Real Estate Insights, Forecasts & Strategies

Strategic Advantage

Editor: Christopher Lee

Issue K011014

# 2014 Outlook
## *Part I ~ Economic*

### In This Issue

- *The Economy…Recovering Below Expectations & Potential*
- *Employment Outlook*
- *Consumer Confidence*
- *Inflation Outlook*
- *Interest Rate Outlook*
- *Closing Comments*

## Friends & Colleagues:

**"Life can only be understood backwards; but it must be lived forwards."** This quote from the Danish existentialist philosopher Søren Kierkegaard highlights both the challenges and opportunities facing the real estate industry in 2014. With the impact of the 18-month recession of 2007 – 2009 a fleeting memory but remaining as a lingering nightmare and reminder in the background, **the dramatic increase in opportunities during 2013 has created a pivotal moment for real estate firms entering 2014**. While the future is unknown, abundant trends and market indicators predict a year of growth opportunities to those with the platform, business model, leadership, talent, capital and resources. Albert Einstein said it best, "I never think about the future, it comes soon enough." Well, **2014 is here and it is going to be a year of pivotal moments, pivotal decisions and pivotal opportunities** that will determine, for many, their success through the balance of the decade. Remember, the future starts today!

The absence of leadership at all levels in Washington, D.C. and within many of the country's largest states has created a hamster wheel of activity but no progress in addressing the fundamental economic challenges facing the U.S. **The endless debates, disagreements, denials, deferrals, debt and debacles in 2013 have created diversions and division, but no realistic long-term solutions**. Economist Laurence Kotlikoff estimates that unfunded Federal liabilities now exceed $220 trillion. The dramatic failure of the Affordable Care Act rollout, the budget compromise that was more business-as-usual than real reform (i.e., adding $6.3 trillion in more debt over the next 10 years) and an entitlement tsunami that is "always better-to-fix-after-the-next-election" highlight the market challenges facing real estate investors, companies and leaders. **These challenges cannot be controlled…but must be met.** The infamous definition of insanity is "doing the same thing over and over but expecting different results." Kicking the can of fiscal responsibility down the road for future generations to resolve sounds a lot like insanity. **The more time passes without structural improvements, the more disruptive and impactful the solutions will be**. As the CBO recently stated, "…growing Federal debt would increase the probability of a fiscal crisis."

A careful analysis of key indicators and trends reveals that **2014 will be a pivotal year for making those critical decisions necessary to assure success and prosperity in the years ahead**. Today the real estate industry is like a fulcrum faced with pivotal decisions on growth strategies, access to capital, succession and leadership transition, brand differentiation, organizational architecture, innovation and inclusionary technology. In 2014, real estate firms will be faced with one and only one critical question: **"Do you want to control your destiny, or do you want others to control it?"**



© 2014 Christopher E. Lee, CEL & Associates, Inc.

Each real estate company entering 2014 is faced with a growing mountain of decisions. However, it is important to remember that when you see a successful real estate enterprise *today*, someone made courageous decisions *yesterday*. Real estate organizations cannot bridge the schism between today's reality and tomorrow's potential by taking small steps. **In 2014, bold decisions will be required, because controlling your future should be up to you…not fate**.

Yes, 2014 will have its share of economic and marketplace surprises, disappointments and challenges, but we are at the precipice of a year full of decisions. However, like approaching a precipice when climbing a mountain, the situation is either dangerous or insurmountable or an opportunity to achieve an even greater accomplishment.

**Real estate firms that are willing to challenge the norm, break out of the-way-we-have-always-done-it mindset, infuse excitement and energy throughout the organization and become relevant will exceed their expectations of success**. The future is not an inheritance, but must be earned. So don't fear the future, shape it! Your future and the future of your company will be forged and defined by your aspirations and the will to truly be what you can become. **Yes, 2014 will be a pivotal year for making those critical decisions necessary for opening the curtains to a glowing future of opportunities ahead**. Remember, successful "entrepreneurs" are simply those who understand the difference between obstacle and opportunity and are able to turn both to their advantage.

**Note:** This issue of *Strategic Advantage* is Part I of a three-part newsletter, with its focus on the **Economic Outlook for 2014**. Part II (scheduled for publication mid-month) will focus on the **Real Estate Outlook for 2014**. Part III (scheduled for publication at the end of January) will highlight the **Key Strategies for 2014**. With so much to cover, we decided three separate issues would more easily accommodate the various insights and perspectives. As always, we welcome your comments and questions.

## The Economy…Recovering Below Expectations & Potential

While the underlying fundamentals are improving, **the U.S. economy is a combination of contrasts and contradictions**. The stock market is at all-time highs, but the U6 unemployment rate is around 13% - 14%. The GDP growth rate was only 2.5% in 2Q13, and then jumped to 4.1% in the 3Q13. The ISM Index is at a 2.5-year high, yet manufacturers are not adding jobs. U.S. debt has risen over $6 trillion since January 2009, yet (or because of that) the stock market is breaking records. The net worth of American households has risen to pre-2007-09 recession levels, but consumers are curtailing their spending. U.S. corporations are posting record profits and sitting on approximately $2 trillion in cash, but will not spend that money until the "spend, tax and regulate" mantra in Washington, D.C. is clear and contained. The U.S. added 848,000 jobs through September 2013, yet the majority of those jobs were part-time. The U.S. economic recovery has sputtered, and the impact of quantitative easing has reduced, not increased, the dollar's buying power. **There has been nothing normal about this recovery, and the tailwinds are stronger than the headwinds**.

The U.S. is in month 54 (yes, 4.5 years) of recovery since **the "Great Recession" of 2007 officially ended in June 2009, and yet the economy and the consumer are merely muddling through**. After an October 2013 dramatic drop in Americans' confidence in the U.S. (the greatest decline since September 15, 2008), the Gallup U.S. confidence index has risen slowly yet remains in negative territory. The combination of the failed launch of the Affordable Care Act, the uncertainty over sequestration cuts and the uncertainty over the just-agreed-upon budget deal, has caused consumers to take a more wait-and-see approach.

Since the fiscal crisis of 2008, 62% of Americans in a recent poll say they prefer saving money over spending it. According to a December 2013 Bloomberg poll, **67% of Americans think the nation is not headed in the right direction**. A December 2013 CBS/*New York Times* poll found only 30% of Americans think the U.S. is headed in the right direction. According to the October 2013 Pew Research survey, only 30% of Americans are "Very Satisfied" with their personal financial situation.

