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Contact: George McCabe, B&P
(702) 967-2222 or 325-7358 (mobile phone)
gmccabe@bpadv.com

NAR reports on risks and opportunities facing the commercial real estate industry

LAS VEGAS – The election of Donald Trump has made for uncertain times. E-commerce and millennials are changing the commercial real estate industry. And retail's loss has been industrial's gain.

Those are just a few of the takeaways from an in-depth report published by the National Association of REALTORS® (NAR) on the risks and opportunities facing the commercial real estate industry.

Leaders of the Commercial Alliance Las Vegas (CALV) have been reviewing this report and its more than 120 pages. And at least one CALV leader had a hand in creating it.

Soozi Jones Walker, CCIM, SIOR and a former CALV president, was one of the independent commercial real estate brokers interviewed for the project she calls "The Danger Report." One of her main takeaways is the fact that the average age of a commercial real estate professional keeps increasing and is now up to 60 years old.

"I'm excited NAR has chosen to review the commercial industry and agree fully with the results of this danger report," she said. "With an average age of the commercial agent now at 60, there is a huge opportunity for new agents to mentor under successful brokers and transition into their book of business."

The NAR report is titled "Commercial Real Estate ALERT: Analysis of the Latest Emerging Risks and Trends." The Strategic Thinking Advisory Committee of the NAR produced the report along with T3 Sixty, Inc., a leading research and information company.

For four months, between November 2016 and February 2017, researchers interviewed senior executives from the five largest commercial real estate companies – CBRE, JLL, Newmark Grubb Knight Frank, Cushman & Wakefield and Colliers International – as well as numerous medium-size and regional companies. Besides these interviews, the NAR report relied on information and studies from the Urban Land Institute, American Bankers Association, International Facility Management

Association, CCIM Institute, NAIOP Research Foundation, the Federal Reserve, The Appraisal Journal, PwC, Wells Fargo and others.

“This study was made significantly more complicated due to the fact that the presidential elections fell during this window, and that the unexpected win by President Donald Trump and the subsequent realization that his leadership style would be unpredictable and impactful made many issues difficult to address,” the report states.

The report concluded that “uncertainty is at an all-time high.”

Some of the highlights include:

- According to NAIOP, by 2025, the industry will face a shortage of 15,000 to 25,000 qualified leaders, without enough younger leaders to replace them.
- Technology will continue to enhance every aspect of commercial real estate, from smart buildings to driverless vehicles. By 2025, it will have altered the economics of entire subsectors of the industry and changed the way real estate developers and the investment community operate.
- E-commerce has been invading every part of the economy, and now it is expected to have a significant impact on commercial real estate.
- In 2016, the National Retail Federation reported that for the first time, shoppers made more purchases online during the Black Friday weekend than were made in the stores.
- As millennials enter the heart of their careers, their preference to be “totally connected” with immediate access to the Internet has followed them into the business world. For the industry, the biggest impact has been the transformation of the retail industry into a “click and knock” strategy that is altering what retail centers look like and “driving massive changes in the industrial sector.”

Read the full report at <https://www.nar.realtor/sites/default/files/reports/2017/2017-commercial-real-estate-alert-05-17-2017.pdf>.

About the Commercial Alliance Las Vegas

The Commercial Alliance Las Vegas (CALV) is the commercial real estate division of the Greater Las Vegas Association of REALTORS®. It organizes and empowers the industry in Southern Nevada through education, networking, promoting professionalism and shaping public policy. Membership in CALV is open to REALTORS® and non-REALTORS® alike. For more information, visit www.calv.org.

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