

This issue of the REALTORS® *Commercial Alliance Report* contains a wrap-up of the actions of the 106th Congress in Commercial Legislative Update (pages 3 through 6) and the latest news about the activities of NAR and its REALTORS® Commercial Alliance that are aimed at making you more successful.

RCA Advisory Board Advances Commercial Real Estate Practice

Opening the REALTORS® Commercial Alliance Advisory Board fall 2000 meeting in Chicago, Chair Robert Boyd restated the Board's mission—to help lead and direct the development of a unified voice for the commercial real estate industry—and reiterated that all RCA Board recommendations on policy and financial issues would require approval by member organization governing bodies. NAR President Richard Mendenhall affirmed the Association's commitment to commercial real estate and its willingness to commit the necessary staff, legislative, and technology resources to the common goals of the Alliance. NAR Executive Vice President Terry McDermott announced the creation of a new NAR administrative group devoted to commercial issues, and introduced Bonnie Gottlieb, new NAR Senior Vice President for Commercial Real Estate.

Support for development of local REALTOR® property information platforms

An RCA Advisory Board Task Force has been investigating the development of a LoopNet/NAR national property information platform of market data from local NAR Commercial Information Exchanges (CIEs). Dennis DeAndre, President and CEO of LoopNet, Inc. gave a status report to the Advisory Board. He said that the proposal under consideration assumed that the network would be operated on the same principles governing the Loop agreement with NAR (see story on page 2) and the other commercial companies—interdependence and alignment of broker-centric goals without competition. The RCA Advisory Board supported the development of local REALTOR® property information platforms. (Note: RCA Advisory Board recommendations are advisory only, and cannot compel action by Advisory Board members).



(L to R) **Robert Boyd**, VP Corporate Services for Advantis/GVA in Atlanta, GA and 2000 RCA Advisory Board Chair; **Richard Mendenhall**, 2001 NAR President; **Russ Booth**, President for Mansell Commercial Real Estate in Midvale, UT and 2001 RCA Advisory Board Chair.

Commercial license portability priorities identified

In a discussion of the pros and cons of license portability, reciprocity, and commercial real estate licensure, a preference for portability—described as obtaining a license in one state and having the right to practice in other states without being required to obtain additional state licenses—emerged among the priorities:

- (a) that the RCA develop a national strategy to promote license portability;
- (b) that reciprocity be considered an interim step if it is more easily obtained; and
- (c) that any license solution involve the Association of Real Estate License Law Officials (ARELLO), since states are concerned with license fees.

NAR will research what licensing organizations for other professions do about portability and reciprocity, and the status of separate state commercial licenses, and post the results at CommercialSource.com. The RCA Advisory Board endorsed the concept of license portability, and recommended that the REALTORS Commercial Alliance, and NAR and CB Richard Ellis complete research on state license laws and post the results on CommercialSource.com, and that the RCA develop an action plan for implementation of license portability.

(continued on RCA page 2)



CB Richard Ellis, Inc. • Coldwell Banker Commercial • Colliers International
CCIM Institute • Counselors of Real Estate • Cushman & Wakefield • Grubb & Ellis • Homestore.com, Inc.
Insignia/ESG • Institute of Real Estate Management • Jones Lang LaSalle • Julien J. Studley, Inc. • LoopNet, Inc.
Marcus & MillichapNAI • National Association of Real Estate Investment Trusts • ONCOR International
The Real Estate Roundtable • REALTORS® Land Institute • Society of Industrial & Office REALTORS®
The Staubach Company • Trammel Crow Company • Transwestern Commercial Services



Attendees from the September 13th REALTORS® Commercial Advisory Board meeting included (L to R) **Robert Boyd**, Vice President Corporate Services for Advantis/GVA in Atlanta, GA; and 2000 chair of RCA Advisory Board; **Bonnie Gottlieb**, new NAR Senior Vice President, Commercial Real Estate; **John Orrico**, President, Real Estate Advisory Services Group for Grubb & Ellis; **David Ball**, President and CEO for ONCOR International. Mr. Boyd chairs the REALTORS® Commercial Alliance Advisory Board.

RCA Advisory Board Advances (continued from RCA page 1)

Industry standards to be studied

Responding to the concern of the high cost of important commercial real estate research, the board discussed data pooling with each company doing its own interpretation and trend analysis. A Task Force to work on defining common industry standards was created and included the following members: Steven Leader, chair, Jim Martindale, Tom McCormick, Greg Soyer, Whitney Peyton, Ron Vukas, Bonnie Gottlieb, and a Research Department staff person representing NAR.

