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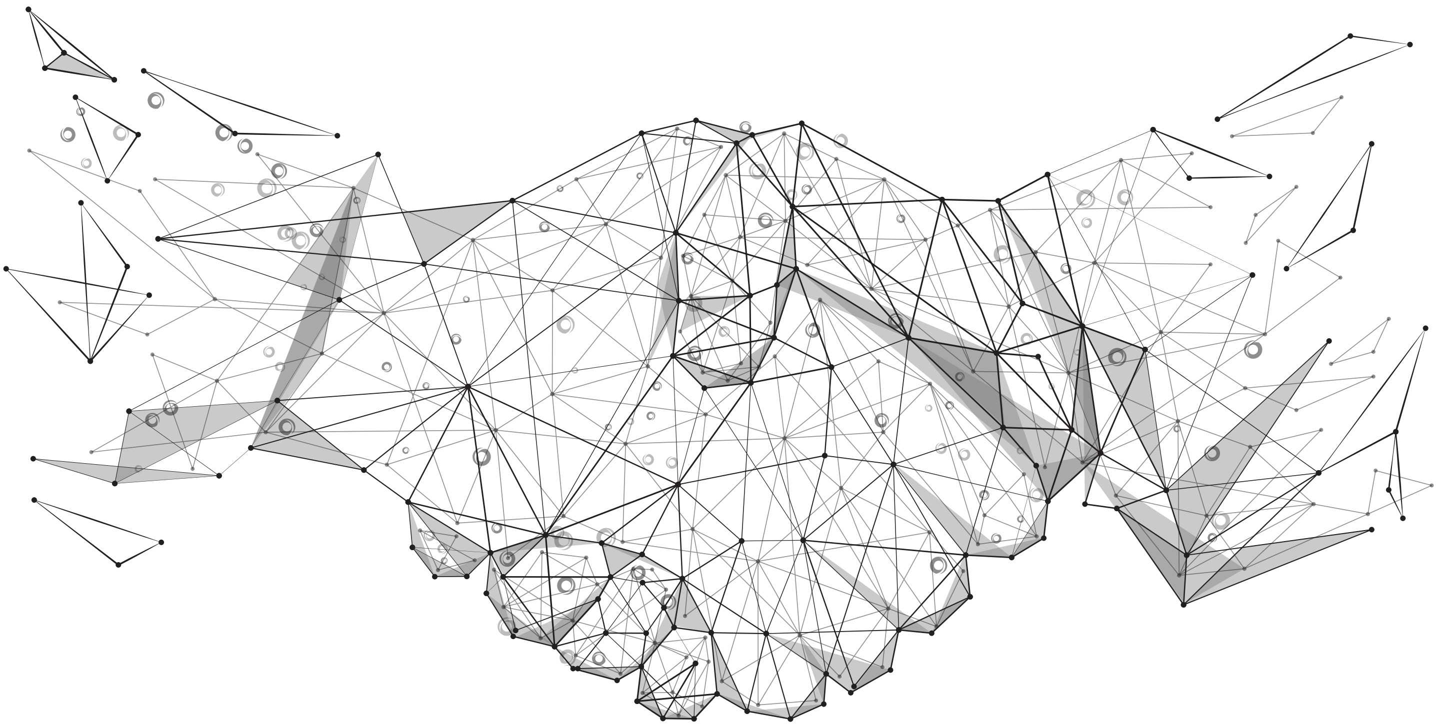
COMMERCIAL CONNECTIONS

A PUBLICATION BY THE NATIONAL ASSOCIATION OF REALTORS®



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COMMERCIAL Real Estate

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COMMERCIAL Real Estate
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THE LATEST

Happy Holidays

From all of us here at NAR, we want to wish you and your families a warm and happy holiday season. May you be surrounded with joy and peace as you ring in 2019 and another successful year.

Your Q3 Outlook is In!

NAR's latest Commercial Real Estate Outlook forecasts economic output and employment trends to continue on an expansionary path, leading commercial fundamentals to exhibit solid demand and increasing cash flows.
tinyurl.com/y8jlv6nr

CCIM Institute Webinar Tackles Hurricane Season

Released in the wake of Hurricane Florence, this free one-hour webinar serves as a "Flood Damage and Insurance Primer." Tune in to this pre-recorded session to hear from industry experts on filing insurance claims, leveraging special protections for flood victims, and using insurance proceeds as a path to repair, replace, or dispose of property.
tinyurl.com/y77y5ork

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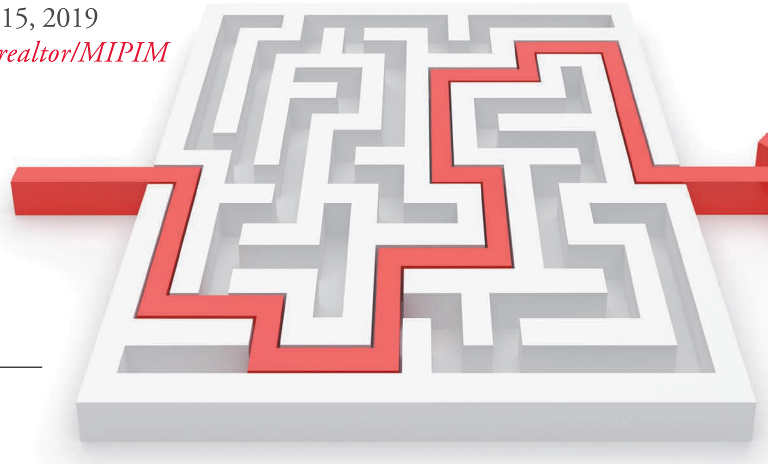
Expand your horizons and network by attending MIPIM, one of the world's largest real estate events in Cannes, France. NAR hosts the U.S.A. Pavilion, featuring markets from around the country and space for you to connect and build new relationships with an international audience filled with investors, developers, CEOs, brokers and political leaders. NAR has negotiated a discounted rate of 995 Euros if you register by early January.

EVENT DATE:
March 12-15, 2019
www.nar.realtor/MIPIM



COMMERCIAL VICTORIES

HIGHLIGHT A PRODUCTIVE YEAR FOR MEMBER INVOLVEMENT

A Note From the President, Elizabeth Mendenhall

ELIZABETH MENDENHALL

The core mission of the National Association of REALTORS® is to help our members become more profitable and successful. With this goal in mind, NAR focused on several projects throughout 2018 aimed at furthering the services and resources we provide to you—our commercial members.

Since the start of the year, a group of your peers has been actively working in collaboration with NAR staff as part of a Presidential Advisory Group (PAG), focused on finding solutions to improve your options for obtaining commercial real estate data and a platform to market your commercial property listings nationwide. Their diligent and comprehensive work resulted in several actions to help you in your business, including a new Commercial Data & Listings Resource Guide *(www.nar.realtor/commercialdata)* offering a range of member discounts.

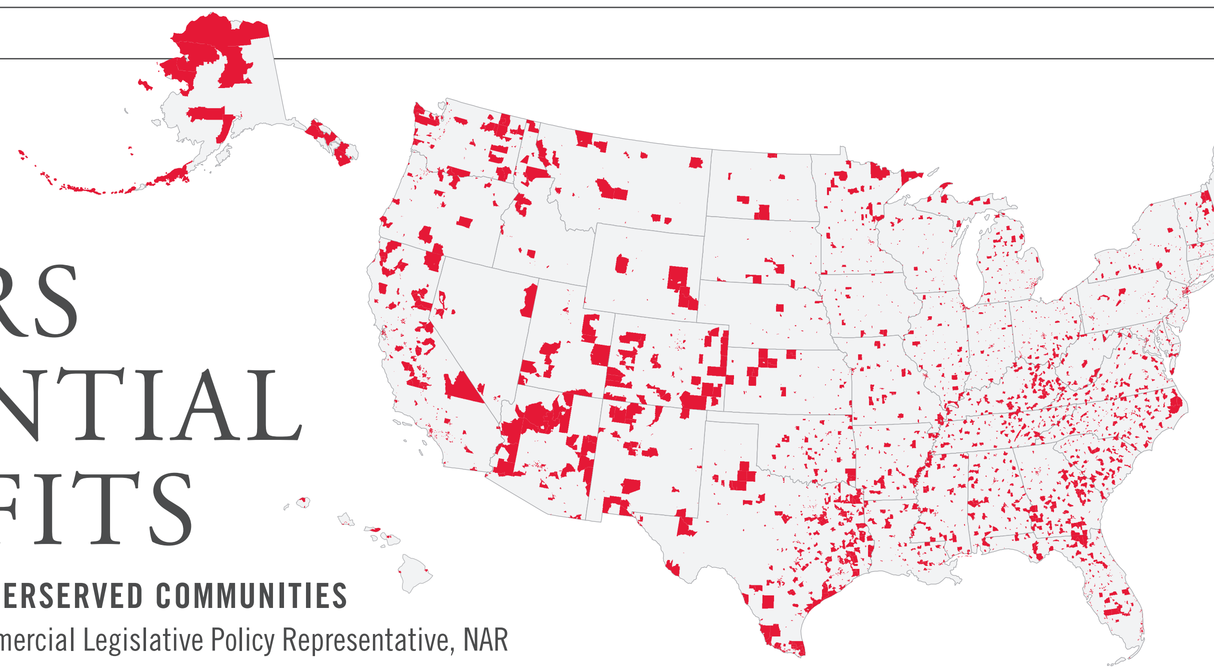
The search for a new national commercial listing platform was a major enterprise under the PAG's purview. From the start, the vetting of vendor companies has been completely member driven with early assessments focused on technology, ability to scale and grow, funding, and customer service. Demos and user testing conducted during the 2017 REALTORS® Conference & Expo also provided valuable member feedback. With your help, we've made substantial progress over the last 12 months — we anticipate being able to announce the vendor and launch the new national commercial listing platform soon. Stay tuned for more information in the coming weeks.