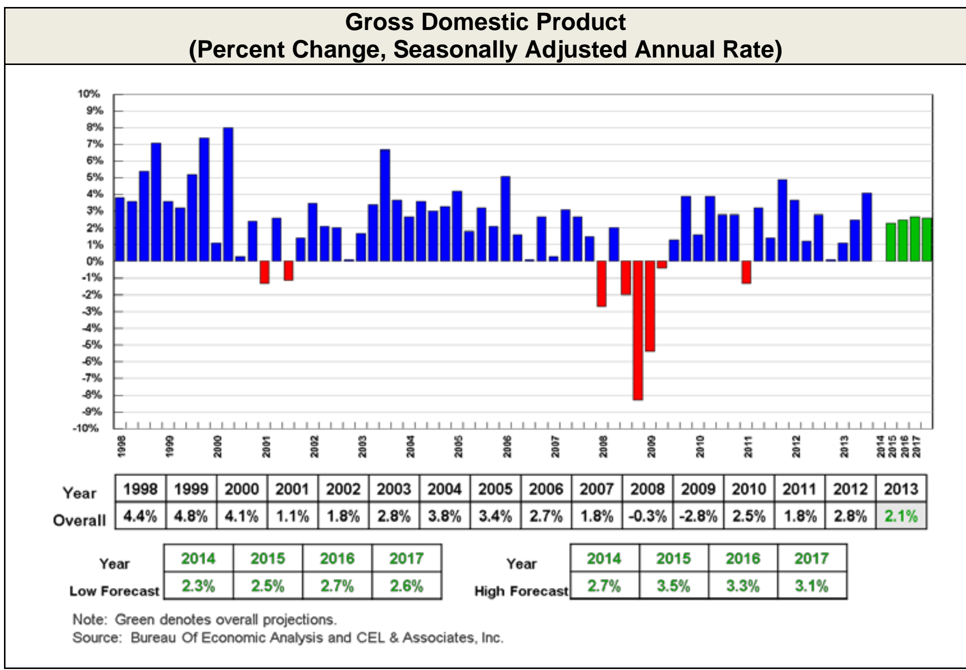


© 2014 Christopher E. Lee, CEL & Associates, Inc.

**What Americans want is the hope for a better tomorrow and entering 2014 that hope is an unknown.** To paraphrase actress Gilda Radner, "I wanted a perfect ending, but I've learned, the hard way, some poems don't rhyme and **some stories don't have a clear beginning, middle and end."**

**In 2014, the real estate industry will continuously be faced with pivotal moments** created by an economic conundrum of lost opportunities, poor financial leadership, political sound bites and a continued sea of unsustainable deficit spending and borrowing. However, there are several reasons to be optimistic heading into 2014…and perhaps a few more reasons to stay focused, vigilant and mindful of the risks.

Overall GDP growth rate for the 2013 – 2017 period is expected to increase heading into 2016 and then slow, as highlighted below. The combination of federal tax increases, historically high gasoline prices, and lingering uncertainty over fiscal issues is expected to continue curbing consumer spending and business hiring/investment over the next 48 to 60 months. However, overall business sentiment/optimism is improving. The 4.1% annualized GDP growth rate in the 3Q was the strongest since the final three months in 2011, precipitating a Fed reduction in bond purchases. **What the Fed fears most is deflation**.


**Gross Domestic Product**
**(Percent Change, Seasonally Adjusted Annual Rate)**

| Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Overall | 4.4% | 4.8% | 4.1% | 1.1% | 1.8% | 2.8% | 3.8% | 3.4% | 2.7% | 1.8% | -0.3% | -2.8% | 2.5% | 1.8% | 2.8% | 2.1% |

| Year | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Low Forecast | 2.3% | 2.5% | 2.7% | 2.6% |

| Year | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| High Forecast | 2.7% | 3.5% | 3.3% | 3.1% |

Note: Green denotes overall projections.
Source: Bureau Of Economic Analysis and CEL & Associates, Inc.

Today, 15% of Americans (50 million) now live below the poverty level ($23,492 for a family of four). The number of Americans on SNAP (the Supplemental Nutrition Assistance Program, aka "food stamps", 47 million) and participating in welfare programs (4.3 million), Social Security's disability program (8.9 million) and those Americans still unemployed (10.9 million) have created an economic drag on the economy. The number of Americans received Federal disability benefits (11 million), has increased for 202 consecutive months. Approximately 151 million Americans receive a check from the government other than an income tax refund. **These conditions will likely keep overall economic growth below historical norms over the next several years**.

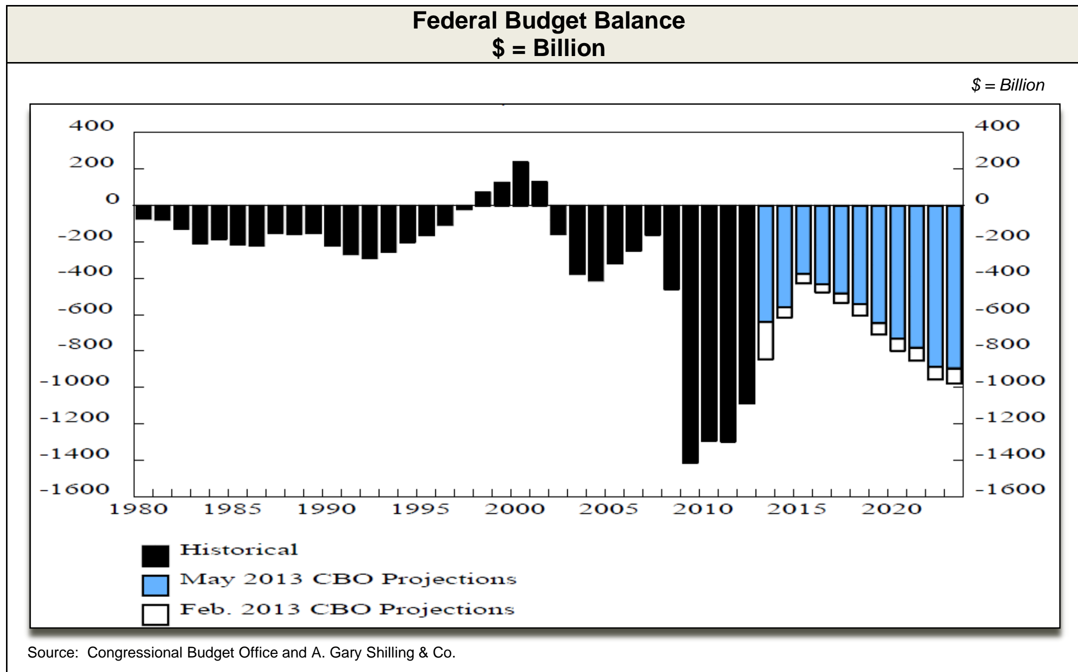
**The U.S. national debt has grown significantly over the last four to five years climbing to a record $17.3 trillion**. Total indebtedness in the U.S. is now over 100% of GDP and expected to grow to $25 trillion by 2020 (vs. the historical average of around 40%). Future Social Security, Medicare, national healthcare and other mandatory spending programs, when combined with annual Federal deficit spending, are not sustainable. Perhaps the only real debt reduction solution is to inflate it away.

| U.S. Federal Budget Deficits | |
|---|---|
| ▪ 2012 - - - - - - - $1.087 trillion | ▪ 2015 - - - - - - - $378 billion |
| ▪ 2013 - - - - - - - $ 680 billion | ▪ 2016 - - - - - - - $432 billion |
| ▪ 2014 - - - - - - - $ 560 billion | ▪ 2017 - - - - - - - $482 billion |

© 2014 Christopher E. Lee, CEL & Associates, Inc.