Global coordination pledged

Vice-Chair Russ Booth and Nancy Wilson Smith, NAR Senior Vice President, Member Services & Planning, informed Advisory Board Members that the goal of the NAR International Operations group is to create an orderly global marketplace based on common business and professional standards. NAR pledged to coordinate its international efforts more closely with its commercial affiliates.

2001 Meeting Schedule Planned

The RCA Advisory Board will have three 1 1/2-day meetings in 2001, February 28 - March 1 in Washington, D.C.; June 12-13 in Dallas, TX (in conjunction with Realcomm); and November 15-16 in Miami, FL.

NAR relationship with LoopNet

Background

Internet-based property information systems have dramatically impacted commercial real estate marketing practices. Even for seasoned commercial real estate practitioners, navigating the rapidly evolving Internet-based commercial real estate listing sites is a formidable challenge. The NATIONAL ASSOCIATION OF REALTORS® has created CommercialSource.com to respond to the needs of its commercial members for access to property information via a national platform from which the public can also view NAR commercial member listings. LoopNet, Inc, a provider of national and local commercial property listing services, administers CommercialSource.com for NAR.

The choice of LoopNet, Inc. to administer the national commercial property information platform for NAR grew out of its relationship with RealSelect, which operates REALTOR.COM. The REALTOR® consumer Web site contains residential listings aggregated from Multiple Listing Services across the country, in a REALTOR®-centric model that keeps the REALTOR® at the center of the residential transaction. RealSelect's parent company, Homestore.com, Inc., hosts a family of residential real estate and home improvement sites.

Critical Mass-Listings

In thinking about a matching commercial property Web site, NAR and RealSelect, recognized that a critical mass of listing information would be an essential component for developing a winning commercial property Internet site. Together, they very quickly identified that LoopNet.com was

the leading Internet site for commercial property listings and envisioned a three-way (NAR/RealSelect/LoopNet) partnership in which LoopNet, Inc., the parent company of LoopNet.com, would administer CommercialSource.com for NAR.

NAR Commercial Overlay Boards / Structures

LoopNet provides free online homepages to the NAR Commercial Overlay Boards (COBs) and many other commercial structures. All members listing information from these homepages is automatically included in the LoopNet.com and CommercialSource.com property pages.

At the moment in this evolving marketplace, many commercial practitioners are listing their data with several online vendors, some of whom charge a fee for access to information, including to the practitioner's own listing information. Monthly fees, ranging from modest to thousands of dollars, have produced interest among commercial practitioners in the Commercial Information Exchanges (CIEs) operated by NAR members.

Current Initiatives

NAR is working with LoopNet to identify property data standards that will allow local CIEs to seamlessly upload property listing information into the national LoopNet.com and CommercialSource.com platforms. The goal is to allow all CIE vendors to easily upload property-listing data into the national LoopNet.com and CommercialSource.com platforms. All proposed data standards will be given to local REALTOR® Associations and commercial structures for review and comment before implementation.

Simultaneously, LoopNet has offered to assist in the enhancement of the Web sites that LoopNet, Inc. currently provides for free to COBs and structures. Additional functionality could potentially be added. The commercial boards and structures would negotiate directly with LoopNet.com regarding the pricing for these enhancements. The non-enhanced Web sites would continue to be provided by LoopNet, Inc. at no charge.

NAR Commitment to Commercial Real Estate Strengthened

The annual REALTORS® Conference and Expo in San Francisco was the site of significant progress in the NAR commitment to commercial real estate practitioners. Highlights included the signing of a formal Letter of Commitment by ten participating countries to the International Consortium of Real Estate Associations, which will focus on the creation of a true global real estate marketplace. The mission of the Consortium includes:

- Creation of international standards for professional ethics, best practices, and data transfer
- Creation of an Internet-based menu of services
- Advocacy role to protect and promote private property rights and best practices worldwide

Other actions of interest to commercial real estate practitioners taken by the NAR directors were:

- Approval of funding for Realcomm Platinum Sponsorship in 2001 by NAR and its REALTORS® Commercial Alliance. Realcomm is the premier commercial real estate technology conference
- Approval of new full-time staff for CommercialSource.com
- Approval of the SIOR ethics course to satisfy the NAR quadrennial ethics training requirement

In addition, the directors and the NAR Delegate Body approved amendments to the NAR Constitution and Bylaws, making them more inclusive for commercial real estate practitioners, including

- Permitting greater flexibility and more streamlined administration of the Institute Affiliate Membership category for its commercial affiliates (CCIM Institute, CRE, IREM, RLI, and SIOR)
- Providing membership flexibility for commercial firm branch offices

NAR Working for You: Research

The second quarter issue of the Commercial Real Estate Quarterly contains an analysis of the current performance and the outlook for the national conditions of five sectors, namely, office, retail, warehouse, lodging, and multifamily in 58 U.S. markets. The annual publication, *2000 NATIONAL ASSOCIATION OF REALTORS® Profile of Real Estate Markets: The United States of America*, provides an overview of real estate conditions in the United States. It also contains forecasts for 2000 and 2001. Both are now available online at www.OneRealtorPlace.com.

