

NATIONAL ECONOMIC TRENDS IN COMMERCIAL REAL ESTATE



Presented By:

Mr. Robert J. Nahigian, FRICS, SIOR, CRE, MCR
Auburndale Realty Co.
P.O. Box 66125
335 Auburn Street
Newton, Massachusetts 02466

T: 617-332-6900
F: 617-965-2570
E: Rob@siorcre.com
W: siorcre.com



Wednesday, Dec. 6, 2017
Triple Play
Atlantic City, NJ
10:00 am – 12:00 pm

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STATEMENT OF QUALIFICATIONS

ROBERT J. NAHIGIAN, FRICS, SIOR, CRE, MCR

Robert J. Nahigian, FRICS, SIOR, CRE, MCR has 45 years of real estate experience with 37 years exclusively in commercial and industrial as a developer, advisor, expert witness and broker of approximately \$5 billion of real estate totaling 40 million square feet. Rob is the recipient of the **“2009 James Felt Creative Counseling Award”**; the Boston’s Commercial Brokers Association as the **“2005, 2004 and 2003 Advisory Assignment of the Year”**; **“2001 Industrial Deal of The Year”** a “Final Nominee for the “2016 Industrial Deal of the Year” and “Distinguished Achievements in Commercial Leasing”. He was honored by Banker & Tradesman as “Top 125 Business Leaders in Massachusetts” and featured by various publications as “Who’s Who in New England Real Estate”; “Who’s Who in America” and “Who’s Who in Residential and Commercial Real Estate”.

Mr. Nahigian is currently, Principal of Auburndale Realty Co. He provides brokerage/advisory and litigation support services to public agencies, investment portfolio groups and corporations in New England, Michigan, Missouri, Ohio, California and Florida. He was appointed by the Governor to the MassDOT Appraisal Review Board; elected to a NYSE real estate investment fund (NERA) Advisory Acquisitions Committee and appointed by the Mass RE Licensing Commission to its Ed CE Subcommittee.

Formerly, Mr. Nahigian was Director, Office/Industrial Division of The Robbins Group in Cambridge, Massachusetts with office/industrial responsibilities in New England. Previous he was Vice-President of The Norwood Group in Burlington, Massachusetts specializing on build-to-suits/speculative developments. He was a City Planner in Bowie, Maryland; a Planner with Perkins & Will, New York City and a junior planner with the Bethlehem (PA) Redevelopment Authority.

He is a Senior Lecturer at Boston University/MAR/SIOR, and a Visiting Asst. Professor RealtorU and provided national corporate training for NAR Commercial, CoreNet Global and CB Richard Ellis. He has lectured at Harvard, MIT, Northeastern, Rutgers, Lehigh, Suffolk and DePaul Universities. Mr. Nahigian is an invited speaker in the United States, Canada, Mexico, Caribbean, South America and Europe by FIABCI, Colliers, NAI, ONCOR, CORFAC International, CCIM, NAIOP, Sperry Van Ness, CRE, AMPI, Latin American Real Estate Conference and other Realtor associations. Mr. Nahigian has co-authored four real estate books, over 370 professional articles; has developed over 150 Realtor and licensing board courses and prepared a HUD report for President Carter and Congress on the state of the public housing stock.

With SIOR, Mr. Nahigian served on the National Branding & Communications Committee, Editorial Board of Professional Report, was New England Chapter President, National Education and Instructor Chair, National Budget/Finance Committee, National VC, Training&Development, National Faculty Chair; National Co-Chair, 2001 Boston Convention; Nominating Committee; National Committee VP; NE Regional Vice-President; National Executive Committee and National Board of Directors. He was awarded CoreNet’s “2013 Top Rated Faculty”; the **2012/2004/2003/2002/1994 SIOR National Instructor of the Year and the “2015 and 2011 Mass. RE Educator of the Year.”**

Rob serves on the CRE National Board of Directors; was National VC Liaison, New England/Upstate NY Chapter President, National Editor-In-Chief, and National Chair/Vice-Chair of various committees. He served on MAR/GBREB Committees; Govt. Affairs, Agency Law, Professional Development and Education Curriculum; and on the Chapter Board of Directors of CBA/SIOR/CRE/LAI. He has earned the FRICS, SIOR, CRE and MCR designations; and elected to LAI. Rob is a Mass/NH licensed broker. Mr. Nahigian received his BA, cum laude from Lehigh University where he played Div.1AA baseball and holds a Masters in Urban Planning from Columbia University.