Government spending in the early 1900s was less than 7% of GDP. After two wars, government spending as a percent of GDP was around 22% in the late 1940s. Between 1950 and 1982, government spending rose to 36% of GDP. In the 1990s and early/mid 2000s, government spending as a percent of GDP remained around 33% - 35%. After the ‘07 – ‘09 recession, government spending jumped to 40% of GDP. **Total of the federal debt held by the public is now 73% of the U.S. GDP, higher than at any point in U.S. history**, except for a brief period around WW II. The Congressional Budget Office projects that under current policies, the federal debt held by the public could reach 100% by 2038.

A recent Harvard and University of Pennsylvania study estimated that state and local governments now owe $7.3 trillion in promises never approved by voters. Bottom line: **Americans have become an entitled society that is living well beyond its means.**



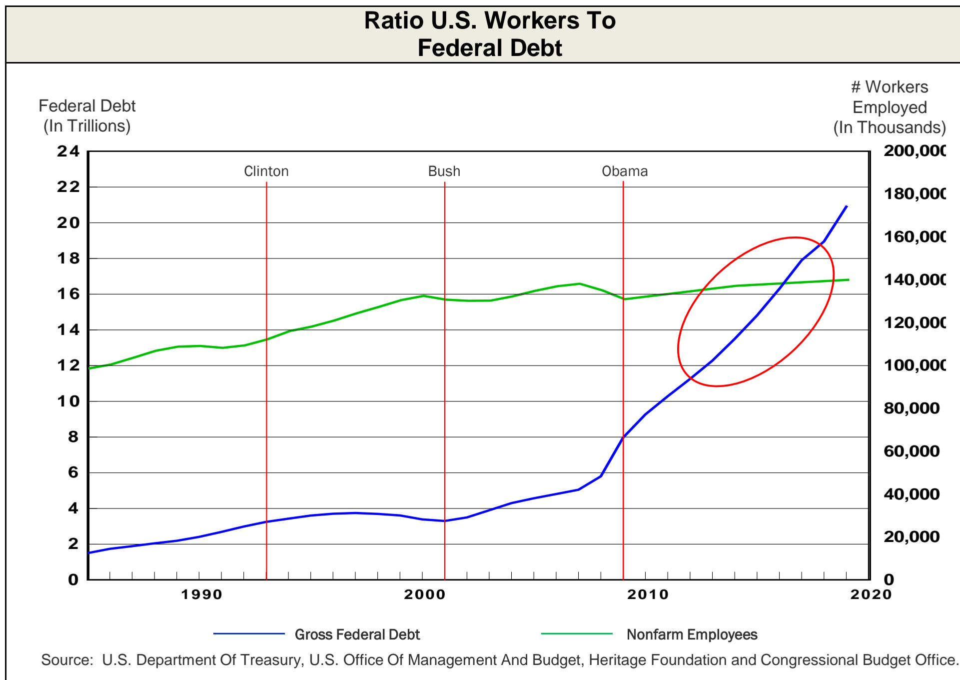
Source: Congressional Budget Office and A. Gary Shilling & Co.

The impact of a wave of retiring Baby Boomers probably will require the Federal government to raise taxes, cut Social Security, decrease healthcare benefits and/or reduce overall entitlement spending to meet obligations for retirees (20% of the U.S. population by 2030). A primary reason for a reduction in deficit spending has been the legislative gridlock occurring in Washington, D.C. No one can agree upon what groups should have entitlements removed or reduced.

U.S. population between 2013 – 2017 is expected to grow 3.4%, while the overall deficit is expected to increase over 26%. **The U.S. is expected to continue its muddle-through economy over the next four to five years**. The drag of deleveraging, a poor job recovery, higher taxes, more government regulations and intrusion continues to inhibit private initiative significantly. **The “rule of law” has been replaced by the “rule of largesse.”**

Business leaders and corporations point to 33,000 pages of the Affordable Care Act (also known as Obamacare) regulations with more on the way; nearly 9,000 pages in Dodd-Frank that is only around 30% implemented; 74,000 pages in the U.S. tax code; and, according to Congressional Research Services, since January 2009 the U.S. government has published 13,000 “final rules” in the Federal Register. On January 1, more than 40,000 new laws took effect.


© 2014 Christopher E. Lee, CEL & Associates, Inc.



Source: U.S. Department Of Treasury, U.S. Office Of Management And Budget, Heritage Foundation and Congressional Budget Office.

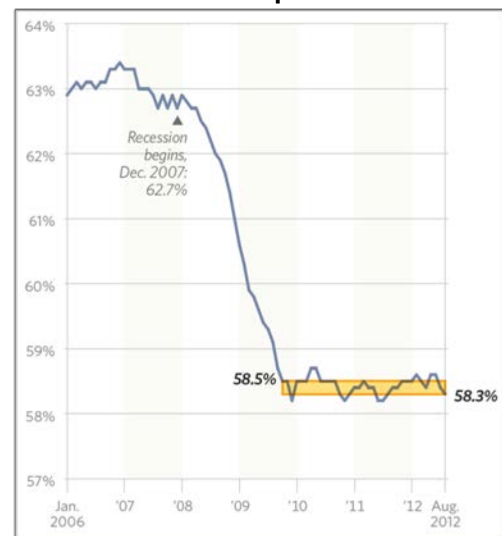
**There are approximately 128 million Americans (41% of the population) receiving some form of government assistance.** More than half (55%) of Americans have received some benefits from a government entitlement program during their lifetime according to Pew Research Center. Many Analysts estimate that by **2018 nearly 66% - 68% of Americans will be receiving some form of government assistance.**

**The cause for optimism leading toward 2020 is due to the benefits of**: technology development; corporate re-engineering; tax simplification; rapid rise in the immigrant population; return of the entrepreneurial spirit; a reduction in the U.S. trade imbalance; continued increases in worker productivity; continued belief that the U.S. is safe haven for capital; continued free and open financial markets and economy; continued value of U.S. currency; energy independence; and a return to a consumer-based economy.

Over 5 million Americans have had their insurance cancelled due to the Affordable Care Act, and in 2014 some experts predict 60 – 80 million more Americans may lose their healthcare insurance.

