



COMMERCIAL BROKER QUARTERLY

FALL

2008

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The official newsletter of the Greater Washington Commercial Association of REALTORS®

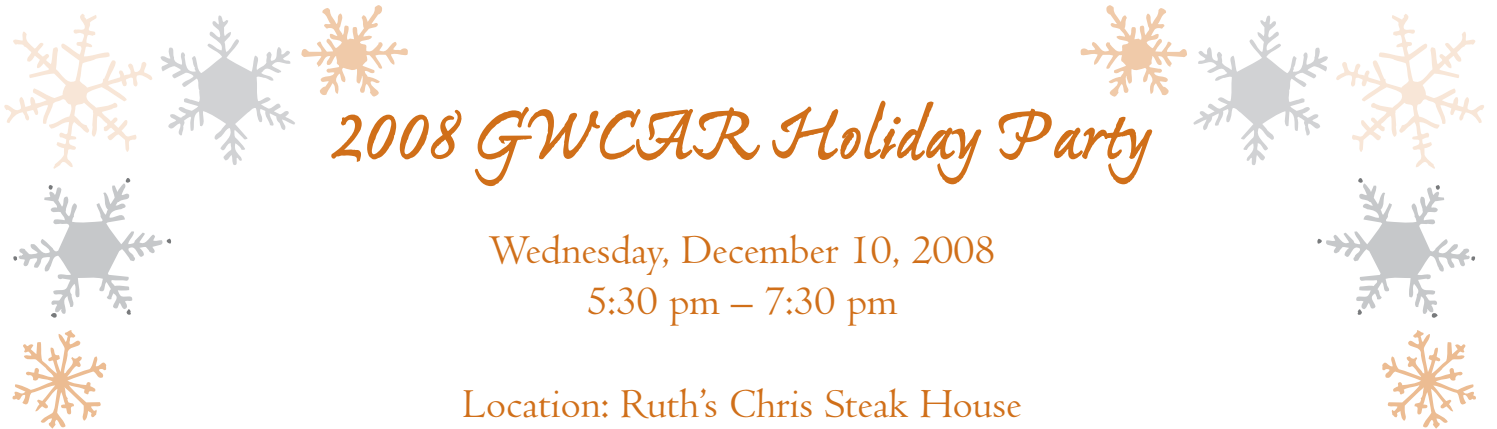
MARKET WRAP-UP — THIRD QUARTER 2008

Uncertainties create conservatism throughout the market at the end of the 3rd quarter

by John Sikaitis
Vice President and Director of Research
Jones Lang LaSalle

A lame duck Administration, coupled with uncertainties regarding the upcoming presidential and congressional elections and the worst financial and economic crisis in a generation, clouded market conditions throughout the metropolitan Washington region at the end of the third quarter of 2008. Tenants delayed decisions and sat on the sidelines,

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2008 GWCAR Holiday Party

Wednesday, December 10, 2008
5:30 pm – 7:30 pm

Location: Ruth's Chris Steak House
2231 Crystal Drive IIth Floor, Arlington, VA 22202

Be on hand for the association's annual meeting and election of the 2009 GWCAR Board of Directors.

Drinks and hors d'oeuvres will be served.

RSVP to Charmaine Flanagan at 301.590.8787 or cflanagan@gcaar.com no later than December 3. You may also register online at GWCAR.org.

Quote of the Quarter

As occupancy has stalled or grown at slower levels, supply has increased substantially due to increased development activity.

— from this issue's Market Wrap-Up

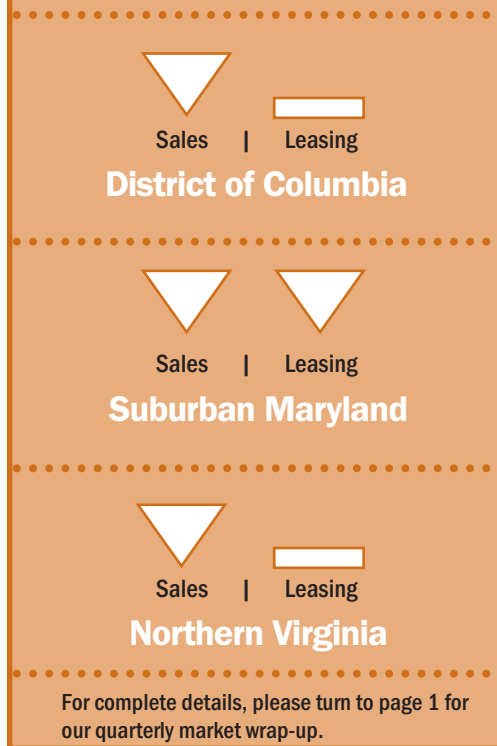
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leading to slower leasing activity, tepid tour volume, extended deal length and negotiations, and a heightened incident of renewals.

While market conditions slowed to a standstill as conservatism swept through the office market, job growth in the region was resilient. Although the country has lost 760,000 over the past nine months, job growth in the DC region has actually increased from several months ago as the cushion of the government and its contractor base allowed the Metro DC economy to add 44,600 jobs in the 12 months ending August 2008. Additionally, unemployment remained two full percentage points below the national average at 4.1%. Over the past six months, as the national economy slowed, Metro DC's job growth accelerated, nearly doubling the 22,000 jobs created in the twelve months ending March 2008 by reaching its current level of 44,600 jobs. The job creation should fuel additional office sector requirements in the first half of 2009 even as most metropolitan areas around the country have recently experienced contracting payrolls and occupancy declines.