As 2018 winds down, I want to thank you for your involvement at the national level. In addition to the PAG's important contributions, NAR had significant advocacy wins this year with the extension of the National Flood Insurance Program, as well as with the preservation of the 1031 Like-Kind Exchange included in the tax reform bill passed at the beginning of the year. Furthermore, in August, Treasury and IRS issued favorable rules allowing real estate agents and brokers to be fully eligible for the new 20% pass-through deduction – no matter what their income level. This is great news, especially for brokers! NAR's advocacy successes wouldn't have happened without you. Thank you to all those who responded to NAR's Calls for Action.

It's been an honor to serve as your 2018 NAR President. With your continued involvement, I see a bright future ahead for our industry and association.

Elizabeth J. Mendenhall

REALTORS® Own It!
Elizabeth Mendenhall
2018 President
National Association of REALTORS®



QOZ OFFERS POTENTIAL BENEFITS

TO INVESTORS AND UNDERSERVED COMMUNITIES

By Erin Stackley, Senior Commercial Legislative Policy Representative, NAR

The Qualified Opportunity Zones ("QOZ") program is a creation of the Tax Cuts and Jobs Act of 2017, intended to encourage economic growth and development in underserved communities by offering tax benefits to investors. This program holds enormous potential for commercial real estate investment and development in the Zones – but the federal agencies' rulemaking on it is incomplete, so the full breadth of the program and how it will function is not yet known.

Under the program, the states, territories, and Washington, DC, all nominated areas (by census tract) to be "Opportunity Zones," which the IRS selected from and certified (these designations were finalized in 2018). The Zones are in underserved communities, and since census tracts can be small, some are sandwiched between neighborhoods that have already seen significant development and growth, especially in urban areas. In order to qualify for tax benefits, investors must create "Opportunity Funds" to invest in the QOZs. Anyone can create an Opportunity Fund, but it must be made using capital gains from a previous sale which are rolled into the fund within 180 days.

Additionally, the statute specifies that Opportunity Funds:

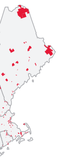
- May be a partnership or corporation organized for the purpose of investing in QOZ property
- Must hold at least 90% of its assets in QOZ property, which can be stock, partnership interests, and/or other tangible property used in a trade or business (e.g. real estate) within a QOZ
- Must be certified according to forthcoming IRS and Treasury regulations

So, what *are* the tax benefits of investing in a QOZ? First, for gains *reinvested* into a fund, capital gains tax is deferred as long as they are kept there, up to nine years. On top of that, the tax ultimately paid on them is reduced by 10% after five years and an additional 5% (for a total of 15%) after seven years (via an adjustment in basis). There are also significant tax benefits for gains accrued while in an Opportunity Fund: if an investment is kept in an Opportunity Fund for ten or more years, all gains accrued while there are excluded from tax.

QOZs are a federal program, but the states may play a role as well. States interested in making their Zones more attractive to investors may choose to conform their state tax laws to the federal tax laws by relieving investors from paying state capital gains rates on income earned from QOZ investments. States will likely be reviewing their tax codes in response to the federal changes, though not all are expected to opt to conform.

The QOZ program officially kicked off with the designation of the Zones themselves. The IRS and the Treasury are still promulgating the rules for its implementation and need to address important questions, including how to certify an Opportunity Fund (the Treasury has indicated they will allow self-certification), more specifics on the timing requirements for investing, fraud and abuse protections, and how the program will interact with other tax incentives to encourage investment in low-income areas. Proposed rules are expected this fall, after which there will be a comment period. Final rules are anticipated by early 2019.

NAR is closely monitoring this issue and will provide feedback on the proposed regulations to the Treasury and the IRS to ensure that the program is successful. Stay tuned for more information on QOZs!



A LOOK AT NAR'S LAND USE INITIATIVE

By Adriann Murawski, State & Local Government Policy Representative, NAR

The Land Use Initiative (LUI) is a program designed to assist state and local REALTOR® Associations in their public policy advocacy of land use issues by providing recommendations to requesting REALTOR® associations desiring to improve/support/oppose proposed state or local land use measures. Upon request, NAR will provide expert analysis of the legal, planning, economic and environmental issues surrounding legislative and regulatory land use proposals. NAR, through its consultant Robinson & Cole, has provided guidance and expert opinion on more than 1,000 different legislative and regulatory proposals that affect the interest of REALTORS®.

What are some common commercial real estate issued reviewed for REALTOR® associations?

1. Vacant Property Ordinances. Earlier this year, two jurisdictions proposed vacant property type ordinances (Oakland, California and Cleveland Heights, Ohio). The City of Oakland proposed a vacant property tax on property that is not in active use for at least 50 days per year. The tax rates ranged from $3,000 to $6,000 depending on property type. The taxes collected would be deposited in a vacant property tax fund to provide services and programs to homeless people and support affordable housing. The LUI program provided arguments that the tax would unfairly place financial burdens of solving societal problems on the owners of vacant properties and would disproportionately impact owners of smaller parcels. Meanwhile, the properties that are being actively marketed for sale or for rent should be exempt from the vacant property tax. The other city, Cleveland Heights, proposed a measure that would require a cash bond of at least $15,000 when the property is in foreclosure. The purpose of the bond is to secure continued maintenance of the property during its vacancy. The LUI recommended that the REALTOR® association discuss the ramifications of the bond requirement for the borrower and how financial institutions recover costs and fees from property foreclosures. Furthermore, the LUI noted that the bond requirement would unnecessarily place additional financial burdens on property owners.

2. Formula Business Ordinance (FBO). FBOs have been proposed in a number of communities such as Munster, Indiana, Malibu, California, Holmes Beach, Florida. In Holmes Beach, the REALTOR® Association of Sarasota and Manatee requested LUI assistance when the city proposed broad FBO regulations. FBOs come up as an effort to protect the unique character of a community and local small to medium business owners. FBOs generally seek to prohibit franchises or chain stores from dominating the market. The Holmes Beach FBO proposal is notable for two reasons: (i) narrowed the FBO to a specific commercial zone rather than a broad FBO applicable to all zoning districts and (ii) identified an unintended consequence that would have banned real estate companies with more than 11 offices in the world, such as Keller Williams. The Sarasota REALTORS® were able to amend the adopted ordinance to specifically exclude real estate franchises from the FBO. The amendments were considered a huge win for the association and members. *Read about the success story in Munster, Indiana realtorparty.realtor/news/az-com0217-html*

Resources available through the Land Use Initiative include (member only resources):

1. The Growth Management Fact Book: Provides in-depth discussions on land use management policies. Consulting this reference can be a good first step in determining how to proceed with a land-use issue. Access this reference if you need to get up-to-speed on various land use management techniques and their impact on the real estate industry. *realtorparty.realtor/community-outreach/smart-growth/growth-management-fact-book*

