



Paul Ramikie, CCIM presents

Commercial Real Estate

news and more

A "GOOD NEWS" NEWSLETTER FULL OF FUN AND INTERESTING FACTS FOR YOU

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Hello!

This issue of *Commercial Real Estate News* is being sent to you courtesy of

Paul Ramikie, CCIM

It is my way of saying that you're important and that I truly value your business. Please feel free to pass this newsletter on to friends and business associates.

Funny Bone



Sorry he asked?

Officer Brown was driving through town in his patrol car one evening when he spotted three men up in a tree. Suspecting that they were drunk, he stopped the car and got out.

"OK, you guys," he demanded, "come on down from that tree!"

Laughing, the three men dropped from the branches. Uninjured, they staggered to their feet.

"Who are you?" Officer Brown asked.

"Man, don't you remember?" one of the tree-climbers asked with a giggle.

"Remember what? I asked you who you are!"

"We're the three guys from the tree!"

How the Consumer Price Index for Calculating Rent Increases Has Changed

The Consumer Price Index (CPI) is the main index people utilize for calculating rent increases within leases. The general idea here is that as inflation occurs over the term of the lease, adjusting the rent accordingly with the changes in the CPI will keep the monthly rent the same in "real" terms...after adjusting for inflation. What's interesting to discover, though, is that even though this concept makes sense to many of us in theory, in reality, how the Index is calculated and the resulting numbers that are obtained from it, have been changing dramatically since 1980.



The CPI Index that's the main one that we hear about today, and one that is widely used when calculating rent increases in leases, is known as the CPI-U. This is the CPI Index for "All Urban Consumers". While many of us may think that it makes sense to keep all the components and their relative weighting within this Index the exact same from decade to decade, this isn't what has been happening. What determines the Index has been constantly changing, and in more recent years there's been a movement towards less weighting for food and energy costs, and a movement towards more weighting for today's lower home prices. If the cost of food and energy aren't important determinants of our own cost of living, then what are the important determinants of our own cost of living? By greatly reducing the impact of these two factors on the Index during times of substantially rising food and energy prices, how reflective is this Index now in accurately calculating, on an "apples-to apples" basis, the real changes in our own cost of living?

In an interview that he gave earlier this year, commercial real estate investment icon and Tribune Company Chairman Sam Zell said that 42% of the Consumer Price Index was being determined by home prices. With the way that home prices have been falling in recent years, one can only imagine what the CPI Index would have been between 2002 and 2006, if housing had been given that exact same weighting within the Index when home prices were rising so dramatically back then. When comparing today's Index to how it was calculated years ago, we see major differences within the numbers. If the Index was still calculated using the same components and weightings that were utilized back in 1990, today's Index would reflect an inflation rate of more than 7%. But if we calculated today's Index the exact same way that it was calculated back in 1980, today's inflation rate would be more than 11%! So if you've wondered at times why the CPI Index has been rising so slowly, while you've been experiencing huge price increases at both the supermarket and at the gas station, this explains it. In terms of the overall impact on commercial real estate, if you're a property owner this means that any rent increases tied to the CPI Index will be less than they would have been under the previous methods of calculating the Index. So as an owner, you may not be very happy about this. But as a tenant, you'll probably be very happy you're paying less rent than you would have been paying otherwise.

When rent increases are tied to the calculation of an index, your fate is in the hands of the people who are determining that index. As an alternative, you could negotiate rent increases by a fixed, specific percentage of the rent at various future intervals, but those amounts would have to be acceptable to both landlord and tenant. Ideally, when taking everything into consideration, you'll want to negotiate rent increases that are considered fair by both parties whenever you're negotiating leases.

Experience - Life's Greatest Teacher

Whenever we try new things in life, especially major things like setting up a business or going to live in another country, it can be very easy to berate ourselves when things don't work out as planned.