Without employer-provided healthcare, they must pay a minimum $1,400 tax that could increase each year. The unintended consequences of the Affordable Care Act are likely going to be very negative on a growing number of Americans it was designed to help**.**

**Many larger corporations could be dropping their employer-provided healthcare and reducing some workers' hours below 30 per week to shift the healthcare burden to the Federal government.** This shift will reduce household disposable income and consumer expenditures.

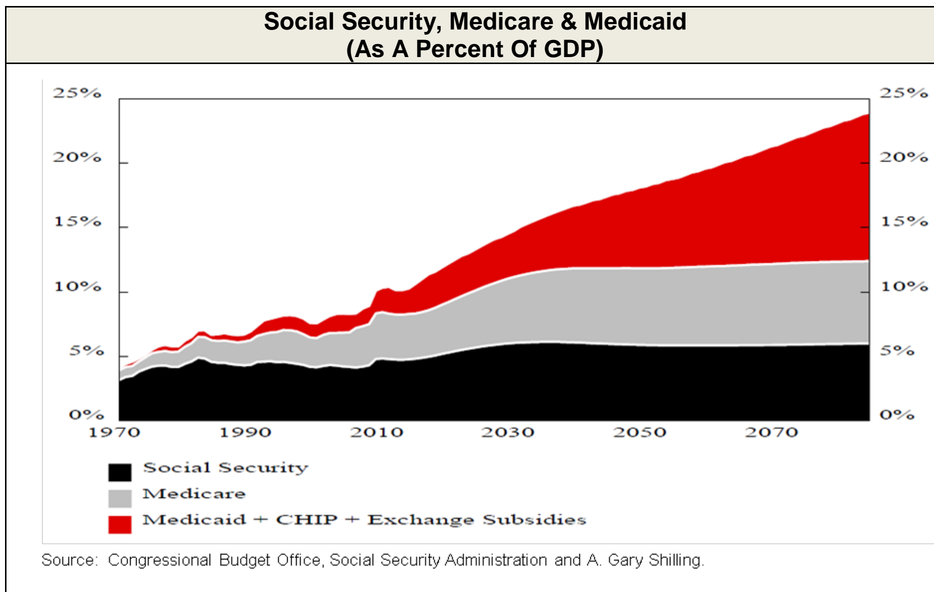


Source: Heritage Foundation.

**Excess bank reserves, now around $2 trillion, do not matter as long as deleveraging swamps massive fiscal and monetary stimuli** and holds real GDP growth to the 2.2% annual rate it has averaged in this recovery. However, deleveraging typically takes 10 years, and it began in 2008. So, the process has around four to five years to be completed. Then the U.S. economy could be entering a hyper-inflation period that will negatively impact the real estate industry. Now is the time to lock in inexpensive debt before the market changes dramatically. **Unfortunately, the "easy money" policy has not resulted in a growth toward full employment.**


© 2014 Christopher E. Lee, CEL & Associates, Inc.

Social Security, Medicare & Medicaid
(As A Percent Of GDP)




Source: Congressional Budget Office, Social Security Administration and A. Gary Shilling.

According to recent studies, **the U.S. has an "underground" or "unreported" economy of about $2 trillion.** Those lost annual tax revenues total around $400 billion. Government policies and taxes, according to analysts, "push" many Americans to not report income. This includes the rapid rise in part-time employees, independent contractors, service workers who receive cash or tips for service, casual workers and others who do not report income. **For the real estate industry, this trend will likely shift expenditures to a cashless society and the impact on retailers could be significant.** Today one can "earn" more from government programs and not reporting income than working for minimum wage.

While economic momentum is expected to build, the looming threats of unsustainable Federal and State deficit spending, rising taxes, economic uncertainty, growing entitlement and mandatory spending and the cost (dollars and jobs) of the Affordable Care Act could keep overall GDP growth at historically lower levels. **The combination of these economic conditions and trends will have significant and lasting impacts on the growth and opportunities within the real estate industry**. Thus, the reason to be very diligent in making the strategic decisions needed for tomorrow's success.

## Employment Outlook

The **U.S. unemployment rate (now 6.7% or 10.4 million Americans), while showing declines from its peak in October 2009, does not reflect the number of under-employed or uncounted, unemployed workers no longer included in totals.** Only 74,000 jobs were added in December…the weakest job creation in three years. Economists have been projecting 200,000 jobs in December.

Unemployment Rate Remains High

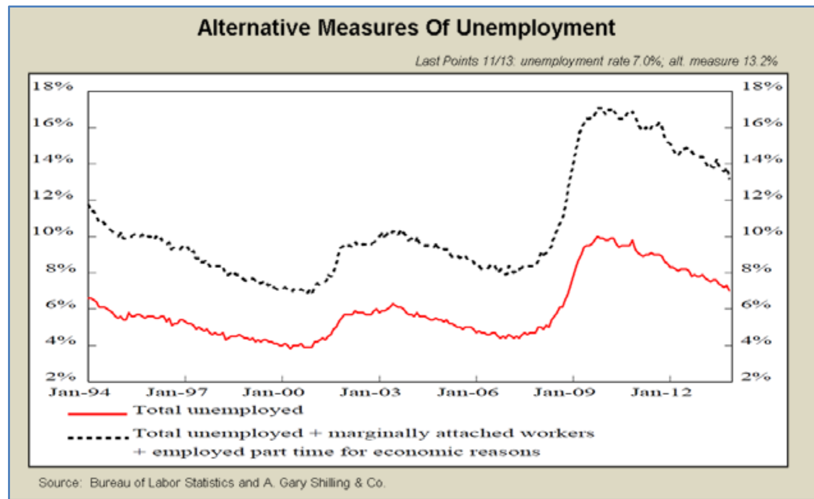
Source: U.S. Bureau of Labor Statistics.

The number of involuntary part-time workers (unemployed full-time for economic reasons) now stands at 7.8 million. There are 2.4 million marginally attached workers (not counted as unemployed because they had not searched for work in the past four weeks). **The U6 unemployment rate now stands at 13.1%,** while the civilian labor force participation rate is down to 62.8% (vs. its historical average around 66%). A recent Gallup survey found that only 30% of the U.S. workforce is "enthusiastic about and committed to their workplace." This lack of employee engagement is troubling and has long-term real estate implications.

