

CCIM CONNECTIONS

The Official Publication of The CCIM Institute

THE CCIM INSTITUTE
SPRING 2024

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*The CCIM Institute's President
D'Etta Casto-DeLeon, CCIM,*

OUTLINES NEAR-TERM PRIORITIES IN A TRANSFORMATIVE YEAR OF CHANGE AHEAD



The Commercial Real Estate Experts

More Than a *Designation*

Take Advantage of Exclusive Offers
From Our Member Advantage Providers



Commercial real estate marketing



Marketing platform for commercial real estate professionals



Commercial real estate listing platform



Commercial Real Estate asset management system



Commercial real estate sales and lease analysis software



Website design, development, hosting, and support



Underwriting and asset management



Cloud-based software for custom marketing packages and more



Commercial real estate marketplace and technology platform



Valuation, forecasting, and transaction platform



Demographic and site selection platform



Mapping, aerials, flyers and customer analysis for retail real estate



Investment management software



A digital business card, lead generation, and management tool



Client management and lead generation software



A mobile solution to survey commercial real estate properties



On-demand printing for business and marketing materials



Matching CRE Sellers with Investors



National Association of REALTORS® (NAR) membership



Client and deal management platform



Worldwide business networking for professionals in real estate



Engineering, environmental, and energy services



Document creation in the cloud



Real estate marketing and technical platform



Integrated SEO, email, and social media marketing platform



Marketing platform for building owners, asset managers, and brokers



Publication of the latest trends in economic development and corporate real estate



Travel discounts on hotels, rental cars, cruises, and more



Automated analytics for real estate



Apps for business tools, calculators, and analysis reports

Your membership in The CCIM Institute gives you access to additional discounts and programs for travel, printing, technology tools and more.

Scan to learn more:



Do you belong to or know of a company that would be a good fit as a Member Advantage Provider?

Scan to learn more:



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What's in this issue



The CCIM Institute is undergoing significant changes as part of its brand modernization strategy that will better position it for growth in 2024 and beyond. Leading the charge on that continued transformation will be the 2024 Global President D'Etta Casto-DeLeon, CCIM.

On the cover: 2024 Global President, D'Etta Casto-DeLeon, CCIM.



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Medical office buildings have come into their own over the past decade.

THE ROAD AHEAD: MAPPING OUT TOMORROW'S JOURNEY TODAY



D'ETTA CASTO-DELEON, CCIM

2024 Global President

Welcome to the spring edition of *CCIM Connections*. The CCIM Institute's strategic initiative and brand transformation have been top of mind for the past year, and it's incredibly exciting to start "walking the talk," so to speak with plans that are being put into action. I'm hoping that our members are seeing the changes that are taking place firsthand, not only in a more eye-catching logo and brand but also in more consistent messaging and better functionality of our platform.

You can read more about the objectives and goals of myself and the 2024 Management Team in the coming year in our cover story. One of the attributes that brought me to The CCIM Institute nearly 20 years ago was the educational opportunities. In this issue, we take a closer look at the rapid acceleration of AI within commercial real estate applications. We're already seeing AI at work all around us, from site selection tools to financial analysis software. We may not be ready for the metaverse, but we need to learn how we can leverage AI to work better, faster, and smarter.

On the chapter level, the Florida CCIM Chapter is making moves in our ChapterCheck-Ins, plus Katie Sentell, CCIM, shares her story about her rise from Chapter Administrator to Chapter President in our CCIM Spotlight.

We also go in-depth about the importance of Named Education Scholarships for those earning their CCIM Designation to help offset the cost.

Regardless of whether you are an industry veteran or someone who is just starting their career, we all need to keep learning in today's fast-moving environment. The CCIM Institute offers a variety of great online courses, and I would encourage fellow CCIM Designees and candidates to take advantage of the in-person education and events available from your local chapters. The journey toward the Pin and after is more than just the education. It offers opportunities to build your own personal network. I look forward to connecting with many of you – in person – in 2024. ■

CCIM CONNECTIONS

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THE CCIM INSTITUTE

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The CCIM Institute, an affiliate of the National Association of REALTORS®, confers the CCIM Designation to commercial real estate professionals who have extensive training and industry experience and complete a rigorous study program.

2024 Management Team
 President, D'Etta Casto-DeLeon, CCIM, Houston, TX
 President-Elect, Steve Rich, CCIM, Charlotte, NC
 First Vice President, Adam Palmer, CCIM, Fort Myers, FL
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 Executive Vice President & CEO, Paul Rumler, Chicago, IL

More Than a Designation



The CCIM Institute provides its members with the most sophisticated knowledge, technology, and networking to power their business and professional development.

The CCIM Institute Membership Benefits



Lifelong Learning

Free and discounted courses covering development, data analysis, and more



FindaCCIM.com and CCIM Connect

An exclusive global network for business and industry intelligence



Site To Do Business

The industry's best digital toolkit for market analysis



Member Advantage Program

Exclusive discounts on travel, proptech, printing, and more



CCIM DealShare and CCIM Property Listing Service

Members-only databases of listings not found anywhere else



CCIM Connections Magazine

The award-winning print and online publication and popular podcast that cover market trends and innovations



THE BIGGEST DEAL

SPRING 2024



David Oxios, CCIM, of NAI Miami Fort Lauderdale in Miami, FL, and **Peter Oliver**, CCIM, represented the buyer Boise Cascade in a *\$31 million transaction* of 1300 Allendale, a 120,000-sf industrial property in West Palm Beach, FL.

Do you have a deal worth a total value of \$3 million USD or more? Submit your transaction; if eligible, you can be included in the next Deal Makers column!



Scan to submit to Deal Makers.



OFFICE

James Yates, CCIM, of Real Realty, LLC in Murfreesboro, TN, represented seller Motorist Mutual Insurance Co. in a *\$7.75 million transaction* of 1620 Gateway Blvd., a 15,400-sf office property in Murfreesboro.

Landon Williams, CCIM, of Cushman & Wakefield Commercial Advisors in Memphis, TN, represented the seller Champion Hills Realty Holdings, LLC in a *\$5.4 million transaction* of a 75,578-sf office property in Memphis.

Neil Merin, CCIM, of NAI Merin Hunter Codman in West Palm Beach, FL, represented the seller WFMHC Golden Bear Owner LLC in a *\$3.37 million transaction* of a 9,352-sf office property in Palm Beach Gardens, FL.

Andrew Cheney, CCIM, **Craig Coppola**, CCIM, and **Greg Kafka**, CCIM, of Lee & Associates in Phoenix represented the seller Furst Properties in a *\$12.5 million transaction* of Pinnacle 101, a 94,000-sf office property in Scottsdale, AZ.

Rob Adams, CCIM, of Hayes Commercial Group in Santa Barbara, CA, represented the buyer in a *\$13.9 million transaction* of Frontier Campus, a 28,500-sf office space in Santa Barbara.

Brian Elrod, CCIM, of NAI Elrod Group in Watkinsville, GA, and **Daniel Bennett**, CCIM, represented an undisclosed seller in a *\$4 million transaction* of a 55,156-sf office space in Duluth, GA.

T.C. Macker, CCIM, of Westmac Commercial Brokerage Company in Los Angeles represented seller Chaim Botach in a *\$4.1 million transaction* of 8750 W. Pico Blvd., a 6,535-sf office space in Los Angeles.



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THE BIGGEST DEALS FROM SPRING 2024 *continued*



MIXED USE

Paul Kenny, CCIM, and **Matt Bogue**, CCIM, of Commercial Real Estate in Sun Valley, ID completed the **\$6.4 million** sale of Silvercreek Living, a 24,600-sf mixed-use property located in Hailey, ID. Kenny represented the seller and the buyer, BearRock Investments, LLC of Seattle.

