

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

Peter: Despite a growing interest in Asia, US real estate by a wide margin has risen to the top of the global market among foreign investors with New York City and Washington, DC named to the two top global cities for foreign investor's real estate dollars according to the results of the 16th annual survey released by the Association of Foreign Investors in Real Estate or AFIRE. Today's guest, James A. Fetgatter is the chief executive of the Association of Foreign Investors in Real Estate, a not-for-profit association formed in 1988 whose members are foreign institutions who have a common interest in investing in the US property market. He has guided the growth of the association from a small group of Dutch pension funds to an organization of 185 investor companies from 21 countries around the globe. Prior to his appointment as chief executive, Mr. Fetgatter spent 15 years in various aspects of the real estate industry. His last two positions prior to joining AFIRE were the Dutch and UK investment and development companies. He has served as an officer in the United States Navy and holds a master in business administration from Harvard University and a BS from Oklahoma State. For more information on AFIRE and Mr. Fetgatter go to [incomepropertyinvestmenttalk.com](http://incomepropertyinvestmenttalk.com). Jim, thank you for joining us here on Income Property Investment Talk.

Jim: I'm happy to be here, thank you.

Peter: Jim, your association, the Association of Foreign Investors in Real Estate and I believe do you call it AFIRE?

Jim: AFIRE, right.

Peter: Okay, great. It is the premier not-for-profit association for the foreign real estate investment community. AFIRE members have a common interest in advocating and

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

promoting international real estate investments. What else do your members have in common and can you talk about how impressive 185 global investor companies belonging to an association really is?

Jim: The common element they have is that they are all engaging in international investing. Back when the organization was founded 20 years ago that international investing was really almost all exclusively into the US. Now of course, in the last five years or maybe 10 years their investments have gone all over the globe but almost all of our members have the commonality of having a foothold in the US and having a portfolio of US properties.

Dean: Would you mind telling us how it all started, maybe a little background into how that process of foreign investing got started?

Jim: Well, it was in the '80s and as you know there were a number of waves of foreign investors coming into the US in the '80s. The Dutch were here, the British were here, the Canadians were here and the Japanese came in the late '80s. This concept came out of Washington actually because a number of the Dutch pension funds were investing directly in real estate in Washington. It was still a very hot market for them and there was a feeling there needed to be an organization that looked out for their interests. So, they got some Dutch pension funds together who were major investors, the biggest pension funds in Holland and they decided let's have an organization that really is for us. So there are a lot of real estate organizations in the US, a lot more than there were in Europe at the time but they were mostly concerned with Americans and they wanted one of their own and they wanted one that basically could shed a good light on foreign investment in the

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

face of some of the resistance to it that we saw in the late '80s, especially with the Japanese.

Peter: Based on that growth that we just talked about I guess they did a good job of picking someone to lead that organization.

Jim: I would hope so.

Peter: One of the things that we know about your organization is you provide a forum for your investors to meet and exchange information. You have meetings throughout the year. I believe your meetings are in the US and Europe. Is there any way that you could talk little bit about maybe what the hot topic was at the last meeting or what goes on at those meetings?

Jim: The topics that we pick really are the topics that are foremost on investors' minds. The last meeting we had was in New York and obviously the issue was the sub prime crisis and whether the US is going into a recession. This is stuff that they're all interested in. It's typically whatever is utmost on investors' minds at the time and we pick our topics and are subject with consultation with our board and with our officers because they are the actual investors themselves. They tell us what they're concerned about and then that's how we correct our programs.

Peter: Let me jump right in here and throw a plug very quickly. We have Dr. Aric Kraus on next week, the top economist in our country who is going to be talking about the national economy here in the United States, where it is and where it may be going in the future, so any AFIRE members listening now that would like to get a better feel for what is happening in our country and all of our listeners for that matter you definitely want to

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

tune in next week for that. You bring up a great point. At AFIRE, you talk about investing here in this country and a primary reason that we host this show is to try to help others invest well in this country, look for the right professionals to put them into the right markets, to bring them into deals that make sense for them. What methods do you implement to help the foreign investor in the US become as knowledgeable as you are or some of the other folks that come to your meetings and talk to your members are?