2. The Land Use Memo Database: Recommendations provided by the LUI to REALTOR® associations that are working with state or local governments on land use issues that will have an impact on the real estate industry. This information can help craft a response to proposed local ordinances. Search the database by keyword, issue, date of report, or state. *realtorparty.realtor/community-outreach/land-use/land-use-memo-database*

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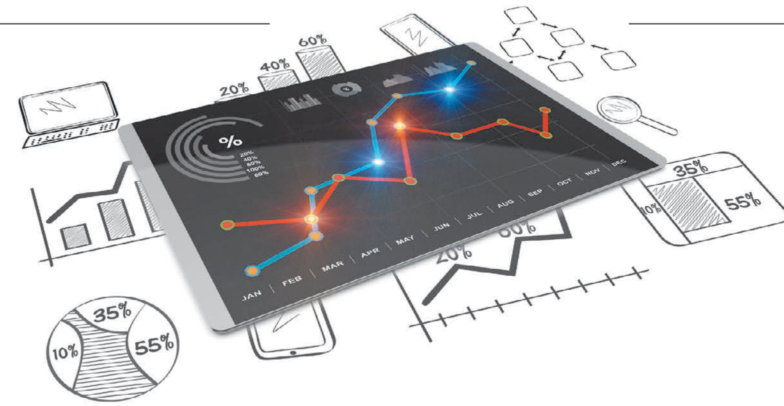
WHAT DOES THE FUTURE HOLD FOR THE U.S. ECONOMY?



FIVE LEADING ECONOMISTS WEIGH IN ON THE FUTURE IMPACT OF TAX REFORM, CONSUMER OPTIMISM,THE GLOBAL ECONOMY, AND GDP GROWTH.

COULD THERE BE CLOUDS ON THE HORIZON?

By George Ratiu, Managing Director of Housing & Commercial Research, NAR

We are headed into the final stretch of 2018 with an economy poised to register the highest annual rate of growth post-Great Recession. Fueled by unprecedented monetary policy and the recent tax reform, economic activity accelerated this year. Employment gains have pushed the unemployment rate below 4.0 percent and boosted real wages. Consumer optimism has reached levels not seen since the early 2000s, which has spurred broad-based spending on houses, cars, furniture and appliances, recreation, and travel. In turn, rising employment and consumer spending have driven demand for commercial real estate, leading to solid fundamentals and rising cash flows.

However, clouds are gathering on the horizon as we approach the 10-year anniversary of the economic expansion. The Federal Reserve is engaged in the third year of monetary tightening, having raised short-term rates eight times. As short-term rates continue upward, long-term interest rates will mirror the trend, increasing borrowing costs for both consumers and businesses. In addition, the strong demand for housing has elevated prices, which coupled with a significant supply shortage, has decreased affordability to levels last seen in 2007 and early 2008. Also casting a long shadow over the economy is the current trade war and the NAFTA renegotiations, which are adding upward pressures on consumer prices. While the outlook for 2019 retains a sunny disposition, we can expect it to be partly cloudy in parts of the year.

INVESTOR HESITANCY FADES AS FEARS EMERGE OVER PRICE GROWTH

By Jim Costello, Senior Vice President, Real Capital Analytics

The headline figures for commercial property sales activity through July are up 4% relative to the same period a year earlier. Some of the growth was due to one-time platform plays, but even the sale of individual assets is growing.

Along with this growth in deal volume, prices are still climbing. The RCA CPPI was up 7% YoY through mid-year 2018. This growth is not the double-digit pace seen earlier in the cycle, but combined with growth in deal volume it highlights that some of the investor hesitancy present in the last two years is fading.

Yes, there are expectations that the 10yr UST will climb further from the current levels, and there are fears that this growth will eventually take the wind out of price growth. Even with these fears, deal volume can continue to grow because of the comparatively healthy yields the sector offers.

GLOBAL GAINS AND STRUCTURAL SHIFTS LEAVE A MARK ON COMMERCIAL REAL ESTATE

By Rebecca Rockey, Economist, Americas Head of Forecasting, Cushman & Wakefield

Many factors drive commercial real estate performance: In 2018, a reacceleration of economic growth, supported by domestic fiscal policy and stronger global economic growth, benefitted commercial real estate leasing fundamentals and capital markets conditions. A stronger U.S. economy buttressed job growth; more jobs across more industries led to more optimistic consumers and ultimately businesses. While partially a result of lower taxes on both individuals and companies, a healthy consumer segment was only part of the story: an acceleration in the global economy in 2017, which has continued into 2018, boded well for the industrial sectors, despite continuing uncertainly around trade agreements.

Over the next year, structural shifts, such as eCommerce, will continue to leave a mark on the industrial and retail sectors. For the office sector, the labor market will become increasingly important. Tight conditions will pressure wages and make the competition for talent more intense. Labor shortages are likely to intensify, especially in the construction, transportation, warehousing, and office-using industries. Demand metrics across most property types will see healthy, but decelerating demand. Inflation is firming enough to allow the Federal Open Market Committee to continue raising the fed funds rate through next year. And while historically low interest rates and record-high fund-raising are positives for the capital markets, investors will continue to see challenges in the face of moderating fundamentals and rising supply, causing niche, value-add, and opportunistic strategies to become increasingly mainstream.

STRONG MULTIFAMILY FUNDAMENTALS FACE INCREASING CROSS-WINDS

By Jeff Adler, Vice President Yardi© Matrix

The U.S. economy continues to chug along, and we expect GDP to continue its modest but steady growth for the next 12 to 24 months. Inflation is rising, but not to concerning levels, and fiscal policy is mildly pro-growth. Two cautionary yellow flags: 1) The yield curve is flattening, and is close to, but not yet, inverted. This bears close monitoring. 2) The labor market is tight. Another 2%, or approximately 2.6 million prime-age workers remain on the sidelines, however a skills and location mismatch remains, and many industries cannot fill their job needs. In order for GDP to really grow we need to see continued strong labor productivity growth.

Multifamily fundamentals are strong, but the market is facing increasing cross-winds. Multifamily capital is abundant, however financing and development costs are rising. Demand is strong, but shifting to lower-cost cities, and new supply deliveries are weighing down on several secondary tech markets. Though there are still plenty of opportunities in the multifamily market, it is becoming a sharpshooter's game in the short term, and investors need to be much more strategic with their placement within markets and submarkets. Long term demographic fundamentals remain favorable for the apartment industry.

FISCAL STIMULAS AND FED POLICY ATTEMPT TO FILL THE BALLOON WITHOUT OVERINFLATING

By Ryan Severino, CFA, Chief Economist, JLL

The fiscal stimulus implemented in 2018 not only supported the economy and commercial real estate in 2018, but should also continue to do so into 2019. Stronger economic growth is spurring job creation, modest wage growth, and spending on the part of consumers and businesses. All of these support demand across the spectrum of commercial real estate property types.

With the labor market likely operating below the non-accelerating inflation rate of unemployment (NAIRU), the Fed's focus turns to price stability, embodied in their 2-percent target rate of inflation. The Fed will continue hiking rates, attempting to keep things from overheating while also not throwing the economy into a recession.

That sets the stage for a tug of war between fiscal policy propelling the economy forward and monetary policy attempting to keep things from spiraling out of control. While rising interest rates tend to let the air out of the balloon, allowing things run too hot for too long risks overinflating, which could cause a sudden pop.

Do you have a comment or question about this article? Contact us at NARcommercial@realtors.org with your thoughts.

RESTORING HISTORY

A CLOSER LOOK AT RESTORATION TAX CREDITS AND COMMERCIAL REAL ESTATE

By Rob Warmowski, Contributing Writer

Undertaking a development project in commercial real estate begins with a tightrope act hinging on balance and style. When preparing the numbers, costs must not only add up, but also make the project look attractive enough to capture the imagination and favor of investors, property owners, and communities. It is for these reasons that historic properties often make excellent redevelopment targets. Compared to new construction costs, the savings that rehabilitating historic property might offer can do wonders for balance sheet math, while the emotional resonance attached to locally familiar and preservation-worthy properties can capture critical early enthusiasm by project financers. The right historical rehab project achieves economic development and cultural preservation all in one profitable fell swoop.

Since at least the early 1960s, federal development subsidy in the form of rehabilitation tax credit for historic properties has been in the tax code. It's a policy that lends a simultaneous hand both to developers and to communities concerned with protecting their architectural links to the past.