SPECIALTY

Scott Vix, CCIM, of Kidder Mathews in San Francisco represented the seller Z&L Properties in a **\$16 million transaction** for Richmond Ranch, a 3654-sf land property in San Jose, CA.

David J. Stevens, CCIM, of Investment Properties Corporation and associate represented the seller in a **\$7 million transaction** for 4555 Radio Rd, a 4.51-acre land property in Naples, FL.



INDUSTRIAL

Carl D. Kuhn, CCIM, of Jack White Commercial in Anchorage, AK represented the buyer in a **\$3.9 million transaction** of a 19,200-sf industrial property in Anchorage.

Steve Da Cruz, CCIM, of CASM Global in Vancouver, BC, represented a confidential buyer in an **\$18 million transaction** of Port Kells Industrial Lands, a 2.6-acre industrial property in Surrey, BC.

J. Jeffrey Castell, CCIM, of Cushman & Wakefield in Indianapolis represented the tenant in a **\$4.19 million transaction** of 3333 Franklin Rd., a 276,240-sf industrial property in Indianapolis.

Matt McLennan, CCIM, of Kidder Mathews in Tacoma, WA, represented an undisclosed seller in a **\$5.2 million transaction** of 214 21st Street SE, a 26,920-sf industrial property in Auburn, WA.

RETAIL

Patrick Fraley, CCIM, and **Rob Carroll**, CCIM, of Investment Properties Corporation in Naples, FL, represented the buyer, Covenant Presbyterian Church of Naples, Inc., in a **\$12.15 million transaction** for 6800 Golden Gate Pkwy., a 28,000-sf retail space in Naples.

Brad Umansky, CCIM, of Progressive Real Estate Partners in Rancho Cucamonga, CA, represented the seller, Red Mountain Group, in a **\$4.8 million transaction** of a single tenant Dollar Tree located in a 16,500-sf retail property in Rancho Cucamonga. **Greg Bedell**, CCIM, represented the buyer, a private San Gabriel Valley Investor.



A Commitment to Building Upon the Success of Past Leadership

A CHECK-IN WITH THE FLORIDA CCIM CHAPTER AND DISTRICTS.



Celebrating the **Florida CCIM Chapter's 50th Anniversary.**



"The success of any chapter is the ability to provide value to the members. Our membership strategy is to provide the services and education that will keep our membership engaged. We are fortunate as a bigger chapter to be able to offer over 26 scholarships, award-winning educational offerings, greater advocacy efforts, more opportunities for leadership development, and a myriad of networking events (statewide), that allow for more collaboration between members." - Rick Gonzalez, CCIM, 2023 Florida CCIM Chapter President

The Florida CCIM Chapter is living large and proud in the Sunshine State and flourishing under the leadership of President Liz Menéndez, CCIM, and President-Elect Michael Hinton, CCIM. The chapter is committed to building upon the successes of past leadership to enhance the value of being a member in 2024.

The Florida CCIM Chapter is the largest chapter in the U.S. with more than 1,100 members, and is only one of two CCIM chapters that is comprised of districts. The Florida CCIM Chapter's eight geographic districts consist of North, Panhandle, Central, West Coast, East Coast, Southwest, Ft. Lauderdale-Boward, and Miami-Dade/

Monroe. These districts offer multiple monthly events that are tailored to their local market area, and each district conducts its local fundraising activities.

The Florida CCIM Chapter's most recent accomplishments include winning The CCIM Institute Foundation Chapter Member Challenge, a fundraising event benefiting The CCIM Institute Foundation during The CCIM Institute's 2023 Annual Governance Meetings in Seattle. Among this accomplishment, the Florida CCIM Chapter also welcomed 11 new CCIM Designees, scheduled 12 commercial real estate Designation Curriculum courses throughout the state, and awarded more than 26 annual scholarships to qualifying candidates from 2023-2024.

"It is an honor to be recognized as a partner to advance commercial real estate careers through the scholarship program." - Rick Gonzalez, CCIM, 2023 Florida CCIM Chapter President

To offer valuable services such as networking, education, and connections, the CCIM Florida Chapter believes that partnerships with allied organizations are an essential part of business. They work with the Florida Association

of REALTORS®, SIOR, RLI, NAIOP, NAR, BOMA, ICSC, and local REALTOR® associations throughout the state to help bring beneficial services to their chapter members.

The Florida CCIM Chapter is proud of its philanthropic efforts and is continuously looking for ways to give back to the community. The Metropolitan Ministries collects turkeys purchased by the West Coast Florida District from donations received during their annual fundraiser. While turkeys are a great way to provide food to a family in need, many of the districts select other types of successful fundraisers to give back. Golf outings provide ample opportunity for networking, fun, and raising funds for deserving charities in Florida. The Central Florida District holds an annual golf tournament and donates the proceeds raised to the Central Florida Coalition for the Homeless. The East Coast CCIM Chapter also hosts a golf tournament that benefits both the Juvenile Diabetes Research Foundation (JDRS) and The CCIM Institute Foundation.

It is not uncommon for the Florida Chapter's Past Presidents to also serve as chapter ambassadors, with their involvement extending to the district, state, and national levels of The CCIM Institute leadership. The

A CONVERSATION WITH
FLORIDA CCIM CHAPTER,
EAST COAST DISTRICT PRESIDENT.

Erik Johnson, CCIM



Erik Johnson, CCIM, is a seasoned real estate advisor with expertise in various sectors, including retail, office, industrial, land, medical, and more. Johnson brings a high level of professionalism and proficiency to the commercial real estate industry.

Johnson's services cover a wide range of roles, including buyer representation, seller representation, and tenant representation. Whether working with owner-users or investors, Johnson is equipped to provide strategic guidance and personalized solutions tailored to his client's specific needs and objectives.

With dual licensure in both Florida and Michigan, Johnson offers comprehensive market knowledge and insights across multiple geographic regions. This allows him to effectively navigate local market dynamics, identify opportunities, and negotiate favorable outcomes on behalf of his clients.

Johnson's dedication to delivering exceptional service, combined with his in-depth understanding of the real estate industry, makes him a trusted advisor for individuals and businesses seeking to achieve their real estate goals. Whether clients are looking to acquire, sell, lease, or invest in commercial properties, Johnson provides expert guidance every step of the way.

He currently serves as a District Representative on the Florida CCIM Chapter's Executive Committee. He served as East Coast District President in 2023 and is doing so again in 2024. He was the winning ticket holder in The CCIM Institute Foundation's Chapter Member Challenge, winning The Florida CCIM Chapter the grand prize. We

wanted to check in with Johnson to learn more about him, his involvement in the Florida CCIM Chapter, and how The CCIM Institute Foundation has impacted his career.

CAN YOU GIVE US A LITTLE MORE BACKGROUND ON YOU AND YOUR BUSINESS?

I have been in the industry for more than 17 years, transitioning from a career in commercial lending with regional/community banks to commercial real estate sales/leasing. I'm the broker/owner of Gator Commercial Real Estate based in Palm Beach Gardens and an associate at Milliken Realty in Ann Arbor, Michigan. I reside in Jupiter, Florida, with my wife Lisa, two sons, Landon (13) and Hunter (2), and dog Baxter. My passions include spending time outdoors and in warehouses.

HOW DID YOU FIND OUT ABOUT THE CCIM INSTITUTE AND WHAT LED YOU TO BECOME A CCIM?

