

PRESIDENT'S REMARKS....

I can't believe we are already in 2023. Every year around New Year's Eve I like spending some quiet time by myself to review the year before and plan for the following year. Life is so fast around us, and being pulling us and distracting us every second by some new shiny opportunity, deciding on what is really important and keeping your focus on that goal requires a disciplined mindset. In December 2022 Monthly meeting, I briefly talked about Goal Setting. In this edition of our Newsletter, I will talk about it again, as I believe it deserves to be revisited by each of us.

First, I think goals should be not only related to business achievements but also betterment of the quality of our personal lives. They should also be measurable. For instance, for MAREMA, I aim to increase commercial real estate brokers membership to 70 by the end of 2023. We currently have 50 commercial real estate brokers as our members. My second goal is to elevate the wealth of our members by increasing referral/social connectivity among our members.

To achieve these goals, we are planning to do following:

- Put together 4 networking events this year.
- Put together monthly meetings with valuable content
- Organize an annual meeting empowering the friendship and professionalism among our members
- Bring out and share more success stories of our membership collaboration
- Present MAREMA to other Real Estate Associations/organizations, i.e. CCIM, NVAR, GCAAR. Establish MAREMA brand as a go to local source for commercial real estate

There are a couple of ways you can help me achieve these goals as well:

- Come to meetings early enough to network and welcome the new members/visitors
- Sponsor Happy Hours/Annual Meetings
- Attend monthly/annual meetings regularly
- Present your listings at those meetings
- Refer business to other MAREMA Members
- Share your MAREMA Success Stories
- Set up One on One meetings with other MAREMA Members
- Volunteer at MAREMA Committees
- Invite other commercial real estate brokers to our meetings

I wish you all a Happy and Prosperous Year in 2023.

I look forward to working with you and creating wealth for all of us.

Deniz Senyurt
President

MAREMA 2022 Leadership Team



Deniz Senyurt
President



Jim Guisewhite
Vice President



Peter Pokorny
Secretary



Edward Donofrio
Treasurer



Paul Mandell
Sergeant at Arms



ED Cave
Director



Wayne Hallheimer
Director



Kayvan Mehrbakhsh
Director



Michael Wilmore
Director



Joe Serafin
Director

NEW MEMBERS

JOEY DONOFRIO

LIONS EDGE CAPITAL

OLGA GRIBANOVA

GROVE ONE PROPERTIES

ERIKA GRIMES

TRANSWORLD BUSINESS ADVISORS

JEB HARTER

KW UNITED - FALLS CHURCH

JERRY LOTZ

COSTSEG ENERGY SOLUTIONS

TOM ROSMAN

ONE SOUTH COMMERCIAL

ALI SEMIR

JAMES RIVER HOUSING PARTNERS

2022 COMMERCIAL REAL ESTATE MARKET IN REVIEW

By: JOE SERAFIN



LOUDOUN COUNTY

SALES STATS FOR 2022



216

PROPERTIES SOLD



\$2.2B

TOTAL VOLUME



\$392

AVG PRICE/SF



15

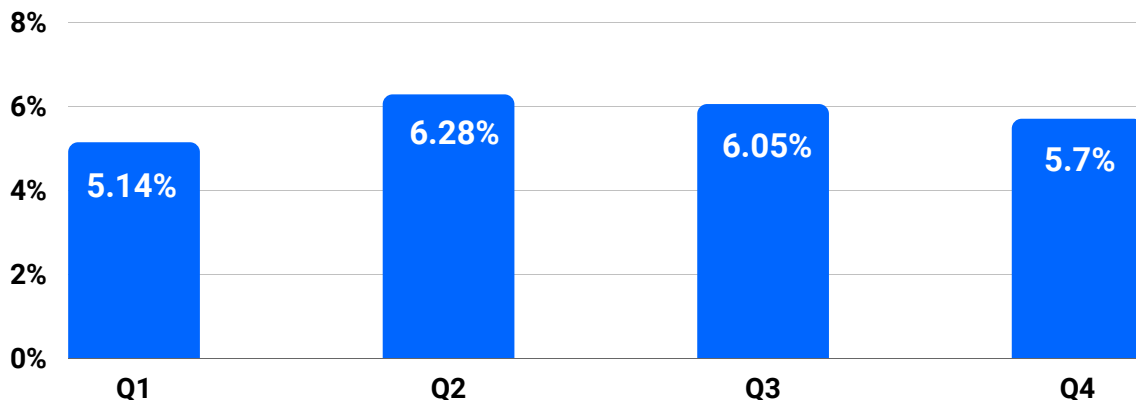
AVG MOS ON MARKET

If we look at the overall CRE stats, we see the following:

- 216 properties were sold in 2022, totaling \$2.2 billion. The average sales price was \$10.9 million, with individual and portfolio sales dominating the numbers.
- 67% of sales fell in the \$500K to \$8.7M range. Of that number, 17.6% were in the \$1M to \$2M, and 18% in the \$4.2M to \$8.7M range.
- 7.9 million SF were sold at an average price of \$392/SF. Within that, 37% of sales were in the \$200 to \$300/SF range, 19% in the \$100 to \$200/SF range, 11.5% in the \$300 to \$400/SF range, and 10.5% in the \$400 to \$500/SF range. The remaining 22% ranged from less than \$100/SF to more than \$800/SF.
- Properties were on the market for an average of 15 months, with an average sale-to-asking price of 95.7%.