For developers, a 20% federal and/or state tax credit towards the rehabilitation of a historic commercial property has the bottom-line potential to turn a "maybe" property into a "definitely" project. Allaying rehabilitation costs using tax credits can significantly free up a project's capital, allowing developers the latitude and flexibility to put dollars anywhere they may be needed, all the way from sweetening a pro forma to helping to meet construction code – sometimes with the helping hand of the government that puts these codes in place.

However, obtaining federal or state tax credits is a project in itself. The applications process presents a veritable circus of hoops to jump through, each program with its own idiosyncrasies, categorizations of costs, and demands on applicants. What's more, the legislatures that enact tax credit programs are actively amending the body of law, altering thresholds and features. Expect a lot of I-dotting and T-crossing with federal and state historic preservation tax credit applications. And as always, retain qualified legal counsel for applications review.

THE CHANGING PICTURE OF FEDERAL HELP

The federal level of these tax credits is best exemplified by the Federal Historic Preservation Tax Incentives Program. This program is administered by the Technical Preservation Services division of the National Park Service under the US Interior Department. Even here, the ground is shifting in surprising ways. Recent changes to the IRS Tax Code, signed into law in December 2017, have significantly altered the provisions of the program's credits, including the outright elimination of a 10% credit for development of non-historic buildings – an unexpected legislative priority coming from a GOP-majority Congress led by a Republican commercial real estate developer as POTUS.

To learn the latest on eligibility requirements for the federal historic preservation tax credit, consult the National Park Service's website at *www.nps.gov/tps/tax-incentives/before-apply/eligibility-requirements.htm*

STATE PROGRAMS

The federal level is only the beginning when it comes to rehabilitation tax credits and their changing ground rules. Somewhere around ⅔ of U.S. states offer some form of financial assistance for redevelopers of historic properties. But it's also true that state legislatures are constantly re-legislating their tax credit laws. Up-to-date information about state historic preservation tax credits is best obtained from local historical commissions or administrative offices.

Do you have a comment or question about this article? Contact us at NARcommercial@realtors.org with your thoughts.

THE NATIONAL TRUST FOR HISTORIC PRESERVATION HAS IDENTIFIED 33 STATES THAT HAVE PASSED HISTORIC PRESERVATION TAX CREDITS.

USE THIS TABLE AS A STARTING POINT AND MAKE SURE THAT PROGRAMS IN YOUR STATE HAVE NOT LAPSED OR PASSED SUNSET DATES.

STATE	LEGISLATION	CONTACT URL
ALABAMA	H.B. 345	*tinyurl.com/ybz4njvh*
ARKANSAS	H.B. 1953	*tinyurl.com/bp4ckug*
COLORADO	H.B. 14-1311	*tinyurl.com/y93uxzm9*
CONNECTICUT	Public Act No. 07-250	*tinyurl.com/y929vstf*
DELAWARE	H.B. 1	*tinyurl.com/y99t69sy*
GEORGIA	H.B. 1441	*tinyurl.com/y7ygmmpu*
ILLINOIS	Public Act 097-0203	*tinyurl.com/ydat9onf*
IOWA	H.F. 2650	*tinyurl.com/y8zpdv3p*
KANSAS	H.B. 2560	*tinyurl.com/yceya8nn*
KENTUCKY	H.B. 272	*tinyurl.com/y9cdayht*
LOUISIANA	H.B. 359	*tinyurl.com/ybolf8cx*
MARYLAND	H.B. 1196	*tinyurl.com/yd4qy276*
MASSACHUSETTS	H.B. 2987	*tinyurl.com/ya6flv44*
MINNESOTA	H.F. 2695	*tinyurl.com/yazms68v*
MISSOURI	S.B. 1	*tinyurl.com/yadsn3ug*
MONTANA	H.B. 619	*tinyurl.com/y6wfr3x8*
NEBRASKA	L.B. 191	*tinyurl.com/yce6236g*
NEW MEXICO	H.B. 606	*tinyurl.com/6s3b334*
NEW YORK	S.B. 8392	*tinyurl.com/ya3wecaa*
NORTH CAROLINA	H.B. 97	*tinyurl.com/7ahvq4b*
NORTH DAKOTA	S.B. 2033	*tinyurl.com/7mre7ve*
OHIO	H.B. 149	*tinyurl.com/y8vzgsqs*
OKLAHOMA	H.B. 3024	*tinyurl.com/7jsnryy*
PENNSYLVANIA	H.B. 761	*tinyurl.com/y9e4lwbw*
RHODE ISLAND	H. 6060	*tinyurl.com/ybu9j8ht*
SOUTH CAROLINA	Act No. 229	*tinyurl.com/y84lbd4u*
TEXAS	H.B. 500	*tinyurl.com/mvnwz3u*
UTAH	S.B. 37	*tinyurl.com/y8sh54vu*
VERMONT	Act No.183	*tinyurl.com/y6uvshay*
VIRGINIA	H.B. 1453	*tinyurl.com/yab8g4cu*
WEST VIRGINIA	H.B. 2882	*tinyurl.com/y82swhaq*
WISCONSIN	S.B. 259; SB 668	*tinyurl.com/y7ahhw44*

THE GOLDIE INITIATIVE:

ADVANCING WOMEN AS LEADERS IN COMMERCIAL REAL ESTATE

By Carol Weinrich Helsel, Contributing Writer

REBECCA THOMSON

Women represent 27 percent of NAR's members in commercial real estate, according to the 2017 Commercial Member Profile. Yet according to a 2015 CREW Network study only 9 percent of commercial real estate C-suite roles are held by women. Rebecca Thomson, principal with the Thomson Real Estate Group, is determined to change that.

"We need more women in leadership to move our industry forward," says Thomson. "Our industry's evolving, spurred by disruption, with the pace of change escalating. The stakes are high, and it's not about what threatens us — it's about seeking out and immersing ourselves in opportunities and proactively chasing the evolution that will shape our future as an industry. I look forward to contributing to that future."

A review of Thomson's credentials suggests she's well on her way. She is the 2018 president of the Chicago Association of REALTORS® and serves on numerous industry and community boards. This, while running her own real estate coaching and consulting firm, raising a young child, and pursuing an MBA from the University of Chicago Booth School of Business. Thomson views the latter as a critical component of her professional development strategy.

Supporting Thomson in this strategy is The Goldie Initiative, a Chicago-based organization dedicated to redefining the commercial real estate industry by elevating and advancing the careers of women with high potential. Since its formation in 2007, The Goldie Initiative has created a professional community of women with the academic and leadership potential to become Goldie Scholars. Thomson is among the class of 2018 Goldie Scholars — one of 20 recently announced from nine universities.

"Rebecca has true leadership potential, which makes her a perfect choice to be a Goldie Scholar," says Goldie B. Wolfe Miller, founder of The Goldie Initiative and a renowned commercial real estate broker, entrepreneur, and philanthropist. "We have high hopes that she, along with other Goldie Scholars, will change the dynamic for women in commercial real estate."

Wolfe Miller's own industry accomplishments are numerous, including being the first female vice president of Arthur Rubloff & Company and founder of Goldie B. Wolfe & Company, which was the largest woman-owned commercial real estate company at the time she sold her firm in 1998 to CBRE.

The Goldie Initiative follows a unique strategy of scholarship, mentoring, networking, and professional development to cultivate talented women into future leaders. It provides high-profile opportunities to develop leadership skills based on individual interests and goals. The scholarship supports women (at all career stages) pursuing graduate-level studies in business with a focus on real estate.

...CONTINUED

THE GOLDIE INITIATIVE: ADVANCING WOMEN AS LEADERS IN COMMERCIAL REAL ESTATE *CONTINUED*

L–R: STEVE MADDEN, PRESIDENT, THE GOLDIE INITIATIVE AND PRESIDENT & CEO, LIBERTYVILLE BANK & TRUST, A WINTRUST COMMUNITY BANK, GOLDIE B. WOLFE MILLER, FOUNDER/CHAIR, THE GOLDIE INITIATIVE MICHELLE MILLS CLEMENT, CEO, CHICAGO ASSOCIATION OF REALTORS REBECCA THOMSON, 2018-19 GOLDIE SCHOLAR AND 2018 PRESIDENT, CHICAGO ASSOCIATION OF REALTORS

L–R: MOLLY PHELAN, 2018 VICE-CHAIR, SCHOLAR LEADERSHIP DEVELOPMENT COMMITTEE + DIRECTOR AT THE GOLDIE INITIATIVE AND PROPERTY TAX ATTORNEY, PARTNER, SIEGEL JENNINGS, REBECCA THOMSON, MARY FRAN MURPHY, 2019 VICE-CHAIR, SCHOLAR LEADERSHIP DEVELOPMENT COMMITTEE AT THE GOLDIE INITIATIVE, GOLDIE ALUMNA AND MARKETING MANAGER AND NEAR NORTH TITLE GROUP

Wolfe Miller remains engaged in the program. “She’s part of the fabric of the organization,” says Thomson. “It’s one of things that makes this such a unique opportunity for both scholars and mentors.” Thomson hopes to be a mentor herself one day. “I’m grateful someone saw something in me and I look forward to helping those who come behind me.”

