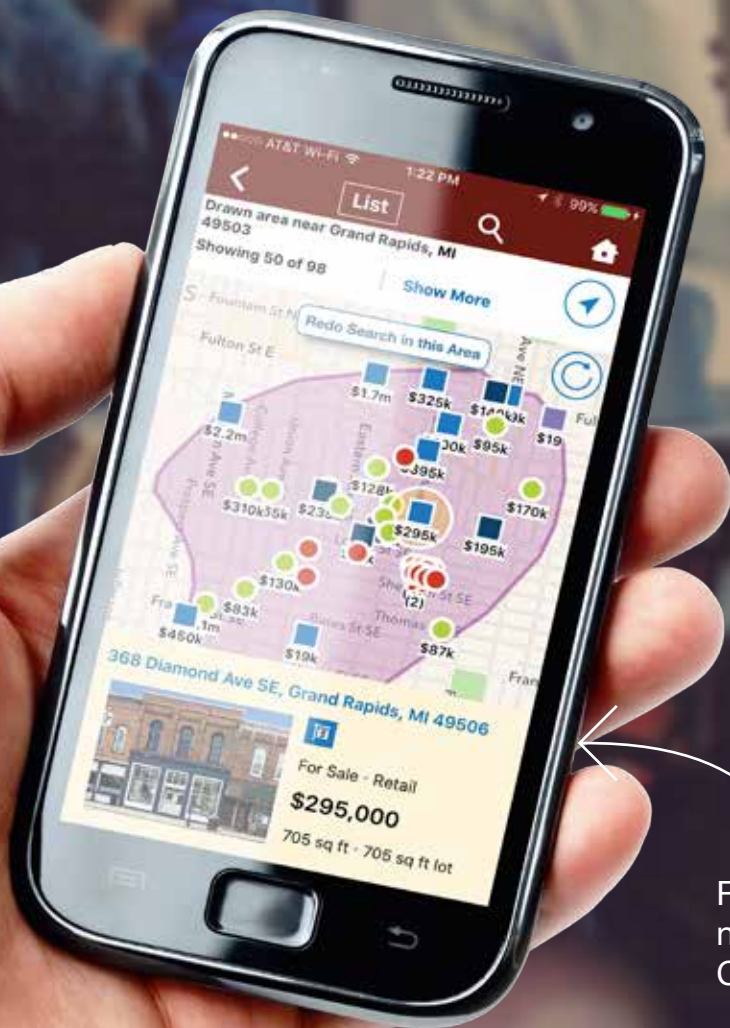
Ratiu said the performance of global economies in the year ahead will be critical to the future health of commercial real estate sectors. Capital from global investors dipped 20 percent in the first quarter of this year, but some markets in the U.S.—including San Francisco, Dallas, and Houston—continue to see strong inflows.

For smaller commercial properties, which comprise the bulk of commercial REALTORS® business, lending standards are tightening as regulators talk about containing any froth in the market.





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# FOUR ISSUES TO WATCH FOR PROPERTY MANAGERS

by Graham Wood, Senior Editor, REALTOR® Magazine



*Originally published by REALTOR® Magazine. Read full article here: <http://realtormag.realtor.org/commercial/feature/article/2017/05/4-issues-watch-for-property-managers>*

It's a changing landscape for landlords and tenants. Property management and policy experts speaking at the REALTORS® Legislative Meetings & Trade Expo in Washington, D.C., offered attendees of the Property Management Forum guidance on handling four hot-button issues.

## CAN YOU NEGOTIATE SERVICE ANIMAL REQUESTS?

The need to accommodate service animals, once a relatively rare issue for property managers, has become increasingly common. Under guidelines from the Department of Housing and Urban Development and the Americans With Disabilities Act, property managers must make a reasonable accommodation for tenants who request a service or comfort animal, regardless of their building's pet policy.