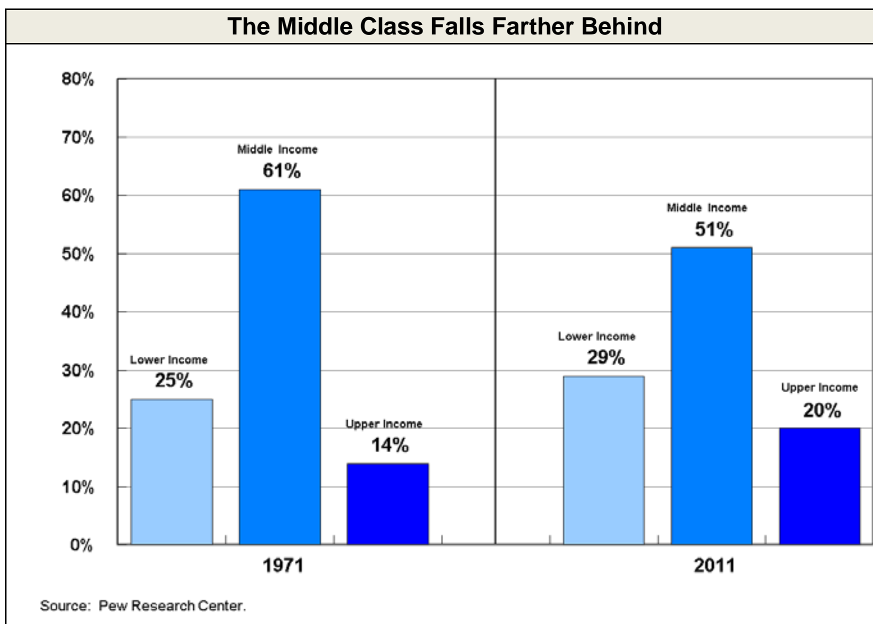


© 2014 Christopher E. Lee, CEL & Associates, Inc.

**According to the Brookings Institution, the number of jobs needed to return employment to its pre-recession levels and absorb new entrants into the workforce is approximately 9.9 million.** At the current average of 193,000 average net new jobs per month, it would take over five more years to eliminate that gap. The ratio of job seekers to job openings is now around 3:1…two times the level in mid-2007. According to the Economic Policy Institute, **there are "30% more unemployed persons than job openings."** Today the employment-to-population ratio is 58.6%. In the previous nine recessions, it took an average of 24 months to regain all lost jobs, but the **most recent recession will take around 80 months to regain jobs lost**. In addition, temporary employees are around 12% of all workers, or nearly 17 million workers. **The number of temp jobs has increased 50% since the recession ended nearly four years ago**. According to a recent survey, 75% of economists surveyed thought the use of temporary or contract workers represented a longstanding trend. Further compounding the job market is that the average working American now expects to retire at age 66 (up from 60 in 1995). **By 2020, workers 55 and older will be 25%** of the civilian workforce. Has 80 become the new 60?



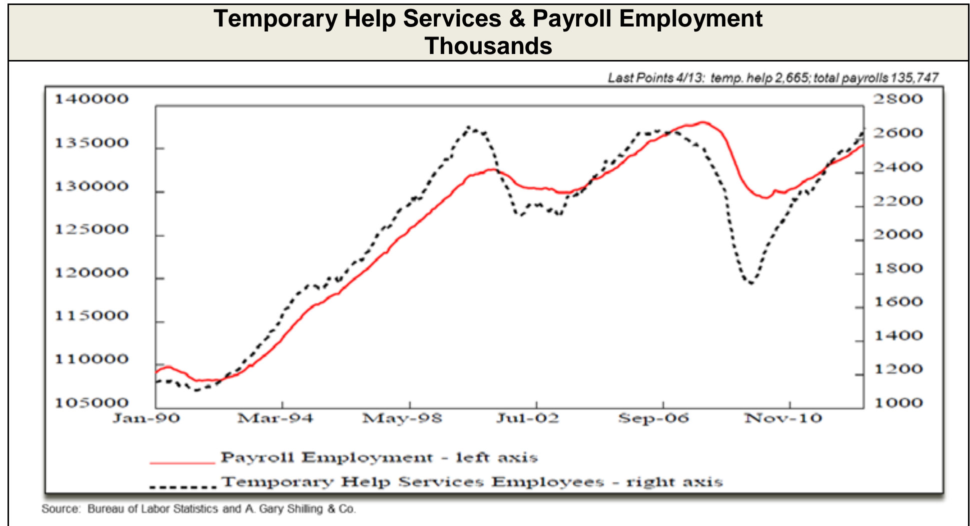

**The number of part-time jobs rose by 3 million since 2008, while the number of full-time jobs decreased by a similar amount.** This lack of full-time jobs has contributed to a decline in median income. Median household income and middle class net worth have dropped dramatically. In 2011 median household income after inflation was $50,054; 8% lower than in 2007. **The year Americans had the highest median household income, adjusted for inflation, was 1999**. The Fed policy of negative real interest rates has contributed to this decline in median household income. Until or unless current monetary policy changes, median income will continue to decline. Fed Chairman Ben Bernanke's policies of "protect the Banker" could have lasting consequences to American society and for real estate (e.g., affordable housing, apartments, rent control), an accelerated conflict between those who have and those who do not, and increase in government dependency.




**According to the UCLA Anderson Forecast, the U.S. is not in a recovery, and the economy must grow at a 4% growth rate for 15 years or a 5% rate for eight years to create enough jobs and overall economic activity to return to the normal trend line.** The U.S. Dept. of Labor projects a labor force growth rate of only 0.7% through 2020 (vs. around 1.6% in 1970 and 1.3% in 2000). If the same percentage of Americans worked as in 2003, nearly 10 million more people would be working. In 2012, nearly 2 million Americans left the workplace.


© 2014 Christopher E. Lee, CEL & Associates, Inc.

While jobs are being created, they are not jobs that will ensure workers a secure future. **Far too many workers (millions) do not have the skills to compete in the modern economy**. Between 2010 – 2020 approximately 19.7 million jobs are expected to be added. Nearly 18 million of them will be in the Services sector, 28.6% of which will be in healthcare and social assistance. A recent Gallup survey of small businesses found that 40% of small businesses have frozen hiring because of Obamacare and 38% indicated that they have pulled back plans to grow their businesses.



