

# NYSCAR *News*

Fall, 2011

New York State Commercial Association of REALTORS®, Inc.  
*Bringing Commercial Real Estate Practitioners Together*

## Call for Nominations!

### New York State Commercial Association of REALTORS® REALTOR® of the Year

Purpose: To recognize an outstanding active member of the New York State Commercial Association of REALTORS® (NYSCAR) for the year.

Point System – used for consideration

1) NYSCAR Association Activity: committee work, special assignments, seminar activities, educational work and offices held (45%)

2) State Association Activity: offices held, committee work, attendance and participation at conventions, director's meetings, education work, etc (25%)

3) NAR Activity: National offices, committee work, membership and work in institutes, attendance at national conventions, etc. (10%)

4) Civic Activity: Local, state and national levels, participation in

con't on page 4....

## Growth in Commercial Real Estate Markets Expected in 2012

Washington, DC, November 28, 2011

Commercial real estate markets have been relatively flat this year, but improving fundamentals mean a more positive trend is expected in 2012, according to the National Association of Realtors®.

Lawrence Yun, NAR chief economist, said there is little change in most of the commercial market sectors. "Vacancy rates are flat, leasing is soft and concessions continue to make it a tenant's market," he said. "However, with modest economic growth and job creation, the fundamentals for commercial real estate should gradually improve in the coming year."

con't on pg. 3...

### Fall Education Programs - A Success! (Oct. 13, Amherst Class pictured)



### In this Issue

#### Education - Professional Standards -

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## President's Message

### 2011 Officers

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**Treasurer**

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East Rochester, NY 14445  
(585) 235-6300

**Guy Blake, CCIM**

**Secretary**

Pyramid Brokerage  
356 Meadow Ave., 2nd floor  
Newburgh, NY 12550  
(845) 522-5900

I recently attended the NAR annual convention in Anaheim, California. The meetings were very informative and provide a great opportunity to meet with commercial practitioners from across the country.

The NAR Commercial Committee had presentations from three speakers: Jerry **Giovaniello, NAR Chief Lobbyist**

a) Mr. Giovaniello spoke about the importance of commercial legislative and regulatory issues are on the forefront of NAR's policy priorities. Mr. Giovaniello assured the Subcommittee that NAR is committed to advocating on every legislative/regulatory issue of concern to NAR commercial membership. Go to [www.realtor.org/commercial](http://www.realtor.org/commercial) and click on Legislative & Advocacy in the Member Toolbox in the right hand column. You will find a comprehensive list of issues and proposed legislation to improve the Commercial Real Estate Industry.

**Russell Riggs, NAR Senior Policy Representative**

a) Mr. Riggs provided information on the recent Environmental Protection Agency's (EPA) Advanced Notice of Rulemaking concerning the Renovation, Repair and Painting (RRP) program for commercial and public buildings. The initial focus will be for Lead Paint on the Exterior of Commercial Buildings. The court ordered to propose a law by December,



**Joseph F. Rowley, Jr.**

2011 to go into effect by July 2013. The EPA may propose a law by December 2013 for interiors of Commercial Buildings to go into effect during 2015. Buildings built prior to 1978 are suspect for lead paint.

**Linda Goold, NAR Tax Counsel**

a) Ms. Goold provided an update on Carried Interest. When Congress lifted the debt ceiling in July 2011, they also created a new 'Super Committee' charged with the task of finding an additional \$1.4 trillion in deficit reductions. That package can be made up of any configuration of spending cuts and/or new revenues that can garner 7 votes. If the Super Committee includes new revenues in the package they agree to, many observers believe that changes to the carried interest rules would be high on the list of possible new revenues.

*con't on page 7*

## Growth in Commercial Real Estate Markets Expected in 2012

con't from pg. 1

The commercial real estate market is expected to follow the general economy. "Vacancy rates are expected to trend lower and rents should rise modestly next year. In the multifamily market, which already has the tightest vacancy rates in any commercial sector, apartment rents will be rising at faster rates in most of the country next year. If new multifamily construction doesn't ramp up, rent growth could potentially approach 7 percent over the next two years," Yun said.

Looking at commercial vacancy rates from the fourth quarter of this year to the fourth quarter of 2012, NAR forecasts vacancies to decline 0.6 percentage point in the office sector, 0.4 point in industrial real estate, 0.8 point in the retail sector and 0.7 percentage point in the multifamily rental market.