<p style="text-align: center;">Triple Play Annual Event Outline National Economic Trends in Commercial Real Estate</p>
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Program Date: **Wednesday, December 6, 2017**
 Atlantic City Convention Center

10:00am – 10:20am	Looking at the past 2008-12
10:20am - 10:25am	Real Estate Cycles and where commercial real estate stands
10:25am – 10:30am	Historical Ascending Cycles
10:30am – 11:05am	The Feds Influence on Commercial Real Estate
11:05am – 11:25am	Real estate yield breakdowns and how it compares to the Dow and other investment choices
11:25am – 11:40am	Commercial real estate equity/debt financing/returns
11:40am - 12:00pm	The International Influence on Commercial Real Estate
12:00pm	Conclusion and 2018 Forecast

<p>Course Description</p>

This session is an all-encompassing US review of the last 24 months of the investment capital market that can't be missed. How has other investment options compared to real estate returns? Is real estate the investor's true choice going into 2018? What consumer debt index served as a "tip-off" in '08 that people missed for 2017? Hint: it was not real estate. What were the tell-tale signs in 2008 that we should have seen and did it spark 2017? There will be a review of the international liquidity influence with US commercial properties. Is this market a chance of a lifetime?

Do not rely on the accuracies of any of the information provided. The student should contact professionals, legal counsel or experts on updates, corrections or revisions on any information provided herein. The author, the sponsor, and the instructor cannot be responsible for errors in the preparation of the materials, nor the presentation of the same. The program is for educational purposes only and neither the author, the sponsor nor the instructor are providing advice, legal or otherwise.

As a further disclaimer, the information provided in this course is for educational experience only. Any names or information should not be relied upon to aid in a business decision in real estate or any other field. The material presented may be inaccurate or may be improper for any business decision. Nothing in this presentation is intended to be legal advice, which would be dependent on the facts and circumstances of any particular situation. Some examples in this presentation are good examples of practices that would be better to avoid.

WORKING WITH INVESTORS

1. Looking back to CCIM Chicago Jan. 2008

- a. 2007 was hot and more hot
- b. Money chasing deals and ample capital
- c. 2008-09 Predictions: More micro approach
- d. Difficult to find balance
- e. The “genius” is gone; back to old fashion growth

2. SIOR National Toronto Convention: Oct. 30, 2009

- a. Inventory is down
- b. Stocks and residential real estate hit bottom
- c. Commercial loan defaults will hit in 2009-10
- d. “Curse on Cash”
- e. Buy in 2009-10

3. Oct. 2010 Providence

4. Oct. 2011 Hartford

5. NHCIBOR Annual Commercial Event: June 8, 2012

- a. Investors are chasing yield in stock market and creating Bond Bubble
- b. Hard Assets are “in” with inflation. A lot of liquidity and equity. 2012: Self storage units are big winners
- c. Foreign investors are increasing purchases on West coast and Mid-west
- d. RICS survey shows U.S. real estate recovery running out of steam
- e. Risk taking is back and investors reaching for B- class property in secondary and tertiary cities.
- d. Inflation will be tamed for two more years.

