REALTORS® RALLY TO PROTECT THE DREAM *Page 8*

THE BUSINESS TOOL FOR REAL ESTATE PROFESSIONALS

REALTOR®

JULY/AUGUST 2012

get techtonic results

Page 28

NATIONAL ASSOCIATION of REALTORS®

RealtorMag.REALTOR.org

What if...

You were part of a global referral network?

You'd be connected – agent-to-agent, negotiating your own referral fees without disruption – to nearly 90,000 potential referral partners around the world.

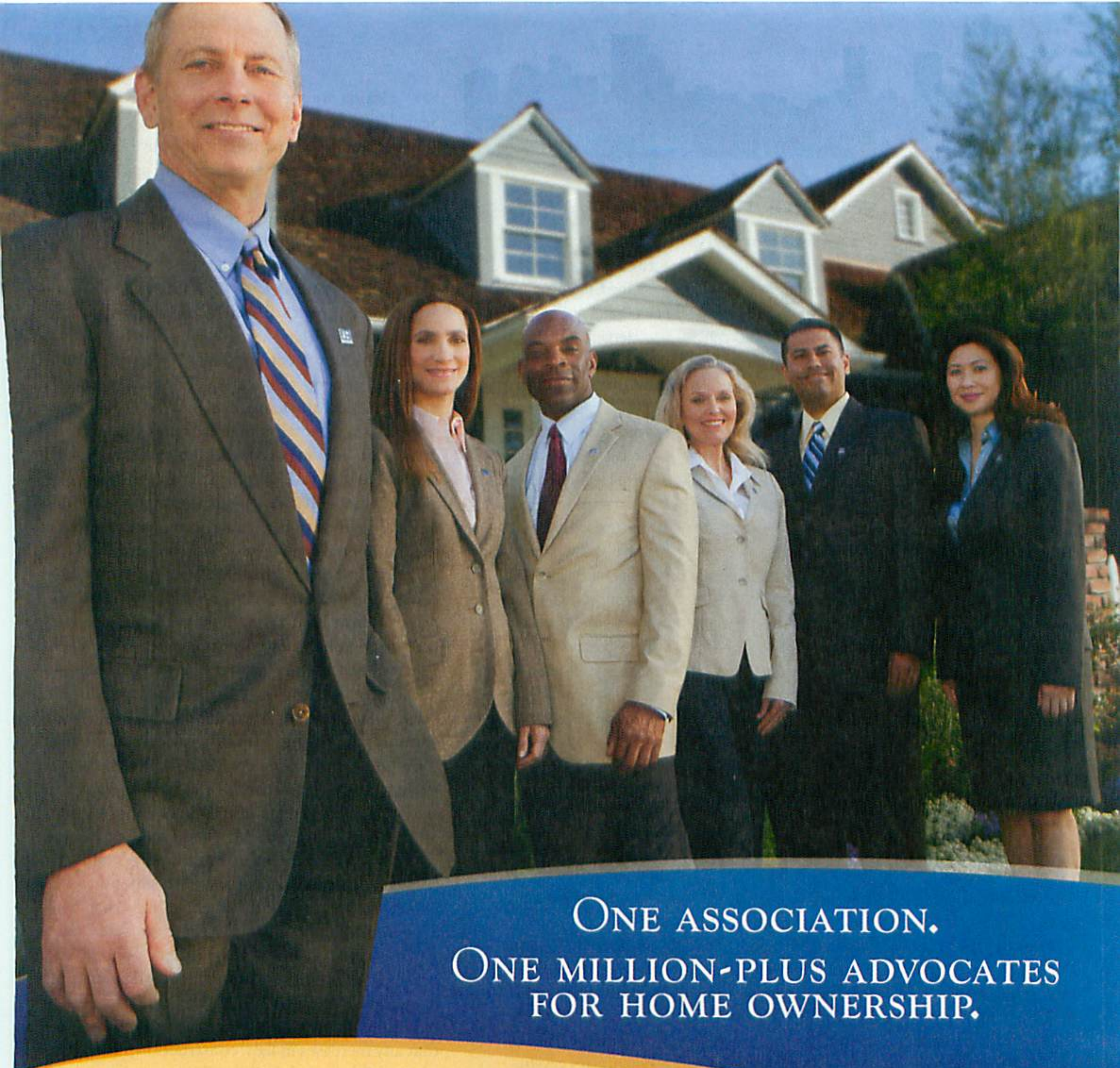
The global.remax.com website would promote your listings to international buyers and investors in their languages and currencies.