Jim: Of course, we don't directly put them in deals. That's something in fact that they specifically do not want us to do. They do not want us specifically to directly introduce them to brokers or agents or whatever because they have their own network. But what we do is provide an education. Our programs are geared to really educate them on the markets, educate them on economy, even political education and we do this on a broad spectrum of opinions so that they can decide on their own, they can come to their own conclusions basically. Some of the mistakes of foreign investors have made in the past is that they've not knowing a lot of people in the country, they will hook up with an agent or a representative, this was especially true for the Japanese, and they tend to follow that advice. What we do is give them advice and say what makes most sense to you, you pick. The other thing we do is we do have in our organization a selected number of US advisers that are American companies, these are usually the largest advisers in the country and they all have to have connection with foreign investors already. It's sort of a self-policing group because we turn down lots of people from membership in that group. They're allowed to meet some of the cream of the crop in the US.

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

Dean: Why do you think that they tend to focus on a couple of large cities like New York and DC? What is it about those particular cities versus California, the Bay Area, other large cities like that? What is the big appeal about Manhattan for example and DC?

Jim: Overall the big cities are popular and they always have been popular because they're large, obviously, and they are diversified and interestingly enough, it's because they are bored so their investment committees are, whomever they all have to report to at some point or their pensioners, they've heard of these cities. Some of them are closed end funds. Some of them are open ended funds. They get their capital from depositors at banks. These may be individuals, they may be high net worth individuals and so they're familiar with these cities, they've visited these cities and their comfortable with these cities. They get less comfortable as they go out into some of our secondary cities because there's just so many of these cities in the US that they don't know them. It's easier for them to go into the major markets and Washington itself is, New York is an international city anyway. You can argue that New York may not even be an American city, it really is an international city but Washington is very comfortable especially for Europeans. It looks like a European city, it's on the scale of European cities, and it's got the US government anchoring it. Those are all some of the reasons why.

Peter: I'm sure that that comfort level helps them to feel a little bit more at home when they are making that investment. Anything that can make an investor more comfortable is something that's a plus, a positive.

Jim: Absolutely. If they get into some of the secondary cities, the culture is totally different from their culture and it's not as interesting.

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

Dean: That's a good point because for many years we specialized in multifamily in the company I worked for, actually one of the sponsors of our show, and we would take investors from the Bay Area in Southern California where they were having a very difficult time getting cash flow and appreciation, actually some of them had too much appreciation sitting on all the equity but they had no cash flow, but we would bring them into the Midwest and the South and into places that they frankly had never been before. Until we got them comfortable with those cities, we had to spend about 5-6 days with them, eating at local restaurants, getting to know all the local economy, introducing to the mayors and the city and town council. Until we did that they wouldn't loosen up their pocketbooks, but once they felt comfortable, once they fell in love with the food and the people, I can see that from the same principle but from a global perspective.

Jim: Right. Absolutely. They've been to the major cities probably as individuals as tourists and have had their families there. They have to be comfortable with where they are, that's why Washington has always been very popular because they're immediately comfortable in that city.

Peter: We are talking with James Fetgatter, chief executive of the Association of Foreign Investors in Real Estate or AFIRE short for the acronym. When we get back from this short break, Jim, we're hoping to talk to you more in detail about a survey that your organization just conducted about your members interest in the United States, what type of investments they are interested in so stay tuned. Remember to call Jim give us a buzz, 1-866-472-5790.

**BREAK**

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

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Peter: Welcome back, we're here with James Fetgatter, chief executive of the Association of Foreign Investors in Real Estate. We were talking about AFIRE, what you do, how you represent your members, the type of information that you look at and in terms of information and one of the reasons why we reached out to have you on our show is a survey that you've been doing for several years now, the Foreign Investment Survey. Basically, it looked at the resilience of the US real estate market and talked about a lot of what is happening in this country and why foreign investors are interested in coming here. Part of the discussion we had on the break Jim, was we were talking about this barrage of negativity coming from the media and in lunchrooms and cafeterias and water coolers across the country and while that has helped to maybe make investors in this country do a little bit more due diligence or not throw their money around unfortunately, it has also caused many to sit on the fence and not take advantage of a lot of the opportunities that exist in our marketplace. Of course, foreigners, foreign investors, people from outside this country, they sometimes have a different perspective and a lot of them are hot on US real estate right now, apartments, hotels, multifamily and things of that nature. Let's talk a little bit more about the foreign investment survey, what you found, I think it's the 16th annual that you did this year?

