NAIOP news

COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION

MARYLAND CHAPTER

The Forum for Commercial Real Estate • July/August 2015 Issue

NAIOP Maryland represents the state's commercial real estate industry. The association's membership is largely comprised of companies involved in development, construction, brokerage, asset management, finance, architecture, engineering and legal services associated with office, industrial, retail and mixed use real estate.

A CONVERSATION WITH TIM ZULICK, MANAGING DIRECTOR, CBRE

Throughout his career, Tim Zulick has demonstrated the ability to move gracefully and effortlessly between careers working in management positions with both commercial real estate brokerage firms and development companies, including his most recent stint with a real estate investment trust. After graduating from Roanoke College, he initially entered the real estate arena performing residential appraisals and selling homes with his mother's company in New York. He now takes on a new role as Managing Director of CBRE's Baltimore office, a position he started this spring.

Tim's "chameleon-like" adaptability is also strongly apparent with his dual membership and involvement in NAIOP Maryland and NAIOP MD/DC, including functioning as current President of the suburban MD/DC chapter. "Something tells me I will be getting increasingly active with NAIOP Maryland," he said from the CBRE offices overlooking the Inner Harbor.

"A thoughtfully laddered career," is the way Owen Rouse, Senior Vice President for Manekin LLC describes his career trajectory. "Tim's experience crosses the various cycles experienced in our industry and, through it all, he has maintained his professionalism and humor. I have always found him to be extremely solution-oriented and focused on how to figure things out."

"I was extremely lucky to have Joe Casey as an early career mentor, and he instilled philosophies and techniques that I continue to utilize," Tim explained. "My career with Trammel Crow exposed me to a wide array of real estate transactions on both the landlord and client side. I worked with several tenants and institutional owners that helped me realize that I wanted to focus on

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DEVELOPING LEADERS PLAY MINI-GOLF TOURNAMENT

"Best Golf Attire" and "Lowest Score" were among the prize categories at the Developing Leaders Mini-Golf tournament held at Mitchell's Golf in Reisterstown, an event sponsored by BECO Management. "Mini-Golf is a great equalizer," explained DL co-chair Kate Jordan of Lee & Associates, who organized the outing with fellow co-chair Alex Kopicki of Solstice Partners and Kinglet.

ENHANCING THE ABILITY TO CHANGE

A MESSAGE FROM THE PRESIDENT

Adaptability, and the willingness to alter course in business, is the central theme in several stories contained in this newsletter edition. I am continually fascinated by - and respect - professionals that have the uncanny ability to recognize the critical need to change the path of an organization based on market conditions, as well as their courage and conviction to chart a new course. Change is inevitable in every industry, but it is particularly evident in the commercial real estate industry as businesses continually take fresh looks into how to best utilize their office environments. Rapidly-evolving technology is playing a significant role in this process, as well.

In this issue, you will read how Tim Zulick has "re-invented" himself when shifting his business perspective from that of a developer to the brokerage side of the equation. You might be somewhat surprised how little Bob Becker believes things have changed throughout his 40-year career with St. John Properties. And, you will learn how a bakery may have saved the company in the late 1970s.

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COMMUNITY SERVICE PROGRAM CHANGES COURSE, ADDS SECOND BENEFICIARY

Brendan Gill, Connie Rhodes and the rest of the NAIOP-MD Community Service Committee spent upwards of six months planning this year's project, originally scheduled in May, benefitting the Living Classrooms Foundation's Patterson Park Youth Sports & Education Center. When conditions in Baltimore City required its postponement, the group scrambled to deliver on all that was promised to the Patterson Park Youth Sports & Education Center while also organizing a second activity for volunteers, benefitting the Youth Empowered Society (YES!).

"Looking back on things, we supported two different groups that benefit inner city youths and that seems rather poignant, based on the circumstances in the city," explained Brendan Gill. "When it became clear that we would not be able to re-schedule our first volunteer activity in a timely fashion without impacting the Center's summer curriculum, we looked for an alternative activity that would involve a large group of people. Many of our member companies depend on the bi-annual NAIOP–MD Community Service Program to assure involvement among their employees. To get their hands dirty every so often, if you will.