Quarters 2 and 4 saw the highest sales volumes, closing \$900 M and \$550 M respectively. (Numbers rounded to the nearest \$1 million.)

CAP RATES



- The average Cap Rate on sold properties was 5.6%, ranging from a low of 3.8% to a high of 7.8%. The Average Cap Rate began Q1 at 5.14%, rising to a high in Q2 of 6.28%, and ending Q4 at 5.7%.
- Cap Rate distribution for the year shows that 30.6% of sales were in the 5-6% range, 25.6% in the 6-7% range, and 30.6% in the 7-8% range. The remaining 13.2% of sales were in the 3-5% range.

[CONTINUE READING](#)



REAL ESTATE
COUNSELORS

Learning to Love Licenses – How tenants structure flexible occupancy agreements.



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Tenants having available space will often look to sublease all or part of the premises. Depending on the needs of the tenant or the party using the space, licensing may be a better fit. Understanding the characteristics and differences between a lease and a license can help the parties determine which one to use in a specific situation.

- **Comparison** – While a sublease gives the subtenant the exclusive right to occupy real property usually for a specific term, a license merely confers the non-exclusive right to use the premises in a particular way. A license is a mere privilege to act on another's property and does not give the occupant an exclusive possessory interest in the property. Licenses can be written to provide the same structure as a sublease of a portion of space, but they are frequently used when more flexibility is needed.
- **Short Term** – A license would be appropriate where the tenant wishes to allow use for various specific time periods, rather than the 24-7 occupancy contemplated under most subleases. For example, an owner of a fitness studio may license its space to an entity to provide dance classes during specified hours and days of the week.
- **Shared Space** – License agreements are frequently used in shared space arrangements, particularly temporary work arrangements. The tenant licensing its space, gets optimal use of its space and gets to charge for *a la carte* services such as secretarial services or conference rooms. Another example is a retail gym tenant licensing use of its space for personal training sessions.



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Learning to Love Licenses – How tenants structure flexible occupancy agreements.

- **Revocation** – At common law, licenses could be terminated immediately at any time by the party that granted them. A tenant may prefer to use a license agreement when it wants the flexibility of an absolute right to terminate the license for any reason. For example, a tenant may be waiting for long term rents to rise or may want to have the ability to pursue a development deal in the near future. At a practical level, however, the licensee (occupant) would likely require some minimum notice period so it can move out of the space in a reasonable manner.
- **Landlord-Tenant Court** – Many jurisdictions require that parties litigating a breach of a lease, or evicting a tenant, pursue those claims in a special landlord-tenant court. The legal relationship established between a tenant and licensee is arguably different. Since a licensee does not have a possessory interest in the property, it does not have as many legal protections as a sub-tenant would have. It may be easier to remove a licensee than it would be a subtenant.
- **Consent** – Prior to entering into a licensing agreement or a sublease, the tenant should review the requirements of its lease. Some leases just require the tenant to obtain landlord’s consent for assignments and subleases. This language would arguably allow the tenant to enter into a license without its landlord’s consent. More sophisticated leases will provide that the tenant cannot let anyone occupy the premises without landlord’s consent. Such language would require landlord’s consent for both subleases and assignments. Sometimes tenants such as government contractors and medical providers who know they may be sharing or licensing space during their term should be proactive and request the right to license portions of the premises during their lease negotiations.
- **Caveat** – The distinction between a license and a lease can sometimes become blurred. Just because an agreement is titled a “license” or a “lease” will not necessarily make it so. Where there is uncertainty, courts will focus on the agreement itself and the equities of the situation in making a decision.



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GMU REAL ESTATE DEVELOPMENT GRADUATE PROGRAM SHINES AFTER FIRST DECADE

BY: FRANK DILLOW



A little more than 10 years ago, leading real estate developers in the area began asking “why don’t we have a college level program here in Northern Virginia to prepare future leaders for our industry?”

Survivors of numerous tough battles between developers and community activists that marked much of Northern Virginia’s transition from largely suburban developments to the urbanizing high growth engine of the regional economy, they had something new in mind. They wanted a program that would reflect the future needs of all Virginians into the development plans of the future.