Women leaders may still be underrepresented in commercial real estate compared their male counterparts, but things are moving in the right direction. When Goldie Wolfe Miller received a top producer award at the Union League Club of Chicago in the 1980s, she was asked to enter through a side door as women were not yet allowed as members. Today, Thomson is a proud member and past board member of the Union League Club.

Wolfe Miller is a pioneer in forging opportunities for women leaders. The Goldie Initiative is evidence of her commitment to making a difference from the ground up.

Learn more about The Goldie Initiative at *www.goldieinitiative.org.*

REBECCA THOMSON'S TIPS
TO BUILD YOUR NETWORK AND EXPAND YOUR SPHERE OF INFLUENCE

CONNECT WITH YOUR PEERS: There are two parties to a transaction so consciously work to add them to your network of colleagues with whom you can do deals, seek counsel, and exchange referrals.

FIND GOOD MENTORS: Seek out opportunities to learn from others who are at a point in their career that you aspire to.

LOOK BEYOND THE REAL ESTATE ENVIRONMENT: Network with individuals from other spheres, e.g., classmates, neighbors, alumni groups, professional clubs, members of your local chamber or other community groups.

Stay ahead of the digital curve by earning NAR's e-PRO® certification.

It has never been easier to reach consumers. But with changing technology, social media trends, and the constant threat of cyber attacks, it can be difficult to stay ahead. That's why a dynamic online strategy can be the difference between your success and failure.

NAR's e-PRO® certification program helps you master the advanced digital marketing techniques of today, so you can create a strategy that drives business and client trust.

Register today at epronar.com.

» Increase your ability to reach customers

» Expand your capabilities

» Safeguard client information

» Protect your business

REALTOR® NATIONAL ASSOCIATION of REALTORS® *Official Certification*

e-PRO

2018/2019 TOP TEN ISSUES AFFECTING REAL ESTATE™

The Counselors of Real Estate®

CRE® THE COUNSELORS OF REAL ESTATE®

By Victor Calanog, Ph.D., CRE®

Each year, the CRE® External Affairs Committee engages The Counselors of Real Estate®'s membership to determine which issues will influence the real estate industry most significantly, both in the near-term and in the long-term. Counselors (CRE®s) are prominent real estate practitioners who pass a rigorous screening process recognizing their expertise, experience, and ethics in providing advice that influences real estate decisions. They come from a wide array of professional backgrounds — from valuation, consulting, law, brokerage, and asset management to development, investment, lending, and corporate real estate. The Top Ten Issues Affecting Real Estate™ represents the collective experience of Counselors – experts in their fields known for innovation and creative problem-solving. Locate a Counselor with expertise in these areas: info@cre.org. Explore this topic further: CRE.org/TopTen

NEAR-TERM ISSUES

1. INTEREST RATES & THE ECONOMY

The Federal Reserve's plan is to nudge interest rates back to historically normal levels. Concurrently, the passing of The Tax Cut and Jobs Act has enacted fiscal stimulus through deficit spending. As expansionary fiscal policy collides with tightening monetary policy, some speculate increased Federal borrowing could crowd out private entities from the debt market, while those who successfully secure financing face higher interest rates.

2. POLITICS & POLITICAL UNCERTAINTY

Geopolitical uncertainty, The Tax Cuts and Jobs Act, and potential trade wars are policies with the potential to affect real estate indirectly. However, some policy changes have more direct implications for real estate, particularly in the regulation of community banks. The new law relaxes some requirements of the Dodd-Frank Act, adjusts rules regulating HVCRE, and reduces HMDA data requirements.

3. HOUSING AFFORDABILITY

There has been a shortage of housing supply for nearly two decades. Simultaneously, income stagnation for all but the highest income households has hampered access to affordable homes and rental units. Now, as Millennials and others move to cities and begin to gentrify aging neighborhoods (formerly de facto affordable housing stock), a crisis of affordability is beginning to emerge. As this issue develops over the next few years, key questions regarding solutions are "Who pays?" and "How?"

4. GENERATIONAL CHANGE & DEMOGRAPHICS

The real estate market is currently influenced by four demographic groups: millennials, baby boomers, Gen X, and Gen Z. Some companies have already started to adjust work processes, location, and space utilization in response to demographic changes; the housing market will also have to respond to evolving demands. Even though the different groups have overlapping desires, there are important differences in timing and ability to pay.

5. E-COMMERCE & LOGISTICS

The U.S. Department of Commerce estimates that $123.7 billion of retail sales were conducted through online channels in 2018 Q1, accounting for nearly 30% of all retail commerce net of automobile and gasoline sales. As retailers cope with this changing landscape, several big name stores have announced waves of store closures, while others open new locations. Commercial real estate will be directly impacted by these shifts in retail strategy.

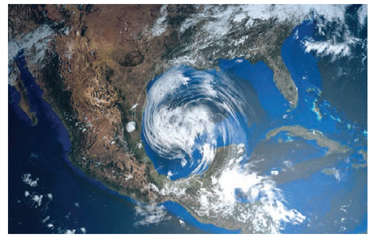
LONGER-TERM ISSUES

6. INFRASTRUCTURE

Chronic infrastructure underinvestment has elevated risk of short- and long-term economic drag. Despite some political efforts, there have been very few serious attempts to address America's infrastructure maintenance problems. All real estate depends on well-maintained, reliable infrastructure, such as reliable utilities, efficient roads, and transit routes.

7. DISRUPTIVE TECHNOLOGY

The real estate industry, like the rest of world, is poised to adopt new technologies. E-commerce has drastically changed the retail sector, while ride-sharing companies are altering the need for residential garage space. Data continues to be commoditized, offering increased transaction transparency and enhanced demographic targeting. As owners and investors move to adopt these new technologies, they must decide which tools are most appropriate for their business and not rush toward "technology for technology's sake."



8. NATURAL DISASTERS & CLIMATE CHANGE

Natural disasters and climate change are expected to increasingly affect real estate over time, which in turn are pushing states and local communities to establish urban policies and regulate energy and sustainability in order to combat these environmental conditions. However, more legal measures at the state and local levels imply more hurdles for real estate developers, especially with respect to corporate relocations and expansions.

9. IMMIGRATION

The RAISE Act (Reforming American Immigration for Strong Economy) restricts legal immigration, dropping the number of green cards from the present 1.1 million to 500,000 annually. As the U.S. faces a long-term labor shortage due to aging population, stifling legal immigration will have implications for the economy at large as well as for real estate.

10. ENERGY & WATER

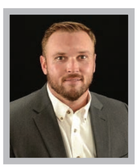
A combination of higher energy prices and higher real estate financing costs is expected to create optimistic growth forecasts. Additionally, the population within urban centers across the U.S. is likely to increase and thus put pressure on existing real estate centers to be able to provide water and other essential resources.

2018 NATIONAL COMMERCIAL AWARDS

Congratulations to these REALTORS® for excellence in the past year.