I've always been impressed by members of The CCIM Institute. From my experience, Designees always seem to stand out in a crowd and particularly in a transaction. I knew those were the people I wanted to do business with. After giving a presentation at an industry meeting in my banker days, I was offered a scholarship by Wayne Kleinstiver, CCIM. Although I didn't fully comprehend the value proposition at the time, I did eventually pursue my Designation after the transition to the brokerage world to help validate and compete. I've also had several amazing mentors, including Bill Milliken, CCIM, based in Ann Arbor, Michigan.

WHAT HAS BEEN YOUR BIGGEST ACCOMPLISHMENT AS DISTRICT PRESIDENT?

Florida CCIM Chapter encourages attendance and engagement at all The CCIM Institute meetings and events, including mid-year and annual governance meetings, The CCIM Institute's Chapter Officer Training, and the C5 + CCIM Global Summit. The chapter also hosts The Florida CCIM Chapter Meetings in January and August, and their own Chapter Officer Training for incoming leadership, which allows their chapter to network with all of the districts and chapter leadership throughout the state. ■

Our biggest accomplishment was hosting our first-ever commercial real estate symposium in 2023. We saw an opportunity and organized a gathering of local members to participate in an Economic Forecast. Topics discussed included public policy, affordable housing, and a five-county State of the Market featuring Palm Beach, Martin, St Lucie, Indian River, and Okeechobee Counties. It was a sold-out event, and we'll continue building upon its success.

WHAT IS A MAJOR GOAL FOR YOUR DISTRICT THIS YEAR?

Just like a parent wanting the best for their children, we want to leave it better than how we found it. We have exceptional talent within our board and committee teams. My goal is to create space for them to focus on education and networking for our members. We've recently hired administrative help to support this mission and are fully embracing technology to streamline traditionally clunky volunteer processes. I believe volunteering should be a two-way street and should be considered an investment of our time, not an expense. I respect our team's time and encourage their growth with aplomb.

WHAT KIND OF RESOURCES DOES THE FLORIDA-EAST COAST DISTRICT PROVIDE THAT ARE UNIQUE TO THE REGION?

We structure our education and networking events to best help meet our current and future members' needs. A significant portion of these activities are intended to provide meaningful market knowledge. While this is the mission of many of our chapters/districts, there are a variety of member types we support. For example, Palm Beach County alone generates more agricultural revenue than any other county east of the Mississippi River and is also the budding home to "Wall Street South." The four other counties we encompass have unique stories to tell and respective market dynamics.

WHAT IS YOUR INVOLVEMENT IN THE CCIM FOUNDATION?

The East Coast District is a proud and consistent supporter of The CCIM Institute Foundation. We have 30 scholarships available at a chapter level.



Scan to get connected and learn more about the Florida CCIM Chapter and its districts.



Making Money By Leveraging Site To Do Business Tools and Resources

Site To Do Business users have reported for years that the tools on its website have helped them be more successful. ...making more money and being more proficient in their day-to-day business activities. Whether users are seeking to master specific workflows or broaden their knowledge across various property types, Site To Do Business' digital toolkit can provide the necessary resources for enhanced productivity and profitability.

And we believe the tools can do the same for you.

In 2023, Site To Do Business launched How To Make Money on its Learning Center, an online webpage with real-life case studies that users can explore to make money in various property-type transactions.

The practical use cases within the new page help provide an understanding of how to use the tools, whether your area of focus is retail, office, industrial, and more. Plus, you can select a scenario type, such as whether you are a broker, investor, developer, or any other role that is associated with commercial real estate.

There are many practical and applicable use cases from the Make Money page, but we want to highlight a few:



Scan the code to access the Site To Do Business Learning Center.

VISUALIZING MARKET GROWTH FOR A MULTI-FAMILY PROJECT – USE CASE EXAMPLE

Within Business Analyst, a user can select all of the MSA markets within a given state (in this case, Florida). From defined areas – select geography – select from the full list (Florida), and select all 29 CBSAs. Once these study areas are created a suitability analysis can be performed by the chosen variable to rank the MSAs.



WORKFORCE AND EDC – PITCHING A RELOCATION OPPORTUNITY – USE CASE EXAMPLE

A Site To Do Business user can access the Business Analyst tool to create study areas that encompass the entire Workforce Region (in this case, 6 counties in/around Indianapolis, IN). Next, an Employment Profile Infographic can be run to provide meaningful information in a visual format. Another option would be to run a Civilian Labor Force Profile classic report to gather a better understanding of the existing workforce.

Occupation	Employment	Percent	MS Percent	Location Quotient
Total	1,176,459	100.0%	485.0%	1.00
White Collar	753,469	64.1%	402.0%	1.39
Management	141,717	12.0%	12.0%	1.00
Business/Professional	74,269	6.3%	6.3%	1.00
Community/Healthcare	66,914	5.7%	5.7%	1.00
Architecture/Engineering	48,492	4.1%	2.4%	1.67
Life/Physical/Social Sciences	36,762	3.1%	2.7%	1.13
Education/Arts/Performing Arts	38,355	3.3%	3.3%	1.00
Legal	34,443	2.9%	1.7%	1.70
Information/Technology	62,982	5.4%	6.2%	0.88
Mathematical/Computer Science	24,177	2.1%	2.1%	1.00
Healthcare/Management	78,255	6.7%	6.7%	1.00
Sales and Sales Related	94,529	8.1%	8.1%	1.00
Healthcare/Healthcare Support	124,624	10.6%	10.6%	1.00
Blue Collar	342,774	29.1%	14.5%	2.00
Manufacturing/Production	1,242	0.1%	0.1%	1.00
Construction/Construction	44,857	3.8%	3.8%	1.00
Transportation/Transportation	71,297	6.1%	5.4%	1.13
Transportation/Tractor/Trailer	188,227	16.0%	16.0%	1.00
Service	348,259	29.6%	152.0%	0.20
Healthcare Support	69,945	6.0%	5.1%	1.18
Protective Service	21,117	1.8%	2.1%	0.86
Food Preparation/Service	62,615	5.3%	5.2%	1.00
Personal Care/Service	80,260	6.8%	6.8%	1.00
Residential Services	36,118	3.1%	3.1%	1.00

WORKING WITH A TENANT TO DETERMINE TOP LOCATIONS BASED ON MARKET DEMOGRAPHICS – USE CASE EXAMPLE

A Business Analyst user can define areas by standard geography (Mecklenburg County, NC), and they can perform a point of interest search from the create maps tab for “Homegoods”. This can be created as a point layer, which allows a threshold analysis to be built. The threshold analysis tool is available from the “run analysis” tab. The variable to study is a customized variable for children under the age of 18.

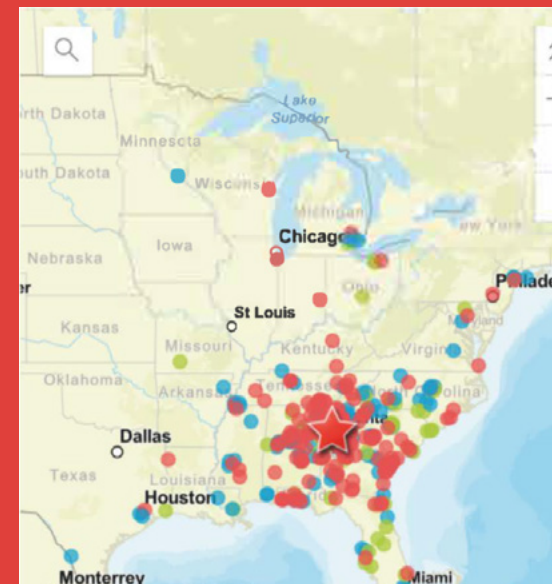


If there is a use case you can think of that you would like to see or processes you think should have tutorials, please send ideas to support@stdb.com.



