NATIONAL ASSOCIATION of REALTORS®

COMMERCIAL Real Estate REALTOR®

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COMMERCIAL CONNECTIONS

THE NATIONAL ASSOCIATION OF REALTORS® COMMERCIAL REAL ESTATE NEWSLETTER VOLUME 12 ISSUE 3 **SUMMER 2011**

Niches and Strategies for the New Normal

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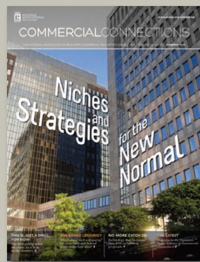
THE LATEST

WELCOME TO THE SIGNATURE SERIES EDITION OF *COMMERCIAL CONNECTIONS*



WITH A NEW STREAMLINED LOOK and highly focused theme, *Commercial Connections* this month features a commercial real estate expert from the REALTOR® Commercial Signature Series Speakers Bureau in every interview, article, and event. Signature Series is a value-added program offered by NAR Commercial, which negotiates reduced rates from top commercial real estate speakers for your commercial board gatherings or your firm's sales meetings. Each Signature Series speaker is hand-selected by NAR Commercial, based on extensive feedback from REALTORS®, as well as their stellar experience in the industry.

For more information, visit: ***www.REALTOR.org/sigseries***.

COMMERCIAL REAL ESTATE TO SEIZE THE DAY AT THE REALTORS® CONFERENCE & EXPO

THOUSANDS OF COMMERCIAL REAL ESTATE PROFESSIONALS are attending the REALTORS® Conference & Expo in Anaheim, California, November 11-14, 2011. Education, networking, and business tools are waiting for you, as well as vital discussions about the state and future of the commercial real estate industry issues at REALTOR® governance meetings. Unsure if you should attend? Take three minutes to check out these three reasons to "seize the day" at the REALTORS® Conference & Expo:

- Visit the conference website and sort conference programming by audience to see the education sessions we have in store for you.
- Live in southern California? Tickets to the Expo are only $25!
- Don't forget commercial networking opportunities, like the Commercial Caffeinated Breakfast, Commercial Tweet-ups, and the Red Carpet Reception.

Search conference programming, register, and purchase tickets to special events at: ***www.realtor.org/ meetings_and_expo***.

SIMPLIFY YOUR BUSINESS – BECOME A POWER BROKER

THE MOST RECENT VALUE-ADD to your REALTOR® membership courtesy of NAR Commercial is the Power Broker Suite from REIWise. The Power Broker Suite brings together all the real estate analysis software which helps you manage and share critical business information. REALTORS® subscription rate is $299 for the year, a $599 savings!

Read more in the Tech Savvy column on page 10 or visit: ***www.reiwise.com/NAR***.

THREE REASONS TO READ THE SOURCE BLOG TODAY!

- Expanded insights from Signature Series speakers and commercial affiliates on the economy and sharpening your tools.
- Member guest blogs with the latest intelligence from the industry and their markets. (Consider guest blogging yourself!)
- Live coverage from industry events (REALTOR® events – see the back page of this issue for a sample), International Council of Shopping Centers (ICSC), Commercial Real Estate Women's Network (CREW), and many more!

MENTORING IS STRENGTHENING COMMERCIAL SERVICES ON THE WEST COAST

CONGRATULATIONS to the Victor Valley Association of REALTORS® (Hesperia, CA) and the Citrus Valley Association of REALTORS® (Glendora, CA) for earning the Commercial Services Accreditation from NAR. VVAR and CVAR are recognized for meeting more than 30 benchmarks of commercial programming for members. Serving as their mentor, West San Gabriel Valley Association of REALTORS® (San Gabriel, CA), has seen a 4 percent increase in commercial members less than a year after earning Accreditation.

▷ Is your association accredited? Go to *www.realtor.org/commercial/commercial_services_accreditation* to find out.