Growing out of a real estate development curriculum created by real estate consultant Mark Hassinger, through the local NAOIP organization, the group turned to Fairfax based George Mason University (GMU) to help put together an innovative academic program to develop “the critical skills, leadership capacity and entrepreneurial spirit necessary to lead the responsible development of vibrant, livable communities.”

The result was the creation of the Master of Science in Real Estate Development (MRED) program at GMU. To ensure strong connections to the community it also created the Center for Real Estate Entrepreneurship (CREE) as an integral part the Master’s program.

Many of the real estate professionals, including Hassinger, agreed to serve on the CREE advisory board to, as Hassinger explained, “keep the program grounded in the real world.”

“We want somebody coming out of this program with a holistic view of the community,” Hassinger explained. “We’re not asking the question how do we make better carpenters, but rather how do we make a carpenter who makes a better community.”

The CREE is an integral part of the program according to C. Kat Grimsley, Ph.D, Director of the school’s MRED program, providing students with access to industry leaders, programs and events that provide professional development opportunities, in addition to the classroom.

Since its inception in the University’s graduate engineering school, the program has now migrated to the business school and its classes are held at the University’s Arlington campus in the appropriately named Van Metre building, next door to the law school located in the Til Hazel building, both named after two of Northern Virginia’s most successful real estate developers. During its first 10 years, MRED has distinguished itself by the many awards the program and its individual students have received, according to Grimsley.

As the program has evolved, its reputation is now attracting top international students, as well. “This creates a fantastic opportunity for growth by combining strong fundamentals from our local market with innovative new ideas and perspectives from around the world that benefits everyone’s learning,” Grimsley noted.

Her role is to “support not only the program as a whole, but also to encourage each student on their individual journey,” Grimsley explained. I would love to see them continue to grow as a network of engaged alumni bringing thought leadership to contemporary challenges like sustainability and housing affordability.

When the program’s creators first envisioned the kind of professionals they wanted to graduate from the program, they had in mind someone like Greg Hoffman who received his MS in Real Estate Development in 2016. He started his career as construction director at privately held Rooney Properties, and one year later assumed his current role as Vice President.

Among other projects completed on his watch is the twin tower Farady Park mixed use development recently opened near Metro’s Silver Line Wiehle-Reston East station. The project added more than 400 residential units to the Reston skyline, including rooftop swimming pool, fitness center and co-working area, along with 10,000 square feet of retail space.

Since its first graduating class in 2012, alumni such as my colleague Charles Dubissette here in Long & Foster’s Commercial Division have fanned out across the regional real estate industry.

Among alumni, Dubissette’s growth in the industry is not unusual. He began investing in real estate in 2003 and earned his real estate license in 2006. Three years later he had his broker’s license shortly before beginning his graduate studies. He continued his work as a broker while going to school, receiving his degree last Spring.

With its practical approach to real estate development including practicing real estate professionals teaching some of the courses and fellow students in various states of their careers, the program exceeded his expectations.

“I thought I understood development,” Dubissette explained, “After starting the program, I realized my knowledge of the subject was completely superficial. After concluding the program, I feel that I have sufficient knowledge to identify a site and oversee its development from a conceptual phase through construction, lease-up, and stabilization.”

HOW ABOUT GMU’S EFFORTS TO ENGAGE THE COMMUNITY?

Eric Maribojoc, Executive Director, CREE, has become the designated ambassador for the program and is a regularly featured speaker representing the school and the industry at community events.

In addition, Maribojoc has created a menu of outreach programs, both online and at the campus. A recent example was a program on “Repurposing Obsolete Office Buildings,” which looked at local developments using now vacant office buildings to fill local community needs for multi-family residences, schools and other uses.

CREE has also been at the heart of the regional dialogue on affordable housing, including recently announcing a class designed “for those who want to work in the affordable housing industry, those who are early in their affordable housing career, board members, housing advocates, public agency staff, project partners, stakeholders, researchers, and community members.”

In two days the course will provide comprehensive information for participants about the affordable housing industry, the process of real estate development, local and state programs, and the complexity of affordable housing financing. The class includes a case study tour of Terwilliger Place, a new and innovative 160-unit affordable housing project in Arlington County.

The future for GMU’s graduate program and its alumni looks bright. “There are so many opportunities as the program continues to grow,” Grimsley concluded.

MAREMA NETWORKING SOCIAL - JANUARY 25, 2023

MAREMA hosted a lively commercial real estate reception in the Tierney Ballroom at Patsy's American in Tysons. Invitees were treated to complimentary hors d'oeuvres and drinks.

Close to 100 attendees mingled, formed business connections and developed business opportunities. In addition to MAREMA members, guests included investors, accountants, attorneys, commercial brokers, developers, contractors, architects and lenders.

Thanks to all of the following sponsors for making this a superb gathering:



UPCOMING



EVENTS

MAREMA members meet on the
3rd Wednesday of each month

9:30 am - 12:00 PM

8230 Old Courthouse Road
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