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Katie Sentell, CCIM

FROM CHAPTER ADMINISTRATOR TO GEORGIA CCIM CHAPTER PRESIDENT KATIE SENTELL, CCIM, HAS A UNIQUE PERSPECTIVE ON HER CHAPTER

What led you to commercial real estate?

I guess you could say I fell into it. When I first moved to Atlanta, I was doing temp work and wound up at a small brokerage and management company that ultimately hired me as a general “Gal Friday,” which was fun because I was able to be involved in all aspects of the business. Commercial real estate seems to speak to both my nerdy, organized side and the part of me that loves architecture and a sense of place.

What is the most rewarding aspect of commercial real estate?

It is very satisfying to put your skills and knowledge to use to solve a client’s unique problem.

What are some challenges you face within the industry?

One of the biggest challenges I see currently is the increasing crossover from the residential side of the business. Not because I see it as a threat to market share, but because there isn’t a minimum standard for training and education. I think this is a real opportunity for The CCIM Institute and its education platform.

How did you learn about The CCIM Institute, and what led you to become a CCIM?

One of the principals of the first firm I worked for was a Designee, so I was aware of CCIM’s because of him. When I went on to work in marketing for First Industrial Realty Trust, our eventual Regional Manager, Kent Mason, CCIM, was involved with The Georgia CCIM Chapter, and we would attend their industrial panels. While there, I was able to take CI Intro (now Fundamentals) and then CI 101. In that CI 101 class, I sat next to a broker who had been a third-party agent for the team I supported, and I wound up helping him through the class a good bit. It wasn’t long after that I decided to get my real estate license.

Since 2005, Katie Sentell, CCIM, has been a highly respected professional in the Atlanta commercial real estate market, renowned for her expertise in the sales and leasing of office properties. With a dedication to providing top-notch client service, she has garnered recognition for her outstanding contributions to the industry. Sentell achieved her CCIM Designation in 2020, solidifying her commitment to excellence and proficiency in commercial real estate. As a multi-year member of the Atlanta Commercial Board of Realtors Million Dollar Club, she has consistently demonstrated exceptional performance in the field.

In addition to her successful career, Sentell is actively involved in industry leadership. After spending 13 years as the Georgia CCIM Chapter’s Administrator, she became the President of the Georgia CCIM Chapter in 2024, further showcasing her dedication to advancing the profession and supporting fellow professionals in the field. With her wealth of experience, accolades, and leadership roles, Katie Sentell continues to make significant contributions to the commercial real estate sector in Atlanta and beyond.

You have had a significant journey from a real estate marketing manager, The Georgia CCIM Chapter Administrator, and you are now leading the chapter as President. Can you elaborate on that journey and what it takes to become a chapter President?

I accepted the chapter administrator position at a time when I thought my work options as a new mom were limited – work or don’t work. The Georgia CCIM chapter offered an opportunity to stay connected to my industry and prioritize my family while at the same time creating an amazing network of colleagues and friends. Pursuing the Designation gave me the skills and tools to be successful as a broker. Putting these things together gives me a unique perspective as Chapter president today.

What did you do prior to commercial real estate? How did you become a Chapter Administrator?

I’ve had a pretty wide career arc. Before moving to Atlanta when my husband relocated for his job, I had roles as an executive assistant, a toy salesman, and managed corporate events. In 2009, our first son was born, and I decided to leave First Industrial to be at home with him. A year later, Kent Mason, who was now Georgia CCIM President, needed to find a replacement for the Chapter Administrator who was moving out of state. A serendipitous conversation with his assistant landed me in front of the search committee interviewing for the position.

One member of the search committee that hired me as Chapter Administrator was Jeff Pollock, CCIM, the 2013 Chapter President who had recently opened his own firm and needed some of my “Gal Friday” skills. At the time, I wasn’t looking for one job, let alone two! I’ve been on Jeff’s team for almost 13 years now. That partnership has allowed me to evolve from a support and operations role into transactional brokerage.

Was there anyone who helped encourage/motivate you to get your CCIM Designation? How did this help propel you to the leader you are today?

I kind of had the whole chapter encouraging me. I mean this in the best possible way, but it was kind of hard to hide if you know what I mean. Jeff Pollock, CCIM is also a major factor in how I got to be where I am today.

What is your proudest career moment?

Earning my CCIM Designation.

How do you define leadership in your role and in daily life?

A famous quote by Arnold Glasow that goes, “A good leader takes a little more than his share of the blame, a little less than his share of the credit.” Maybe it is because I am more comfortable behind the scenes, but this has always resonated with me.

Where do you find inspiration?

In others. Seeing how others take on challenges or find success is very inspirational.

I see that you studied Art History in college. Are there any concepts or practices from that discipline that can be applied to the real estate industry?

Perhaps that beauty is in the eye of the beholder. In a commercial real estate context, that can be applied to the fact that each client or project has its own unique set of goals and objectives, and you have to incorporate that into your approach.

How has being a CCIM Designee enriched your life?

It gave me a community. As a broker, it is easy to feel a little siloed. Knowing there are thousands of people around the world that I automatically have something in common with and who would take my call is pretty amazing.

What advice would you give to anyone that may be thinking about becoming a volunteer leader?

Just do it. It may sound self-serving, but I get just as much in return as I give to The CCIM Institute. It is a great way to develop not just leadership skills, but also communication and collaboration skills. It also forces you to stretch and sometimes step out of your comfort zone. And you meet so many interesting people along the way.

Do you have any advice for real estate professionals looking to pursue a CCIM Designation?

Get engaged with your local chapter, of course! It can feel daunting working through the process, taking classes, and preparing your portfolio. Having a support system of not just Designees, but also other Candidates is invaluable. Over the years I have seen so many candidates from the same cohort forge close friendships.

What kind of legacy would you like to leave behind?

Hopefully, both my professional path and the relationships I’ve formed along the way speak of service. From the part-time assistant to the President, we can all serve one another. It’s what true friendship is made of.



Shattering Ceilings

Leading with **INNOVATION**
and **INDUSTRIOUSNESS**

THE CCIM INSTITUTE'S PRESIDENT
D'ETTA CASTO-DELEON, CCIM,

**OUTLINES NEAR-TERM PRIORITIES
IN A TRANSFORMATIVE YEAR OF
CHANGE AHEAD.**

The CCIM Institute is undergoing significant changes as part of its brand modernization strategy that will better position it for growth in 2024 and beyond. Leading the charge on that continued transformation will be the 2024 Global President D'Etta Casto-DeLeon, CCIM.

Casto-DeLeon is a Director at CBRE Loan Services in Houston and has more than 25 years of commercial real estate loan servicing and mortgage banking experience. She earned her CCIM Designation in 2007 and has been an active member of The CCIM Institute over the years. We sat down with Casto-DeLeon recently to discuss her vision as Global President, along with the objectives and goals of the 2024 Management Team in the coming year.





As the 2024 Global President, can you share a little bit about what being a member of The CCIM Institute means to you?

For me, an important element of membership in The CCIM Institute has really been the education that I've received. Some people go into this knowing that they're going to get a Designation. I needed the education. The reason why I headed down the CCIM Designation path was because I went to one of the partners in the company I was working with and asked what I needed to do to get to the next level. He told me to go get my CCIM Designation. That's exactly what I did, and two and a half years later, I had my Pin. It was purely because I was missing the essential knowledge I needed, and The CCIM Institute was the premier provider to offer it.