But what if a tenant's request is problematic for the unit? "When someone comes to you with a [doctor's] note that says, 'I'm entitled to 40 cats,' you can negotiate [that]," said Tyler Craddock, government affairs director of the National Association of Residential Property Managers. "You can have that conversation, saying, 'This is a one-bedroom efficiency unit, and I don't think we can accommodate 40 cats there. Is there another way we can accommodate this?'"

Paul Dizmang, chair of the Property Management Forum, advised attendees to call their local or state HUD office if they have questions.

Fraudulent service animal requests are becoming an increasing concern, Dizmang said. "In five minutes, you can go online and get a doctor's note to certify a service animal."

Disability rights groups around the country are starting to look at cases where tenants obtain online certification for a service animal, which is trained to perform a specific task, when the need is not legitimate, said Megan Booth, senior policy representative at the National Association of REALTORS®. She added that NAR is working with the National Fair Housing Alliance to get more specific HUD and ADA guidance on this issue.

## COMBATING RENT CONTROL

"Rents are high in many areas, and citizens are going to their state legislatures and asking for answers," said Beth Wanless, senior manager of government affairs with the Institute of Real Estate Management. "Many lawmakers say rent control is a good solution. It's actually a terrible idea."

Wanless explained that rent control does not incentivize developers to build new projects because rent caps lower their profits. The effect, she said, is fewer and lower-quality affordable housing units. "Legislators think rent control will allow for more affordable housing for vulnerable citizens, but it actually creates a black market," she said. Property managers also have less incentive to maintain rent-controlled properties because they won't make enough money to pay for routine building maintenance and repairs, she added. NAR and IREM® oppose rent-control policies.

## MARIJUANA POLICIES FOR RESIDENTIAL, COMMERCIAL PROPERTIES

The majority of the debate around marijuana laws and real estate has focused on residential property. Property managers who oversee apartment complexes should be advised that in the 28 states that have legalized medical marijuana use—eight of which have also approved recreational use—they cannot deny a tenant with a medical need the right to use pot on their properties, Booth said. However, they can regulate the smoking of marijuana. Lease agreements should explicitly state the methods of marijuana use—whether it's through smoking, oils, edibles, or other means—that are acceptable on the premises.

But 17 states also allow the growing of marijuana on private property, which could raise risks for not only residential property managers but also those who manage industrial and retail properties. “If you cover utilities as part of your lease agreement, be aware that a single marijuana plant can take a gallon of water a day and 17 hours of light,” Booth said. “That can get expensive.”

When it comes to grow houses, which are typically housed in industrial warehouses, and retail pot dispensaries in shopping centers, property managers should be cognizant that even though their state may allow such operations, federal law still classifies marijuana as an illegal substance. That means the properties are vulnerable to federal raids and seizures, Booth said. She also cautioned that pot dispensary owners, who legally must deal only in cash, will have to pay rent in cash—and that could raise alarms about money laundering from federal officials.

## HOW FAR CAN YOU GO WITH CRIMINAL BACKGROUND CHECKS?

Craddock warned attendees that if their leasing policies disallow tenants who have committed a felony, it could have a disparate impact on a certain group of people—which is a violation of fair housing law. Unfortunately, he noted, HUD guidelines on this issue are vague, and the agency will likely tell property managers to follow guidance set forth by courts in their area. “Our members just want to know what they need to do to follow the law,” Craddock added.

HUD does say that property managers cannot consider arrest records when considering tenant applications, and only convictions related to threats to property or other tenants are relevant when choosing who to rent to, Booth said. “You have to look at the nature of the crime, the severity, the age of the [prospective tenant] at the time of the crime, and how much time has passed since conviction,” she said. She suggested that property managers consider only the last seven years of a prospective tenant's criminal history.

She also advised looking at work history and doing a credit check on prospective tenants before conducting a criminal background check. “If there's nothing there, it [may indicate] they've spent time in prison recently,” Booth said. When denying tenants based on their criminal background, she added, property managers should be honest about that and give them an opportunity to explain their situation.







**KEYNOTE SPEAKER:**

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