Despite significant job creation, an aggressive development cycle in all three jurisdictions coincided with the slowdown in demand, shifting leverage to tenants in the vast majority of product types and locations over the past few quarters,

ALL SIGNS POINT TO...



which will undoubtedly linger for the coming quarters into the latter part of 2009, at a minimum.

In the third quarter of 2008, the metro DC market posted a decline in overall occupancy for only the second time in the past six years. Occupancy declines largely stemmed from the addition of sublease space from financial-related companies in Chevy Chase, Silver Spring, and Bethesda, along with Tysons Corner and Fairfax Center in Northern Virginia, as well as government contractor space coming back to the market in Northern Virginia. In total, the metro DC office market posted negative net absorption of

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LETTER FROM THE PRESIDENT



Thomas M. Fulcher, Jr.

Our industry has seen its share of difficult times throughout 2008 and GWCAR's mission of increasing its relevance to its members and community has become more critical than ever.

We know we must constantly review what the association provides to ensure that we fully support our members through tough times.

This year's assemblage of the Senior Advisory Council has laid the groundwork for continued focus on education, advocacy, and increasingly relevant events.

The ongoing feedback and review have provided much to consider as we face what promises to be another challenging year ahead.

We are pledged to increase our focus on advocacy. Making sure that required continuing education is pertinent and efficient among the different jurisdictions as well as protecting our financial interests as threats arise are important priorities for the organization.

Next year, I turn the helm over to Chris Sowick, who has already been working hard to take our member benefits and educational offerings to the next level. The full slate of Directors nominated for the 2009 Board can be found on page 14 of this issue. Mark your calendars for the Installation ceremonies on Wednesday, December 10 at 5:30 pm at Ruth's Chris Steak House in Crystal City.

As 2008 winds down, I would like to thank this year's 2008 Board of Directors, committee chairs and members, association staff, and all those who volunteered their time and ideas to make this year's events possible. And, most importantly, thank you to each of you, our colleagues, who continue to support the organization year after year and who understand that there are real and important reasons for us to band together in support of the whole.

Thomas M. Fulcher, Jr.
2008 GWCAR President
Studley, Inc

Senior Advisory Council

Past Presidents

1995 Phil Meany
1996 Neil Simon
1997 Sharon Oliver
1998 Jay Olshonsky
1999 Bill Prutting
2000 Susan Thomas
2001 Scott Johnston
2002 Phillip Thomas
2003 Dave Bevirt

2004 Brendan Cassidy
2005 Bobby Schwartz
2006 Doug Olson
2007 Marty Almquist

** ** *

Eric Berkman
Scott Brody
Lou Christopher
Bill Collins

Stephen Conley
Brian Connolly Jr.
Audrey Cramer
Jin Creedon
Caulley Deringer
Dave DiNardo
Zeke Dodson
Dan Dooley
Rick Farren
Brian Fitzgerald

Scott Frankel
Art Greenburg
Trip Howell
John Kevill
Rich Lane
Mark Larsen
Roberta Liss
John McEvilly
Brian McVay
Glenn Meltzer

Pat Nalls
Nick Pappas
Bruce Pascal
Art Santry
Julie Schuelke
Paul Schulman
Paul Schweitzer
Spencer Stouffer
Bob VeShancey
Lois Zambo

MARKET WRAP-UP — THIRD QUARTER 2008

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198,503 square feet in the third quarter, shifting occupancy gains throughout 2008 down to 1.8 million square feet.

As occupancy has stalled or grown at slower levels, supply has increased substantially due to increased development activity. New supply has outpaced occupancy gains by a four to one ratio in 2008 as 7.2 million square feet have been added to the market in 2008. Since the beginning of 2007, the same trend illustrated that 12.1 million square feet of new supply has been added to the market, while tenant demand has driven only 3.1 million square feet of occupancy gains. As a result of this stretched supply-demand imbalance, tenant's available space options have skyrocketed 34.5% since the beginning of 2007. From the vacancy perspective, vacancy rates region-wide have shifted up from 8.1% at the beginning of 2007 to 10.5% at the end of the third quarter of 2008. When tacking on sublease space, total vacancy rates shifted up from 9.5% at the beginning of 2006 to 12% at the end of the third quarter.

Key Market Indicators

Supply	↑	310,783,782 SF
YTD Net Absorption	↑	1,817,672 SF
Direct Vacancy Rate	↑	10.5%
Total Vacancy Rate	↑	12.0%
Average Asking Rent	↓	\$34.96 PSF
Under Construction	↓	15,497,272 SF 23% Preleased

Rental rates, which have grown over the past five years, have begun to demonstrate signs of softening in certain markets, while flat out declining in markets where new supply issues have altered market dynamics greatest. Overall, the metro DC average rent decreased slightly in the third quarter

from \$35.06 per square foot in the second quarter to \$34.96 per square foot in the third quarter. While asking rents remained only slightly depressed, net effective rents were down more than three to five percent, depending on the product and location type. The greatest net effective declines have been realized in the Toll Road markets in Northern Virginia and the I-270 Corridor in Suburban Maryland, where tenant improvement packages and free rent in new developments have eclipsed \$65 per square foot and six to 12 months of free, respectively, at a minimum. Significant softening in net effective rents was also evidenced in the Commodity Class A market in the core markets of the CBD and East End, where numerous additional options have delivered or will deliver to the market over the coming quarters. As a result, the vast majority of these buildings, that were quoting \$58 to \$60 per square foot rents at the end of 2007, were marketing rents in the low to mid \$50's per square foot at the end of 2008 with several months of free rent and a minimum tenant improvement allowance of \$65 per square foot.