6. National Economic Trends: 2017

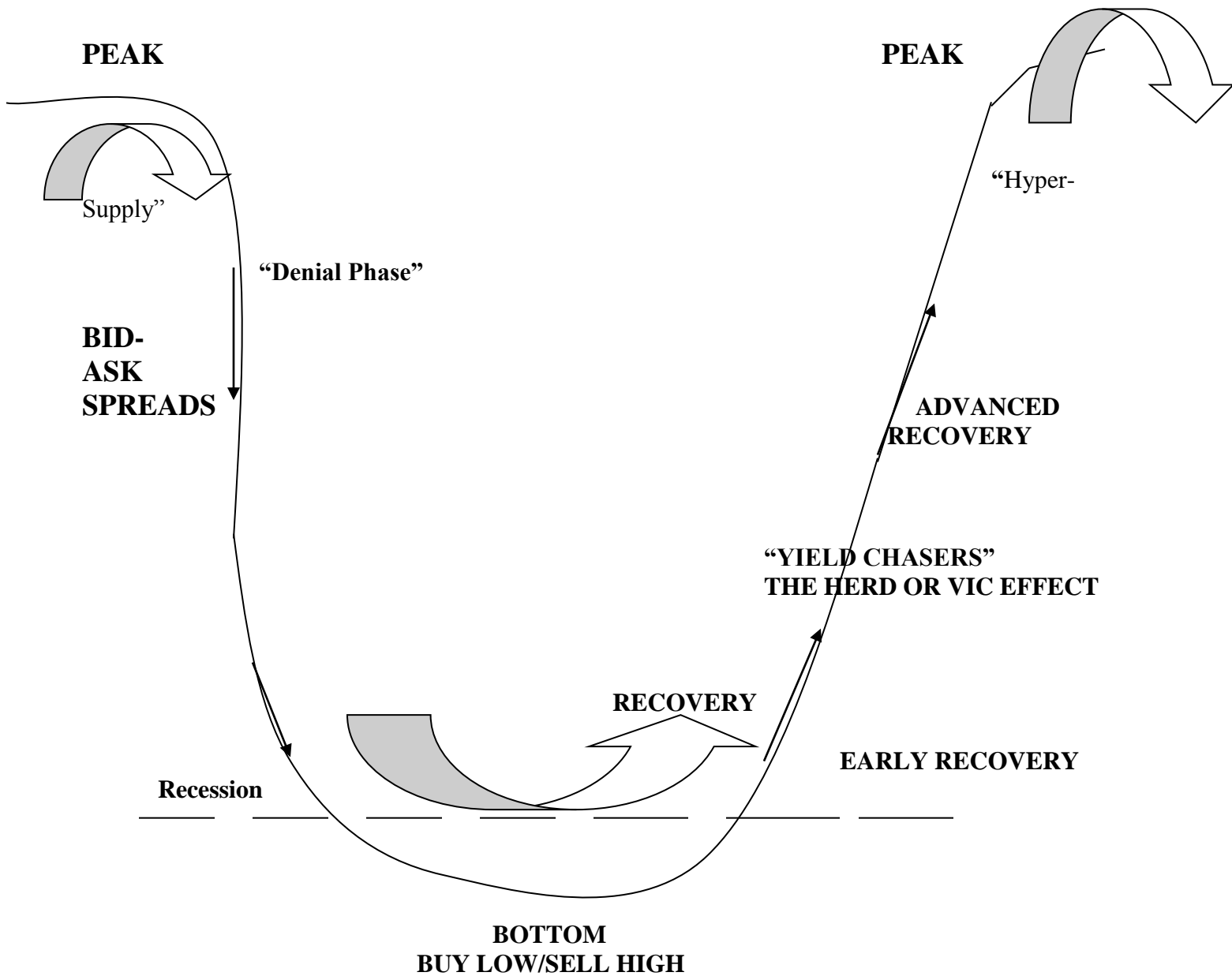
7. Real estate cycles

- 4 basic phases
- How real estate types fall into each cycle
- Opportune time for investor
- Defining a “good time”?
- Explaining real estate as an investment alternative
- Ascending, Asymptotic, Sinusoidal Cycles
- U.S. home sales, new home sales

