MAREMA
Mid Atlantic Real Estate Marketing Association
Established in 1976

The MarketPlace 3rd Qtr 2022

President's Remarks . . .

Fellow MAREMA members,

Thank you for attending MAREMA Annual Meeting and supporting our organization by sharing your listings, sponsoring our events, sending referrals and volunteering. This year's annual meeting theme was "Piecing it together". In MAREMA we have all the pieces needed to carry a deal from A to Z. We currently have 46 commercial real estate brokers/agents and 27 associate members such as lenders, tittle companies, insurance company, inspection company, photographer etc as our members. In other words, we have everything to piece a deal together.

Best of all, we know each other. We tested, learnt and vetted each other. This is valuable, this is important. We need to understand the value of having access to trusted resources offered in our group. Our line of business can get really lonely if you don't have a good support system. In MAREMA, that's what we are offering, real support!

To explain it better I would like to share my recent experience with you.

I recently represented a buyer in a transaction. It was a cash purchase. While we got near to the closing date, Karen Daily, Ekko Title told me that even though the seller paid off his mortgage, bank never recorded it. Later we found out that bank was purchased by Truist Bank. Title company, seller, seller's agent called Truist Bank customer services multiple times and got the response that it would take a while to get that certificate of satisfaction issued.

Upon that response I called our member Mike Metz, Truist Bank representative and asked his opinion and support. Within a day Mike got that certificate of certification paper issued and Karen Daily, Ekko Title notarized it electronically.

Thanks to the teamwork and support of our MAREMA Members. We closed on time!

This is how we do it in MAREMA!

MAREMA 2022 LEADERSHIP TEAM

Deniz Senyurt
President

Jim Guisewhite
Vice President

Peter Pokorny
Secretary

Edward Donofrio
Treasurer

Paul Mandell
Sergeant at Arms

Ed Cave
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Wayne Hallheimer
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Michael Wilmore
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Joe Serafin
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Century 21 New Millennium

PAUL FLOOD
Apple Federal Credit Union

JERRY LOTZ
CostSeg Energy Solutions

LUCIA MANIC
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JK Properties and Real Estate LLC

ROSEMARIE VALMONTE
Coldwell Banker Realty

REAL ESTATE COUNSELORS

Key Issues in Franchise Leasing:

Leasing issues that impact franchisors and franchisees

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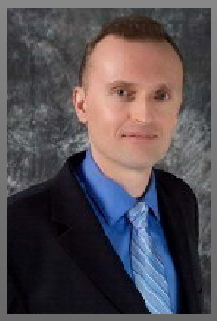

Peter Pokorny
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LEASE NEGOTIATIONS involving a franchised business pose additional challenges beyond the traditional retail lease.

As the business activities of a franchise will be governed by the lease agreement and the franchise agreement, the parties need to have an understanding of how the two documents interrelate to lessen the chance of conflicts.

In addition, a properly negotiated franchise lease should protect the interests of both the franchisor and franchisee.

Some key issues that are unique to franchisors and franchisees are:

- **Permitted Use** –The franchisee should make sure the permitted use under the lease expressly covers the present scope of the franchised operations and any anticipated changes. Both the franchisor and the franchisee may want to negotiate for the right to expand the permitted use to cover unanticipated changes in the franchise operations as well.
- **Transfer Rights** –The franchisor must ensure that it has the right to assign the lease to a new franchisee if the existing franchisee breaches its franchise agreement. Ideally this transfer right should be without landlord's approval, though landlords frequently impose net worth tests (or require a guaranty). Also, the franchisor must make sure that any landlord recapture or termination right (that would apply to a normal request by the tenant to transfer its lease) would not apply to a transfer to a franchisee.

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REAL ESTATE COUNSELORS

Key Issues in Franchise Leasing:

Leasing issues that impact franchisors and franchisees

- **Radius Restrictions** – A radius restriction limits a tenant from operating additional stores within a designated distance of the initial site. If the franchisee plan to operate additional sites near the leased location, it is important that the lease not have a radius restriction that would interfere with these plans. Moreover, sometimes these restrictions are drafted so broadly they might arguably prevent a different franchisee from having a store in the radius area. These provisions must be carefully evaluated.
- **Operational Requirements** –Retail leases typically set standards regarding how the tenant must operate its business (e.g., first class merchandise, trained sales staff, seasonally rotated display windows, etc.). The franchisee should ensure that these requirements do not conflict with the provisions of the franchise agreement or the franchisor's business model.
- **Interior & Exterior Design Issues** –A franchisee should ensure that the landlord pre-approves all of the logos, trademarks and signage the franchisee needs to use at the premises.
- **Fixtures & Equipment** –A franchisee that leases or finances its equipment may be required by its equipment lender to obtain certain rights from its landlord to protect the lender's collateral. One common right is the lender's right to access collateral at the premises. The franchisee should ensure that the lease addresses equipment financing if applicable.
- **Lease Defaults** –The franchisor needs to be aware of any deficiency in the franchisee's performance of lease obligations to protect its brand or to prevent loss of a prime location. The franchisor should make sure that the landlord is obligated to give the franchisor written notice of every lease default, and the franchisor should have the right (but not obligation) to cure such default on behalf of the franchisee.
- **De-Identifying the Premises** – Franchisor should ensure that if the lease is terminated, the landlord provide the franchisor with access to the premises and adequate time remove from the premises signage, menus, logos and any other trademarked property. This is known as "de-identifying" the premises.

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Zoning Changes Could Define Northern Virginia's Coming Year

By Frank Dillow

Anyone who thinks zoning has no passion has apparently never attended a community meeting where a property owner seeks to develop land in a way that is not allowed by the existing zoning ordinance.

Community leaders are prone to create predictable, stable development patterns to protect those who are already there, rather than supporting owners who may have their own ideas about how best to use their property.

Zoning codes maintain the status quo and ensure that each property development is compatible and least disruptive to the existing nearby properties. It is always easiest, at least in the short term, to say "no!" to change.

And yet, civic planners and local governments, emboldened by the optimistic belief that their communities could always be better, periodically launch into efforts to revise, simplify, or simply bring up to date zoning codes that no longer fit the community's needs or desires.

In today's market creating more affordable housing is often the goal driving revisions to current zoning regulations.

Recently Virginia Governor Glenn Youngkin offered his encouragement. "The cost to rent or buy a home is too expensive," Youngkin observed, according to various reports. "We must tackle the root causes behind this supply and demand mismatch, unnecessary regulations, overburdensome and inefficient local government restrictive zoning policies, and an ideology of fighting tooth and nail against any new development."

To address what is frequently called the "Missing Middle" housing shortage local planners in Arlington County and Alexandria City are currently looking to modify current residential zoning regulations to allow denser housing and multifamily options.

With decisions expected by later this year these proposed changes include:

- Adding housing units, such as "carriage houses" or rental rooms to existing structures;
- Allowing smaller multi-family units like duplexes, four-plexes or even 8-unit structures in current single family residential zoning;

- Expanding the historical residential uses for spaces above ground floor retail shops;
- Encouraging the conversion of existing obsolete office buildings into multifamily residential uses; or
- Creating extensive multi-use developments in areas such as the former Landmark Mall shopping center or the area surrounding the new Amazon HQ2 location.

Such proposals could substantially modify the definition of "single family residential" zoning while also creating a serious lack of parking for the neighborhoods.

In a recent editorial in the neighboring Falls Church News Press, editor Nicholas Benton suggested, "The City's (Falls Church) fate may follow the effect of Arlington's current struggles with revising its zoning codes to permit multi- family housing in its traditional single family home zones." Benton observed, "There has been a huge push back from homeowners who are crying foul, fearful that the moves will undercut their property values."

"The challenge here, as in Arlington, will be to elevate a higher notion of status, one which takes pride in living within a diversity of surroundings, demographics and population mixes, and wears such pride as a badge of honor." Benton predicted, "This will be the key feature of our coming year."

In nearby Fairfax County planners took a different approach. Anticipating an influx of new development as a result of Metro's Silver Line extension connecting Tysons, Reston, Dulles Airport and Loudoun County to its mass transit network, in 2010 they focused on changes to commercial zoning.

Hoping to transform suburban, car-oriented areas of shopping malls and office parks into walkable, transit-oriented downtowns, their policies were designed to encourage redevelopment around the proposed Metro stations.

Commercial zones were changed to allow construction of multifamily buildings, while encouraging a more urban street grid, green spaces and civic use areas. Their decisions also encouraged repurposing commercial offices into multi-use and residential dwellings.

By focusing on commercial property to increase residential uses, Fairfax County increased housing construction and created more affordable housing, while increasing Fairfax County's tax base, without affecting single family neighborhoods.

Loudoun County, too, is currently, for the first time in 20 years, reviewing its comprehensive plan with an eye to revising its existing zoning ordinances.

