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## **according to the National Association of Realtors Strong commercial real estate market critical to jobs and economy**

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Having a sound and well functioning commercial and multifamily real estate sector is critical to our country's economic growth and development, according to the National Association of Realtors (NRA).

In testimony on Capitol Hill before the joint economic committee, NAR noted that commercial real estate supports more than 9 million jobs and services. "In fact, as many as 6.5 million jobs that have been lost in the economic downturn have come from the office, industrial, retail and multifamily sector," said NAR treasurer Jim Hesel, a Realtor who has specialized in commercial real estate for more than 34 years.

"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," Hesel said.

Commercial real estate generates billions of dollars in federal, state and local tax revenue, making it a vital engine to the nation's economic growth and prosperity.

"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," Hesel said.

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. "A severe tightening of lending and the near extinction of the commercial mortgage-backed securities (CMBS) market has severely impacted lending and liquidity," Hesel said. "In fact, in 2009 not a single CMBS has been issued versus a record high of \$230 billion in CMBSs issued in 2007."

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, with New York City, Las Vegas, Detroit, Dallas, and Boston among the list of hardest hit cities.

"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," said Hesel. NAR is actively advocating several proactive steps to enhance liquidity and to facilitate lending.

"We support several recent moves on the part of the federal government to strengthen the Term Asset-backed Loan Facility (TALF) by expanding the program to include CMBS and the extension of TALF loans to five-year terms, but we 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. NAR stands ready to work with Congress, the financial regulators and the Obama administration in any way possible to quickly find solutions to stabilize the commercial real estate market and restore a strong marketplace," said Helsel.

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