[The Society of Industrial and Office Realtors®](#), in its SIOR Commercial Real Estate Index, an attitudinal survey of 231 local market experts,<sup>1</sup> shows the broad industrial and office markets were relatively flat in the third quarter, in step with macroeconomic trends. The national economy continues to affect the sectors, with 92 percent of respondents reporting the economy is having a negative impact on their local market.

Even so, the SIOR index, mea-

suring the impact of 10 variables, rose 0.6 percentage point to 55.5 in the third quarter, following a decline of 2.6 percentage points in the second quarter. In a split from the recent past, the industrial sector advanced while the office sector declined.

The SIOR index is notably below the level of 100 that represents a balanced marketplace, but had seen six consecutive quarterly improvements before the last two quarters. The last time the index reached the 100 level was in the third quarter of 2007.

Construction activity remains low, with 96 percent of respondents indicating that it is lower than normal; 88 percent said it is a buyers' market in terms of development acquisitions. Prices are below construction costs in 83 percent of markets.

NAR's latest *COMMERCIAL REAL ESTATE OUTLOOK*<sup>2</sup> offers projections for four major commercial sectors and analyzes quarterly data in the office, industrial, retail and multifamily markets. Historic data for metro areas were provided by REIS, Inc.,<sup>3</sup> a source of commercial real estate performance information.

### Office Markets

Vacancy rates in the office sector are expected to fall from 16.7 percent in the current

quarter to 16.1 percent in the fourth quarter of 2012.

The markets with the lowest office vacancy rates presently are Washington, D.C., with a vacancy rate of 9.3 percent; New York City, at 10.3 percent; and New Orleans, 12.8 percent.

After rising 1.4 percent in 2011, office rents are forecast to increase another 1.7 percent next year. Net absorption of office space in the U.S., which includes the leasing of new space coming on the market as well as space in existing properties, is projected to be 20.2 million square feet this year and 31.7 million in 2012.

### Industrial Markets

Industrial vacancy rates are projected to decline from 12.3 percent in the fourth quarter of this year to 11.7 percent in the fourth quarter of 2012.

The areas with the lowest industrial vacancy rates currently are Los Angeles, with a vacancy rate of 5.2 percent; Orange County, Calif., 5.7 percent; and Miami at 8.4 percent.

Annual industrial rent should decline 0.5 percent this year before rising 1.8 percent in 2012. Net absorption of industrial space nationally should be 62.0 million square feet this year and 41.2 million in 2012.

con't on pg. 5...

## Code of Ethics and Professional Standards



David M. Dworkin  
Chair,  
NYSCAR  
Professional  
Standards  
Committee

Following recommendations from the Professional Standards Committee and the Board of Directors, The NAR Delegate Body (the presidents or each member board/association or a designated alternate) adopted language to amend Article 17 of the REALTOR® Code of Ethics allowing local boards/associations to implement discretionary authority to require their members mediate business disputes that would be otherwise arbitrated. If the mediation is not successful, arbitration will then take place.

The directors also adopted NAR Model Bylaws will include new language for those boards/associations that adopt mandatory mediation of otherwise arbitrable disputes.

The board of directors also adopted a new Standard of Practice to Article 1, which parallels and expands on existing SOP 3.9 by applying obligations to REALTORS® whether acting as a listing broker or property manager or as a cooperating broker from ac-



Robert Strell  
Vice Chair  
NYSCAR  
Professional  
Standards  
Committee

cessing or using, or permitting or enabling others to access or use, listed or managed property on terms or conditions other than those authorized by the owner or seller.

There were three (3) new Case Interpretations explaining Standard of Practice 16-13.

Clarification language regarding the role of the Board of Directors of local and state associations in reviewing and ratifying Ethics Hearing Panel Decisions.

Clarifications of language encouraging boards and associations to have ethics decisions and arbitration awards reviewed by association legal counsel.

Clarified the Code of Ethics and Arbitration Manual language to make it clear that arbitration conducted by associations is limited, as provided for in Article 17, to contractual disputes between REALTORS®, between REALTORS® and their clients, and to the non-contractual disputes expressed in Standard of Practice 17-4.

