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REALTORS® Commercial Alliance (RCA) - The commercial division of NAR



CommercialSource

The Online Convention of the REALTORS® Commercial Alliance

CommercialSource Chats with Cindy Chandler 2.14.08

Basics of Working in the Commercial Real Estate Arena

Mike Rimkie: *hello*

Thomas Fenton: *Hello Mike*

Kelly Langley: *does anyone use costar?*

Kimberly Manning: *Hello everyone*

Christopher Stewart: *yeah...it's ok. Loopnet is probably better given it's free*

Rafael Requena: *hello everyone*

Rafael Requena: *Loopnet is really good*

Reid Guy: *I am looking for good tool or websites to handle marketing, contact management, etc. Any ideas?*

Reid Guy: *hello!*

kim lam: *hello everyone*

Jean Maday: *Good Morning Everyone! Cindy will be here at 10am to chat with you!*

Patricia Sullivan: *Did I miss Cindy? Which time zone is she in?*

robin biro: *I think the show starts at 10am central time, so just a few min*

Donald Weiland: *hello from chilly Chicago*



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Barbara Hamlin: ATTENTION PLEASE.... SCHEDULED CHAT ABOUT TO BEGIN. PLEASE KEEP COMMENTS ON TOPIC DURING THIS SESSION. THANKS! Hello Everyone. All of us on the REALTORS® Commercial Alliance staff welcome you. I'm pleased to introduce a chat session which will take place during the next 45-minutes here in the CommercialSource Virtual Lounge. Past Chair of the REALTORS Commercial Alliance, Cindy Chandler, has agreed to moderate this session. Cindy is a seasoned real estate professional who heads a consulting/ training company called The Chandler Group. Her specialties are investment real estate, strategic planning, management, and marketing, syndication, development, brokerage, property management and training. Also a past president of the North Carolina Association of REALTORS and past president of the Real Estate Educators Association, Cindy has been in real estate for more than 30 years. Her book, *The Insider's Guide to Commercial Real Estate*, was published by Dearborn Publishing. Today, Cindy will focus on some of the fundamentals of working in the commercial real estate field. She will try to respond to as many questions as possible, but if she doesn't get to your question today, please visit her presentation on the CommercialSource.com website or visit her site at www.CindyChandler.com I know Cindy is ready to start, so if anyone has a question on the basics of the commercial arena, please help us get the ball rolling and type your question. And, Cindy if you have an opening thought, we'd welcome that too.

George Lodge: how are commercial lease commissions paid i.e. based on what \$\$ figure

Cindy Chandler: Usually, it based upon the value of the lease or purchase price but it's whatever the parties agree to.

Sarah Ehrmantraut: I'm looking for ideas on marketing online and in newspapers.

Cindy Chandler: Sarah, Market what?

Karla Chapa: Hi, well I am new in Real Estate and I would like to learn how to become a good Commercial agents, What are the basics that I need to learn, etc

Cindy Chandler: Go to my website, www.cindychandler.com and read my article on Getting Started in Commercial Real Estate. Click on "Resources:



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Sarah Ehrmantraut: My commercial listings. What are some of the great ideas out there to reach the business community?

Cindy Chandler: What type of product? There are different ways to hit different buyers?

Karla Chapa: Thanks, any pointers on to get involved with commercial clients, like how do you start commercial database of clients?

Cindy Chandler: Many of your questions can be answered in my article, "Getting Into Commercial Real Estate". It's on my website, www.cindychandler.com, click on "Resources"

Monica Brisson: do you recommend the ccim courses initially in getting into commercial re

robin biro: Thanks for directing us to your website Cindy - I am browsing the article now

Cindy Chandler: It's always best to be involved in your community so people know you are the "go to" commercial person. Get on Boards and do volunteer work.

Sarah Ehrmantraut: I'm looking for suggestions on what is products are the best options in today's market. Is it online advertising, key word searches, the local newspaper/online site?

Cindy Chandler: Re CCIM - YES YES YES! However, be prepared to be a little overwhelmed. You may be in there with a bunch of newbies or seasoned pros. Guess what? You'll still learn much and meet great folks!

Cindy Chandler: Re advertising - depends upon product and area so I don't have any easy answer.

Jamie King: Do you have a good source/website for sample commercial contracts?

Jean Maday: Cindy, in terms of getting involved in the local community - are there any groups or volunteer opps that you have found to be better than others in terms of building relationships?

Cindy Chandler: No. Work with your attorney.

Cindy Chandler: Re volunteer work - go where you have passion. Folks know if you are faking it or just there to hand out cards.

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Cindy Chandler: Commercial contract #2 - check with your state REALTOR Assoc to see if they have a standard commercial contract. Mine does. Great member benefit.

Jamie King: Thanks!