Starting in the industry, I didn't have a college degree. I got my hands-on training from a variety of jobs and experiences, which served as building blocks for various positions during my career. For fourteen years, I worked for an insurance company, and after that, I went to work for a mortgage banking firm in loan servicing, where I was the one now requesting insurance on the commercial side. My next career move took me to loan setup, where I had the opportunity to read loan documents, although I needed help understanding what I was reading at the time. Later, that led into all the various elements of loan servicing, including reviewing inspections, financial analysis, lease reviews, and finally, understanding what I was reading in the loan documents. Ultimately, learning all of my skills over my career has paved the way for me to know many sides of commercial real estate. Based on my background, I like to stress that people

who are not in a transactional brokerage type of position can and should earn the Designation to enhance their career. While 47% of The CCIM Institute's members are brokers, the majority are like me.

The CCIM Institute is moving forward with its brand transformation and strategic initiative. Can you talk about your vision as President for 2024?

One of the goals I want to focus on is having corporations look to The CCIM Institute to be their strategic education provider. I'm not talking about only large service firms, but companies out there that have their own real estate departments. These companies are doing site selection, acquisitions, development, financing, and leasing, which are some of the skills taught as part of The CCIM Institute's education curriculum. I want those companies to understand the benefits of The CCIM Institute as their education for their corporate real estate departments. We need to ensure that when people are seeking commercial real estate education, The CCIM Institute is top of mind. We should be their first stop.

Are there any specific plans in the works to increase that awareness with corporations?

Yes! We are finalizing some contracts now, and we have a marketing plan to announce our partnerships when we are ready to share. We have a staff person at The CCIM Institute who is focused on creating some of these pathways where she can start approaching different corporations in our pipeline. We also have a large marketing plan where we are going to highlight CCIMs and the value partnering with a CCIM Designee in a transaction. It is our goal to have all of these resources working together to help corporations see the value of CCIM Designees, as well as the knowledge and prestige behind The CCIM Institute.

The 2024 Management Team and other CCIM Designees are going to be pivotal in building up our network with additional corporate partnerships. CCIM Designees at the local level can help us get a foot in the door and connect with people in corporations they already have relationships with.

What other priorities do you have for 2024?

As President, my most significant push is building corporate relationships. Another area of focus is continuing to advance the inner workings of The CCIM Institute and optimizing our resources so we are spending in areas poised for growth. I've already started working with the Management Team and have collaborated with staff team members on these initiatives. I'm hopeful that members will begin to notice how collaboration and cohesiveness can make

positive change at The CCIM Institute. I also want to build stronger relationships with our chapters. Inclusion and collaboration between chapters and The CCIM Institute is vital as we look to grow. Having open lines of communication, an improved exchange of information, and engagement are all action items I have on my list.

Sometimes, it is difficult to change that mindset and get that message across. Is there anything that you think is going to help create that collaboration?

There are many different components that go into our current transformation. The marketing and communications coming out of The CCIM Institute this year will be instrumental in helping us get our messages across about how we are evolving to meet the needs of everyone in the commercial real estate industry. I want to start with members. In some cases, it may be showing up at the local chapter event or having the opportunity to communicate one-on-one with members to point them in the right direction. Our members should know all of the positive changes that are happening at The CCIM Institute and that their leaders are working hard to enhance their membership experience.

I am focused on transparency and am open to hearing new ideas. If a member comes to us with an idea, I'd like to bring it to the collective group and do an assessment to vet it properly. I want to see the idea from all sides and figure out if there are opportunities to implement it or build upon it. No idea is a bad one, it just needs to fit within our business model. I hope that members know coming to us with their thoughts is how we continue to be relevant and progress.

What do you think is going to require the most heavy lifting in this strategic plan, and any thoughts on how you might approach those challenges?

One of the things that we did differently in strategic planning is we changed it from a one-year plan to a three-year plan and set some measurable goals for all those items. We also created a work plan, which is a seven or eight-page written plan for how the staff team members are going to accomplish our strategic goals. The positive side of this type of strategic planning is that it gives staff team members something to work on for three years and creates longevity to help us reach our goals.

The Strategic Planning Committee met this January to discuss the strategic goals for 2024 and 2025. These goals will build on some of the goals we accomplished in 2023 and will continue to work and build upon in 2024. This strategy keeps The CCIM Institute's vision for the future close enough to where it is more attainable. Still, it provides enough allowance for greater flexibility when it comes to change. We all agreed that having everybody work towards plans

and visions with three solid years versus flipping every year when there is a new President who may want to focus on other initiatives.

Transparency is significant to me and will play a big role for the 2024 Management Team. That means that my First Vice President, Adam Palmer, CCIM, and the President-Elect, Steve Rich, CCIM, will know everything that I'm working on so that we can properly execute a successful succession plan. It's all about collaboration so that we can be dynamic, and what I bring to the table with my goals doesn't go away after I leave but are carried through. We are all a team so everyone in the leadership succession has an ownership in the future of The CCIM Institute. We're setting up some new standards so that we can fix some of the gaps that have existed in the past as well as empower The CCIM Institute's staff team members to effectively do their jobs and be successful.

What's the overall takeaway in how these changes will benefit CCIMs and The CCIM Institute?

It's about creating a more robust, reliable brand. We are taking on these initiatives to showcase The CCIM Institute as the gold standard of education in the commercial real estate industry. We want to continue to build on the momentum started with the brand modernization in 2023 and carry that through today as we enhance member experiences and demonstrate how the power of the CCIM Designation represents proven expertise in the commercial real estate industry.

Was there anything else that you would like to add about your goals and objectives?

I'm proud to be the fourth woman President in 57 years at The CCIM Institute. Historically, there haven't been many females leading The CCIM Institute, for one reason or another, but I want to change that. I am motivated to encourage diversity, equity, and inclusion in our organization. We have a Cultural Diversity Education Program that is a good example of how we are concentrated on a diverse commercial real estate industry.

As the 2024 Global President of The CCIM Institute, I am proud to be leading such a prestigious organization and am focused on growing our membership opportunities, providing first-class member experiences, and promoting to the world the significance of who we are, an extraordinary collective of experts who have earned the distinguished CCIM Pin.

Why Now is the Time for Doctors to Cash Out of Their Buildings

BY
Michael Campbell, CCIM

Once considered a subsegment of office properties, medical office buildings have come into their own over the past decade.

While the pandemic has left many owners with large vacancies to fill, medical office buildings, or MOB, as they are often referred to, are experiencing vacancies of less than 5 percent in some markets. Strong absorption and low deliveries, combined with an increase in average rental rates, are keeping investors, particularly medical office real estate investment trusts (REITs), hungry for more.

Despite forecasts of a possible recession, the Federal Reserve's pause of programmatic rate hikes and discussion of rate cuts as early as this summer suggest otherwise. Now could be a great time to dust off your physician client's building valuation to strategize on a sale. With the average age of providers nearing 54, a sale and leaseback transaction could be the solution they seek.

What exactly is a sale and leaseback, and who might be a good candidate?

A sale and leaseback real estate transaction is a simultaneous real estate sale and lease, whereby an owner-occupier (particularly a physician group or hospital system) chooses to sell their real estate to a third party while executing a long-term lease. This structure enables their practice to continue operating uninterrupted while allowing the partnership to cash out of their real estate investment at a premium value.



To execute this strategy, a client will need to control the decision-making for both the medical practice, as well as the real estate. Typically, the client will have separate ownership entities for these assets. In the case of an extensive practice with several physician owners, you may be dealing with more than one decision-maker or the group as a whole.

