



Commercial Real Estate

news and more

A "GOOD NEWS" NEWSLETTER FULL OF FUN AND INTERESTING FACTS FOR YOU

SEPTEMBER 2008

Hello!

This issue of *Commercial Real Estate News* is being sent to you courtesy of "Olej cgnll kpeqnr

It is my way of saying that you're important and that I truly value your business. Please feel free to pass this newsletter on to friends and business associates.

Funny Bone

**You Know
You're Not in
College
Anymore
When....**



1. You're waking up at 6 am instead of going to bed.
2. Your parents charge rent..
3. The four food groups are no longer beer, pizza, chips and cereal..
4. It's 'getting late' when it's 9:30 p.m.
5. You wear more ties in a week than you even owned while taking in college..
6. You actually eat breakfast foods at breakfast time.
7. Grocery lists actually contain relatively healthy food.

The Impact of Financing on Today's Real Estate Market



You've probably been hearing from the media about what's been happening with foreclosures in many areas within the single family home market. But commercial property owners tend to have more "staying power", meaning they weather transitioning economic markets much better than the average homeowner does. While home foreclosures may be on the rise in many areas within the residential market, foreclosures on commercial properties happen less frequently than foreclosures on single family homes. But at the same time these changing economic conditions we've been experiencing have also impacted available financing, which in itself has been impacting both the residential and the commercial real estate markets.

In commercial real estate, property values are determined by supply and demand. This applies equally well to properties that are sold as well as to properties that are leased. But when selling properties, the availability of financing comes into play also, and it will definitely impact the demand by buyers to purchase properties.

If there was no financing available for commercial real estate investing, including seller financing, buyers would have to buy properties and pay all cash. So if a buyer had \$1,000,000.00 to invest in commercial property, they could only buy property totaling \$1,000,000.00 in value. But if they instead could get financing to buy property with just a 20% down payment, they could now buy \$5,000,000.00 worth of property with their \$1,000,000.00 investment, and this available financing in the market would at the same time make a huge impact on the overall demand to invest in commercial properties.

When investors can buy five times the total value in real estate with the same amount of cash because of the financing that's been made available to them, this in itself can create a shift in property values in an area. This is because more property can now be purchased by the same number of people because of the available financing. And as an example, this same principle is a major reason why automobile manufacturers own their own financing companies. They know that by offering lower down payments and lower interest rates to their customers, they'll sell a lot more cars. And let's face it, they're definitely in the business of selling more cars.

With this in mind, any change in available financing requiring higher down payments and higher interest rates from buyers impacts the demand for buying properties...in any kind of real estate market. This means in more difficult economic times buyers and sellers must get more creative in order to close more transactions. This can involve the assumption of existing loans on properties by buyers, and sellers carrying back first or second trust deeds on their properties in order to have the transactions make sense. And when buyers and sellers really do get motivated to close more transactions, creative financing may be the best vehicle for them to make it happen.

How A Simple Question Can Expand Your Perception Of The World

Of the world's most famous paintings is Rembrandt's *The Night Watch*. Innovation expert Tom Wujec says that when curators hung it in Amsterdam's Rijksmuseum after being restored, they tried an experiment: They asked museum visitors to write down questions they had about the painting.

The questions collected were varied: How much did the painting cost? Had it ever been forged? Are there any mistakes in the painting? Why did Rembrandt choose this subject to paint? Who were the people in the painting

The curators then posted the questions, along with the answers, in a room next to the gallery where the painting hung. Visitors had to walk through that room before viewing the painting. Surprisingly, the average length of time visitors spent looking at the painting jumped from about six minutes to half an hour.

Art lovers walked back and forth between reading the questions and then reexamining the painting. They told museum officials that reading the questions encouraged them to look closer and longer at the masterpiece and helped them to remember more details.

What does this story have to do with managers? It's an example of the importance of questions—of the richness the answer to a question can add to our understanding of topics and situations, people and animals, and machines and operations.

Whether you're having an informal exchange with a colleague or listening to a direct report explain a glitch in a procedure, ask a question. Or two. See where it leads.

Frustration Station



A Durham University study has found that underachievement in children could be caused by a poor working memory rather than by low intelligence. Working memory is the capacity to hold information in your head and manipulate it mentally. For instance, you use working memory when you are presented with a math problem orally and you calculate the answer in your head, when you remember a new telephone number or unusual name with no written aids, or when you hold directions for a recipe in your head and follow them while cooking.

Researchers found that 10 percent of the more than 3,000 children in the study suffered poor working memory, which seriously compromised their ability to learn. It's a staggering problem when you consider that 10 percent of students in primary grades alone in the United States is about half a million children.

Avoid Identity Theft When Looking For A Job

You want to be thorough on your résumé when you're looking for a job. But here are a few things you should NOT include on your résumé, according to the Identity Theft Resource Center.

You can provide any of these things to potential employers later in the process if they request that you do so:

- Social Security or taxpayer ID number
- Date of birth; age; sex; marital status
- The year you graduated; your schools' names
- Professional license number
- Disabilities
- The reason you left a past employer
- Hobbies
- Driver's license number



Plan For Upward Career Movement

Most people want to advance their careers, and a plan is usually critical to making this happen. Here are a few strategies for forward movement.



- Decide on a five-year plan. What do you want to be doing in five years? What do you want to accomplish in that period of time?
- Don't leave your career in anyone's hands but your own. Don't fall prey to living up to someone else's expectations. It's your life—live it your way.
- Build your contact list. That means inside and outside of your organization. The more contacts you have, the more diverse your future career options will be.
- When you see an opportunity to volunteer for more responsibility—do it. Your boss will love it, and you'll develop more authority at the office.
- Look for challenges. When you get bored with what you're doing, look for something new to do. Learn new skills. Dipping into new territory can open up the future—sometimes in unexpected ways.

Make Yourself An Early Bird—And Reap The Benefits

People who rise early often benefit in ways that night owls don't. For instance, if you get up early, you'll be more likely to be a regular exerciser and eat a healthy breakfast. Follow this regimen to get up with the sun and feel better for it:

- Go to bed and get up at the same time every day.
- Ask your doctor if melatonin would be a good choice for you if you have trouble falling asleep at night.
- Limit alcoholic beverage intake. It puts you into a deep sleep for three or four hours, but when it wears off you can wake up and be unable to go back to sleep.
- Limit computer use in the evening. Studies indicate staring at the light of the screen can throw your internal clock off and make it harder to fall asleep.



Financially Speaking

How To Strengthen Your Purchasing Power

If you want to save money when you shop, try some of the following tips.

- Plan, plan, plan. Do not give in to impulse buys.
- Make sure you know what you are doing. Advertised items are not necessarily the cheapest available.
- Check the aisles for specials that aren't advertised.
- If you go to store for a sale item and find that it is out of stock, ask for a “raincheck.”
- To make your shopping forays more enjoyable, try to avoid times that you know will be more crowded—for instance, just after the traditional workday is over or just before a holiday.
- Buy items when you find them on sale, not when you run out of them.
- If something is on sale but you won't use it—don't buy it.
- Try to limit your emotions in shopping. If you're telling yourself to “go ahead, I deserve it,” it's probably better to go home and think about it first.
- Look at unit prices.
- Don't be sucked in by fancy packaging. You'll pay for it.
- Never pay full price.
- Always check your receipt.

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