"We received generous contributions from many companies, and not one complained about the postponement. They realized that this year was an aberration, and we were fulfilling our obligations, while also adding a second beneficiary," he added.

NAIOP Maryland members and event sponsors Wilhelm Commercial Builders and Brickman stepped up to the plate to provide Living Classrooms with the deliverables they were promised, to avoid further delays for the materials targeted for summer programming. Employees from Wilhelm constructed and delivered fourteen wooden benches, six picnic tables and twenty-four student garden tables. Next, Brickman and a crew of five spent the better part of a day installing fiber fabric and topsoil into the planters and arranging the tables and benches into place.

"Brickman works on projects across the country, but our roots remain locally and we always look for opportunities such as these that can benefit our community," explained Debbie Heaver, Key Account Manager for Brickman.

Several weeks later, Kate Sanft and Connie Rhodes delivered a pick-up truck worth of supplies to support the after-school program, including shovels, rakes, tools, garden hoses and food snack items (see photo at bottom left).

With NAIOP Maryland members already scheduled to travel downtown to attend the Summer Social, a contingent arrived early at the DuBurns Arena to package personal hygiene and food kits benefiting YES, a local charity working to help end youth homelessness in Baltimore City. In just a short period of time, volunteers were able to package and deliver 900 much-needed kits to YES!, and we also surprised them with a $1,000 donation. The YES Drop-In Center is Baltimore City's first and only drop-in center for homeless youth, and operates as a safe space for youth between 14 and 25 years of age.

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LEGISLATIVE UPDATE – WORKING TO REDUCE GREEN HOUSE GAS EMISSIONS

BY TOM BALLENTINE, NAIOP-MD VICE PRESIDENT FOR POLICY AND GOVERNMENT RELATIONS

For nearly ten years, Maryland has been pursuing actions designed to reduce and maintain Green House Gas Emissions at 25% below 2006 levels by the year 2020. This summer, a group of appointees to the Maryland Commission on Climate Change, including NAIOP Maryland, are providing comment and content for a report to the Governor and Members of the General Assembly on progress toward the 2020 targets and a forecast on how the second tranche - 80% reductions by 2050 - might be accomplished.

Conversion to cleaner power sources and energy efficiency are driving reasonable progress toward Maryland's 2020 goals but, in doing so, many of the lower cost, readily-applied reductions have been taken. This summer, options with more significant implications for commercial real estate are under consideration. During 2016, the General Assembly will look closely at progress toward meeting these legally required emissions cuts and could set new targets and regulatory initiatives in motion.

Initial focus has been on utility power plants and auto emissions. 2006 legislation required a reduction in power plant emissions, incentivized energy efficiency and conversion to modern equipment, set percentages of power supply that public utilities must generate from green sources, and set in motion Maryland's participation in a cap and trade program for power plant air emissions. 2007 brought so-called "clean cars" legislation regulating the performance of new and existing automobiles. 2008 and 2009 featured legislative debates over the currently-mandated reductions in greenhouse gas emission that would reduce 2020 emissions to 25% below those recorded in 2006, and set the state on a path to cut emissions by 80% or more in the out years.

Much of what is under consideration this summer is contained in Maryland's 2012 Greenhouse Gas Reduction Strategy. As a stand-alone document, Maryland's written strategy is a complex compilation of 65 strategies spread over more than 1,900 pages of text and reports including a 975-page

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Tim Zulick *continued from page 1*

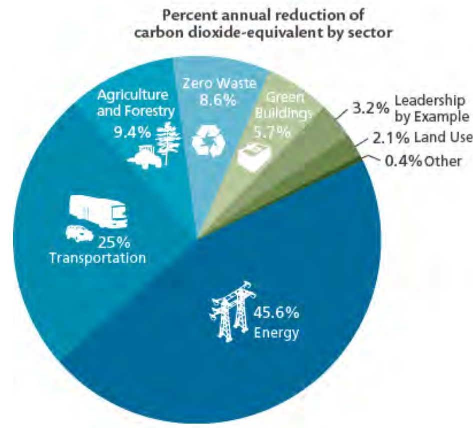
leasing, because I enjoyed the relationships and the problem-solving aspects of the position."