ALABAMA

Fletcher H. Majors, ALC
Great Southern Land, LLC
Montgomery Area Association of REALTORS®
2017 RLI Excellence in Instruction Award



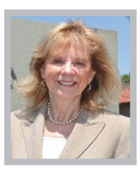
Clinton Flowers, ALC
National Land Realty
Mobile Area Association of REALTORS®
2017 RLI National Broker of the Year - Timber Land Sales

Rick Bourne
Southeastern Land Group
Lee County Association of REALTORS®
2017 RLI Top Twenty Producer APEX Award

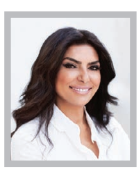
ARIZONA

George F. Bliss
Bliss Realty & Investments
Southeast Valley Regional Association of REALTORS®
Arizona Veterans Hall of Fame

CALIFORNIA



Becky W. Blair, CCIM
Coldwell Banker Commercial
Pacific West Association of REALTORS®
Real Estate Forum's Women in Real Estate 2018



Janet D. Neman
Charles Dunn Company
Beverly Hills/Greater Los Angeles Association of REALTORS®
Real Estate Forum's Women in Real Estate Hall of Fame 2018

CALIFORNIA CONT.,

Jason E. DurJava, ALC
Century 21 MM
Central Valley Association of REALTORS®
2017 RLI Top Twenty Producer APEX Award

Anthony Souza, CRE
Souza Realty & Development, Inc
Central Valley Association of REALTORS®
California Homebuilding Foundation Hall of Fame Award

COLORADO

Dan Murphy
Team Murphy Realty, LLC
Gunnison Country Association of REALTORS®
2017 National Broker of the Year - Recreational Land Sales

COLORADO CONT.,

Michael T. Murphy
Team Murphy Realty, LLC
Pagosa Springs Area Association of REALTORS®
2017 National Broker of the Year - Recreational Land Sales

Ryan Levi Hostetler, ALC
AGPROfessionals, LLC
Northern Colorado Commercial Association of REALTORS®
2017 RLI Top Twenty Producer APEX Award

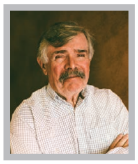
CONNECTICUT

Eric L. Amodio, CCIM
Amodio & Co. Real Estate
Greater Hartford Association of REALTORS®
2017 CCIM Dealmaker Award

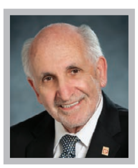
CONNECTICUT CONT.,

Stephen Patten, CCIM
The Proto Group
New Haven Middlesex Association of REALTORS®
NHMR Commercial Investment Division Community Service Award

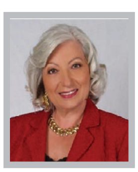
FLORIDA



William A. Eshenbaugh, ALC, CCIM
Eshenbaugh Land Company
Florida Gulfcoast Commercial Association of REALTORS®
2017 RLI Top Twenty Producer APEX Award



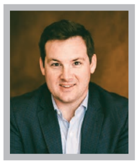
Richard Gerber, RENE
Box Real Estate, LLC
REALTORS® of the Palm Beaches & Greater Ft. Lauderdale
2017 REALTORS® Commercial Alliance REALTOR® of the Year



Maria Mahoney, GRI
The Mahoney Group, Inc.
Florida Gulfcoast Commercial Association of REALTORS®
Henry H. Blanton Award 2017

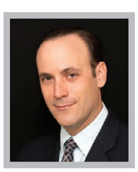
FLORIDA CONT.,

William H. "Billy" Rollins, ALC
Land Solutions, Inc.
Royal Palm Coast REALTORS® Association
2017 RLI Top Twenty Producer APEX Award



Ryan Sampson, ALC, CCIM
Eshenbaugh Land Company
Florida Gulfcoast Commercial Association of REALTORS®
2017 RLI National Broker of the Year - Commercial Land Sales

Andy J. Scaglione
Empire Commercial Realty Services
Greater Tampa Association of REALTORS®
Commercial - REALTOR® Achievement Award



Brian Sharpe
Sharpe Properties
Miami Association of REALTORS®
Commercial Community Leadership Award 2018

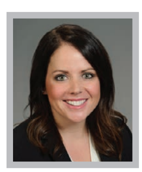
FLORIDA CONT.,

Danny Smith, ALC, CCIM
Smith & Smith Realty, Inc.
REALTORS® Association of Lake & Sumter Counties
2017 RLI National Broker of the Year - Residential Land Sales

Dean P. Saunders, ALC, CCIM
CBC Saunders Real Estate, LLC
Lakeland Association of REALTORS®
2017 RLI Top Twenty Producer APEX Award

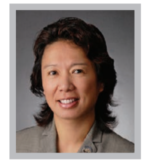
GEORGIA

Ryan T. Brashear, GRI
Brashear Realty Corporation
Greater Augusta Association of REALTORS®
Georgia REALTOR® Of the Year 2018

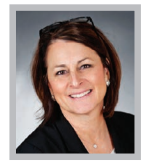


Heather D. Lamb
CBRE
Atlanta Commercial Board of REALTORS®
2017 REALTOR® of the Year

GEORGIA CONT.,



Denise Lo, ABR, CCIM, CRS
Landmark Commercial & Residential Properties
DeKalb Association of REALTORS®
2018 DeKalb REALTORS® Pinnacle Award

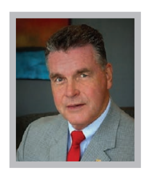


Bekki Smith
Farish Realty
West Metro Board of REALTORS®
Horizon Award

IDAHO

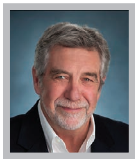
John Knipe, ALC
Knipe Land Company
Boise Regional REALTORS®
2017 RLI Top Twenty Producer APEX Award

ILLINOIS



Paul E. Martis, CIPS
Coldwell Banker Commercial NRT
Mainstreet Organization of REALTORS®
Special Achievement in the Industry Award

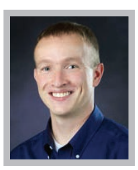
ILLINOIS CONT.,



Martin P. Norkett
Coldwell Banker Commercial NRT
Northern Illinois Commercial Association of REALTORS®
2018 Lifetime Achievement Award

Mike O'Bryan
RE/MAX Traders Unlimited Commercial
Peoria Area Association of REALTORS®
RE/MAX St. Louis Region Top Commercial Agent

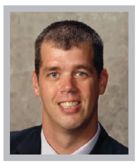
Andris Velkme, CIPS
Caton Commercial Real Estate
Illinois Association of REALTORS®
2018 NICAR REALTOR® of the Year



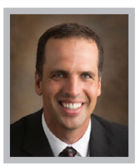
Luke Worrell, ALC
Worrell Land Services, LLC
Capital Area Association of REALTORS®
2017 REALTOR® Land Institute ALC to ALC Networking Award - Largest Land Transaction

IOWA

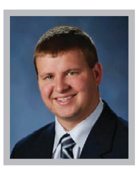
Heath D. Bullock, CCIM, SIOR
CREC Iowa
Des Moines Area Association of REALTORS®
2018 SIOR Largest Dollar Volume Member to Member Transaction; Alternative Assets



Kyle Hansen, ALC
Hertz Real Estate Services
Central Iowa Board of REALTORS®
2017 RLI Top Twenty Producer APEX Award



Troy R. Louwagie, ALC
Hertz Real Estate Services
Cedar Rapids Area Association of REALTORS®
2017 RLI Wrangler APEX Award

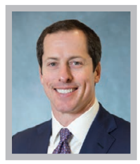


Steve R. Bruere
Peoples Company
Des Moines Area Association of REALTORS®
2017 RLI Top Twenty Producer APEX Award

KANSAS

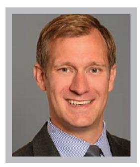
Dax Hayden
Hayden Outdoors
Kansas Association of REALTORS®
2017 RLI National Broker of the Year - Ag Land Sales – Ranches

LOUISIANA



Gaines Seaman
Stirling Properties
New Orleans Metropolitan Association of REALTORS®
Highest Overall Volume - F. Poche Waguespack Award for 2017

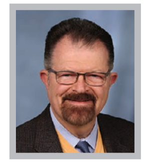
MAINE



Nathaniel S. Stevens
CB Richard Ellis/The Boulos Company
Maine Commercial Association of REALTORS®
2018 REALTOR® of the Year

Christopher A. Paszyc, CCIM, SIOR
CB Richard Ellis/The Boulos Company
Maine Commercial Association of REALTORS®
2018 SIOR Largest Dollar Volume Transaction – Redevelopment

MASSACHUSETTS



Timothy M. Garvey, SRES
Century 21 Commonwealth
REALTORS® Commercial Alliance of Massachusetts
REALTOR® of the Year

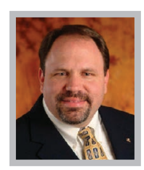
MICHIGAN

Thomas P. DeBoer, CCIM, SIOR
Colliers International
Commercial Alliance of REALTORS® West Michigan
2018 REALTOR® of the Year

MINNESOTA

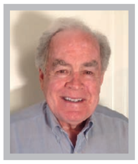
Robert J. "Bob" Stalberger, ALC
Whitetail Properties Real Estate
Minneapolis Area Association of REALTORS®
2017 RLI Top Twenty Producer APEX Award

MISSISSIPPI



Philip Holmen, CCIM
Mattiace Company
Mississippi Commercial Association of REALTORS®
2018 REALTOR® of the Year