Your business would go places you never dreamed it could go.

Go big. Go global.

joinremax.com

OUTSTANDING AGENTS.
OUTSTANDING RESULTS.®



Mergers in the New Normal

With transactions still sluggish and new construction limited, "if you want to grow your company in a meaningful way, you have to merge or acquire other companies," says Jahn Brodwin, senior managing director of real estate solutions at FTI Consulting Inc. in New York. Perhaps the single largest benefit of a merger or acquisition in a slow market is the ability to cut costs while expanding back-office services for brokers and consultants, says Brodwin. But it's not the only benefit. Mergers also offer an opportunity for strategic diversification that can help a company gain new resilience in an uneven recovery. For example, a company in a slow-recovery market can stabilize a shaky portfolio by acquiring a firm in a stronger commercial market. Mergers may also make it easier to access capital for growth by creating a larger balance sheet, which is more appealing to lenders, he adds.

Merging when business is slow provides the time to do proper due diligence on prospective partners, says Brodwin. And a less-hectic business climate gives companies time to decide on the best practices from each company and implement them throughout the new organization.

"Merging during slow times allows a company to turn the volume down on the typical turmoil of consolidation and have a well-oiled machine in place when full recovery comes," Brodwin says.

But in good times or bad, merge only if the merger offers a strategic, incremental addition to overall value. "What you want to look for in any acquisition," Brodwin says, "is that one plus one should equal three."

Government Work: "A Marriage of Altruism and Opportunity"

Whether your commercial specialty is brokering vacant land, managing office facilities, or analyzing the highest and best use of a declining retail area, there's a government department that could use your services, says John Hentschel, CRE, president of Hentschel Real Estate Services in Abingdon, Md. The pay may not be as good as private-sector work; that's where the altruism comes in.

How you get government business depends on the size and location of your market. "If you live in a smaller city, you can probably just make an appointment with the mayor or the city manager," Hentschel says. In a large city, you'll have to go to through a real estate or planning department, but "go as high in the food chain as you can," he says, since lower-level officials often don't have the authority to move your proposal forward. It's also useful to approach the public sector with a vision instead of just asking for an assignment, says Hentschel. Go in with a plan to increase the value of underused or idle properties.

Just as critical as a vision is the understanding of how to present your ideas "within the context of the government's objective," says Hentschel.

A government's goals often aren't as bottom-line focused as those of the private sector; they may focus on social issues. In addition, many government entities still view real estate as a commodity that's necessary to do their job, not as a profitable asset. "I tell anyone who wants to work with the public sector that first they have to stop thinking like a businessperson and communicate in terms of benefits instead of profits," says Hentschel. ■

>>> Florida are seeing construction revive, says T. Sean Lance, CCIM, of NAI Tampa Bay in Tampa. "Over the last 24 months, there have been more than 60 new apartment projects with approximately 25,000 units announced—"although getting a project announced and getting it built are two different things," he says.

Too Much of a Good Thing?

With development still well below historic levels, it's hard to imagine that there could be excess multifamily construction any time soon. Yet, a wave of construction projects that were planned and permitted before the downturn may cause a brief oversupply in some markets starting in 2013, notes Emily Goodman, CPM, regional property manager for CORE Realty Holdings Management in Greensboro, N.C. She estimates that at least 2,200 new multifamily units are either under construction or proposed in the Piedmont/Triad area of North Carolina. That's a lot in a market with only about 59,000 existing conventional units, according to Charlotte-based research firm Real Data. Once these "legacy" projects are complete, however, the time needed to plan, approve, and finance projects may create a temporary dip in building, says Willett. That could temper oversupply risks. So could continued difficulty obtaining financing. "Equity providers have pulled back on new development deals, and construction lenders, while aggressive on the best projects with the best borrowers, remain cautious," says Witten.