## ROTY Nominations

*con't from pg. 1*

civic and service clubs, charitable activities, political activities, etc.

5) Business Accomplishments: Recognized good business conduct and adherence to REALTOR® Code of Ethics, service to clients, imaginative and creative advertising, imaginative and creative real estate solutions, rehabilitation programs, land utilization, etc. (10%)

If you would like to nominate a NYSCAR member, please submit your nomination letter by December 30.

New York State Commercial Association of REALTORS®  
REALTOR® of the Year

Please send a nomination letter to NYSCAR ROTY Committee,

NYS Commercial Association of REALTORS®,  
130 Washington Ave.,  
Albany, NY 12210



## Growth in Commercial Real Estate Markets

Expected in 2012, con't from pg. 3

### Retail Markets

Retail vacancy rates are likely to decline from 12.6 percent in the current quarter to 11.8 percent in the fourth quarter of 2012.

Presently, markets with the lowest retail vacancy rates include San Francisco, 3.7 percent; Long Island, N.Y., and Northern New Jersey, each at 5.7 percent; and San Jose, Calif., at 6.0 percent.

Average retail rent is seen to decline 0.2 percent this year, and then rise 0.7 percent in 2012. Net absorption of retail space is seen at 1.2 million square feet this year and 13.5 million in 2012.

### Multifamily Markets

The apartment rental market – multifamily housing – is expected to see vacancy rates drop from 5.0 percent in the fourth quarter to 4.3 percent in the fourth quarter of 2012; multifamily vacancy rates below 5 percent generally are considered a landlord's market with demand justifying higher rents.

Areas with the lowest multifamily vacancy rates currently are Minneapolis, 2.4 percent; New York City, 2.7 percent; and Portland, Ore., at 2.8 percent.

Average apartment rent is projected to rise 2.5 percent this year and another 3.5 percent in 2012.

Multifamily net absorption is likely to be 238,400 units this year and 126,600 in 2012.

The *COMMERCIAL REAL ESTATE OUTLOOK* is published by the NAR Research Division for the commercial community. [NAR's Commercial Division](#), formed in 1990, provides targeted products and services to meet the needs of the commercial market and constituency within NAR.

The NAR commercial components include commercial members; commercial committees, subcommittees and forums; commercial real estate boards and structures; and the NAR commercial affiliate organizations – CCIM Institute, Institute of Real Estate Management, Realtors® Land Institute, Society of Industrial and Office Realtors®, and Counselors of Real Estate.

Approximately 79,000 NAR and institute affiliate members specialize in commercial brokerage services, and an additional 171,000 members offer commercial real estate as a secondary business.

The National Association of Realtors®, "The Voice for Real Estate," is America's largest trade association, representing 1.1 million members involved in all aspects of the residential and commercial real estate industries.

## Free Educational Webinars from the REALTORS® Commercial Alliance

NAR Commercial offers free monthly webinars designed to supply members and association staff with valuable information to support their business growth and development. These prerecorded webinars address a mix of topics ranging from sales techniques to marketing to negotiations that can be applied to commercial real estate, or any business.

The goal of each webinar is to arm attendees with knowledge and information to support their overall business needs.

Check back regularly - sessions are added on a monthly basis.

[www.realtor.org/commercial](http://www.realtor.org/commercial)

# NYSCAR Education



Edward S. Smith, Jr., ITI  
Chair  
NYSCAR  
Education  
Committee



Robert Giniiecki,  
CCIM., SEC  
Vice Chair  
NYSCAR  
Education  
Committee

**Watch for  
the 2012  
course  
schedule!**

We have just concluded several Fall course offerings in conjunction with the NYSCAR local chapters in Western NY, Rochester and Albany.

The “Green Building Update, LEED Cert Architecture, Adaptive Re-Use of Historic Structures and Commercial Leasing” was held in Amherst, NY on October 13, sponsored by the WNY Chapter of the Appraisal Institute and NYSCAR in cooperation with the WNY Chapter of NYSCAR. President Joseph F. Rowley, Jr., was one of the speakers for the program along with Patrick Quigley, Esq., Clinton Brown, Aliesa Adelman and Giona Paolerci.