The rapid residential development in Loudoun County in recent years has vastly changed land development. Historically the County's land use policies reflected its rural landscape. As transportation dependent industrial and retail uses have emerged around Dulles Airport, along with a heavy concentration of data centers throughout the County, planners now face a more urban era of high end residential and commercial developments.

In early hearings numerous businesses and commercial developers objected to what they considered overly rigid proposals for zoning restrictions which could deny certain property uses currently allowed. The piecemeal roll out of the new regulations is also slowing down current attempts to develop land, while the uncertainty of the results harms the value of their projects, they maintain.

Nick Benton's prediction that zoning changes could be a defining factor for Falls Church in the coming year may well be expanded to all of Northern Virginia.

2022 Annual Meeting summary

Dynamic leadership by President Deniz Senyurt and the return of Michael Wilmore, provided for a top notch 2022 MAREMA Annual Meeting. Informative presentations, a trade show, fun filled activities, dinners, and receptions rounded out the event.

The meeting "Piecing it Together: Are you missing piece" took place at the Princess Royale Oceanfront Resort in Ocean City, Maryland from October 27 th – 29 th .

The President's Cocktail Reception on Thursday evening kicked off the occasion. Entertainment included music by trio Deniz Senyurt, Lee Wilmore and Peter Pokorny, on guitar, performing Willie Nelson's version of "Help Me Make It Through The Night". As the evening progressed, Georgiana Hallheimer recruited multi-talented Jimmy Norton (read further below) who chimed in for his first ever and last performance of a Willie Nelson classic.

Joe Serafin, broker owner of Serafin Real Estate, presented Friday morning on Tech Talk. Joe led a riveting discussion on the latest technology apps and tips for brokers.

Following was keynote speaker Tom Rosman, one of the founding partners at One South Commercial who heads up their commercial and investment sales. Tom has been brokering investment real estate since the early 1990's. He presented an informative overview of the state of the real estate market in the Richmond metro area.

The monthly board meeting, held at lunch time included the "Haves and Wants Presentation", the Board Elections, and the humor of Frank Dillow.

The afternoon activities included a MAREMA golf outing at the Glen Riddle Golf Club, Man O'War Course with 14 players taking part.

The weather was cold and the gusts of wind were bone chilling. Kathy Killion appeared in ten layers of clothing. The hardy Kayvan Mehrbakhsh came in shorts and a t shirt. Speculation arose that Kayvan may actually be Norwegian.

A spectacular dinner and fun filled entertainment awaited members that evening. The theme for the evening was the "70s" and many came dressed in character. Joe "Disco King" Serafin, dressed in the "70's", showed off his incredible moves on the dance floor to the hit tune "Saturday Night Fever" by the Bee Gees. Jimmy Norton demonstrated his fantastic moves on the dance floor to Michael Jackson's
Thriller.

Deniz recognized the Annual Meeting Committee for their hard work and dedication in putting together this year's meeting. Committee members are:

Ed Cave, Chairman
Karin Arnette
Janet Haley-Varre
Georgiana Hallheimer
PJ Moore
Deniz Senyurt
Michael Wilmore

Ed Donofrio recognized the winners in the golf outing. The team of Donna Seeker, Wayne Hallheimer, Paul Kashchy and Ron Zabriskie came in first place. The team of Jimmy Norton, Kathy Killion, Georgiana Hallheimer and John McClellan came in second place.

The team of Deniz Senyurt, PJ Moore and Peter Pokorny was on its way to claim first place. However, they were unable to finish as President Deniz was called back early for MAREMA duties.

Ed Donofrio high hopes his team would claim top prize did not come to fruition. As of this writing, it is unknown what led to his team's demise. Rumors that the team in front slowed his play and threw of his timing were just that…rumors.

John McClellan, Senior Advisor for SVN/Miller Commercial Real Estate for the eastern shore of Maryland and Delaware, closed out the conference on Saturday morning. John's enlightening presentation provided practical advice and tips on being a successful commercial real estate broker. Speaking from personal experience John recommended actions that brokers follow to reach their highest potential. The interactive presentation included Ed Cave posing penetrating questions.

UPCOMING

EVENTS

MAREMA Monthly Meeting

November 16th
9:30 am - 12:00 PM

8230 Old Courthouse Road

Vienna VA 22182

HOLIDAY MEETING AND GIFT EXCHANGE

DECEMBER 21ST

8230 Old Courthouse Road

Vienna VA 22182

We will network and discuss Haves and Wants, but we will also hold our annual Thieves' Gift Exchange. If you wish to participate, please bring a gift valued at $25 or less. We will each have an opportunity to pick (or steal!) a present. You must be present to participate in the Gift Exchange.