With many different options to choose, Tim explained that CBRE presented the ideal fit in the next phase of his career. "The ethics and morals of the company, the leadership at the national and local level and the individuals on the Industrial and Multi-Family teams with whom I would work closely, drove my decision," he said. "I never looked at deals because of their commission value but, instead, whether I could establish a long-term relationship with a company or broker. This larger view of the situation has consistently paid off."

Regarding the recent consolidations occurring in the commercial brokerage industry, he commented "corporate America is gravitating towards firms that can deliver products and services from all angles, as well as those that have strong positions both nationally and internationally. This CBRE strength was a major selling point to me for the future success and growth of this company."

NAIOP has played an important role in his real estate career. "There are many different organizations to become involved with in commercial real estate, but my early introduction to NAIOP demonstrated its importance," he said. "It focuses on what's going on in the marketplace that can add value to your daily activities. And, programming is based on the quality of the participants, not the quantity."

Tim also has served on the Baltimore Chapter Board of the National Multiple Sclerosis Society, where he has chaired the golf event for the past fourteen years, raising more than $1.5 million. He believes that we all need to give back to our communities and choose a cause or charity that is worth advocating.



Message from the President *continued from page 1*

In addition, our Community Service Committee took a 180 degree turn with the preparation and organization of this year's project, based on the unfortunate circumstances occurring in Baltimore City. Brendan Gill provides some insight and background into this shift and ultimate success story.

This quote, attributed to Jim Rohn, is also worth remembering: "Your life does not get better by chance, it gets better by change."

James Knott, Jr.
President, NAIOP Maryland

NEW MEMBERS

Eric Arcudi
Stewart & Tate Construction

Lynn Bennett
Coakley & Williams Construction Inc.

Jannine Hayes
Knott Realty Group

Thomas Hodgins
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Elevate your NAIOP Maryland membership. Contact Kate Sanft at (443) 986-9429 about sponsorship opportunities.

BOB BECKER – 40 YEARS AND COUNTING

Bob Becker, Senior Vice President, Tenant Retention for St. John Properties, reminisces about his lengthy commercial real estate career with the same company, and discusses what has and hasn't changed over the years.

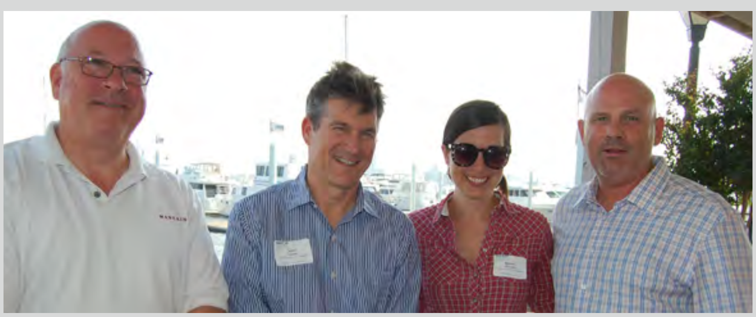
Q. Describe your first role with St. John Properties.
A. I answered an advertisement in the local newspaper and Ed St. John hired me as his driver, while I was still attending Loyola College in 1974. I worked several days each week while attending classes.

Q. Do you remember the first lease you signed?
A. It was ZZZ Top Mattress Company in the Timonium Business Center in 1978. The company leased 3,000 square feet of space and paid $3.00 per square foot.