REAL ESTATE CYCLES

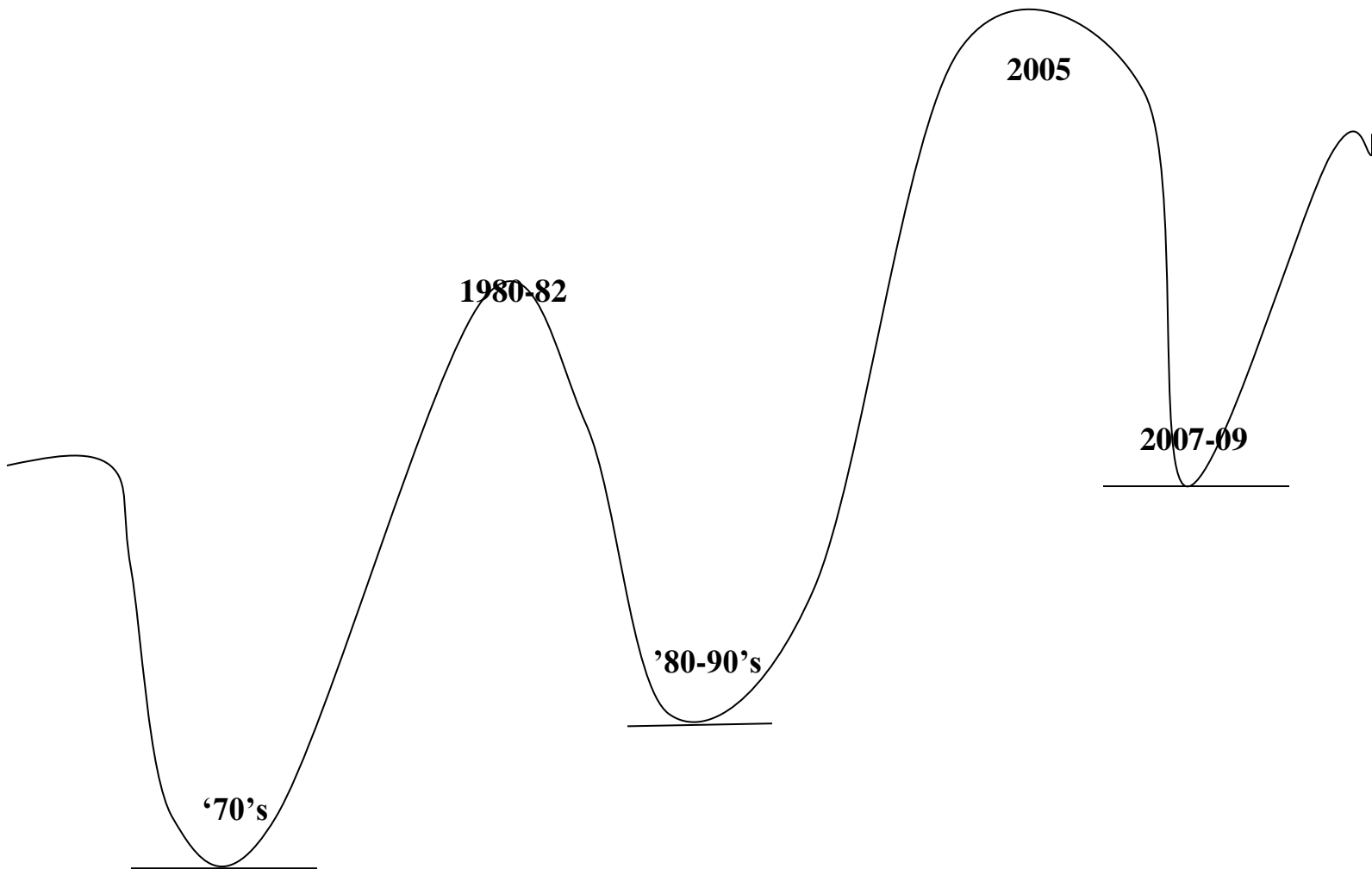
Source: Chip Case/United MF

7-10 YEARS or 10-12 Yrs
SECTORAL COMMODITY



“Ascending, Asymptotic, Sinusoidal”

Cycles: Harold Brown, Jan. 2010



8. The Feds Influence on Commercial Real Estate

- a. U.S. unemployment rate/U6 Rate
- b. Percent of unemployed in the 20-24 year age group
- c. Jobs over the years
- d. U.S. Real GDP
- e. U.S. Federal Deficit
- f. U.S. CPI-U
- g. U.S. Core PCE Inflation Rate
- h. U.S. Consumer Confidence
- i. U.S. Personal income
- j. U.S. Personal consumption
- k. U.S. Personal Discretionary Savings Rate
- l. U.S. Total Consumer Credit Demand
- m. M1 Money Multiplier
- n. Velocity of M1
- o. M2 Money Stock
- p. De-population and Aging

9. Commercial Real Estate: Where we've been and where we are headed

- a. U.S. Commercial RE Forecast: (Office, Ind, Retail and MF Vacancies)
- b. Assets of Commercial US Banks
- c. Total commercial real estate mortgage assets
- d. Mortgage backed-securities of commercial banks
- e. Mortgages maturing
- f. Commercial Real Estate Loan Delinquencies
- g. Retail Loan Delinquencies
- h. CMBS Delinquencies: 30+ days
- i. CMBS Issuance
- j. Commercial mortgage/CMBS defaults
- k. Total U.S. Investment Annual Sales Volume

10. Real Estate Yield Break-Down vs. The Dow

- a. Oct. 13, 2008
- b. Feb. 2, 2017
- c. Buffet: Sept. 2017
- d. Cash-on-hand
- e. Dow History
- f. GDP v. Dow
- g. Investment total returns

11. Commercial Real Estate Equity/Debt Financing/Returns

- a. 10-Year and 5-Year U.S. Treasury Notes '62-'17
- b. Annual Private Equity fund raising
- c. Annual Private Equity Drypowder
- d. NCREIF v. Other Real Estate Investments
- e. U.S. NAREIT Dividend Yields
- f. U.S. Pre-tax IRR Real estate Yield
- g. U.S. 10 Yr T-Notes vs. RE Pre-Tax Yields '09-'17
- h. Cap Rates: 4Q'08 - 3Q'17
- i. Interest rate spreads '05-'17
- j. Student college loan defaults
- k. Student loan amounts outstanding

12. The International Influence

- a. The Euro Dollar
- b. Global cost of borrowing: Prime Rates
- c. Global commercial real estate acquisitions
- d. Foreign Direct Investments in U.S. commercial real estate
- e. Select Countries for investing seeking appreciation: How the U.S. compares?
- f. Origin of Foreign investors in the U.S.
- g. Top U.S. Cities by Foreign Investors
- h. Top U.S. Property Types for Investments
- i. National Debt Issue as % of GDP
- j. "European Demolition"
- k. 2008 Prediction

13. 2018 CONCLUSIONS AND FORECAST