There were two course offerings in Rochester, “Comprehensive Due Diligence is Key in Real Estate” was held in September with Tim Conley, CCIM, SIOR as the instructor and on October 27, “Selling Investment and Commercial Properties... Issues, Money and Laws” was instructed by

NYSCAR Past President Edward S. Smith, Jr., ITI. Many thanks to Nothnagle Commercial and Benderson Development for being sponsors of the October event.

NYSCAR in cooperation with the Greater Capital Chapter held their annual education/marketing event October 27-28 in Albany, New York. Creative Real Estate Finance...Creating Alternatives When the Banks Aren't Lending” was instructed by

Chuck Sutherland, SEC (Texas) and was a great success with attendees from New York State, as well as Connecticut, Massachusetts and Canada. A marketing session was held on the 28th which gave attendees a great opportunity to network with fellow commercial practitioners.

Many thanks to sponsors: Key Bank, NY Real Estate Journal, New York Press Service Advertising, Chazen, RISCO-Risk & Insurance Services Co. and Arnoff and Storage.

## President's Message

continued from pg. 2

The Subcommittee identified the following critical policy issues for 2012: commercial real estate and small business lending, lease accounting, Dodd-Frank Qualified Real Estate (QCRE) Loan regulations, and carried interest. (Please go to [www.realtor.org](http://www.realtor.org) if you would like additional information from the meetings).

\*Update – The “Super Committee was unable to come to a consensus on cuts to the budget. Stay tuned.

There have been significant changes to the SBA Financing program, including using the program for refinancing. SBA loans can also be assumed with certain conditions met. More information at [www.sba.gov](http://www.sba.gov). Click on the Loans and Grants tab.

### 2012 Committee Service

NYSCAR Members: If you would like to serve on a NYSCAR committee in 2012, please be sure to fill out the form you received via email and return to the NYSCAR office by December 19. If you have questions, please email Sherry at [sherry@nycap.rr.com](mailto:sherry@nycap.rr.com)

As I sign off of my last newsletter as President of NYSCAR, I do want to extend many, many thanks to Sherry Marr, whose unrelenting emails and prodding kept me on schedule for the most part. She makes my job so easy. Also, thanks to Ali Mann at

NYSAR for her help every step of the way. We have a very dedicated and talented NYSAR Staff led by CEO Duncan MacKenzie that is open minded and accommodating of NYSCAR in every way. Please take advantage of everything NYSAR has to offer.

It has been a pleasure to serve the membership. I am confident Mike Johnson; the incoming NYSCAR President will continue to improve the organization to represent the best interests of Commercial Realtors® in New York State.

Best wishes for a happy, healthy and prosperous 2012!

Sincerely,



Joseph F. Rowley, Jr.  
President

## NYSCAR Chapter Meeting Schedule

Greater Capital:  
Email Bob Gliniecki, CCIM,  
SEC for details  
[foresiteprop@verizon.net](mailto:foresiteprop@verizon.net)

Hudson Valley  
Meets the second Tuesday of each month. Email Jim Walker  
[jfw0432@optonline.net](mailto:jfw0432@optonline.net)

Metro Long Island  
E-mail Harvey Kolin for details, [harvey@hkolin.com](mailto:harvey@hkolin.com)

Rochester Area: Meets the second Thursday of each month. Email Ted Welter, CCIM, CPM,  
[twelter@buckprop.com](mailto:twelter@buckprop.com)

So. Tier: Meets the first Friday of each month. Email Doug Rein,  
[dgrein@teamrein.com](mailto:dgrein@teamrein.com)

Western NY: Meets the third Thursday of each month. E-mail John Fletcher,  
[john@fletchercapital.com](mailto:john@fletchercapital.com)

Send your Member News  
to Sherry  
[sherry@nycap.rr.com](mailto:sherry@nycap.rr.com)

Happy  
Holidays

Save the Dates!

&

Best Wishes  
for a Happy  
Healthy  
Prosperous  
New Year!

*April 3-4, 2012*

Annual Education & Marketing Event  
Hotel Sierra, Fishkill, NY

*June 18 - 20, 2012*

11th Annual NYS Commercial Real Estate  
Conference, Turning Stone Resort & Casino

***New York State Commercial  
Association of REALTORS<sup>®</sup>, Inc.***

130 Washington Avenue  
Albany, New York 12210-2220