The District has been characterized by a tale of three markets...the core CBD and East End product, outlying core product and emerging market product with respect to both supply and demand market fundamentals. Trophy market dynamics remained very tight and were expected to maintain tightness due to the stable and growing tenant base of law firms, lobbying firms and government affairs offices. As a result, vacancy measured 1.7% with rents growing marginally at 3%.

However, Commodity Class A space continued to flood the market within the CBD and East End, leaving vacancy at the end of the third quarter hovering near 13%, offering tenants an abundance of large and small options. Finally, the Southwest, NoMa, and Southeast continued to reel from lack of demand and an exorbitant amount of new supply hitting the market with minimal preleasing to date.

As a result, vacancies in these submarkets finished the quarter in the double digits and could realistically double over the next 24 months with more than six million square feet under construction and minimal preleasing to date. In

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total, the District had more than 10.1 million square feet under construction with just 24% of the space preleased, which will lead to record high vacancy levels over the short-term and downward pressure on rents.

In Northern Virginia, net absorption tailed off after a gain of 1.8 million square feet during the first half of the year. 418,337 square feet of negative net absorption during the third quarter resulted primarily from outflows in Fairfax County, where Merrifield, Route 28 South, Reston, and Herndon registered the most significant losses. Vacancy increase and negative net absorption outside the Beltway was fueled by consolidations, downsizings and an increase in sublease space. 2.3 million square feet were available for sublease in Northern Virginia at the end of the third quarter, an increase of 6.0% over the past three months.

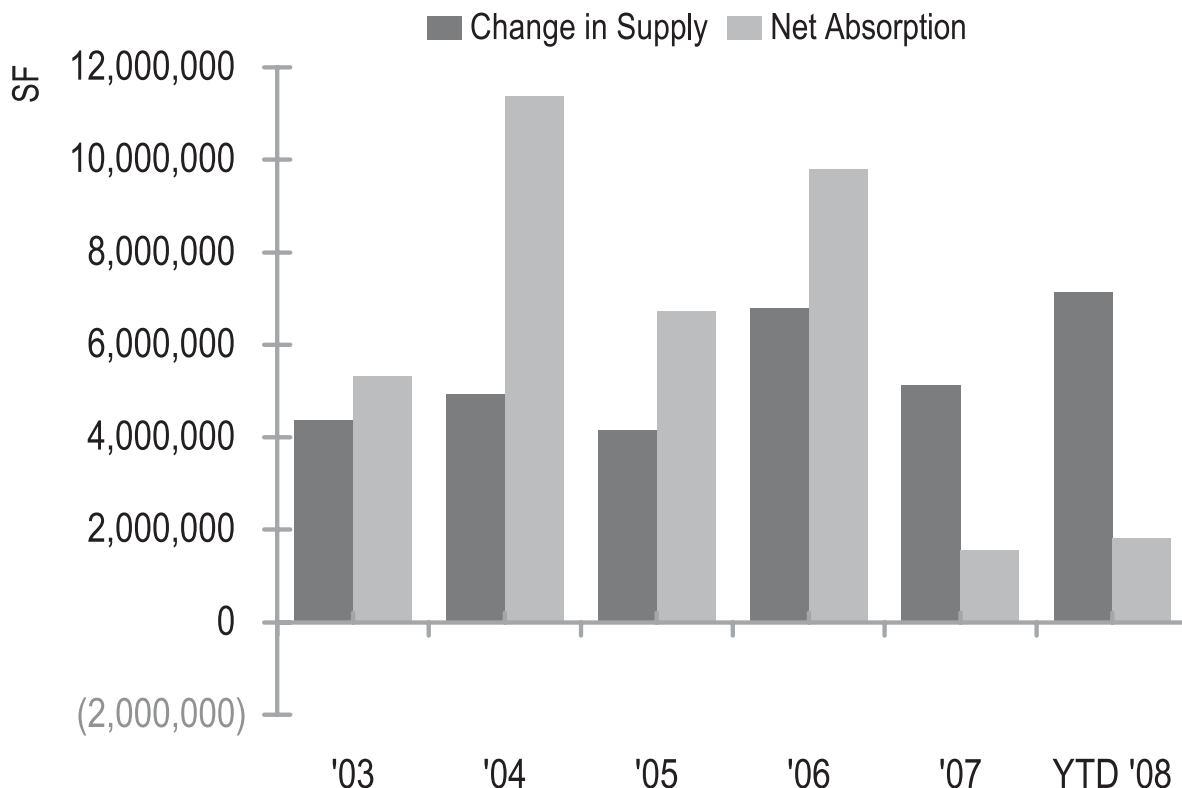
As a result, vacancy rates continued to rise in

outlying markets, particularly the Toll Road and Route 28 Corridor, where new construction activity has exceeded tenant demand. However, dynamics inside the Beltway remained tight, with Alexandria and Arlington County still supply-constrained. These two jurisdictions had direct vacancy rates of 7.6% at the end of the third quarter as premium locations and Trophy buildings continued to outperform the broader market, with Reston Town Center, the Rosslyn-Ballston Corridor, and Tysons Trophy assets garnering the highest rents and lowest vacancy rates across the region. In comparison, other parts of Fairfax, Loudoun, and Prince William Counties displayed vacancy levels of 13.7%.