UPCOMING COMMERCIAL AFFILIATE MEETINGS

IREM

INSTITUTE OF REAL ESTATE MANAGEMENT (IREM)
IREM Fall Leadership Conference Mission: Possible
October 11-15, 2011
San Diego, CA
www.irem.org/iflc/

CCIM

CCIM INSTITUTE
CCIM LIVE! Rebound in Phoenix
October 12-14, 2011
Phoenix, AZ
live.ccim.com

SIOR

SOCIETY OF INDUSTRIAL AND OFFICE REALTORS® (SIOR)
2011 Fall World Conference: Coming Out on Top
October 20-22, 2011
Chicago, IL
www.siordata.com/chicago/index

CRE

COUNSELORS OF REAL ESTATE® (CRE)
2011 Annual Convention
November 2-5, 2011
Washington, DC
www.cre.org/programs_and_events

ALC ACCREDITED LAND CONSULTANTS REALTORS' LAND INSTITUTE

REALTORS® LAND INSTITUTE (RLI)
RLI Day
November 10, 2011
Anaheim, CA
www.rliland.com/AnnualConvention.aspx

AFFILIATENEWS

THE COUNSELORS OF REAL ESTATE® (CRE)

by **Cindy Chandler, CRE, CCIM**, Signature Series Speaker and 2012 NAR Commercial Legislative & Regulatory Subcommittee Vice-Chair

SEVERAL YEARS AGO , I received an invitation to join the Counselors of Real Estate (CRE) from a commercial appraiser friend of mine who was already a member. I didn't know much about CRE at the time, so I put his offer on the back burner.

On the day my CRE application was due, I was talking to another longtime friend, a commercial broker who runs a large commercial firm in Charlotte, North Carolina. He earned his CPM and SIOR designations, and his father is a CRE member. When I told them I had been invited to join CRE, the father was quite impressed, and equally stunned that I hadn't jumped at the opportunity. So based upon his assessment of CRE, and with his added encouragement, I went home and worked several hours on the necessary paperwork to complete my CRE membership application. It went through the evaluation process and I was soon accepted as a member.

My first CRE meeting was at the Mayflower Hotel in Washington, D.C., and it was like no other meeting I had ever attended before. The speakers, program topics, and attendees were all so stimulating that it was like a breath of fresh air. Everyone was welcoming and truly interested in my business. After that first meeting, I started to refer to CRE events as "food for my brain." But CRE has more to offer than just truly beneficial meetings.

Recently, when I proposed doing some feasibility work for a regional bank that handles commercial real estate REOs, the team that presented to this prospective new client was comprised of another CRE member and me. The bank's executives were impressed, and gave us their business because we were there to consult – not list, not sell, not lease, not manage, just consult. It's what I do – consult.

This is a perfect example of how CRE has given me additional tools to better meet my clients' needs and to more sharply focus my business. I know that I can always contact any CRE member anywhere for help and get it quickly. What a great group to have as a resource!

In my own market, the local CRE chapter is very active, and seeing these members on a regular basis I feel close to them. I know they send referrals my way, but more importantly, I get great friendships!

REALTORS® LAND INSTITUTE (RLI)

by **G. Edmond Massie, IV ALC, CCIM**, Signature Series Speaker

TO MANY, LAND IS SIMPLY DIRT that sometimes has trees, livestock, or a cash crop growing on it. However, you cannot build a home or a commercial building on a left-handed skyhook; you can build only on land. And not all trees are equal in value, either.

Historically, land has been the source of all the wealth in the world. Every product consumed originates on land or through the use of land.

There is only one source that provides REALTORS® with the specialized knowledge of land they need: the REALTORS® Land Institute (RLI). The designation identifying real estate professionals with the specialized knowledge in land is the Accredited Land Consultant (ALC), awarded and administered by RLI.

Through ALC training I came to understand soils, land values, uses, and trends. I learned how wealth is created in real estate through changing the use of land. The land use matrix is amazingly complex, and earning my ACL taught me to understand it.

While all of us enjoy seeing agricultural uses of land – pastoral scenes are popular in various art forms – society places higher economic value on land when it's used for residential development, office, retail, or industrial purposes. This synergy between land and its best-use potential demands similar synergy in real estate expertise.