Ben Roberts: Are there any other designations or training you would suggest besides CCIM?

Cindy Chandler: Commercial contract issues vary by area which is why there is no "one size fits all" and you need an attorney to make sure you deal with state and local issues.

Cindy Chandler: Training/Designations: It depends upon the type of real estate you plan to do - office, industrial, retail, etc. Look on my blog for more info. Link is on homepage of my website.
www.cindychandler.com

robin biro: Do you find that having a college degree is important, as far as breaking into commercial real estate goes? I'm debating weather I should try to finish up my undergrad (1.5 yrs to go) before I seriously try to break into commercial real estate sales.

Cindy Chandler: You can never get enough education. While a college degree is not necessary, our recent survey of commercial members shows that 80% do have a college degree or higher.

Christina Issar: Do you recommend LoopNet, CoStar or both?

robin biro: Thanks. Do you know off hand if having a college degree is a prerequisite to going for the CCIM, and do you think it would be a mistake to try to finish up school and do that at the same time? (I'm a commercial appraiser - 9yrs experience)

Cindy Chandler: The designations do more than show you've had additional training. They provide networking opportunities for everyone. You can never stop learning.

Patricia Sullivan: Which if any personality traits do you consider and asset in commercial verses residential and vice versa.

Karla Chapa: what do you mean volunteer work, first time hearing this, for example I think I would (in the future) like to get into Retail Commercial, so where should volunteer and for what?

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Dave Dombrowski: *Any suggestions or tips when approaching developers. I'd like to start creating relationships with several local developers, but I know they are being hit on constantly. Any tips for differentiating myself. What types of things are they looking for, etc?*

Cindy Chandler: *Christina- Depends upon your market. Ask local brokers who the main player is.*

Cindy Chandler: *Robin, You can probably do both. Check out CCIm requirements on their website, www.ccim.com*

Cindy Chandler: *Patricia, I believe you have to be able to do math in commercial. Otherwise, no opinion.*

Cindy Chandler: *Karla, Please read my article on my website. That explains the networking process.*

Cindy Chandler: *Dave, Share an interest with them. Don't waste their time. Know what they do and what their needs really are.*

Emily Line: *Hi Cindy. Can you tell us your thoughts on the Commercial Real Estate Culture vs. Residential? You made a great reference in your book to the Commercial Real Estate Market being like a "Secret Society" - what advice do you have for adapting to this different Real Estate culture?*

Cindy Chandler: *Em, Good question! Learn the language of commercial real estate by reading trade magazines and talking to commercial brokers. We do things differently. I explain it in detail in my book and on my blog.*

Emily Line: *Great! Thanks Cindy! :)*

Jean Maday: *Cindy, here is a question that was just emailed to us here at the Realtors Commercial Alliance - "I am considering switching from residential to commercial, as several of my colleagues have based on the market changes. I am apprehensive, but I do think commercial has much opportunity - what should I be sure to consider as I make this decision?"*

Cindy Chandler: *Jean, The transaction timeline is typically longer - 3+ months so make sure there are cash reserves. Also partner with a knowledgeable commercial broker so your client will have good advice.*



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robin biro: *that goes along with my question - is it true that in breaking into commercial r.e., that I can expect for it to take 2yrs before I get up to speed and make a viable living at it? I was told that I would need a big line of credit to make it.*

Cindy Chandler: *Robin,*

Christina Issar: *A lot of attention is given to Cap Rates, is there a '2nd' best approach to use?*

Cindy Chandler: *Not sure if 2 years is right - all markets are local. It is true that it probably takes longer to get a deal done and closed than in residential. Ask the folks in your area for a taste of your market.*

Jordan Wong: *In some markets, it may take even longer to make a viable living.*

Cindy Chandler: *Christina, look on my website under "Resources" I have 5 ways to value income real estate.*

Cindy Chandler: *Jordan is right. You have to assess your market to know timelines.*

Joan Andre: *Please explain "cap rate" in terms of setting a sale price on a commercial property. I only use cap rates on NOI.*

Cindy Chandler: *Ne wary of cap rates, as they can paint a lopsided picture. They reflect what happened in a year and both the income and expenses must be verified.*

Jordan Wong: *Cindy, I need to put my 2 cents in, if you partner with a knowledgeable commercial broker, please expect to share in the commission.*

Cindy Chandler: *Joan, I don't understand the question. Are you asking how to calculate listing price or how to determine a cap rate?*

Cindy Chandler: *Jordan is right again. In fact I tell folks if you partner to a commercial agent, expect to give MOST of your commission to them.*

Cindy Chandler: *I advise to keep away from any financial analysis until you've had some training. It can make you look bad if you do it wrong.*



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Joan Andre: *I know how to determine a cap rate for the Income Approach to value. But it seems that these brokers are doing something else with cap rates in order to come up with a listing price.*