Timing considerations for a sale and leaseback strategy

Most physician owners would likely tell you that they are so focused on running their practice that their real estate ownership does not often get the attention it deserves. We often hear that it is "too early" to think about selling their real estate. However, with the average age of physicians at 53.9 years and typical lease terms running between 10 and 15 years, now could be the best possible time to consider a sale and leaseback as a real estate exit strategy.

If a client waits too long, past the point of being able to execute a long-term lease, it could cost them hundreds of thousands, if not millions, of dollars in value. Practically speaking, a lease with three to five years of cash flow has substantially less value (a greater inherent risk to the buyer) than one with 10 to 15 years. Educating your client that it is important to start thinking about how a sale could fit into their retirement strategy, sooner rather than later, will benefit them in the long run.

Practice sales and lease structuring

With the financial markets beginning to rebound from recent interest rate hikes, we have already begun to see a more robust year of investing. Not only does this trend apply to real estate but also to private equity-backed Management Service Organizations (MSOs) seeking to acquire and pool together independent physician practices.

Independent specialty providers in ophthalmology, gastroenterology, orthopedics, dermatology, and plastic surgery are all candidates for consolidation. The consideration of remaining independent or joining a broader network (such as a hospital, private equity, or larger regional practice) remains a hot topic at many physician conferences, making it clear that succession planning is on most physicians' minds.

While your client's decision to sell their practice may be up for debate, their building lease should not be. It stands to reason that the value of most practice sales eclipses the value of the physician's building. That said, real property still carries millions of dollars in value, which can be jeopardized if a practice (the tenant or occupier) is sold without a new lease being structured to secure the real estate.

A practice sale transforms a physician owner-occupier into a physician landlord. As real estate professionals, we all know that a good lease can make or break the value of a building. Navigating a lease negotiation during a practice sale can be tricky, but as a fiduciary to our clients, it is important that we help them structure a lease that preserves the value and salability of their building.

If the client fails to seek guidance or does so too late in a practice sale process, there can be real consequences. In our experience, physician owner-occupiers have one opportunity to structure a proper lease with their new tenant. Once the practice sale closes, your client likely has little leverage to renegotiate with their tenant, the new owner of the practice.

After all, they are no longer making business decisions on behalf of the practice, which includes lease-related matters. The lesson is to educate your clients early and often, keeping their real estate investment top of mind when considering a sale of their practice to the hospital, private equity, or a larger regional practice.

Sale and leasebacks have other benefits, too

With the intent to control their destiny, many physicians purchase vacant buildings, which they adapt to the needs of their practice and patients. Just like they knew when to buy a building, they must also consider the optimal time to exit. A sale and leaseback strategy provides physicians with a method of truly maximizing the value of their real estate investment at a strategic time. However, there are additional advantages that provide real value, including creating liquidity for expansion and debt reduction, along with eliminating personal guarantees and mitigating the risk of building obsolescence.

When a physician (or group) acquires a building, they generally use debt in the form of a mortgage or line of credit, which are typically personally guaranteed. Upon a building sale, any debt is cleared, as are the associated personal guarantees tied to that loan. So, while the practice can continue to conduct business in a building that they once owned, they have no personal guarantees tied to the building or lease.

A further benefit is that if a capital expense arises, perhaps a roof replacement, the cost can often be transferred over to the new landlord, further reducing the physician's (now the tenant's) risk. Now that your client has sold their building, paid off their loan, and removed their personal liability, they have endless options for use of the proceeds; their equity is unlocked.

Conclusion

The benefits of a sale and leaseback extend further than the points I have touched on in this brief article. Still, the common theme with each such strategy is that owner-occupiers must be educated that succession planning for their real estate should start very early in their ownership. In our profession, there is a saying that "you make your money on the buy," but that assumes a properly planned exit strategy. While your physician or healthcare clients might not be interested today, eventually, they will want or need to sell. Our job is to educate them on the how and why, remaining respectfully persistent in order to help them maintain awareness of their real estate options.

Michael Campbell, CCIM, is Managing Director of ERE Healthcare Real Estate Advisors in San Diego, CA. Campbell specializes in providing executive-level advisory to developers and physician-owners of healthcare real estate.



If you have an idea for a future article or would like to be a content contributor, let us know.

The Robert L. Ward Center for Commercial Real Estate Studies

The CCIM Institute's Robert L. Ward Center for Commercial Real Estate Studies stands as a beacon of excellence in the realm of commercial real estate education and research. This esteemed center is dedicated to advancing knowledge, promoting innovation, and fostering intellectual curiosity in the field of commercial real estate.

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Ready to Advance Your Career?

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SPRING 2024

CRE's Top Ten Issues Affecting Real Estate®

The economy, capital costs, and changing behaviors in the wake of the pandemic are all themes that are at the forefront in the 2023-2024 Top Ten Issues Affecting Real Estate® by the Counselors of Real Estate®.

Now in its 12th year, the Top Ten Issues identifies current and emerging issues expected to have the most significant impact on all sectors of real estate. "It's a snapshot in time, but it's intended to be forward-looking," says Kathleen Rose, CCIM, CRE, President and CEO of Rose & Associates Southeast Inc.

The Counselors of Real Estate takes a very methodical approach, surveying its approximately 1,000 members in an iterative process that starts with approximately 20 issues and common themes that are narrowed and ranked to come up with a final top ten. "Throughout the process, we are continually reviewing to be sure the issues selected haven't dramatically shifted as economies and markets are not static," adds Rose.

For real estate industry participants who are navigating in this complex environment it's important to not be reactive and to be proactive, and to also look at multiple data points, advises Rose. "It's not just about interest rates or cap rates. It's also about understanding the economy and movements in the markets, particularly in the labor market as jobs and migration patterns influence commercial real estate," she says.



Scan to download the full report.



Listen now to hear Kathleen go more in-depth about the Top Ten in our recent podcast.

The Counselors of Real Estate®

1 What's This World Coming To? Political Unrest & Global Economic Health

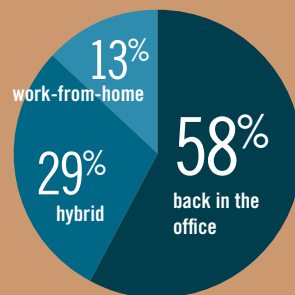
Inflation, high-interest rates, bank stress, and tightening liquidity are just a few of the many risks at play in the current market.

\$1.5 TRILLION in commercial and multifamily debt

Fed rate increases have resulted in an inverted yield curve, while capital costs are creating refi risk with an estimated \$1.5 trillion in commercial and multifamily debt set to mature before the end of 2025.

2 Do I Have To Go To The Office? Occupiers, Obsolescence, and Devaluation

According to WFH Research in 2023, 58% of workers are now fully back in the office, while 29% are working hybrid schedules and 13% are fully work-from-home.



As the future of hybrid work continues to unfold, the near-term focus is centering on calibrating hybrid schedules and setting new expectations for work that needs to be done in person.

3 There's No Place Like Home The Global Housing Shortage

The U.S. continues to face an overwhelming housing shortage that has resulted from decades of underbuilding.

The National Apartment Association (NAA) and the National Multifamily Housing Council (NMHC) estimate that the U.S. needs to build 4.3 million more apartments by 2035 to meet the demand for rental housing. Other research suggests a cumulative housing shortage of 5.5 million units between 2001-2020.

4.3 MILLION more apartments needed by 2035 to meet the demand

4 AI: How Intelligent Is It?

AI is advancing at lightning speed.