So in addition to my ALC designation, I've also earned the CCIM (Certified Commercial Investment Member) designation through the CCIM Institute. CCIM training gave me tools that are the key to understanding the value of improvements built on land. The combined knowledge gained through ALC and CCIM training has been a powerful force in my career, because clients seek me out for my comprehensive expertise.

CCIM INSTITUTE

by **Sam Foster, CCIM**, Signature Series Speaker

EARNING THE CCIM (Certified Commercial Investment Member) designation has directly affected my career in various ways, the first and most obvious being the business I've conducted in partnership with fellow CCIM designees, often former students. (I teach the CCIM course CI 102, Market Analysis for Commercial Investment Real Estate.) Most of these transactions are just deals made easier by the simple fact that CCIM designees use common tools and speak a common language. I know that I can call a CCIM designee in some city remote from where I usually do business and have confidence in the contact. It's an arrangement that works both ways too, so CCIM designees call me for the same reasons. But sometimes a transaction partnership takes more than that. The CCIM designation has helped me at those times, too.

One recent transaction – a $10,000,000 deal – would never have happened without trust, and it was trust based on a relationship developed in a CCIM class I taught. Three of the attendees in that class were related, a brother, sister, and her husband. Together they ran a family investment business, which, while very prosperous, was quite small.

Fast-forward a couple years. I was representing a known, publicly traded firm in the sale of a manufacturing plant. For twenty months a buyer had tied it up. But in that time, my seller worked diligently with the California Department of Toxic Substances Control to ensure that the property was entirely environmentally clean and could get so certified. Yet when we received the No Further Action letter this buyer couldn't perform. My seller was furious.

Though he had no contractual right to do so, the buyer then said he'd like to assign his contract. Whether or not to agree to this was up my clients, based on their own best judgment about the assignee, which was a family business none of us had ever heard of. To help make the decision, the seller's corporate office gave me the following instructions: "Find out if this dog will hunt, and if not we'll put the plant back on the market. And, Sam, don't screw this up. If you say this deal will work, it better."

So, with great trepidation, I made the call to the assignee. Turned out this family business was the same one run by the three friends I had made two years before. Our mutual trust already established, all I asked for was a conversation with their banker, which they of course allowed. The banker assured me that he would make the loan (and what banker would lie?), so I told my sellers the assignee could perform. And this family business of CCIMs did.

The lesson? Trust is one of the things that come with that CCIM pin.

INSTITUTE OF REAL ESTATE MANAGEMENT (IREM)

by **Richard Muhlbach, CPM, CRE**, Signature Series Speaker

MY FIRST ASSIGNMENT working in commercial real estate was managing and leasing a portfolio of properties that included a regional mall, medical and office buildings, and large apartments. I quickly assessed my situation at this development company, and realized that I was the only property manager there. I had no one to mentor me.

To fill that void, I joined the Institute of Real Estate Management (IREM) and pursued the Certified Property Manager (CPM) designation.

The courses I attended and publications I read, along with the discussions with members at chapter meetings, provided me with the foundation of knowledge I needed to manage and lease such a large and complex portfolio. After I earned the CPM designation, I remained active with IREM, attending chapter and national meetings, eventually serving as chapter president and IREM's international president.

Years after I took that first assignment, when I reflected on that time, I realized that I actually did have a mentor then. While I earned my CPM designation, IREM became my mentor, and it still is my mentor to this day.

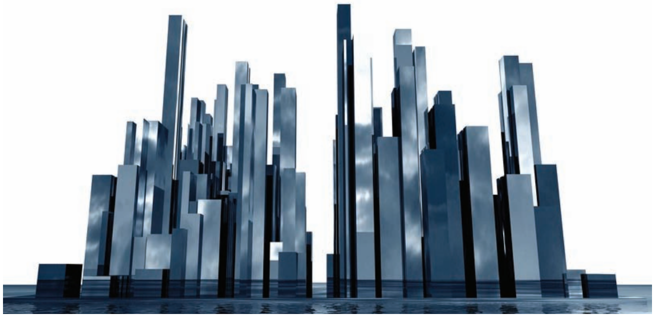
SOCIETY OF INDUSTRIAL AND OFFICE REALTORS® (SIOR)

by **Paul Waters, SIOR, CCIM, CRE, FRICS**, Signature Series Speaker

SINCE I EARNED IT TWELVE YEARS AGO, the SIOR (Society of Industrial and Office REALTORS®) designation has been a competitive differentiator in my business. The designation signifies a number of things, but potential and existing clients primarily recognize it as a leading industry credential, an indicator that I'm a student of and an expert in the industry who has invested the time to gain added knowledge and skills – beyond just what's required – to ensure future success.