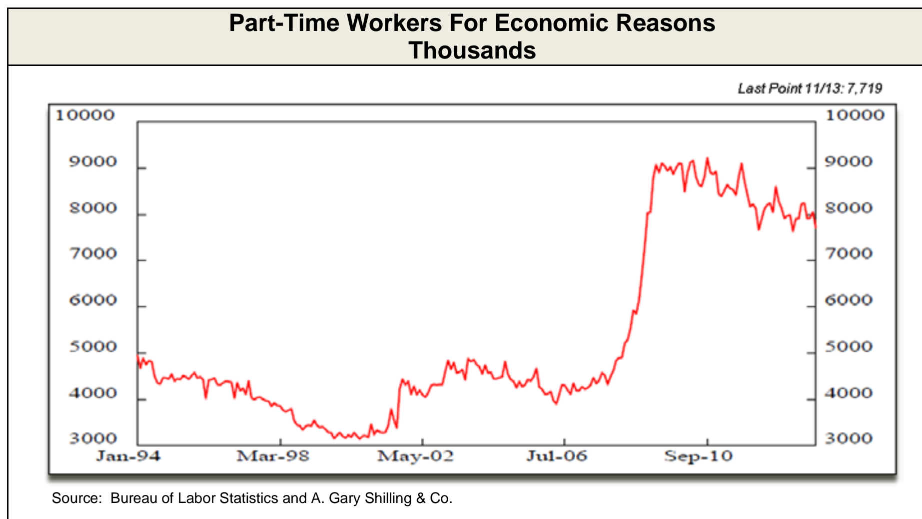
Temporary Help Services & Payroll Employment
Thousands

**Job recovery is not expected to occur consistently across the U.S.** Rather an uneven quilt of job growth states (Texas, Virginia, Florida) will fare better than states with higher taxes, higher costs to conduct business and looming state deficits (California and Illinois, among others).

**Over the 2014 – 2015 period, job growth recovery will be slow, the number of unemployed and under-employed workers will remain high and the cost to meet the needs of these workers will continue at historically high levels**. The recent cessation of the emergency jobless-benefits program will add 1.3 million more unemployed to the marketplace and probably reduce GDP by 0.2 percentage points in 2014.

The absence of real job growth will be a major determining factor in current and emerging real estate investment and service opportunities. The challenges for the real estate industry are significant, and as a result of those challenges, many new opportunities will be created. **The year 2014 will indeed be pivotal for strategic decisions.**

The impact of the '07 – '09 recession and tepid economic recovery has been particularly hard on the young and those just entering the workforce. While undergraduate college enrollment has grown dramatically, so has student loan indebtedness. **The near-term outlook for young Americans is far less rosy than in previous generations**.

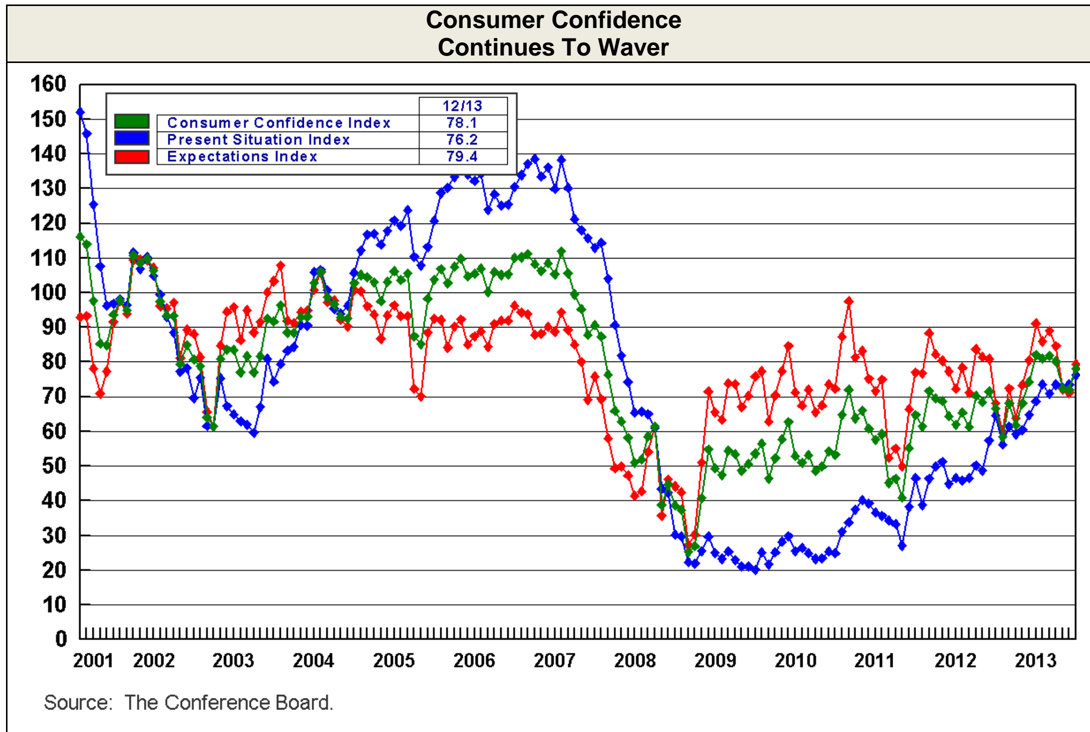


Part-Time Workers For Economic Reasons
Thousands


© 2014 Christopher E. Lee, CEL & Associates, Inc.

## Consumer Confidence

**Consumer confidence is expected to improve over the 2014 – 2015 period.** However, consumer confidence will likely continue to fluctuate as economic, political and election-year sound bites dominate the national discussion.




## Inflation Outlook

With the combination of slow economic growth and historically high unemployment, inflation has been fairly mild, as highlighted below.

| U.S. Inflation Rates |
|---|
| ▪ *2013 - - - - - - - 1.46% |
| ▪ 2012 - - - - - - - 2.07% |
| ▪ 2011 - - - - - - - 3.16% |
| ▪ 2010 - - - - - - - 1.64% |
| ▪ 2009 - - - - - - - (0.34%) |
| ▪ 2008 - - - - - - - 3.85% |

* Through November 2013

**The Fed's long-term inflation goal of 2% is expected to hold through 2014**, but over the next several years, I expect the rate of inflation to increase slightly as highlighted below.

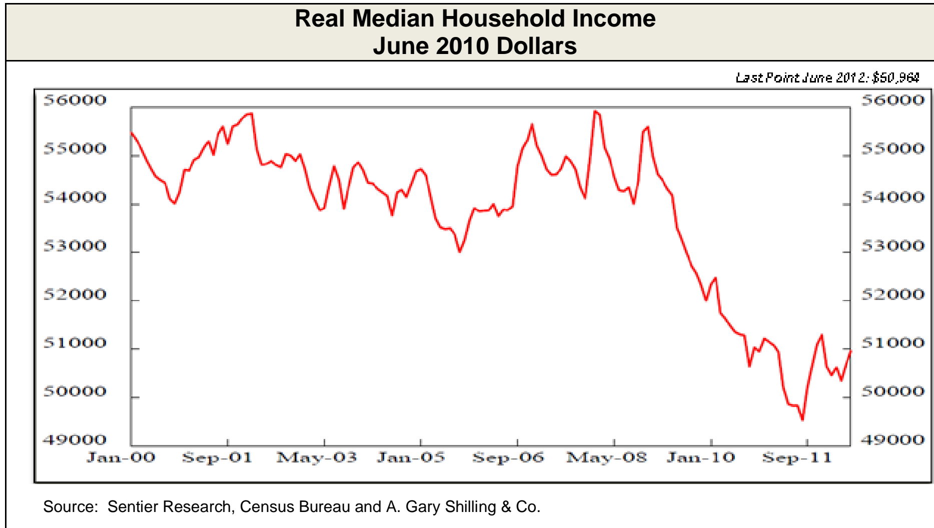
- 2014: 1.75% – 1.78%
- 2015: 2.03% – 2.06%
- 2016: 2.08% – 2.10%
- 2017: 2.09% – 2.12%



© 2014 Christopher E. Lee, CEL & Associates, Inc.