Where we are at the end of 2023 with AI 3.0 is integrating new and alternative forms of data and new forecasting techniques. However, in this AI 3.0, we're still in the process of merging massive databases into one clean data source that includes alternative data sets.

5 Where Have All The Workers Gone? The Labor Shortage

Employers are struggling to find workers and keep up with the changing labor market.

The monthly Job Openings and Labor Turnover Survey (JOLTS) report consistently shows more job openings than there are available workers. As of Nov. 30, the unemployment rate remained low at 3.7% and job openings stood at 8.8 million.

8.8 MILLION job openings

6 Population Shock Migration's Impact on Real Estate

The U-Haul Growth Index provides insights into where people are moving.

The states that top the list are Texas, Florida, and South Carolina, with cities attracting the most inflows including the likes of Ocala, FL, Surprise, AZ, and Madison, WI.

Cities benefiting from that growth have three key ingredients:

- 1 AFFORDABILITY
- 2 GOOD AIRPORTS
- 3 HOUSING

7 Real Estate Armageddon Economy, Interest Rates, and Inflation

The recent era of "free money" ended abruptly following a blistering pace of Fed rate hikes. The federal funds rate is now at its highest level since 2007.

0.5% → **5.3%**

The SOFR benchmark rate has climbed from 0.5% in March 2022 to 5.3% as of late March, while the 10-year treasury is hovering around 4.3%. Despite pressures to reduce rates, for now, the Fed is holding steady.

8 Alexa, Where's My Stuff? Supply Chain, Logistics, and U.S. Onshoring

A decade ago, about 60-65% of all containerized goods were flowing through the West Coast ports of L.A. and Long Beach with 30 to 35% coming from the East Coast and Gulf Coast ports. Now that flow of goods has flipped the other way.

The East Coast and Gulf Coast ports can move containerized goods through their ports inland and reach 70% of the country's population at twice the speed of West Coast ports at half the cost.



9 The Price is...Wrong? Do Markets Need a Pricing Reset for Values to Normalize?

Although there is some acceptance that prices have dropped, there is less willingness to take write-downs in values. The main bellwether for asset repricing is interest rates and capital costs. The 10-year has increased 200+ basis points from 1.6% in January 2022 to 4.3% as of late March, while the 1-month SOFR rate has jumped 500+ basis points to hover above 5%.

↑ **500+** basis points

10 London Bridge is Falling Down Finding "a Third Way" to Advance America's Infrastructure

The U.S. has been getting sub-par grades for the country's infrastructure for the past 20 years.

The tremendous need for new and improved infrastructure is now being met with "once-in-a-generation legislation" with the \$1.2 trillion Bipartisan Infrastructure Law and \$783 billion within the Inflation Reduction Act.

\$1.2 TRILLION Bipartisan Infrastructure Law
\$783 BILLION Inflation Reduction Act





THE CCIM INSTITUTE FOUNDATION'S

Named Education Scholarship Supports CCIM Designees, Fuels Critical Pipeline

The CCIM Institute Foundation reached a significant milestone in late 2023, awarding its 1,000th Named Education Scholarship (NES) and surpassing the \$1 million mark in payouts to support commercial real estate professionals pursuing their CCIM Designation. The NES program was launched in 2005.

The Foundation plays a pivotal role in creating these annual scholarships, which are typically \$1,000, in partnership with local CCIM chapters. The scholarships help offset the cost of the Designation Curriculum for deserving professionals.

“The chapters use these scholarships to recognize their members,” explains Kari Pantol, Executive Director of The CCIM Institute Foundation. “They are often named in memory or honor of someone who has made important contributions to commercial real estate in their area. The chapter contributes to the scholarship, and The CCIM Institute Foundation matches that initial donation. We then manage the funds and pay out the scholarship. It’s a very important partnership and makes a huge impact.”

The CCIM Institute Foundation is at the epicenter of this scholarship program, notes Tim Blair, CCIM, CPM, a member of The CCIM Institute Foundation Board of Directors, a past President of The CCIM Institute, and owner of Blair Properties. “It’s the facilitator,” he says.

Cody McGuire, CCIM, is testimony to the significance of these scholarships. McGuire, the 2021-22 Southern Arizona CCIM Chapter President and a banker at CrossFirst Bank, received the James P. Robertson CCIM Scholarship three times.

The scholarship is named in honor of James P. Robertson Jr., MBA, CCIM, The CCIM Institute Foundation President for 2024, and a commercial and investment broker at Realty Executives Arizona Territory.

For information on The CCIM Institute Foundation or to donate, visit us online.



McGuire says the financial help was greatly appreciated. At the time he was taking the courses and pursuing his CCIM Designation, he had his hands full working full time and raising a young family with 6-year-old twin boys.

“I truly appreciate the support from James and our local chapter by providing these scholarships,” McGuire says. He says the scholarship was the “gift of help” to get him across the finish line. “Otherwise, it would have taken a lot longer,” McGuire notes.

McGuire pays it forward by serving on committees including leading education efforts at his chapter and serving on the national Candidate Guidance and Scholarship Designation committees.

“Our chapter sees the success of these scholarships,” says McGuire. “We look at it as pure value to help give back.” The chapter currently has five Named Education Scholarships.

Robertson is pleased that the scholarship helped jumpstart McGuire’s Designation process. He says when he first met McGuire years ago in the banking business, he knew he would be an ideal candidate for the CCIM Designation.

“I like to be around people of good character,” Robertson says. “I’m very proud of Cody for what he has done for his family, his company, his CCIM chapter, and mostly for himself personally.”

Robertson donated to create the Named Education Scholarships to help young professionals coming up behind him earn the Designation. “I saw a big, big struggle,” he says, noting that many millennials are financially strapped with student loans and other debt.

It is important for The CCIM Institute Foundation and CCIM chapters, Robertson says, to continue to fund these scholarships to help reduce course costs and build a strong pipeline of future CCIM Designees.

“For the Pin to continue to have value, you need people to come up behind you and keep going through the effort of taking the classes and getting involved in the chapters,” Robertson explains. “We need that constant flow of people to give that energy to the Designation. It’s up to all of us to continue to support The CCIM Institute Foundation as it moves through this flow of people. It’s important to keep the floodgates open.”

Blair agrees. “This scholarship is so healthy from The CCIM Institute’s perspective because it continues to ensure that we have a full pipeline of students,” he says. Class size is a leading indicator of what future membership numbers will look like.

“And from the student’s perspective, it’s a discounted class to help advance their career,” Blair adds. “It’s a no-brainer. The Designation can turbocharge your career.”

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Is the Commercial Real Estate Industry Ready to Welcome AI?

CONTRIBUTOR: *Michael Hironimus, CCIM*



Whether you're discussing ChatGPT or the soaring stock price for NVIDIA, artificial intelligence – AI – is front and center just about everywhere these days.

“I think it’s the biggest technological advance that we’ve had since the adoption of the internet, and I think it will continue to permeate everything that we do in our daily lives, how we interact business-wise, and how we interact with each other.”

– Michael Hironimus, CCIM, Principal/Founder of Duckridge Realty Advisors in West Linn, OR

Hironimus is in the process of developing a course on AI for The CCIM Institute, and he also is weaving AI into existing courses offered through The CCIM Institute he teaches with a focus on asset management and market analysis. “We deal with a lot of big data. So, naturally, we’re starting to think about how we can utilize AI,” says Hironimus. Even introducing AI to CCIMs at a high level will be helpful to get people thinking about how they can use it in their business and their company, he adds.

