

REMARKS FOR NAIOP ECONOMIC FORECAST

My son Christopher called me from Dallas last week, he is a junior in the undergraduate business program at SMU. Chris often recommends books to me that he is reading in his courses and I often read them, and then we talk about them; it connects me to what he is doing and thinking. He recommended a short list of business books and I was off to Barnes & Noble last weekend to check them out. I ended up buying all of the books, probably several months of reading material. His first recommendation was to read a new book by Jim Collins. I asked Chris if he was aware of the prior books written by Jim Collins. He said no. How could a professor recommend the new books without deference to the prior books written by the same author. Collin's first book was "Built to Last-Successful Habits of Visionary Companies. Built to Last was the number one business book in 1995.,It provided a master blueprint for building organizations that will prosper long in to the 21st century. It was mandatory reading at Grubb & Ellis when they purchased the assets of Commercial Florida Realty Partners (or what Peter Reed and I call affectionately Commercial Florida I in 1999. As a matter of fact, Neil Young, then CEO, gave me a copy with a personal note in it. Jim Collins second book, Good to Great was published in 2001., Collins wrote that good to great companies think different about the role of technology. Those who launch radical change programs and wrenching restructurings will almost certainly fail to make the leap. The book contended that if you combine a culture of discipline with an ethic of entrepreneurship, you get great results. Some of the good to great case studies included both Circuit City and Fannie Mae. Circuit City is no

longer with us and we all know about the debacle at Fannie Mae. However, they also included Wells Fargo, Abbott, Gillette, Phillip Morris, Walgreens, and others. Collins latest book is, How the Mighty Fall, and why some companies never give in.. Collins writes in this latest book that every institution, no matter how great is vulnerable to decline. There is no law of nature that the most powerful will inevitably remain at the top. Anyone can fall and most eventually do. But some companies do indeed recover, coming back even stronger, even after having crashed into the depths of what he describes as Stage 4, Grasping for Salvation.

Each of these books and their titles describe what the thinking was at that particular point in time and where we were in the economic cycle. They also were indicative a new perspective, a shifting paradigm, if you would.

Which brings me to my favorite book, Street Fighters, by Kate Kelly of the Wall Street Journal. It is about the fall of Bear Stearns. Kelly writes that Bear's leaders were arrogant and didn't play nice. But their style had made them a fortune that had helped them weather every crisis from the Great Depression to the dot com bubble. Yet as the subprime mortgage crisis began to brew, the firm's key executives descended into a civil war. For decades Bear had proudly recruited "PSDs" employees who were poor, smart, and had a deep desire to become rich. An elite family or Ivy League diploma didn't matter. Were you tough enough to be a street fighter?.

Given the shifting paradigm in real estate, are we tough enough to be street fighter? Let's face it, leasing has never been so tough. We have never fought so hard for a deal, whether it is 1,000 sf or 10,000 sf, We

have never seen so many obstacles and have never been as challenged, deploying every ounce of experience and resourcefulness.. However there is a change in mindset taking place and it is all about keeping a positive attitude. As a broker or operator, you need to insure, however, that you are getting your disproportionate share of whatever demand is out there through a proven scientific approach to leasing. And without leasing, there is no value created. It is no longer about the Art of the Deal, as Trump once wrote several years ago, it is about being tough and persistent enough, a street fighter. We also need to be openly sharing information, market intelligence, reconnaissance and street level information with each other. We have become too complacent and lazy sitting behind the computer and sending emails. We need to get out of our offices and back on the street. So after the program, turn to the people at your table go over to the next table and introduce yourself to the people you don't know, give them your business card and ask for theirs, listen to what they do, and try and figure out a way to work with and help each other, and make a promise to call each other regularly.. We will all get through this together and become strong street fighters. I assure you, one thing we know for certain is that this cycle is going to change.. In every stage of the cycle, There are always opportunities for good operators and brokers of commercial real estate. A young MBA from the UF real estate program worked for me for two years. After a space showing the day before, I asked him if he followed up with the leasing prospect. His answer was, I texted him. I told him I thought he should call, it is more personal. He assured me he had his cell phone number and that they were exchanging text messages.. I said, well, maybe I'm behind the times., I have only been doing this for over 25 years, and maybe I should text

more, but I can tell you this. I have never heard of a real estate transaction being negotiated by text message or email. It is back to the basic fundamentals of the business, my friends.. So, get out there, make some calls, and start networking again.

We have a great program for you today, so enjoy Dr. Dousier and his Economic forecast.

I have spared you the info mericial on Commercial Florida, However there are flash drives on the card at your place that contains all of our company information. Thanks for listening this morning

, and I will see you on the street.