Q. Hurricane David caused problems in 1979, correct?
A. Our offices were flooded with about four feet of water, caused from the overflow of the nearby Jones Falls Expressway. All of our leases were soaked, but Ed had the ingenuity of taking the documents to a bakery on Route 40 in Baltimore City and drying them out in their ovens. Instead of baking bread, we were baking leases.

Q. Technology has obviously changed immensely in the past 40 years.
A. We used carbon paper to make copies of our documents, and they were very messy. Cell phones, of course, did not exist but we used beepers to stay in touch with our tenants. Then, we had to run to the nearest pay phone to contact them. Even with the advent of e-mail, I still find the best thing to do is to call people. It is so much more personal.

Q. With more competitors now, then in 1971, is it more difficult to remain successful in the real estate industry?
A. One or twenty competitors don't make a major difference. It is still a people business, just like any company that depends on sales. Establishing and maintaining strong relationships is the key to success.



SUMMER SOCIAL

DL MINI-GOLF TOURNAMENT ACTION SHOTS

MARYLAND DBED SECRETARY MIKE GILL SAYS "MARYLAND ECONOMY CAN AND WILL DO BETTER"

R. Michael Gill (left), Secretary of the Maryland Department of Business and Economic Development; pictured with James Knott, Jr., President NAIOP Maryland and Knott Realty Group; and Christopher Nevin, BB&T and NAIOP-MD Treasurer, addressed the NAIOP Maryland Developers Council luncheon with the message that the "Maryland economy can be better."

"More than 40 states around the country would gladly trade their assets with Maryland's," he stated. "The problem the last few years has been the attitude towards our business climate and it is significantly easier to fix that issue. And, that is what we are aiming to do. Our DBED office has three simply priorities: retain businesses in Maryland by giving them what they need to be successful; growing existing businesses and attract new companies to the State from time to time."

Legislative Update *continued from page 3*

economic report and five appendices. The strategy contains options that extend beyond cars and power plants. They seek to mitigate against sea level rise and coastal storms in addition to reducing emissions.

Changes to the cost and availability of power, zero energy construction codes, property management practices aimed at eliminating solid waste and linkages between land use patterns, transportation and greenhouse gas emissions are counted on for future reductions.

In addition, the 2012 plan called for consideration of more than $644 million in new fees on emissions and vehicle use to fund other programs and change consumer trends. A critical guiding mandate laid down by the General Assembly is that the reductions must be met via methods that improve jobs and the economy. During the summer of 2012, NAIOP Maryland participated in a workgroup investigating the costs and benefits associated with potential actions presented in Maryland's Greenhouse Gas Reduction Strategy. An update of this economic test is a central part of the report being written this summer and will influence the compliance strategies recommended to the General Assembly.

For more information on this or other issues on the agenda of the NAIOP Legislative Committee, please contact Tom Ballentine, NAIOP Maryland V.P. for Policy at naiop.md.tom@verizon.net or 410-977-2053.

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Trammell Crow Company

UPCOMING NAIOP-MD EVENTS

August 27	Developing Leaders Crab Feast Nick's Fish House 5:30 – 7:30 PM
September 21	Annual Fall Golf Outing Country Club of Maryland 12:00 – 6:30 PM
September 24	DL Speaker Dinner Series with Chesapeake Real Estate Group Principal Jim Lighthizer 6:00 – 8:00 PM
October 8	Fall Project Tour & Happy Hour 5:30 –7:30 PM
October 29	Fall Networking Social 5:30 – 8:00 PM
November 19	Capital Stack (2 Hour CE) Conference Center at Sheppard Pratt 8:00 – 10:30 AM
December 11	Annual Holiday Luncheon Four Seasons Baltimore 11:30 AM – 2:00 PM

For more details, visit www.naiopmd.org or e-mail director@naiopmd.org

SUMMER SOCIAL AT BOATHOUSE CANTON
Brendan Gill, MacKenzie Management; Leora Davalos, Hyperspace and Kristen Joy, CoStar Group were among the more than 200 commercial real estate professionals that attended the Summer Social.