New supply will continue to remain in an issue going forward as planned fourth quarter 2008

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Net Absorption vs. Net New Supply



*** Please note the November course has been changed from November 13 to November 17.**



Best Practices

The successful commercial real estate broker is much more than a space finder. The complexity of the transactions and the interrelationships among all the different disciplines serving the client, whether it be landlord or tenant, require a high level of sophistication about the entire process. Don't miss GWCAR's new education series to learn how to best coordinate the activities of each of the following to better serve your clients:

TOPIC	DATE	PRESENTED BY
Landlord Broker	November 17*	Phillip Thomas

** Please note the November course has been changed from November 13 to November 17. Thank you.*

**CE credit: 1.5 hours - DC for each session
8 am breakfast; 8:30 – 10 am class**

Location: ASAE Conference Center, 1575 Eye Street, NW

GWCAR Members: \$30

Non-members: \$50

Details and registration at gwcar.org

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deliveries totaled 923,401 square feet, and were just 9.5% preleased. The full pipeline through 2011 totaled 3.0 million square feet, of which 19.9% was preleased

Suburban Maryland's market remained slow with demand concentrated in the urban markets of Chevy Chase, Bethesda, and Silver Spring, where market fundamentals remained tight. However, along the I-270 Corridor, Rockville Pike and in Prince George's County, demand levels remained depressed, while new supply continued to deliver to the market. As a result, rents levels have declined and space options continued to jump. A promise of increased life science dollars in 2009 and 2010 are now unlikely as well as the vast majority of federal spending initiatives is likely to be funneled to the Treasury, SEC, and FDIC, agencies located in the CBD, NoMa, and the RB Corridor, respectively.

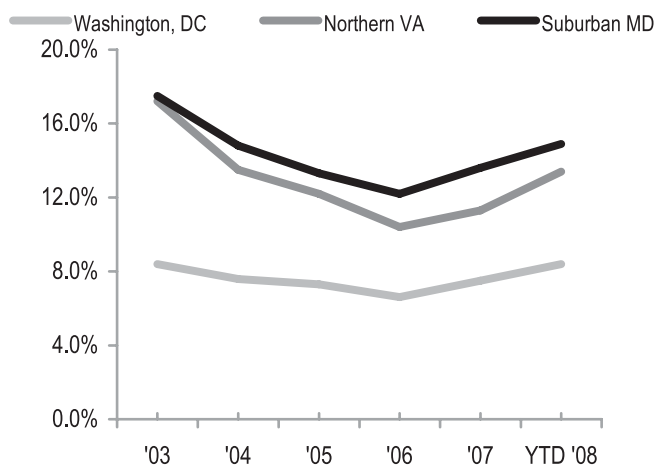
Unlike most office markets around the country, which are preparing for significant amounts of disposition space to be returned to the market, or at the very least, a substantial reduction in tenant demand, the Metropolitan Washington, DC dynamic is different. Times of peril precipitate a renewed focus on oversight and governance, as the

nation turns to the federal government for solutions and safeguards. Government grows in times of crisis.

There was a reason why in the last economic downturn, the Metro DC economy continued to grow, while other metropolitan areas experienced significant job losses. The infusion of federal procurement dollars into the local economy helped generate thousands of jobs across the region, and consistently kept unemployment rates between 1.6 and 2.0% lower than national averages.

Requirements that agencies like the FDIC, SEC, and Treasury are likely to generate as part of their enhanced role in financial oversight and regulation will provide a cushion to offset potential losses in other sectors. Organic growth among federal agencies themselves is likely to be augmented by requirements among government contractors and support service providers, similar to past expansions. While this scenario certainly provides a unique benefit to the region, it will not completely bail the region out of its current condition. Rather, a new equilibrium must be achieved based on Metro DC's unique supply and demand characteristics.

Total Vacancy Rates



member spot light

John Myers of Cassidy & Pinkard Colliers has been named managing director of MD leasing.

Mack-Cali Realty Corp in DC named **Jeff Salino** leasing director.

Lucy Wadeson joined West, Lane & Schlager in DC as an associate broker.

Montgomery County Public Policy Update

Montgomery County Unveils “YouTube” Site
On October 6, 2008, Montgomery County launched its own site on “YouTube.” According to the press release from the County Executive’s office, this is “one more way for County government to communicate information about County programs and issues to nearly one million Montgomery County residents.”

The site, available at www.youtube.com/user/montgomerycountymd, currently features videos on issues such as recycling, pedestrian safety, the EMS Transport Fee, the Fillmore music project in downtown Silver Spring; as well as the weekly “County Reports” news, and other offerings.

To read the full press release, please visit http://www.montgomerycountymd.gov/apps/news/press/PR_details.asp?PrID=4930

District of Columbia Issues

Your comments and suggestions on any of these pieces of legislation would be greatly appreciated. Contact Ed Krauze, vice-president, public policy, ekrauze@gcaar.com

Shortfalls in District Revenue

CFO Natwar Gandhi has reported that District revenues for fiscal year 2009 will fall \$131 million short of projections.

On October 6, Mayor Fenty outlined his proposal to cover the gap. Among the major initiatives is eliminating up to 400 vacant positions, which will save \$31 million, and delaying a \$10 million increase to the pension benefits of city employees. (Agencies will have the option to cut their budgets in other ways if they want to maintain the positions.) The administration also wants to take \$45 million from the accounts of city agencies that collect revenues by selling products, such as business licenses. Those accounts are known as “O-type revenues.”

The full list of proposed cuts is found at <http://voices.washingtonpost.com/dc/budgetgap.pdf>.

Also, enclosed here is the complete list of proposed cuts to agencies and their staffs (<http://voices.washingtonpost.com/dc/agencies.pdf>) *Thanks to the Washington Post.*

Many of the budget savings are one-time opportunities, such as taking the banked O-type revenues. Because of that, administration officials acknowledge that trimming the fiscal 2010 budget, which CFO Natwar Gandhi projected to have a \$152 million revenue gap, will be even more difficult. The Council must approve any budget changes before they take effect, and will be able to make amendments to the mayor’s plan.

