



nerej

President's message: Discussions from NAR

August 18, 2009 - Front Section

Well, the summer is coming to a close. Kids will be back in school in a couple of weeks and our lives will get back to normal. Considering all of the challenges we have had this year that may be a good thing. I have been hearing many discussions coming from the National Association of Realtors (NAR) and I wanted to share a few of them with you.

Having a sound and well functioning commercial and multifamily real estate sector is critical to our country's economic growth and development, according to NAR.

The overall economic crisis in the financial market is directly impacting the fundamentals of the commercial real estate market, causing the worst liquidity challenge since the early 1990s. Many of us in commercial real estate have been warning for some time that the liquidity crisis facing our industry has the potential to wreak havoc on the overall economy. In fact, in 2009 not a single CMBS has been issued versus a record high of \$230 billion in CMBSs issued in 2007.

NAR has cautioned that the ramifications of a widespread collapse in the commercial real estate markets would exacerbate the economic crisis and hinder an economic recovery. According to NAR, deteriorating property fundamentals, declining property values, and a severe tightening of the lending markets are all factors contributing to the current crisis.

As credit markets have contracted, businesses have responded by slashing spending and jobs due in large part to the inability to secure financing. NAR reported the number of distressed commercial properties more than doubled from a year ago. What is alarming to real estate professionals is that banks have responded slowly and inadequately. The rate at which these troubled loans are being resolved has been sluggish so far.

We must strongly urge policy makers to extend the TALF program for another year or two to ensure that this important program remains in place to support liquidity and bring stability to the commercial markets.

The National Association of Realtors, "The Voice for Real Estate," is America's largest trade association, representing more than 1.2 million members involved in all aspects of the residential and commercial real estate industries.

I also wanted to report to you that our statewide Commercial Information Exchange (CIE), www.masscie.com, has been growing by leaps and bounds. Don't miss the opportunity to list your commercial properties on this national database.

Sandy Brown, CCIM, CBR, RECS, is president of REALTORS Commercial Alliance of Chelmsford, Mass.