## Interest Rate Outlook

**Short-term interest rates should remain low through 2014** and beyond, with the Fed committed to holding its target federal funds rate at 0% to 0.25% until the unemployment rate declines to 6.5% and a "real recovery" is underway. Look for a very modest, if any, rise in short-term interest rates in 2014 and a similar increase in long-term rates would likely follow. Interest rates are not expected to rise until 2015, so borrowing for real estate investments should remain very favorable in the foreseeable future. **Higher interest rates will result in lower levels of real estate borrowing and reduced acquisition/development activity.**



Source: Sentier Research, Census Bureau and A. Gary Shilling & Co.

The rise in the 10-year Treasury note to nearly 3% (the highest level since July 2011) is an indicator of interest hikes ahead. Homebuyers and those homeowners with variable rate mortgages will see their financing rates rise.

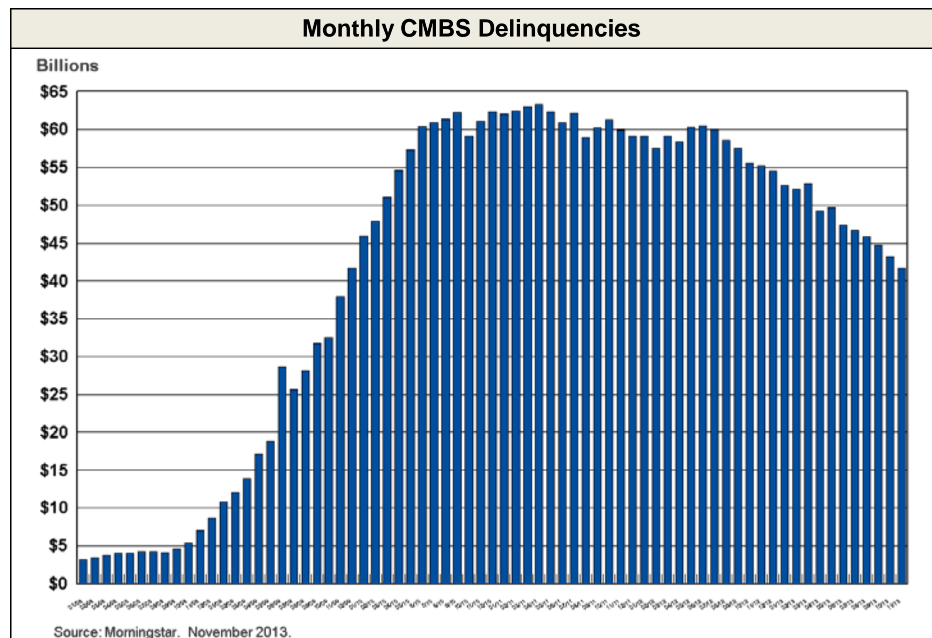
While rising interest rates will not stop real estate investment activity, the type, location and sponsor/owner of assets to be acquired or developed will likely gain an additional level of scrutiny.

**Capital will continue to be available for real estate in 2014.** The capital issue over the next 12 – 36 months will not be a lack of equity; it will be the availability of credit. Watch for more foreign capital and private equity to enter real estate markets and properties nationwide. The total unpaid balance for CMBS loans currently stands, according to Morningstar, at around $739 billion.

Currently the delinquent unpaid balance is $41.67 billion. The delinquency ratio through November 2013 was 5.64%, declining from a high of 8.5% in May 2012. The current 5.64% ratio is nearly 20 times the Morningstar recorded low point of 0.283% in June 2007.

On the Master Services Watchlist, there are unpaid balances on 9,014 loans for a total of $105.1 billion. Over the next 12 months, approximately $44.5 billion of CMBS loans are expected to mature.

Almost 89% of delinquent CMBS unpaid balances through November 2013 came from transactions issued from 2005 – 2008.



Source: Morningstar. November 2013.


© 2014 Christopher E. Lee, CEL & Associates, Inc.

## Closing Comments

2014 will be a year of pivotal moments and decisions. From developing realistic strategic plans, restructuring compensation programs, redesigning organizational governance, succession planning, identification of growth strategies, technology upgrades, locking in variable capital strategies to getting better connected customers and brand enhancement…real estate leaders will need to make a number of critical decisions. This list highlights merely 20 of the top trends CEL & Associates, Inc. is tracking.

**Top 20 Trends In 2014 – 2015**

1. Aging & Transition, Baby Boomers
2. Online Retailing & The Digital Experience
3. Preference For Urban Living
4. Occupier Space Utilization (e.g., Fewer SF Per Worker)
5. Rapid Growth Of The Hispanic Population
6. Digital Convergence
7. Rise Of Predictive Apps
8. Shift To The Job Creator Markets
9. Greater Employee Engagement & Empowerment
10. Data Mining & More Analytics
11. Accredited Crowdfunding
12. The Power Of We (Social Media)
13. Strategic Capital Partnering
14. Rise Of The Contingent Workforce
15. Content Marketing
16. Technology Upgrades & Connectivity
17. Talent Upgrades & Assemblage
18. Strategic Investing
19. Succession & Leadership Changes
20. Increased Consolidation

Source: CEL & Associates, Inc.

As you move forward into 2014, remember that success comes to those who are not making decisions in a crisis mode. **There are enough external challenges, and now is the time to take control of your destiny.** Pivotal times mandate pivotal decisions.

I would welcome comments, insights or ideas, please email them to newsletter@celassociates.com.