Soon after the mayor’s briefing, Council members and other advocates already began to voice their concerns with the mayor’s proposals. In particular, there was unhappiness with the mayor’s lack of consultation and decision not to make any cuts in the schools budget.

<http://www.washingtonpost.com/wp-dyn/content/article/2008/10/06/AR2008100602988.html>

District of Columbia Legislation

The DC Council is scheduled to end this Council Period 17, December 23, 2008. These closing days and the upcoming revenue challenges may very well lead to a flurry of legislative activity. Below are examples of the legislation Councilmembers may push.

District Debt Limits & Council Chairman Vincent Gray

B17-914, “Limitation on Borrowing & Establishment of the Operating Cash Reserve Act”

Introduced by Vincent Gray – sent to COW
Hearing held September 22

CFO Natwar Gandhi has been expressing for some time his concern about the amount of District borrowing that has taken place and what sometimes appears to him to be a non-stop appetite

by the mayor and council to continue to borrow. Chairman Gray has introduced legislation to establish a 12% limitation on borrowing, and to establish a \$50 million annual operating cash reserve to fund the Washington Metropolitan Area Transit Authority upon its applicability. Gray has already begun lobbying the business community for this legislation. It appears to be his number one agenda item for the fall.

<http://www.dccouncil.washington.dc.us/images/00001/20080721165302.pdf>

Recordation & Transfer Taxes and Councilmember Marion Barry

**B17-943, “Housing Production Trust Fund Stabilization Amendment Act of 2008”
Introduced by Marion Barry – sent to Housing and Urban Affairs**

Hearing October 20, 2008

Legislation to stabilize the annual level of funding deposited into the Housing Production Trust Fund by establishing that the first \$50 million of recordation tax revenues and first \$50 million of transfer tax revenues or 15% of recordation and transfer tax revenue (whichever is greater) be deposited in the Housing Production Trust Fund

The affordable housing community, and in particular the affordable housing development community, strongly supports this legislation and is expected to show up in great numbers at the hearing. They believe that the current dedication of revenues (15% of recordation and transfer taxes) is too unstable as a result of the ebbs and flows in the market. They want a dedicated amount of revenue be set aside for the Housing Production Trust Fund that would allow for continued development of affordable housing in the District.

Construction Code Changes & Councilmember Mary Cheh

PR 17-866, “Construction Codes Amendment Resolution of 2008”

Introduced by Gray at request of mayor – referred to Committee on Public Safety and Consumer Affairs

Hearing held September 23

Legislation to approve the proposed rules to amend Title 12 of the District of Columbia Municipal Regulations for the purpose of providing for amendments to the regulations to replace the existing Title 12 Construction Code Supplement of 2003, with a new Title 12, Construction Code Supplement of 2008.

<http://www.dccouncil.washington.dc.us/images/00001/20080626103046.pdf>

There is great amount of unease in the building (DCBIA) and building management community (AOBA) about changes to the code regarding amendments that would require retroactive building changes. Mandates surrounding elevators and sprinkler systems in particular have been a point of concern, because of the costly retrofitting needs that would be required.

Opponents are concerned about the increased costs and administrative burdens that would not necessarily increase safety. Unfortunately, these changes in construction codes are likely to move forward. The legislation needs passive approval by the council (45 day review), and it does appear there is enough support for amendments to change the proposed code amendments.

Surplus Property and Councilmember Carol Schwartz’s Agenda

It is unclear, what pieces of legislation Carol Schwartz will move forward after her write-in campaign, but here are two possible pieces of legislation. Both of these bills were introduced in the light of the proposed closings of 23 public schools and cries from citizen groups that claim the government gives away too much city-owned property. The mayor’s administration has expressed concerns about how such legislation would affect economic development projects in the District.

B17-527, “Public Land Surplus Standards Amendment Act of 2007”

Hearing held June 23, 2008

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Legislation to create standards that must be met prior to classifying public property as surplus, and to empower a committee to compile findings to create criteria for the surplus of public property. The bill would also limit leases to 20 years and sales to nonprofit entities.

<http://www.dccouncil.washington.dc.us/images/00001/20071217114443.pdf>

B17-760, "Surplus Property Amendment Act of 2008"

Introduced 5/29/08 by Schwartz - sent WDO

Hearing held June 23, 2008

This legislation would require the council (as opposed to only the mayor) to determine that public property is no longer needed for public purposes and therefore can be sold. Currently, the council must approve every contract of more than 20 years. Once the mayor finds a buyer, the council often simultaneously votes to deem the property surplus and to sell it.

Schwartz's legislation would require the mayor's office to look for other government uses and if none found notify nearby residents hold a community meeting about the property and provide a written explanation to the council explaining why the property has no government use. Once this process is complete, a separate process of identifying a tenant or buyer could begin.

<http://www.dccouncil.washington.dc.us/images/00001/20080529095123.pdf>

Recently Passed Economic Development Legislation

B17-591, "Southwest Waterfront Bond Financing Act of 2008"

Legislation to authorize and provide for the issuance, sale, and delivery of District of Columbia revenue bonds in one or more series, secured by tax revenue increments, payments in lieu of taxes and special assessments generated by and related to the Southwest Waterfront ...

<http://www.dccouncil.washington.dc.us/images/00001/20080731091146.pdf>

B17-597, "Golden Triangle Bid Amendment Act of 2008"

Legislation introduced by Ward 1 CM Jack Evans, to amend the Business Improvements Districts Act to approve amendments to the Golden Triangle Business Improvement District.