When we find ourselves back at square one and feel as though we're starting over, there is often a temptation to look back on what we had before and to regret the bold choices and decisions we made. Even though our dreams don't always live up to our expectations, though, our experiences in trying to make them come true always represent huge learning opportunities.

However things turn out, and no matter what it is that we try to achieve in life, those big, brave decisions that few others dare to make teach us an enormous amount about who we are as individuals and what we value in life, as well as about the people and the world around us.

In fact, the dreams that don't work out are often the ones that teach us the most.

Never shy away from bold choices for fear that they will explode in your face, because even if you try to maintain the status quo, you never know what's around the corner.

More than that, though, don't ever entertain regrets, because the regret of not trying something is the saddest thing of all. Instead, welcome every opportunity and extract every last lesson that your experience offers up. Remember, learning can be fun, too!

Many Hands Make Light Work

We've all heard the old saying, "Many hands make light work," but for many people, asking for help to get through the daily chores doesn't come easily. Parents, for example, often find it hard to enlist the help of their children after they've been at school all day. But in fact, getting the kids to do simple household tasks not only teaches them valuable life skills, but it also frees up more time that parents can then spend with the kids.

Even in today's more equal and less gender-based society, many working women and working mothers in particular still feel compelled to take the brunt of the responsibility for running the home.

Chores that take up entire evenings for a single person, though, can be tackled in a fraction of the time when everyone pitches in. This allows families to enjoy more quality time together and lets everyone benefit from some much-needed rest and relaxation.

Running a home that everyone enjoys and benefits from shouldn't be the responsibility of just one or two family members, so don't be afraid to ask for help and don't feel that you are being unreasonable in expecting it. After all, many hands really do make light work!



Don't Let Your "Warm" Leads Go Cold

Finding fresh leads is a perennial problem for many businesses, and starting "cold" is never easy. Take a look back through your records and databases, though, and you could find numerous "warm" leads that may now be ripe for the picking.

Advertising campaigns and Internet marketing and trade shows (to name but a few examples) typically identify a host of potential new clients and customers. But not all of these businesses are necessarily ready to buy at the time that they express initial interest in your company's offering.

Situations change, however, and if you don't cultivate these leads and make sure you're there when these clients are ready to buy, then you can bet your bottom dollar that your competitors will be there to snatch the order out from under you.

The cost of lead-generation campaigns can be extortionate. Before you go that route, try what many companies have found helpful in bringing about significant increases in annual sales...follow up your "warm" leads, and then catch your prospects at just the right time.

The Family That Eats Together, Stays Together

The concept of eating on the go, or having family members scattering to their own rooms to devour their meals, is very foreign in many countries around the world. In many European countries, for example, it would be unthinkable for the family not to gather around the dining table at least once throughout the course of the day.



Sharing a meal should be an incredibly sociable experience. It's not just about the food, of course, but also about an opportunity for families to get together and discuss what has happened throughout the day. With so many family members nowadays working different hours or rushing around just to keep up with the pace of life, though, traditional family mealtimes here in the U.S. are becoming less and less common. Take a look inside many homes today and you're likely to see the members of the household sitting in front of the TV with trays on their laps, in complete silence so they don't miss a word of the program they're watching.

Aside from providing an opportunity for family members to interact with one another, there is also evidence to suggest that shared mealtimes at the table lead to better nutrition. When everyone eats independently, there is a higher chance of snacking or living off of junk food, whereas meals eaten at the table tend to be prepared with more nutritious ingredients.

Getting the Best out of Print Advertising

Although for many companies, the cost of print advertising in recent years has made it a much less desirable option when compared with Internet marketing, using print can still be a highly effective way to generate new leads. How do you get the best value for your money out of print advertising? Here are a few tips:

1. If you're looking to generate B2B sales leads rather than boost the company's image, then steer clear of image ads and focus instead on delivering your message and sharing the benefits that your products or services have to offer.
2. Customers and clients are all about benefits, so be sure to include the key benefit of your offering in the headline of your ad.
3. Help your prospective clients connect the dots by pointing out the specific applications of your goods or services so people can relate to them immediately.
4. Focus on communicating key points in such a way that they can be picked up easily when someone skims your ad. Everyone is pressed for time these days so use bullet points, headings and illustrations to get your point across in the most economical way.
5. Use testimonials in your print ads, but make them credible by including the name and job title of the person you're quoting, as well as the company name.
6. Give your sales prospects a reason to act on your ad; offer them a free sample, a free trial, or a consultation.