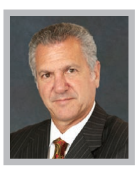
MISSISSIPPI CONT.,



John M. Dean, ALC, CIPS
LANDMART/Dean Land & Realty Co.
Greenville Area Board of REALTORS®
2017 RLI Robert C. Meeks Distinguished Service Award

MISSOURI

Nadine N. Boon
Thomas Realty Group, LLC
St. Charles County Association of REALTORS®
2017 - Commercial REALTOR® Recognition Award

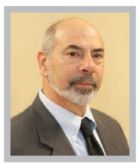


Kenneth G. Block, CCIM, SIOR
Block Real Estate Services, LLC
Kansas City Regional Association of REALTORS®
2018 SIOR Largest Dollar Volume Transaction – Office

NEW MEXICO

James A. Wible, CCIM
NAI Maestas & Ward Commercial
Commercial Association of REALTORS® New Mexico
2017 REALTOR® of the Year

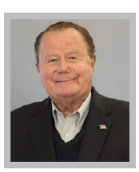
NEW YORK



Jay F. Feinberg
Keller Williams Hudson Valley United
New York State Commercial Association of REALTORS®
2017 REALTOR® of the Year

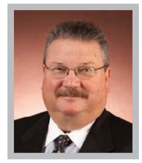
NORTH CAROLINA

Carlton Fisher
Coastal Realty Company
Cape Fear REALTORS®
Commercial Lifetime Achievement Award

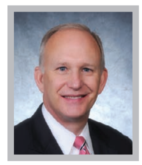


Charlie L. Freeman
Freeman Commercial Real Estate
Winston-Salem Regional Association of REALTORS®
Elder Statesman Award

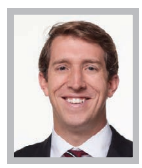
N. CAROLINA CONT.,



Robert M. Lewis, CCIM, SIOR
NAI Piedmont Triad Commercial
Greensboro Regional REALTORS® Association
North Carolina CCIM Chapter Legend Award 2018



Guy McCook, GRI
Hasty Realty
Cape Fear REALTORS®
Hall of Fame Award

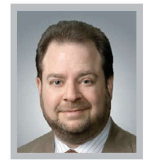


Zachary McLaren
Cushman & Wakefield
Charlotte Region Commercial Board of REALTORS®
2017 President's Award

OHIO

Stephanie Kuhlman
Harmon Group
Toledo Regional Association of REALTORS®
2017 Community Service Award

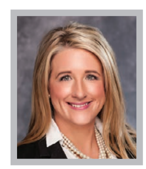
OHIO CONT.,



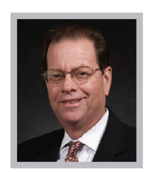
Howard A. Lichtig, SIOR
CBRE
Akron Cleveland Association of REALTORS®
2018 Good Neighbor of the Year

James Merkel, CCIM, SIOR
NAI Ohio Equities
Columbus Association of REALTORS®
Ericka Blumenstein Memorial Award

OKLAHOMA

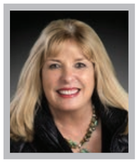


Andrea Frymire
Oklahoma Investment Realty, Inc.
Central Oklahoma Commercial Association of REALTORS®
2018 REALTOR® of the Year



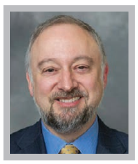
David L. Hall
Imperial Properties, Inc.
Greater Tulsa Association of REALTORS®
REALTOR® of the Year – Commercial

OREGON



Paula A. Van Vleck, RENE
Coldwell Banker Commercial Morris Real Estate
Central Oregon Association of REALTORS®
2018 Commercial Transaction of the Year Award

PENNSYLVANIA

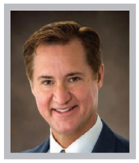


John R. Buccinno, SIOR
NAI Keystone Commercial & Industrial
Reading-Berks Association of REALTORS®
2018 SIOR Largest Dollar Volume Transaction - Rookie of the Year

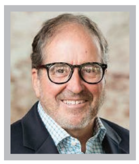
RHODE ISLAND

Susan E. Kelly, ePRO, GAA, SRES, SRS
Fēnix Real Estate & Appraisal, Inc.
Rhode Island Commercial and Appraisal Board of REALTORS®
2018 REALTOR® of the Year

SOUTH CAROLINA



Scott E. McNew, CCIM, SIOR
Tradd Commercial, LLC
Coastal Carolinas Association of REALTORS®
South Carolina Real Estate Commission Appointment



Jack V. Owens, CCIM
NAI Charleston, LLC
Charleston Trident Association of REALTORS®
2017 REALTOR® of the Year – Commercial

Benjamin Smith, III, CCIM
Flagship SC Properties, LLC
Greater Greenville Association of REALTORS®
2017 Caine Halter REALTOR® of the Year - Commercial

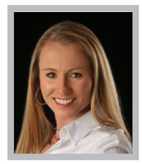
TENNESSEE

George W. Brown, CCIM
SVN | Wood Properties
Knoxville Area Association of REALTORS®
Knoxville Business Journal 40 Under 40

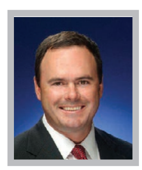
TENNESSEE CONT.,

Russell Westlake
Jones Lang LaSalle
Memphis Area Association of REALTORS®
2017 Wyatt B. Aiken Commercial Broker of the Year

TEXAS

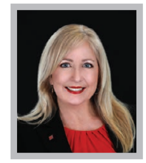


DeLea Becker
Beck-Reit Commercial Real Estate
Central Texas Commercial Association of REALTORS®
Austin Business Journal's 24th Annual Profiles in Power - Central Texas Women of Influence

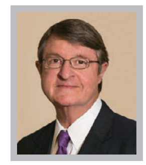


Bill Cox, SIOR
Carey Cox Company
North Texas Commercial Association of REALTORS®
NTCAR Stemmons Service Award

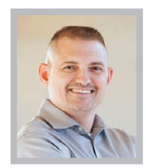
TEXAS CONT.,



Heather R. Konopka-Chaves, CCIM
Century 21 Mike Bowman, Inc.
MetroTex Association of REALTORS®
2017 William C. Jennings Award for Outstanding Commercial Transaction



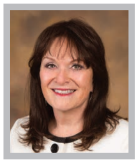
Gary E. Vasseur
Vasseur Commercial Real Estate
Greater Fort Worth Association of REALTORS®
2017 Charles D. Tandy REALTOR® Award – Commercial



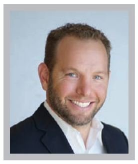
Lee Y. Wheeler, III, CCIM
Wheeler Commercial
Beaumont Board of REALTORS®
2017 Commercial Transaction of the Year

John T. Crone, CCIM
CROLANCO Commercial Real Estate
San Antonio Board of REALTORS®
Posthumous Lifetime Achievement Award

TEXAS CONT.,



Sheri D. Arnold, CCIM
Coldwell Banker Commercial
Houston Association of REALTORS®
Real Estate Forum's Women in Real Estate 2018



Kasey C. Mock
Keller Williams Realty
Austin Board of REALTORS®
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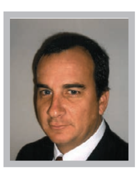
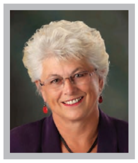
Minor Taylor, ALC, AHWD, CIPS
Taylor Land Investments RE
Houston Association of REALTORS®
2017 RLI Top Twenty Producer APEX Award

VIRGINIA



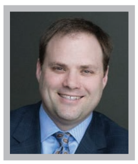
Robert R. Brown, Jr.
Robert Brown & Associates
Hampton Roads REALTORS® Association
2017 Sales & Leasing Achievement Gold Award

WASHINGTON

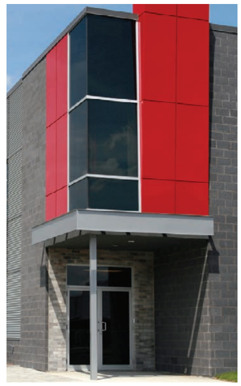


Florence G. Sayre, ABR, ALC
Farmer's National Company
Tri-City Association of REALTORS®
2017 RLI Land REALTOR® of America Award

WISCONSIN



Ben Adank
SARA Investment Real Estate, LLC
Commercial Association of REALTORS® Wisconsin
REALTOR® of the Year



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www.nar.realtor/commercialawards

RETAIL GAP ANALYSIS IN 3 EASY STEPS

By Nathan Graham, Director of Commercial Services, Realtors® Property Resource

One key aspect of working with retail clients is understanding the supply and demand conditions for the markets they are looking to, or should be looking to enter. For example, if there are currently discount stores serving clients in an area that is transitioning to a more affluent consumer base, can these businesses sustain or might there be even more of a gap coming? Or if a retailer says they cater to young, educated adults with high disposable incomes, can a community support the business criteria and maintain the longevity of this targeted client base? This type of research is typically referred to as a retail gap analysis and fortunately for REALTORS®, it's easier than ever to perform utilizing RPR® Commercial.