SIOR's extensive member network has also helped me develop my business. Over the course of my career, as I've taken on national roles in fairly large platforms and have expanded my own market-to-market resources I can rely on to convert and deliver, the impact of this network has been reduced. But the SIOR designation never fails to create a differentiator with prospective clients. Sophisticated decision makers and other influential business people are typically aware of the designation's value and so invest added confidence in me because of it. Those who are unfamiliar with the designation and organization usually inquire about its meaning and relevancy, which creates opportunities for me to tell stories that illustrate how SIOR training has positively impacted my decision making. Either way, I know the SIOR designation distinguishes me as a leader in my market and the industry.

NICHES AND STRATEGIES FOR THE NEW NORMAL



BY MARIWYN EVANS

TRANSACTION VOLUME for 2011 is way ahead of that in the preceding two years and could reach $200 billion this year, according to Real Capital Analytics. Yet deals are still few and far between for many commercial real estate practitioners. The experience of Todd Clarke, CCIM, president of NM Apartment Advisors in Albuquerque, New Mexico, is typical. "Historically, half of my business came from transactions and the remainder from consulting," he says. But after Clarke advised his clients not to sell into the weakening 2008 market, "I went 60 days without a transaction for the first time in 22 years." Eventually, that drought stretched to as long as 15 months. "I asked myself: 'What will I do to make money?'" he says.

DO MORE OF WHAT YOU ALREADY DO

Clarke found the answer in a sideline he'd long offered to current clients – property tax protests. Clarke began mailings to property owners, did media interviews on the topic, and taught seminars on how to file appeals. About 25 percent of seminar attendees did the appeal themselves; the rest hired Clarke. His success with appeals, along with his consulting work for apartment owners and land developers in the area, made "2010 my best year ever," he says.

Clarke's business growth is a combination of the right skills (He wins 97 percent of his cases) and an existing market demand. "We hit on something that was timely for owners," he says, "how to cut costs and survive the downturn." He also found that there was less competition in the appeals niche than in commercial brokerage, especially among the mid-sized and smaller owners he targeted. He plans to continue to promote his tax appeal services even after the market improves.

Greg Schenk, SIOR, CRE, president of the Schenk Company in Columbus, Ohio, also found the need to refocus more of his business on something he did already – lease renewal and restructuring. "Leasing used to be about half of my business, now it's 80 percent," he says. But rather than just emphasize one renegotiation, Schenk says he's doing much more on the consulting end, working with tenants to develop a strategic plan for their long-term space needs. "People are tired of being sold, but more than ever they need and want your expertise to make real estate decisions," he says. His key to making consulting work: assembling the right team, comprising of a banker, attorney, accountant, and contractor to address all aspects of a real estate decision.

Andrew Zezas, SIOR, president of Real Estate Strategies Corp. in Somerset, New Jersey, also sees companies' desire for consultation, not just lease negotiation. In fact, "we see ourselves as corporate advisors, not tenant reps," says Zezas. The difference, he says, is that as an advisor, "the product is not necessarily a property or even a transaction. Rather, it's the best alternative for the client – whether that's a lease, sale, or staying put." The shift also means that Zezas, like all the NAR commercial members we spoke with, prices his consulting on a fee basis.

Recognizing that clients need more help determining value when markets are shifting, Robert Nahigian, SIOR, CRE, FRICS, principal of Auburndale Realty Company in Newton, Massachusetts, enrolled in appraisal courses. He's not planning to practice as an appraiser, but finds that the knowledge gives him extra credibility in his expert witness and client consulting work. He's also shifted the client base for his land development skills from developers to corporations considering build-to-suits. "Downturns are a perfect time to execute land development and permitting, because with fewer people seeking permits the process usually goes faster," he says.