Regards,

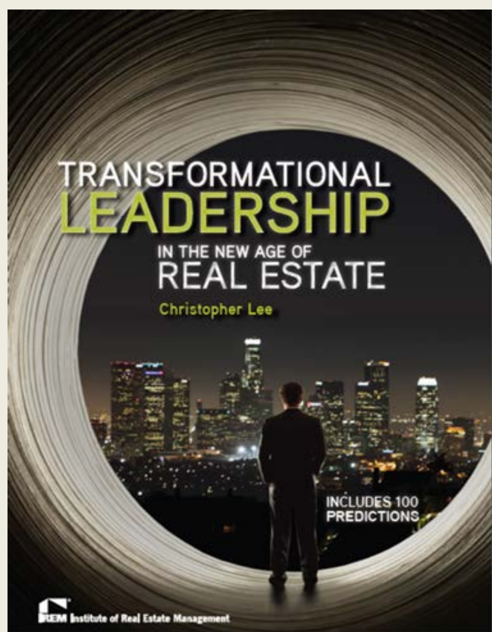
Christopher Lee

***Note:*** *This report has been prepared by CEL & Associates, Inc., who retains all rights to its content. This report may not be reproduced, distributed, and/or used in presentations or offering/fund raising prospectus/memorandums, and/or used in communications, speeches and/or presentations in its entirety or in parts without the prior written consent of CEL & Associates, Inc. You may reproduce/distribute and/or share this article with friends, colleagues and associates. Opinions and forecasts contained in this, prior and future articles may change without notice. The author encourages readers to offer comments, feedback and recommendations for further enhancement to newsletter@celassociates.com.*



© 2014 Christopher E. Lee, CEL & Associates, Inc.

## JUST RELEASED!



Surviving, prospering and achieving a competitive edge in today's marketplace can be challenging. *Transformational Leadership* is a book that traces the history of real estate, provides insights into what's ahead, highlights the timing of the next real estate cycle and provides strategies on how to succeed and thrive. The book also includes 100 predictions you will find fascinating and thought-provoking.

Simply click on this link *IREM* and you will be directed on how to purchase your copy.

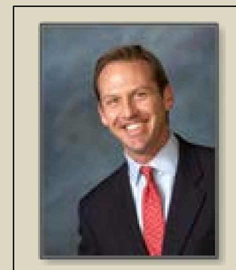
*Full text link is below:*

http://www.irem.org/acb/stores/1/_font_color_990000_New_fo_P23758C1.cfm?UserID=33602960&jsessionid=5a30da3a2408$10$87S$

## SPECIAL ANNOUNCEMENT

Due to an increasing number of requests from Owners and Boards of Directors to assist:

- Finding secure/stable long-term financial partners.
- Owners wishing to sell all or a portion of their company.
- Finding a long-term source of capital to facilitate growth.



***CEL & Associates, Inc. has formed:***

### CEL Capital Advisors

For small to mid-size real estate companies, including: developers, service providers, owners/operators and investors who want to secure their future, monetize enterprise value, develop succession planning, and/or accelerate growth strategies, contact **CEL Capital Advisors**. A conversation regarding your current business strategy and need for capital may provide the optimal solution. **CEL Capital Advisors** can be reached by calling 310.571.3113. (Jeff Hawkins, Managing Director)

## COMPENSATION SURVEY RESULTS ARE NOW AVAILABLE

The **2013-2014 National Real Estate Compensation & Benefits Survey Results** are now available for purchase. Covering nearly 200 positions and incorporating data from approximately 400 firms, this 450 page report is a very valuable tool for everyone who is involved with setting compensation and benefits for the coming year. This year's report was again done in partnership with NAIOP, the Commercial Real Estate Development Association and NAA, the National Apartment Association.

To purchase a copy of the current and **most comprehensive compensation survey in the real estate industry**, go to http://www.naiop.org/en/E-Library/Business-Trends/2013-CEL-Associates-Compensation-Report.aspx



© 2014 Christopher E. Lee, CEL & Associates, Inc.

***Give Us Your Opinion:*** We want to hear from you and to have future issues reflect your needs and questions. Please email your comments, ideas, suggestions and insights to newsletter@celassociates.com.

***For More Information:*** For more information regarding our services (Strategic Planning, Compensation, Opinion Surveys, Benchmarking, Performance Improvement, Succession Planning and Governance/Management), please email us at newsletter@celassociates.com or call 310.571.3113.

***To Subscribe:*** To subscribe to CEL & Associates, Inc. and Christopher Lee's *Strategic Advantage* newsletter with ongoing insights, opinions and forecasts regarding issues, trends and opportunities within the real estate industry, please email us at newsletter@celassociates.com with *"Subscribe"* in the Subject line and provide your full contact information.

***To Change Your Contact Information***: Please email us at newsletter@celassociates.com with *"Change Contact Information"* in the Subject line and include your new contact information.

**Disclaimer:** The opinions, forecasts, information and insights presented in this article are of a general nature and do not constitute the provision of investment, management or economic advice to any person, organization or governing board, and this article does not contain any recommendation(s) to buy, sell and/or invest in any security, real estate asset, fund or adopt as an element of any investment strategy. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy.

***Prior Newsletters: If you would like to download prior newsletters, please go to the following links.***

***The Future Of The Office Sector***

*http://www.celassociates.com/onlinenewsletter/TheFutureOfTheOfficeSector-SA-K062013.pdf*

***Breaking Strategic Gridlock***

*http://www.celassociates.com/onlinenewsletter/BreakingStrategicGridlock-SA-K041713.pdf*

***"The Times…They Are A' Changing" Eight Key Strategies for 2013***

*http://www.celassociates.com/onlinenewsletter/EightKeyStrategiesfor2013-SA-K120712.pdf*

***The Great Generational Divide***

*http://www.celassociates.com/onlinenewsletter/TheGreatGenerationalDivide-SA-K091812.pdf*

***Becoming A Customer-Centric Company***

*http://www.celassociates.com/onlinenewsletter/BecomingACustomer-CentricCompany-SA-K040212.pdf*

***It Is Time To Get Rid Of Oldco!***

*http://www.celassociates.com/onlinenewsletter/TimeToGetRidOfOldco-SA-K030712.pdf*

***A Contrarian Perspective***

*http://www.celassociates.com/onlinenewsletter/AContrarianPerspective-SA-K110211.pdf*

***The Role Of Real Estate In Society***

*http://www.celassociates.com/onlinenewsletter/TheRoleOfRealEstateInSociety-SA-K091411.pdf*

***Tomorrow Has Already Arrived***

*http://www.celassociates.com/onlinenewsletter/TomorrowHasAlreadyArrived-SA-K062711.pdf*

***Age Of Consequence & Opportunity***

http://www.celassociates.com/onlinenewsletter/AgeOfConsequence-SA-K050611.pdf

***Take Control Of Your Destiny***

http://www.celassociates.com/onlinenewsletter/TakeControlOfYourDestiny-SA-K032911.pdf

***Real Estate Outlook 2010-2020 Part II***

http://www.celassociates.com/onlinenewsletter/RealEstateOutlook.2010-2020-PartII.SA-K060110.pdf

***Real Estate Outlook 2010-2020 Part I***

http://www.celassociates.com/onlinenewsletter/RealEstateOutlook.2010-2020-PartI.SA-K050110.pdf

*All rights reserved. CEL & Associates, Inc., 12121 Wilshire Blvd., Suite 204, Los Angeles, CA 90025*