AI is already finding its way into a variety of commercial real estate applications from tenant services chatbots and smart building systems to financial modeling and lease administration. According to a report by Bloomberg Intelligence, the generative AI market alone is expected to grow from an estimated \$40 billion in 2022 to \$1.3 trillion over the next ten years.

AI 3.0

AI ranked as the #4 biggest issue in the Counselors of Real Estate’s 2023-24 Top Ten Issues Affecting Real Estate®. Although AI has exploded along with the introduction of ChatGPT to mainstream users, the use of AI in the CRE industry goes back decades. According to the Counselors of Real Estate, AI 1.0 started back in the 1980s by collecting data, such as on rents, vacancies, operating income, and ultimately cap rates. Groups such as NCREIF came up with standardized data sets to compare NOIs that helped to measure performance, both relative and absolute.

AI 2.0 was the work that Bill Wheaton and Ray Torto did in collecting a time series of data on rents and vacancies and then forecasting using traditional time series methods, and the work that Bob White did in collecting and forecasting transactional cap rates. Where we are now with AI 3.0 is integrating new and alternative forms of data and new forecasting techniques.

CCIMs are already starting to see AI emerge in a variety of tools they are using for business, such as Site To Do Business, ESRI, and Moody’s Analytics, as well as everyday tools such as Google, Microsoft, and customer relationship management (CRM) software. “We’re starting to see it integrated into the tools that we’re using now, and it’s only going to continue to increase as the technology matures, and we see more applications for this technology,” says Hironimus. The challenge moving forward is just getting people to understand how they can use AI to create value and drive efficiency.

Practical Applications for CRE

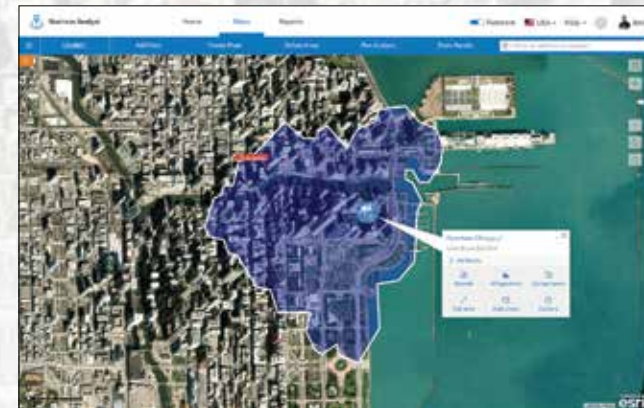
As time goes on and people understand that AI is very approachable and useful, there will be more adoption and utilization. A good analogy for AI is to think of it as a really intelligent, enthusiastic intern or junior broker, notes Hironimus. The trick is just being able to give clear instructions and understand how to elicit the information that you need, he adds. For example, Hironimus has created his own AI bots that can perform tasks that range from helping his son learn calculus to financial analysis and lease abstraction.

People also need to understand the guardrails in using generative AI tools, such as putting appropriate privacy settings in place so they are not putting confidential or proprietary information out into the universe. And just like with any intern, it’s important to review and fact-check the information being delivered for accuracy. However, CCIMs shouldn’t be intimidated or afraid to experiment with AI to see how it can help them in their business.

“AI is designed to be intuitive and it’s getting more intuitive as the technology progresses. The first thing is to just get started and see what you can create with it.”

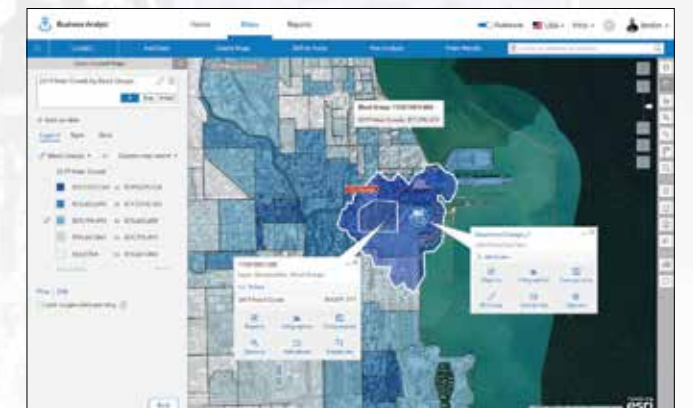
– Michael Hironimus, CCIM, Principal/Founder of Duckridge Realty Advisors in West Linn, OR

Smart Map Search in 3 Steps

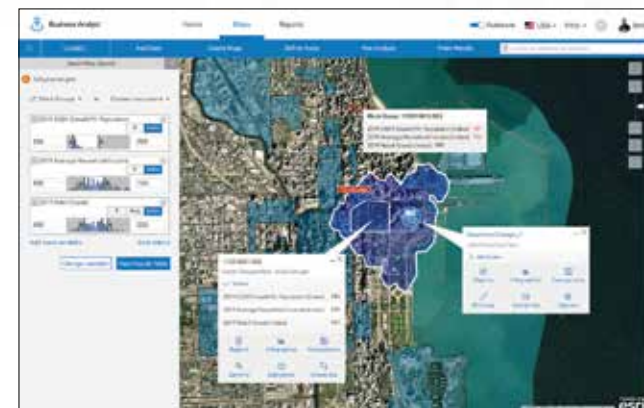


1 Bring your data into context.
Understand your market in context and compared to other options.

2 Locate gaps.
Identify the gaps and opportunities that others have overlooked.



3 Analyze.
Quantify the return on investment and quality of your plans against experience.



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Industry Voices

The Counselors of Real Estate (CRE) released their list of the 2023-2024 Top Ten Issues Affecting Commercial Real Estate®.

If you were to choose one of these issues that you feel is most important impacting your specialty, which would it be and why?



David Monroe, CCIM
MOBILE, ALABAMA

My Specialty is multifamily and for me, it was a toss-up between number 3, Hybrid Work and the Great Decentralization: A Correction Towards Resiliency, and number 7, The Great Housing Imbalance.

Ultimately, both affect resident demand for apartments. Hybrid work is moving the residents further from where they work, which creates challenges in determining where to invest, and the housing imbalance has been exacerbated by affordability and causing even more residents to double up so they can afford the rent. Both situations can greatly affect rental demand.



Craig Finfrock, CCIM
TUCSON, AZ

The CRE article nails it. The top two concerns for the commercial real estate industry, including retail real estate, are 1. Inflation, and 2. High Interest Rates. For the most part, the other problems that fall under these top two (3 through 10) are the result of or are exacerbated by high inflation and high interest rates.



Glenn Preuss, CCIM
AUSTIN/SAN ANTONIO, TX

As a result of geopolitical risk with China and global shipping lane disruptions, manufacturers are choosing Mexico as a near-shoring opportunity for the United States consumer market. Last-mile inventory is driving the demand for warehouse space along the I-35 corridor in Central Texas.



Bev Larson, CCIM
FORT MEYERS, FL

Since 2010, Lee County has seen significant changes in employment levels influenced by several factors, including the aftermath of the economic recession in 2008 and the impact of the COVID-19 pandemic. The county had a labor force of approximately 242,000 in 2010, with an unemployment rate of 12.7% that peaked at the height of the housing crisis and took nearly ten years to recover. The county went on to experience consistent job growth over the next decade, with employment levels reaching 330,000 in 2020 right before the pandemic hit. At the time, no one knew what the full effect of the pandemic shutdowns would be on the workforce, but in the three years since, Lee County has added another 40,000 jobs and expanded the employment landscape to new record levels. During 2022, Lee County increased its labor force by 17,000 which is a surprising 4.5% increase that remains consistent with population growth.

Thank You

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