GO WHERE THE BUSINESS IS

Focusing in on companies and property types that are expanding even in a weak market is another way to keep transactions flowing. This approach has helped Andre van Rensburg, CCIM, ALC, CIPS, president of Prudential Commercial Real Estate North East Florida in Jacksonville. For example, he says that with fewer people buying cars, auto parts retailers like AutoZone have

“Build the brand and the service line.”

benefited from the downturn, because more consumers are repairing the cars they already own. Multifamily, single-tenant, triple-net retail, and Class-A properties in primary cities have all seen cap rate compression in the last year. Another tip: Look for property types where you're able to obtain financing, like Fannie Mae and Freddie Mac for apartments, and Small Business Administration loans for owner-occupied properties.

You also need to educate investors about “the great opportunities commercial real estate offers,” van Rensburg says. For example, investors need to watch for an increase in occupancy, even when there's a continued decline in rental rates. It's an earlier indicator of recovery in a specific property type, he says.

A variation on the theme of finding the business is taking steps so that the business will find you. For Paul Waters, CCIM, SIOR, CRE, FRICS, executive managing director, Brokerage at the Americas for NAI Global, headquartered in New York City, that means using social media to “build the brand and the service line.” With the help of a dedicated in-house individual, the company has developed property-specific blogs that focus on niches such as supply-chain logistics and warehouse space. While Waters says he can't attribute any transactions specifically to the blogs, “we've been told by clients that they've included us in the bidding process because of our use of technology,” he says.

How to find your niche

A good first step in finding a new and profitable commercial real estate niche is to perform a SWOT analysis. This matrix helps you identify your Strengths and Weaknesses as well as the Opportunities and Threats in your market. Here's a sample to help you get started.

STRENGTHS	WEAKNESSES
▪ What do you do better than other commercial practitioners in your area? ▪ What unique resources and contacts do you have? ▪ What do others see as your strengths?	▪ What could you do to improve your business skills or performance? ▪ Where do you have fewer resources than competitors? ▪ What are clients likely to see as a weakness?
OPPORTUNITIES	**THREATS**
▪ What opportunities exist in your market? ▪ What trends indicate opportunities in the near future? ▪ What tasks are not being performed, or performed well, by your competitors? ▪ What are clients requesting that no one provides?	▪ What possible changes could hurt your current business or future opportunities? ▪ What changes could competitors make that would harm you? ▪ What threats do your weaknesses expose you to?

For more on SWOT and exploring the consulting services niche, watch the free webinar “How CCIMs Can Generate Revenue Providing Consulting Services,” presented by Todd Clarke, CCIM at: ***http://vimeo.com/ccim/how-ccims-can-generate-additional-revenue-through-consulting***. His SWOT analysis also includes tools to help you identify ways to add value to clients using your strengths and competitive advantages.

OFFER SOMETHING DIFFERENT

The ability to set yourself apart from competitors is always a key to attracting business, but the need for differentiation is even more critical when times are tough. For Clarke, the market analysis skills acquired through the CCIM Institute's Advanced Market Analysis for Commercial Real Estate course were a key to the success of his consulting business, Cantera Consultants & Advisors. “Very few people do market analysis because it takes a fair amount of time and not every client will pay the money for it,” he says. His best clients: developers and city governments trying to reinvigorate neighborhoods.

But getting consulting clients can be difficult until you have a track record, he says. “Most people try to broaden their services in a tough market. We're contrarian, so we decided to narrow ours,” says Zezas. The “intense focus” enables him to understand the concerns and challenges of the executives at the mid-sized New Jersey-based companies he targets more fully. To connect with his prospects, Zezas speaks frequently at corporate association events, and he even spent approximately $25,000 to build a video studio in his office, where he conducts monthly interviews with local executives in his niche. The payoff: Revenues in 2010 were the highest in the company's nine-year history.