Dig into your own RPR® Commercial Analysis at *www.narrpr.com/commercial*. Have questions? Give us a call: (877) 977-7576

STEP 1

DEFINE YOUR GEOGRAPHICAL AREA based on the distance a typical consumer is willing to travel for a retail good. Use custom boundaries created with a drive time and radius tool or municipal boundaries like cities or neighborhoods.

STEP 2

CHOOSE WHICH VERSION OF RPR®'S GAP ANALYSIS TOOLS TO USE. The first helps you determine where a good location may work for a retail business and the second shows you what retail businesses would fit the needs of an area.

STEP 3

IDENTIFY THE AREA AND SECTORS SHOWING OPPORTUNITIES. You need to do some digging to understand if the current retailers are set up to meet demands of potential consumers in the area. To do an assessment, create the geographical boundary that holds the consumer base and run a custom Trade Area Report in RPR®. This report combines economic, demographic, tapestry segments, and retail gap analysis, providing key insights to support your clients' decisions to lease to a potential tenant, invest in a property, or operate out of a space.

MAXIMIZING MIPIM

ATTEND THE PREMIER GLOBAL COMMERCIAL REAL ESTATE CONFERENCE WITH A SOLID GAME-PLAN

By Jacob S. Knabb, Associate, Commercial Communications & Services, NAR

Traveling to the MIPIM conference in Cannes, France, is a substantial investment of time, energy, and capital. You must research attendees in order to spotlight people with whom you wish to connect.

The days begin early at MIPIM and last until midnight, which means powering through eight hours on the expo floor followed by meetings over dinner and cocktails. As soon as your head hits your pillow, your phone will start buzzing because work is happening back in the U.S. In the end you'll return haggard from what everyone thought was a vacation.

REALTORS® who frequently attend MIPIM say the experience is absolutely worth it because they're building great business relationships and bringing investment back to their markets. But they all offer these words of caution: "be prepared."

So how can you maximize MIPIM to make your own lasting business relationships with international investors interested in your market?

Chad Gleason, CCIM, advises starting by focusing your attendee research. Gleason was part of a team from Washington State who prepared for the conversations they wanted to have by aggressively going after people most likely to invest in technology. "Let's just say between Amazon, Microsoft, and Nintendo," Gleason quips, "the Seattle market has a lot of coders."

In previous years, Gleason was surprised to learn how investors at MIPIM dug deeper, asking about the conditions on daily commutes and educational opportunities for their children. "Be prepared to walk them through some of that," he says. "It's a great way to have generalized conversations."

Gleason encourages attendees to incorporate a second prong to research in order to have accurate information about key aspects of your market like cost of living, local school systems, and economic development strategies. "It's a great way to have generalized conversations," Gleason says.

Gleason's group found an ally in Melinda Goforth, Vice President of Business Development for Greater Seattle Partners, a public-private partnership created to advance economic growth and competitiveness for the Greater Seattle region. Because MIPIM is focused primarily on commercial investment opportunities, Goforth argues attending the conference is an important part of foreign investment strategy.

"When you consider Europe accounted for 40 percent of all new investment into the United States in 2017," Goforth says, "and roughly $5 trillion in transatlantic commercial sales a year between the EU and US, can you afford not to consider the European market?"

Connecting with Goforth for MIPIM is bringing value back home for Gleason and his state association. "Washington REALTORS® has always wanted a confidant in Seattle's economic development office and because of MIPIM we now have one who cheers us on. It's a significant play."

As CEO of Missouri REALTORS®, John Sebree sees a great deal of value in consulting a state economic development official, and has worked the past three years with Dennis Pruitt, Vice President of International Business Recruitment for Missouri Partnership®.

"Dennis has such great knowledge of all sectors of Missouri's economy," Sebree says. "If a potential investor wants to talk health care, aeronautics, auto manufacturing, or AgTech, he speaks their language." Pruitt and the Missouri REALTORS® work in tandem to recruit companies interested in new industrial plants, agriculture development, renewable energy, and potential office projects to Missouri.

Pruitt suggests attendees start those conversations by focusing on regional economic development organizations from other countries. Consider outreach to any international sister cities for your region first."It's interesting to learn about their approach to economic development," Pruitt explains, "and they are a good source of intelligence for potential leads."

The work paid off in a big way with a substantial investment in Missouri from a senior executive at a French company Sebree met the first year at MIPIM. "He needed our help to sell an industrial property his company already owned in Missouri," Sebree says, "and as a result of our work on that project, he committed to bringing additional employees to our state for his multiple industrial interests. We have worked with him ever since."

Chris Anderson of the Greater San Diego Association of REALTORS® brought a specific project to MIPIM her second year in attendance. "Seaport Village was under consideration in SD and they were looking at developers who would redo our harbor, basically, and they needed funding."

Anderson worked with an economist from the mayor's office and a port authority official, planning meetings with attendees who would be interested in investing in the Seaport Village project.

"We knew that investment would create more viability in SD," Anderson explains, "which would make it more appealing to other international investors and travelers, and it would generate business for local REALTORS®." The mission was a complete success, as Anderson explains. "We received an investment of hundreds of millions from Singapore."

Want to join members like Gleason and Anderson to increase awareness of commercial and luxury development opportunities in your market? *Learn more at nar.realtor/mipim and begin your research at www.mipim.com/en/participate/*

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ARE INVESTORS 'SHORT-SIGHTED' ABOUT CLIMATE RISK?

By Graham Wood, Business Communications & Publishing Senior Editor, NAR

Recent hurricanes, wildfires, and other natural disasters are a reminder that "real estate is on the front lines of climate impact," experts in investment management said during the Urban Land Institute's fall conference, held in Boston in October. Nearly every region of the United States is experiencing intensifying hazards, but that hasn't stopped demographic shifts toward some of the most disaster-prone areas of the country. Real estate investors have followed the demand, expanding their portfolios particularly in the Sun Belt, which is getting battered harder every year by storms. What's wrong with this investment strategy?

"It's short-sighted," said Egbert Nijmeijer, senior portfolio manager for Amsterdam-based Kempen Capital Management N.V., which owns properties across the U.S. "Investors are too focused on short-term ROI. If they were thinking about a longer-term strategy, they probably wouldn't flock toward high-risk areas the way they are now."

Though properties at high risk of natural disasters—especially flooding—tend to be worth about 10 percent less than those at lower risk, Nijmeijer added, investors don't necessarily need to pull out of hazardous markets. But with increasing insurance and maintenance costs related to storm-proofing and protecting property, they need to consider how this may impact their long-term ROI goals. "A lot of investors don't understand that and just say, 'Well, I'm diversifying my portfolio,'" Nijmeijer said. "That alone is not a sound strategy."

Investors with large portfolios should collaborate with insurance providers to assess the climate risk of individual properties rather than relying on data about entire neighborhoods or cities, said Laura Craft, head of global sustainability for real estate investment management firm Heitman. "You need an assessment of your specific property—not the one across the street or those within a certain radius—because actual risk varies from property to property," she said.

Doing so allows investors to be more strategic when deciding whether to take measures to mitigate a property's risk, such as raising it above the flood zone or installing flood gates, or unload it, added Emilie Mazzacurati, founder and CEO of market intelligence provider Four Twenty Seven. "REITs are most exposed to risk because of the diversity of their portfolios," she said. "There's plenty of data available on climate risk to real estate so you can prioritize your investments."

Craft said investors should pay attention to the relocation patterns of people who are leaving high-risk areas. Citing a study that predicted 2.5 million people will leave Miami over the next 10 years, she said there may be less risky investment opportunities in the markets those people are moving to. "There are definitely areas that will benefit from increased climate risk, and these are the places investors may want to focus on expanding future portfolios."

This article was originally published by REALTOR® Magazine.

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