Asian Markets a focus at TRANSACT 2000

Over 500 commercial real estate professionals—including brokers, developers, property managers and owners, investors, land use professionals and city and regional planners—attended TRANSACT 2000 on September 14 and 15 in Chicago.

Opening speaker, Dr. Kenneth Courtis, vice chairman of Goldman Sachs, Asia provided attendees with an overview of the state of the international commercial real estate market in Japan. He cited a faltering Japanese economy that is still recovering from an economic crisis, which he ranked as being five-to-six times worse than the savings and loan crisis of the United States in the early 1990s. The crisis has left that country having to reinvent its economy, he said. “Japan indebted itself very rapidly over the past several years. Though the country has made great efforts to clean up its economy, it is still struggling in light of the technological revolution as well. The Japanese must now reposition their entire economy as the rest of the world moves at a major speed,” he added.

Sam Zell, chairman of Equity Group Investments, Chicago, told conference attendees during an informal discussion forum that the factors helping to boost the American commercial real estate market in the last two decades included an influx of Japanese investors followed by the disappearance of dedicated lending as a result of the savings and loan crisis in the early 1990s which served to slow the flow of U.S. investment funds into commercial real estate. Citing the net result as a slowdown in construction coupled with higher rents and occupancy rates, Zell said that, as the market changes, commercial real estate practitioners can expect to see those marginal properties open up but the higher quality properties to remain full.

Also, five research papers were presented by some of the nation's leading real estate academics and consultants. The research, which was underwritten by NAR, was introduced for the first time at TRANSACT.

Despite the success of this meeting, NAR has decided not to continue TRANSACT in the foreseeable future so that it can focus on broader commercial endeavors.



TRANSACT opening speaker: **Dr. Kenneth Courtis**, Vice Chairman, Golman Sachs Asia. Dr. Courtis discussed the global economy and its implications for commercial real estate.



Bonnie Gottlieb, new
NAR Senior Vice President,
Commercial Real Estate

"I'm excited about the opportunity to show commercial service providers how NAR can make a real difference in their practices and their industry as a whole,"
—Bonnie Gottlieb

Gottlieb named NAR Senior VP for Commercial Real Estate

The NATIONAL ASSOCIATION OF REALTORS® has appointed a Senior Vice President, Commercial Real Estate, a new position for the Association. Bonnie Gottlieb, who served as president of the Society of Industrial and Office REALTORS®, will oversee NAR's programs and services to commercial REALTORS® and its relations with the Association's commercial affiliates and the commercial real estate brokerage industry at large.

Before joining SIOR, Gottlieb was senior vice president and general counsel at Manekin, LLC, a full-service commercial real estate development company based in Columbia, MD. She has served as assistant counsel to Gannett Co., Inc. the international news and information company, where she handled the legal aspects of real estate transactions. She was an associate in the real estate practice of the Washington, D.C. law firm of Shaw Pittman, and worked as a legislative assistant for two Members of Congress. She holds a JD from Georgetown University and a BA from the University of Michigan.

"Bonnie's appointment is another example of the NAR commitment to build its presence in the commercial brokerage sector," said Terrence M. McDermott, NAR Executive Vice President, noting that about 70,000 NAR members spend 50 percent or more of their time on commercial transactions.

"I'm excited about the opportunity to show commercial service providers how NAR can make a real difference in their practices and their industry as a whole," said Gottlieb, who will be based in the NAR Chicago headquarters.

Gottlieb will have staff responsibility for the REALTORS® Commercial Alliance. "The REALTORS® Commercial Alliance is just one recent initiative NAR has launched to benefit the commercial brokerage industry," McDermott said, noting, "NAR government affairs agenda has specifically benefitted the commercial sector for many years."

The Commercial Affiliates of the NATIONAL ASSOCIATION OF REALTORS®

CCIM Institute (CCIM); 312/321-4460; www.ccim.com

Counselors of Real Estate (CRE); 312/329-8427; www.cre.org

Institute of Real Estate Management (ARM, CPM); 312/329-6000; www.irem.com

REALTORS® Land Institute (ALC); 312/329-8440; www.riland.com

Society of Industrial and Office REALTORS® (SIOR); 202/737-1150; www.sior.org

Go to www.OneRealtorPlace.com for a complete listing of NAR legislative and regulatory initiatives.

To find an online version of this newsletter, go to www.CommercialSource.com.