While several brokers we spoke with have found distressed property disposition more a source of frustration than business, Waters says that NAI has built a successful niche handling troubled assets. Called the Strategic Asset Service Group and comprised primarily of brokers who handled troubled assets during the 1990s downturn, they found success by “getting in front of banks and stating our value,” he says. Troubled asset work now accounts for between 8 and 10 percent of the company's business; Waters expects the proportion to reach up to 20 percent in the next few years.

PRIME THE PUMP FOR RECOVERY

While commercial real estate is still far from booming, “I'd rather be here today than last year,” says van Rensburg. “And I'd rather be here next year than today.” Until then, Signature Series interviewees agree on what it takes to succeed today: Pick a niche that fits your skills and reflects a market need, and leverage your education to become the expert in that market. Then, use both technology and networking to let clients know what you have to offer.

ARE BANKS LENDING?

BY: VIJAY YADLAPATI, NAR ASSOCIATE COMMERCIAL POLICY REPRESENTATIVE

It's no secret that credit significantly decreased at the peak of the financial crisis in 2008. Just as certain areas of the U.S. economy are showing signs of a recovery, have lending conditions improved yet? Well, it really depends on whom you ask. Some banks say they have increased lending, while others say they would like to issue more loans, but there is little to no demand. On the other hand, borrowers say they can't obtain credit due to tighter underwriting standards and additional collateral requirements.

Some financial institutions have indeed increased their commercial real estate and small business lending. For example, Wells Fargo's commercial loan portfolio rose 1.7 percent from the fourth quarter of 2010. Additionally, First Niagara Financial Group, a Buffalo, New York-based bank, increased its small business loan portfolio by more than 40 percent between 2009 and the end of 2010. However, these are two of a relatively small number of banks that expanded their lending portfolios.

Yet banks that tout their recent lending increases may be presenting a distorted picture. Although their commercial real estate and/or small business lending portfolios may have increased in size, they often fail to mention how this increase was achieved. For example, some financial institutions have gobbled up assets from the 365-plus financial institutions that have failed since the financial crisis. Others have poached customers from competitor banks, meaning that they've taken control of existing loans, but have not issued new loans or raised loan sizes for their borrowers.

According to the U.S. Small Business Administration, small business lending actually fell 6.2 percent from a year earlier to $652.2 billion in 2010. Also, a Federal Reserve report indicates that commercial real estate loans have fallen from $1.73 trillion to $1.46 trillion since December 2008.

So why is there such a disparity between bank and federal government loan data? This is due primarily to the different ways banks and government agencies calculate lending statistics. When financial institutions report a rise in their lending activities, they often refer to new or renewed loans in a particular period of time – usually the most recent quarter. Conversely, most government lending data includes the total outstanding credit or what is owed to a bank, regardless of whether it is a new or existing loan. This balance drops as loans are repaid, but will rise as new loans are made.

According to the Wall Street Journal, at the peak of the financial crisis, most financial institutions were not issuing new loans, and outstanding balances fell significantly as loans were amortized or written down. While banks such as Wells Fargo have slightly increased their lending, many financial institutions are currently not issuing a sufficient number of loans to offset their diminishing balances.

Furthermore, the banks that are issuing new loans are

"YET BANKS THAT TOUT THEIR RECENT LENDING INCREASES MAY BE PRESENTING A DISTORTED PICTURE."

often lending only to the strongest firms and commercial property owners – those that tend to be larger with cash on hand. But if business owners had money sitting in a bank account they wouldn't need a loan. Small firms, with assets of less than $1 million, have disproportionately received fewer loans than "larger" small businesses. Additionally, while high-end properties in top markets have found access to capital this year, smaller-sized investment properties in mid-to-lower tier metropolitan areas continue to struggle due to a lack of access to financing.

Banks say this is because of a lack of demand. Then again, many creditworthy small business and property owners have been rejected for loans by multiple banks due to extremely tight underwriting standards. In fact, almost 50 percent of NAR's commercial membership said that lending conditions have tightened in 2011. Moreover, nearly 60 percent of this same membership indicated a failure to complete a transaction this year due to a lack of financing.