Jim: It is. That's correct.

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

Peter: So, can you talk to us about the survey itself? We'll start out there, the survey itself, the methodology you used and a profile of the respondents, talk a little bit more about who your members are and give us a little bit of a profile that way.

Jim: Okay, sure. As you said, this is the 16th year we've done the survey. We started in it the early '90s because one of the objectives of our organization was to enlighten the public and government officials and decision makers about the benefits of foreign investment and international investment because it sometimes greases the wheel of the US economy to have additional capital come in and flow across borders which we think is always a good thing. That's the reason we started it and really it was the first survey really to talk about what foreigners, what these people who were foreign investors were really doing in this country and tried to dispel a lot of the myths and a lot of the misconceptions about what they were and what they did. That was the rationale for doing it. The membership of our organization, to be a full member of our organization you have to be a non-US investor. We have non-US investors from 20 countries that are investing. All of them have investments in the US and investments in other places as well, but they all have investments in the US. The US investors that we have in the organization, we have a limited number of those, because they have relationships with the foreign investors or they are investing overseas themselves in Europe or Asia or somewhere else. They're not full members of the organization so the full members of the organization are non-US investors. We do the survey, we are now doing it through the guidance of the University of Wisconsin Real Estate Department, which helps us collect the data, and it goes out exclusively to our members.

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

Peter: Jim, you talked about and I mentioned earlier that there are 185 investor member companies. Is it one person per each company or are there multiple people within those companies. In other words, were there 185 responses to the survey or were there more responses?

Jim: Well, we didn't get, you never get 100% response. So no we didn't get 100% response but the responses were per company. We do have more individuals than one person. Let me get real technical. We have a primary delegate who really is the main individual within each company then we have others as well. This survey was done through the primary delegate and represents the activities of each company not the individuals.

Peter: Okay.

Dean: How is the US currency, the dollar how does that affect their movement?

Jim: We asked that question in the survey this year because the dollar has been falling and I don't know whether it's surprising or not surprising, it wasn't really surprising to me, 85% said that at the time we did a survey it least which was at the end of 2007, that the dollar value had no impact upon their acquisition decision.

Dean: Is this because most of their acquisitions are long-term holds?

Jim: That's one of the reasons. They are long-term holds and they tend to hedge their currency so that their decisions are based upon real estate, their decisions are real estate decisions they are not currency decisions. They don't want to be put in the position of not only trying to figure out whether something is a good investment but figure out whether the dollar is a good investment or which way the dollar is going to close. They try to

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

separate out those decisions. The other thing is their allocation of assets and investments are based upon allocation models that are done back in their headquarters of the pension fund or the funds and are based upon sometimes very technical, scientific reasons and the currency really doesn't play any factor in that. In fact, for large institutions it's not a good basis for making a decision. Now, for individuals and for perhaps high net worth individual investors yes, it makes a difference but for these people it doesn't. Having said that, I will say that it appears that there is some movement now among some of the European institutions to create some funds specifically to take advantage of the low value of the dollar. We haven't seen any of those yet that I know of but they're beginning to talk about it. I think the longer it goes on, the longer the dollar is down, we may start seeing some of those specific funds based upon the conversion factor.

Peter: In terms of getting into the survey a little bit more, the nuts and bolts of some of the places that are more in line with the investments that they're looking to make, I mean one of the things that impacted or I looked at with a keen eye was on this show we talk about the energy crisis in this country, we talk about rising consumption of natural resources, the impact that has on real estate and real estate investment, the impact of employment outsourcing on our economy and the one word that consistently pops up when we talk about these issues is something called or that we termed "Chindia", meaning China and India and I notice that China is growing in popularity as an investment choice. Shanghai went up to number five from number nine a year ago and while the United States was number one China and India are number two and three

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

respectively on the list of countries. Why do you think that is and why do you think China is doing so well and India is doing so well?