If talk about Fannie Mae and Freddie Mac pulling back on or even out of multifamily lending becomes reality, subsequent market tightening could be severe. "If the GSEs stop lending, that could lower multifamily values by 10 percent, at least until a private market emerges," predicts Todd Clarke, CCIM, president of NM Apartment Advisors in Albuquerque, N.M. Rising costs could also crimp construction. "Development margins are so thin now that any increases in fees, construction materials, or labor could also halt building," Clarke says.

Longer-term threats to multifamily prosperity are more likely to come from unrealistic rent-growth projections, says Willett. Unless wage growth picks up, rents that rise too fast could outpace residents' ability to pay and fuel a flight to home ownership. Add inflation to the mix, and "rent growth could be a challenge later in the decade," he says.

While uncertainty about jobs and financing may slow apartment expansion, the same uncertainty makes renting a good alternative for consumers who aren't confident in their future, says Greenblatt. "As long as the market doesn't get too overheated," he says, "multifamily prospects are very strong." ■

Weichert® Works

For over 40 years, Weichert, Realtors® has been providing the best quality tools, training and support for its sales associates. Today we are in 35 states, coast to coast, with over 400 company and franchised offices and 18,000 agents strong.

The Weichert Difference

- *Award winning Sales Training**
- *A Unique Lead Network providing quality leads to associates.*
- *Weichert.com, an award winning Top 5 Real Estate Brokerage Website***
- *Weichert University, online and available 24/7, with 150 courses to make you more productive.*
- *Time-proven Listing and Marketing systems to make you more successful.*

Let Weichert Work for you.
Call a local Weichert office or visit Weichert.com/Careers
For franchise information call 1-877-533-9007

*Weichert.com received Bronze Award in the Real Estate category of the 10th annual International iNOVA Awards competition for its website, Weichert.com. Interactive Media Awards (IMA) Outstanding Achievement Award 2010 **2010 ASTD BEST Award from the American Society for Training & Development. Weichert is among 31 organizations from across the world to receive the award and ranked 12th overall out of the more than 100 organizations that entered the competition. Each Weichert franchised office is independently owned and operated. This advertisement is not an offering. An offering can only be made through a Uniform Franchise Offering Circular and in states where authorized. In New York State, an offering can only be made by a prospectus filed first with the Department of Law of the State of New York. Such filing does not constitute approval by the Department of Law.

Weichert, Realtors®

Home of Unlimited Opportunity

Make Seismic Moves

It's not enough to simply own the right gadgets. The value you get from your tech tools—and the applications that run on them—depends on your ability to unlock their full potential to generate leads, spread the word about properties, and close transactions. Geiger counters set? It's time to give your business a jolt. Let these four tech-savvy pros show you how. **By Kristin Kloberdanz**

Minus the Paper

Omar Lopez, broker-owner of Cosmopolitan Real Estate LLC in Las Vegas, uses a combination of integrated online buyers systems, office virtual assistants, lead management programs, and transaction software programs.