While loan demand may be part of the reason why financial institutions aren't lending, the main reason is due to high concentrations of construction and

> **"Well, it really depends on who you ask."**

commercial real estate loans at small regional and community banks. Nearly 1,300 of these banks have what economists call "problematic" exposure to commercial real estate loans. As commercial property values continue to decline – currently down 43 percent – many banks have been forced to take huge write-downs and losses. This has caused many of these financial institutions to hoard capital, which has led to a decrease in commercial real estate and small business lending.

NAR has been pressing policymakers to encourage more private-equity investments in these financial institutions in order to recapitalize struggling banks and bring back much-needed equity into the banking system. This would allow banks to clear their balance sheets of nonperforming assets and resume lending again.

Although it is clear that a very limited number of banks have increased lending to businesses and consumers, many financial institutions are not meeting the credit demand of borrowers. The real question is when will they start? CC

NO MORE CATCH-22!

TECHNOLOGY THAT INCREASES YOUR ROI ON BUILDING PROPOSALS

Qualified listings are more important than ever; and when competing for listings, first impressions are golden. To succeed, commercial agents must prepare, present, and close at the highest level. The catch lies in the tremendous amount of time it takes to create a professional proposal presentation. For every hour of work on a proposal, you lose an hour of prospecting for more proposals.

So what do you do? What is the best ROI on your time, perfecting proposals or prospecting?

The answer is more of both, and the solution is *REI Wise PowerBroker* software.

PowerBroker is the first and only propose-to-close technology that combines financial analysis, customized proposal creation, website publishing, and digital due diligence tools. Within 45 minutes you can efficiently create professional, branded, accurate proposals, and marketing materials for any property type.

Sean Glickman of Coldwell Banker Commercial NRT states, "As an investment advisor and a retail expert, I analyze one to two properties per week. I used Argus in the past, but now I combine the analysis with the presentation all in one, so it saves me a huge amount of time and effort."

PowerBroker eliminates the "do-it-yourself" process and allows commercial agents to focus on core brokerage activities. Imagine never having to analyze in Excel… never having to format and create a presentation in Word, PowerPoint, or InDesign… never having to outsource for a property website. Imagine transforming that time into directly productive brokerage activities.

Not only will you see the ROI increase in your efficiency, but you will take your presentations to the next level. Your clients will be amazed at the high level of analysis, the professional presentation, and the fact you have property websites, email blasts, and a marketing campaign already created specifically for their deal. The competition will be left behind, still creating their proposals while you're signing the listing agreement.

With *REI Wise PowerBroker*, you have the technology to increase your ROI. Be more productive, more professional, and more profitable. REI Wise is releasing an exclusive offer to NAR Members in September of 2011. CC

For more information visit:
www.reiwise.com/NAR or contact ***sales@reiwise.com***.

ePropertyData

ePropertyData (ePD) continues to upgrade their products for their thirteen Commercial Information Exchange (CIE) systems, representing more than 150,000 commercial practitioners. Listening to their CIE clients and members resulted in the National Haves and Wants Notification System, and a new web-based product, Investit Lite.

The National Have and Wants Notification System provides members of ePD's CIEs with the ability to search and broadcast listings to the other ePD-powered CIE members across the United States. Members of the CIE can post new Haves and/or Wants and then select where they would like them broadcast: within their regional network or nationally. Members can also control how often they receive notices: immediately, daily, or weekly. National Haves and Wants Notification System is an ePD CIE members-only benefit.

In July, ePD announced a strategic partnership with Investit Software, Inc., a leader in affordable real estate investment, development, and lease analysis software. With Investit, ePD developed an entry-level, web-based product, Investit Lite. Investit Lite allows for the quick analysis and evaluation of simple investments, such as multi-family rental properties, small office, retail, and industrial buildings, and more.

Connie Capone, CEO of ePD, is dedicated to enhancing the value ePD builds into their CIE systems. "Real estate professionals with an ePD-powered CIE have all the tools necessary, in one place, to profitably buy and sell commercial real estate." CC

If you're interested in powering your CIE with ePD's powerful technology and years of experience, contact Carl Peterson at: ***carl@epropertydata.com***. For more information go to: ***www.epropertydata.com***.