<http://www.dccouncil.washington.dc.us/images/00001/20080617113458.pdf>

B17-713, "Downtown BID Amendment Act of 2007"

Legislation to amend the Downtown BID to reflect the current tax rate for commercial properties and to change the tax rate imposed on hotels.

<http://www.dccouncil.washington.dc.us/images/00001/20080710104501.pdf>

B17-717, "Center Leg Freeway (Interstate 395) Amendment Act of 2008"

Legislation to develop the air rights and land over Interstate 395 (near Massachusetts Avenue and Judiciary Square).

<http://www.dccouncil.washington.dc.us/images/00001/20080710122711.pdf>

B17-741, "Income Tax Secured Bond Authorization Act of 2008"

Legislation authorizing "the issuance of revenue bonds of the District of Columbia payable from individual income tax and business franchise tax revenues for the purposes of financing capital projects of the District of Columbia government."

<http://www.dccouncil.washington.dc.us/images/00001/20080805103406.pdf>

B17-771, "Downtown Retail Tax Increment Financing Amendment Act of 2008"

Legislation to amend the Retail Incentive act of 2004 to authorize the use of tax increment financing for grocery and specialty food stores in the Downtown Retail Priority Area and to authorize the issuance of bonds for a project to be supported with tax increment financing in the Downtown Retail Priority Area prior to the opening of the project.

PUBLIC POLICY

<http://www.dccouncil.washington.dc.us/images/00001/20080924103303.pdf>

B17-800, "City Market at O Street Tax Financing Act of 2006"

Legislation to authorize the issuance of tax increment finance bonds to support a mixed-use development project on the site of the historic O Street market.

<http://www.dccouncil.washington.dc.us/images/00001/20080924103421.pdf>

Press release from the mayor's office is enclosed:
http://dcbiz.dc.gov/dmped/cwp/view,a,1368,q,608387.,dmpedNav_GID,1790.,asp

DC Politics

The WDCAR RPAC Trustees successfully endorsed the following candidates in the September 9 primary.

Republican Primary

Patrick Mara for Councilmember At-Large

Democratic Primary

Kwame R. Brown for Councilmember At-Large

Jack Evans for Ward 2 Councilmember

Muriel Bowser for Ward 4 Councilmember

Yvette Alexander for Ward 7 Councilmember

(Councilmember Marion Barry was also re-elected, but was not endorsed by WDCAR RPAC.)

Thanks to all who voted for the WDCAR RPAC endorsed candidates in September.

Virginia Politics

Endorsement of Mark Warner for United States Senator

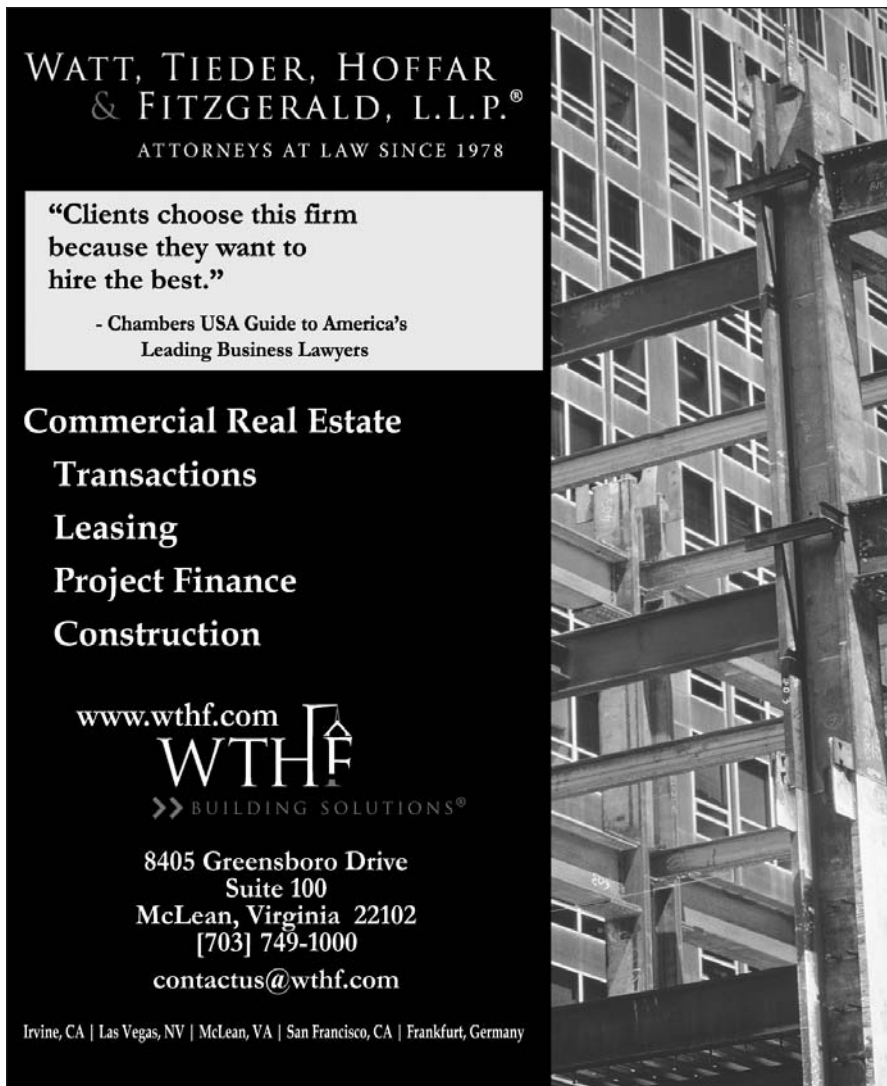
The Virginia Association of REALTORS® RPAC Trustees and NAR endorsed former Virginia Governor Mark Warner (Democrat) for the open United States Senate over former Governor Jim Gilmore. For more information:

<http://www.markwarner2008.com/>

Endorsement of Gerry Connolly in 11th Congressional District

The Virginia Association of REALTORS® RPAC Trustees and NAR endorsed Gerry Connolly

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(Democrat) in the 11th Congressional District for the open seat being vacated by retiring Republican Congressman Tom Davis. The 11th District includes most of Fairfax County, Fairfax City, and a large portion of Prince William County. For more information:

<http://gerryconnolly.com/>

GWCAR Board member Chris Lucey presented the endorsement contribution to Gerry in a meeting at his campaign headquarters.

Endorsement of Congressman Frank Wolf in 10th Congressional District

The Virginia Association of REALTORS® RPAC Trustees and NAR endorsed Congressman Frank Wolf (Republican) for re-election in the 10th Congressional District. The 10th District includes all or parts of the following counties: Loudon, Fairfax, Prince William, Fauquier, Frederick, Clark, and Warren. For more information:

<http://wolf.house.gov/>



GWCAR President-elect Chris Sowick met with Congressman Wolf to celebrate the endorsement.

Virginia Licensing Issues

Commercial Licensing Proposals & GWCAR's Response

The Virginia Association of REALTORS® Commercial Advisory Council and the Commercial Alliance have developed a white paper addressing the need for a special real estate license or certification process for commercial practitioners in Virginia. While they realize the first choice of commercial brokers would be to implement a separate license structure for commercial brokers, they recognize the immense legislative challenges in achieving that goal, given that no state in the country has passed separate licensing for commercial practitioners. Instead, VAR's Commercial Alliance has proposed a certification process for commercial licensees.

Enclosed, is the letter you should have received outlining the Commercial Alliance's proposal and request for our association supports and GWCAR's response to that letter. In short, GWCAR stated it appreciated VAR's Commercial Alliance efforts to differentiate and acknowledge the special skills of commercial brokers, but strongly disagreed with the proposed certification plan and any other proposals that would increase the number of continuing education hours needed for licensing.

This proposal is still being debated in the Commercial Alliance committee at VAR. If and when the committee approves the proposal, it will then move forward to VAR's Public Policy Committee and VAR's Policy Board for approval by the entire association. If and when the VAR Policy Board approved this proposal as a legislative initiative, it would then become part of VAR's Legislative Agenda, which VAR would then begin actively lobbying in support of at the State House in Richmond.

This process could move quickly or very slowly. However, rest assured, GWCAR will continue to monitor and voice the concerns of the membership.

If you have any comments or suggestion on these proposals, please feel free to contact, Ed Krauze, Vice-President of Public Policy at ekrauze@gcaar.com.

VAR LETTER

GWCAR'S RESPONSE LETTER

Commercial Advisory Council Leadership

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Richmond VA
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Conrad F Konecny CCIM,
Vice Chair
Winchester VA
conradk@earthlink.net

Henry Schorr
Immediate Past Chair
Roanoke VA
StarCityVA@aol.com

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Jerry L Earnest, CCIM
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jerry@earthlink.net

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Robert C Johnson GRI, ARR, AI, C,
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Edward Krausz, FRI
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Alex Long CCIM
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VAR Commercial Alliance
10231 Telegraph Rd.
Glen Allen, VA, 23059
www.commercialcouncilvar.com
804-264-5033



June 27, 2008

Dear _____

Over the past 18 months the Commercial Alliance/VAR leaders have developed a white paper addressing the need for a separate real estate license or a certification process for real estate licensees who are commercial practitioners.

This study makes a compelling case that a higher level of expertise and training is warranted in order to practice commercial real estate, two entirely different fields of expertise and skill sets to assure competency.

While the first choice of commercial brokers' would be to implement a separate license structure for commercial agents, it is recognized that an effective certification process could satisfy this need, and would not discourage general licensees to pursue activity in the commercial field.

The recommendation to VAR is that VAR explore the idea of requiring an additional number of hours of one-time training for any Virginia licensee who does commercial RE (defined at this point as anything beyond single-family 1-4 units). Further, continuing education requirements would be focused in the commercial field. They are envisioning obvious grandfathering of licensees who practice solely in the commercial field or may also practice in both the residential and commercial environments. This recognition may be in the form of demonstrated commercial transactions of a specified number or having earned certain commercial designations.

You are encouraged to brief your commercial counterparts and other local members and associations in an effort to build consensus behind this initiative, and then be prepared to present a draft proposal to Public Policy Advocacy Groups.

The Commercial Alliance/VAR understands and acknowledges a more reasonable and acceptable posture of advocating a certification process for commercial real estate specialists. There are already subtle initiatives and processes in place which recognize the differences and promote the commercial field, right down to the VAH Bylaws Section IV "membership" and the provision of Institute Affiliate Members (i.e. CCIM SIOR) who are considered members of VAR.

One specific question that may surface is, if "agents" were to be certified, would their "broker" also have to be certified? In response, the broker is the responsible party and should provide the proper direction and control, knowing how the different transactions are handled. Without complete understanding and control there would be increased exposure and a risk of liability.

The Commercial Alliance/VAR is asking you to approach your local association and/or commercial organization and ask for their support. A sample paragraph is shown below that may be used for any board support or statement of policy.