Save on Your Travel Costs by Getting Organized

With the ever-increasing cost of fuel, any opportunity to cut down on unnecessary journeys is a welcome one.



Often, though, something as simple as poor organization can be responsible for too many stops to keep topping off the gas tank, and too many costly trips here, there, and everywhere.

The convenience of having a car can make it all too easy to put aside any type of planning.

And yet, arranging meetings, shopping trips, and visits to the doctor or dentist so they can all be carried out at the same time, saves not only valuable time, but precious money, too.

Better still, why not leave the car at home and make the most of public transportation, fitting as many of your chores as possible into one single day?

Remember, making lots of short journeys by car doesn't just cause your fuel bill to mount up; it places more wear and tear on the vehicle as well.

So get yourself organized to ensure that you keep more of your money in the bank, and of your time to yourself.



PAUL RAMIKIE, CCIM
INCOME PROPERTY SPECIALIST
222, 4625 Varsity Drive NW
Calgary, AB T3A 0Z9
403-607-7375 Cell
www.Ramikie.com

Don't Make a Drama out of a Crisis!

Life has a habit of throwing the unexpected in our paths, and the surprises that greet us along the way aren't always of the pleasant variety. Turning a problem or a challenge into a drama, however, only tends to make matters worse. Learning to take things in stride has several major advantages when you find yourself faced with overwhelming deadlines at work, when a water pipe suddenly decides to start leaking all over your kitchen, or when yet another bill lands on your doormat. For a start, if you allow the problem to escalate in your own mind and you immediately go into drama mode, it becomes much harder to focus properly on finding an effective solution. In some situations, such as when you are faced with someone who is behaving in a rude or angry manner, acting out the Drama King or Drama Queen role can fuel the situation, making it even worse. Plus, trying to secure help from others when you overreact to a situation can prove extremely difficult, as most people will be inclined to keep their distance and stay out of the firing line. Learn to stay cool in the heat of a crisis, and you'll make much more headway!



From the desk of
PAUL RAMIKIE, CCIM
INCOME PROPERTY
SPECIALIST
403-607-7373

What is the *intention* of your life; is it just a concept that you will 'get to someday', or is your intention a determination that you will live every day a certain way. Do you intend to be more generous, do you intend to be friendlier, do you intend to better for those around you? Often the intention to do something suggests a clearer formulation or greater deliberateness to complete the final act. Most people have good intentions, and a good life. Those who act on their intentions can have a great life.

Looking for a Rigorous Whole-Body Workout? Take Up Squash!

If you're out of condition and your lifestyle has been on the sedentary side for a while, squash might not be your first choice of sport for you to get back into the swing of things, especially as it requires a high level of aerobic fitness. If you're looking to take your fitness



level up a notch, however, you would be hard-pressed to find a better whole-body workout. With a typical time of around 40 to 60 minutes on the court, a game of squash, if it is played regularly, is an ideal way to keep fit. Aside from being great for cardio-respiratory fitness, it promotes muscle endurance, speed and strength, and improves flexibility. It is also an ideal way to get rid of body fat.

Speed and endurance are both key in the game of squash, and the sport is perfect for developing muscular strength in the arms, chest, and back...which helps you with your racket speed and power.

Making it through those long, high-intensity rallies, meanwhile, helps to build strength and endurance in the leg muscles. Because squash involves constant, fast changes in direction, taking up the game does require that you have a full range of movement, not only in order to play well, but to also minimize the risk of injury.