THIS IS JUST A DRILL, FOR NOW

BY MARK DOTZOUR PH.D., CHIEF ECONOMIST
AND DIRECTOR OF RESEARCH FOR THE
REAL ESTATE CENTER AT TEXAS A&M UNIVERSITY

In a recent speech, I was asked about my perception of the then-current debt ceiling and deficit discussions. I mentioned that this "crisis" over the debt ceiling is like a tornado drill. When I grew up in Wichita, Kansas, each Monday at noon, the tornado sirens would scream across the city. The sky was clear, but school children were marched into the hall and told to sit down and face the wall. When the sirens stopped, the exercise was over and normal activity resumed. It was just a drill.

Similarly, the debt ceiling is not the crisis; it's a drill. The real crisis in our country is a projected $8 trillion increase in our debt between now and 2020. (Read the Simpson-Bowles Deficit Commission report for full details.) The debt ceiling was just an opportunity to help make U.S. voters aware of the problem that's brewing. Have you felt a little uneasy in the past weeks, thinking about your government defaulting on its debt? Have you gotten a little sick in your stomach as you imagined your children and grandchildren trying to pay back unfathomable debt by working and paying taxes? If so, believe me, you have lots of company across America.

This little episode was just a sample of what it will feel like when a real debt crisis occurs. A real debt crisis will come when investors all over the world decide they don't want to own U.S. bonds anymore. Interest rates will start to increase, even if Federal Reserve chairman Ben Bernanke does everything in his power to keep them low. Rates will rise, not because of inflation fears, but because of increased credit risk. Investors will be worried that they might not get paid back. This is already happening in many European countries. It can happen here, too.

People who have survived a tornado say that they hear a "sound like a train" just before the tornado hits their house. I don't hear any train sound this week. This is just a drill. But when you do begin to hear the train, that's when you need to take emergency measures to preserve any savings you may have.

I have been constantly "listening" to the economy for the past 14 years. In my mind, the time when we should start to be on alert for a real tornado, not just a drill, is coming soon. I think people still have hope that maybe enough members of the House of Representatives and Senate will be replaced next year to allow for real deficit reduction, like something along the lines of the $4 trillion in cuts suggested by Simpson-Bowles. In the wake of the November 2012 election, Americans with savings will evaluate the results and be either encouraged or discouraged by them. If the election disappoints, this could be the catalyst for the real move of money out of the country.

"Writing this post is almost surreal for me."

But in my opinion, there is another important date after the November 2012 election. Suppose that the election results create a high level of new optimism about the future solvency of the country. Even now, a nascent stir of hope for the financial future of our country abounds. But suppose that even with a lot of new members in the House and Senate, Congress is still unable or unwilling to make the difficult decisions needed to correct the excess spending in our country. This would be another time to be on alert, listening for the train sound of the impending storm. Any last hope of fiscal sanity would be erased and investors would head for the doors. Interest rates would start to increase as the credit risk of government bonds gets uncomfortably high.

At this point a debt ceiling would become irrelevant. You may not be able to find buyers without increasing rates substantially. Then a larger share of our tax dollars would be consumed by the higher interest payments on the huge debt. This is the scenario we don't want to see.

The tornado drill that we experienced in July and August has made us uncomfortable. That's probably a good thing. It has given us just a glimpse of the horrible experience of getting caught in the fury of a real tornado.

Writing this post is almost surreal for me. I can't believe our country could be so poorly managed that these issues even need to be discussed. But my fears were confirmed back in March of this year when I heard Dennis Lockhart, president of the Federal Reserve Bank of Atlanta, speak in Washington, D.C. at the NABE (National Association for Business Economics) meeting I attended. His response to a question about the possibility of a downgrade of the U.S. government's credit rating gave me the chills:

"I feel we should not assume things that have been historically unthinkable as impossible."

You can watch Lockhart's comment yourself in the last minute of this 45-minute C-SPAN recording of his presentation at this link: ***www.c-spanvideo.org/program/AnnualPol#***.

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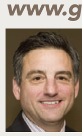

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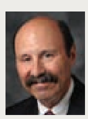

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