Emily Line: *Cindy, we received a call asking about the various types of Commercial Real Estate (Industrial, Investment, Office, Resort, Retail, etc.) - obviously there is some overlap with these types, do you recommend targeting a specific type in beginning a commercial career?*

Cindy Chandler: *Joan, Don't know what they're doing unless I see it. I don't use cap rate, I prefer a discounted cash flow analysis.*

Ben Roberts: *Along the line of cap rates, do you recommend any software such as the Landlord's Cash Flow Analyzer?*

Cindy Chandler: *EM, this depends upon your market. If it is large, you need to specialize. If it's small you cannot.*

Emily Line: *Gotcha! Good advice for the caller. :)*

Cindy Chandler: *I don't use nay software packages. I know there are many helpful ones out there. I have my own in Excel.*

Jordan Wong: *Brokers use cap rates because its "quick & dirty" and most investors understand it. But DCF or IRR is more accurate.*

Joan Andre: *Using a discounted cash flow analysis could diminish or inflate a true value on the property.*

Cindy Chandler: *Its how the institutional investors analyze a deal. It is what is. Cap rates are an easy way to compare deals, but I've found that one I do my due diligence, the numbers are off....*

Emily Line: *How do you respond when asked "I want to make more \$ - so that's why I'm interested in Commercial Real Estate?"*

Cindy Chandler: *CCIM courses will help you with the analysis we've been talking about. Try the Intro course, at least. It will make a difference. However, investors use different templates so ask THEM how they want it done.*

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Cindy Chandler: *Em, Make more \$? Some of my buddies who were selling resort homes were making the big bucks. Sure you can do well, but the really big deals are few and far between.*

Barbara Hamlin: *It's been a lively discussion and we'll keep it going for about five more minutes. Any more questions?*

Cindy Chandler: *I'd like to recommend the RLI classes for anyone interested in brokering land. www.rliland.com*

Jeff Fry: *I agree Cindy...you go through many small leases making \$1000 or less and those big ones don't come around quite as often*

Jordan Wong: *CCIM Plug. If you're interested in Comm RE, check out a local chapter meeting. Good opportunity to meet & network.*

Cindy Chandler: *Jeff, and some of those \$1000 deals are brain damage! ;-)*

Jeff Fry: *so true*

Cindy Chandler: *Check out the commercial groups in your area. IF there isn't one, start one! NAR can help you do that @ your REALTOR Association.*

Cindy Chandler: *Don't forget to check out all the resources for commercial real estate on the RCA website. www.realtor.org/rca*

Barbara Hamlin: *Thanks to everyone who has participated today! I especially want to thank Cindy for moderating this chat. If you have additional questions, please visit Cindy's website – cindychandler.com. It has a wealth of information on the fundamentals of commercial real estate as does her book, *The Insider's Guide to Commercial Real Estate*.*

Jeff Fry: *Cindy do you have any good advice for setting appointments with National tenants at ICSC's spring convention?*

Emily Line: *Please feel free to contact Rebecca Vesconte (RCA Manager Member Development) at 312.329.8611 if you're interested in starting a commercial group!*

Cindy Chandler: *Jeff, Make your appointments, if possible, early on. If you can't, then get there when hall opens and get in front of who you need to.*

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Barbara Hamlin: *Our next CommercialSource Chat is scheduled for February 26 at 2:30 p.m. CST. The topic, to be presented by Lawrence Yun, Chief Economist with NAR and Scott MacIntosh, Sr. Economist, is Commercial Real Estate Outlooks & Trends. We look forward to further discussion with you then.*

Emily Line: *Cindy, thank you very much! This chat has been truly valuable! :-)*

Jeff Fry: *Thanks*

Jordan Wong: *thanks*

Chuck Martin: *Good Day Everyone*

Cindy Chandler: *Thanks to you guys too!*

Mary Reyes: *Thanks*

Ben Roberts: *I've gotten some great ideas and resources thanks.*

Chuck Martin: *Will a copy of the chat be emailed? soldbychuck@msn.com - Las Vegas*

Emily Line: *Please note that you will be receiving a transcript via email of today's discussion*

Emily Line: *Have a great day!*

robin biro: *Thanks a bunch - got a lot of good advice - very much appreciated*

RAMON CARDENAS JR: *Good morning everyone...im a new commercial agent..what do you think is the most effective way of prospecting for a new agent?..cold calling?..thank you for your help*

RAMON CARDENAS JR: *is the chat over?*

Barbara Hamlin: *yes it is Ramon, but we will be sending a transcript to all who attended, and please join us for the next one on February 26.*

RAMON CARDENAS JR: *thank you barbara*

Emily Line: *Although the chat with Cindy has ended, please feel free to continue to network with others. Enjoy!*