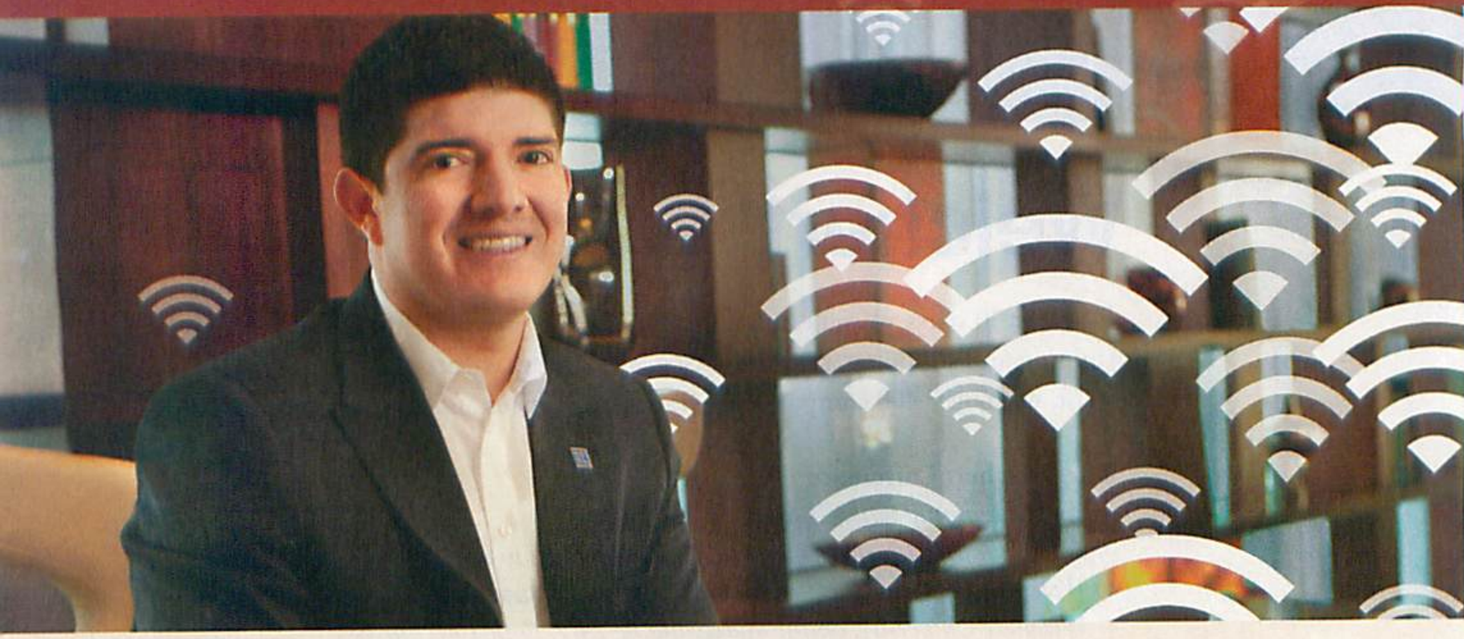


Photo by Juan Manuel García ©2012

Omar's Story: Here's an example of how we operate in a paperless environment. Last month, a buyer contacted our office through Zillow, and our automated program responded to him with a thank-you note and a few questions about the buyer's price range and what type of home he was seeking. At this point, there was no human involved. The buyer thanked us for getting back to him so quickly—at 11 p.m.—and explained what he wanted. Our customized software randomly picked a buyer's agent from our pool. That agent contacted the buyer and sent him an e-mail with some properties to consider.

The buyer flew in from California, looked at three properties, and flew back home on the same day. He then put in an offer that we sent to the seller through DocuSign (a REALTOR Benefits® partner). The negotiation took place via e-mail and ZipForms (also a REALTOR Benefits® partner), and the deal was sealed with [online] signatures. We e-mailed the seller's agent and the salesperson uploaded all the documents into TrackMyFile.

As the broker, I monitored the audit process over Lone Wolf Technologies and TrackMyFile. My virtual assistant lets me know if anything is missing based on our broker checklist. I can review this anywhere, as it is all online. When it was time to issue a check for closing, the buyer sent the money electronically. Some sellers require "wet" signatures. That's the only time we print documents—or when certain packages require additional signatures for files to be completed. Otherwise, all transactions are paperless in our office and all our buyer's agents, staff, and vendors are paid by electronic funds transfer.

I'd been working in real estate since I was a teenager. Last year when I opened my own brokerage, Cosmopolitan, I knew I wanted to go paperless. It's very convenient because everyone in the office has easy access to all the forms online for work and review. As the employer, I can cut expenses—from staff size to office supplies. Now