"The _____ Association of Realtors will advocate and enhance the professionalism, integrity, and competency of the membership, promote the Code of Ethics, and work to safeguard private property rights by supporting the commercial certification initiative presently considered within the VAR organization".

Sincerely,

Commercial Alliance for VAR



July 14, 2008

VAR Commercial Alliance
Mr. Curtis Mummau CPM, Chairman
10231 Telegraph Road
Glen Allen, VA 23059

Dear VAR Commercial Alliance,

The response was loud and swift from the Greater Washington Commercial Association of REALTOR® (GWCAR) membership on the proposed recommendation that VAR explore the idea of requiring an additional number of hours of one-time training and CE for any Virginia licensee who does commercial RE. **GWCAR vehemently opposes any recommendations or suggestions that would increase the number of required hours a member would have to take to certify themselves as a commercial licensee in Virginia.**

Members are concerned that any new requirements will result in more time in the classroom and away from their respective commercial real estate practices. We hear time and time again from our members that they want less administrative burdens from the Virginia Real Estate Board, not more.

While the current GWCAR membership appreciates the proposal to grandfather licensees who can demonstrate a history of closing a specific number of transactions, it does not diminish the prospect that more classroom hours will be required for new licensees and new GWCAR/VAR members.

GWCAR supports the Commercial Alliance's efforts to implement a separate licensee for commercial licensee and other efforts to accurately distinguish our commercial practice from other general licensees. Our members continue to be frustrated by CE requirements focus on residential practices and would welcome new ways to fulfill CE requirements through courses focused on the issues facing the commercial real estate practitioner.

We greatly appreciate the efforts of the Commercial Alliance on issues that affect our commercial members and look forward to working with you on this and many other important issues that affect our mutual interests.

Sincerely,

Tom Fulcher
2008 President

Key Quotes from the Response Letter:

“GWCAR vehemently opposes any recommendations or suggestions that would increase the number of required hours a member would have to take to certify themselves as a commercial licensee in Virginia.”

“GWCAR supports the Commercial Alliance's efforts to implement a separate licensee for commercial licensee and other efforts to accurately distinguish our commercial practice from other general licensees.”

To view or download copies of these letters, please visit:

www.gwcar.org/publicpolicy/commercial_licensing_proposals.htm

2009 BOARD OF DIRECTORS SLATE

The Nominating Committee selected the following slate taking into consideration distribution among firms.

◆ Officers

Immediate Past President	Thomas Fulcher, Studley, Inc.
President	Christopher Sowick, Cassidy & Pinkard Colliers
President-Elect	Susan Pepper, Grubb & Ellis
Treasurer	Gary Cook, Vornado / Charles E. Smith
Secretary	Amy Ritsko-Warren, GWCAR

◆ DC Directors

Chair:	Katie Burton, Akridge Amy Bowser, Jones Lang LaSalle Andrew Eichberg, Tishman Speyer (1 year remaining of a 2 year term) Kevin Howard, CB Richard Ellis Eduardo Trujillo, Brookfield Properties (1 year remaining of a 2 year term)
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◆ MD Directors

Chair:	Dennis Owen, CB Richard Ellis Amanda Davis, Jones Lang LaSalle (1 year remaining of a 2 year term) Scott Randolph, Cushman & Wakefield (1 year remaining of a 2 year term) Ken Smondrowski, Grubb & Ellis Bob Wrightson, McShea
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◆ VA Directors

Chair:	Susan Sonley, Grubb & Ellis Kay Chewning, Vornado/Charles E. Smith Moe Hamilton, Cushman & Wakefield Frank Hyre, Boston Properties (1 year remaining of a 2 year term) Chris Lucey, Cassidy & Pinkard Colliers (1 year remaining of a 2 year term)
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◆ Appointees

Suzanne Kech, Studley, Inc. (1 year remaining of a 2 year term)
Mark Sullivan, Cassidy & Pinkard Colliers (2 year term)

GWCAR GOLF OUTING 2008

GWCAR's Annual Golf Outing drew nearly 100 participants to Whiskey Creek Country Club in Ijamsville, Maryland, on October first. The crisp fall weather served as a perfect backdrop for a day on the links.

In addition to the regular rounds, participants were able to try a hand at a variety of contests, including longest drive, hole in one, and a putting contest.

The event wrapped up with a buffet luncheon and awards ceremony. In keeping with tradition, GWCAR donated two-thousand dollars from the event to charity. This year's recipient was No Greater Sacrifice. All donations to the foundation, based in DC, are used solely for the education and support of the children of service members whose lives are lost as a result of service in the global war on terror or future conflicts.



From Left to right: P. Brian Connolly, Jr.-Jones Lang LaSalle, David Goldstein, Jones Lang LaSalle, Yorke Allen, Jones Lang LaSalle



From Left to right: Jared Thompson, J.J. Campbell, Max Altman, David Bender, all of Blake Real Estate



From Left to right: Terry Amling, Jones Lang LaSalle, Greg Tomasso, Akridge, Katie Burton, Akridge, Ben Meisel, Akridge



Golfers ready to hit the course.



Kirk Rostron, Founder of No Greater Sacrifice, receives a donation of \$2,000 on behalf of the association.



2008 GWCAR President Tom Fulcher announces the winners of the 2008 Golf Outing



The putting contest proved to be a tough test.



Win or lose, the golfers have time to relax after a round of 18.



SAVE THE DATE: THURSDAY, FEB. 19, 2009!



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TYSONS CORNER, VA**

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7:30 AM BREAKFAST

8 AM PROGRAM BEGINS



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