Jim: They are exciting markets. They obviously have huge economic growth. Even though the US is still very popular and it's a very safe place for them to put their money they do have some allocations to places that they think they're going to get more appreciations. So they take part of the capital and put it in safer investments and then they take a certain percentage and put it in more entrepreneurial, high-growth, fairly high-risk investments and that's what's going on with China and India. There's so much growth that it tends to lift all boats. It's just been within the past, certainly in our survey, it's just been within the past three years I would say that the attitude has really been so positive about China and India. Three or four years ago China hardly even showed up so it's been a very, very recent phenomenon for us. It is clearly there. Five of the top 10 global cities in our survey are in Asia or in Asia Pacific.

Peter: Just to go back to that and please if I do not get this right correct me but according to what I see and found that New York was number one this year which was up from number two in 2006. DC was number two, which jumped two spots from '06 again. London which was one in 2006 is now number three. Paris, number four and Shanghai, which I think had the largest jump, was number five up from number nine. Did I get those right?

Jim: Yes you did.

Peter: Okay. So we talked about some of the reasons why New York and Washington jumped so significantly or are cities that are likable to your members. Let's talk a little bit

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

more about what some of your members thought were the most stable and secure countries for real estate investments and the United States was number one. Can you tell us a little bit more about that?

Jim: The United States has been number one for this question ever since we've done the survey and it really hasn't changed very much. The question in which we were talking about just now about China and India getting close to the US that was based upon a question that we asked about capital appreciation, how much is their investment going to increase. But when you're talking about stable and secure the US is hands down has been the number one choice. When you get down into the second and third choices, they are way down the scale. It has been UK for a number of years, London, as stable and secure and now it's Germany and it's Australia and its UK still. Those are very secure countries for them and you have to remember that these investors, the majority of them are European and they have 85% of their portfolio is in UK, Western Europe and the United States. This is historically their portfolio. They may have some of these properties 20, 30, 40 years but that's where they're located.

Peter: Jim, what we're going to do, we're coming up on our next break, our 11:30 a.m. break. When we get back we'll talk to Jim Fetgatter, chief executive for AFIRE, more about this survey. Maybe we can talk a little bit more about the opportunities for appreciation. We'll take a look at a snapshot, what type of property are his members looking to invest in in this country so stay tuned and remember to give us a buzz at 1-866-472-5790.

**BREAK**

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

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Peter: Jim, when we left for break we were talking about your foreign investment survey, 16th annual survey. We talked about how your members, contrary to maybe how some of the American investors are feeling right now, are still hot on the United States, have been for several years, will be I believe into the future as well. One of the things we didn't talk about is some of the property types that came out in the survey and it seems that multifamily is a property type that your members are interested in investing in.

Jim: They are, in fact it was after office it was the second most popular or at least the most attractive in their opinion. That doesn't mean that the bulk of their investments are in multifamily because the bulk of them are in office but nevertheless when we asked them about the attractiveness that was the second choice last year as well.

Peter: Now, with your members is multifamily an attractive choice similar to an entrepreneurial investor in this country that we talk to on a regular basis with our show? Do they look at the same principles and make the same decisions based on that?

Jim: I'm not sure I understand your question.

Dean: Say for example in multifamily one of the reasons why, we have been very bullish on multifamily for many years because we can move up the leases, they're not long-term leases. So from an appreciation standpoint, every 12 months we are turning over those leases and trying to kick up those rents, which increase the value of that property. That's

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

one example. Another thing is we tend to have higher occupancies on those. Do the same fundamentals...

Jim: They do use the same fundamentals. In fact, they have to because I think in most, and multifamily in their mind is not just apartments, it's not just rental it's for sale because a number of them have done condo developments.

Dean: Oh absolutely.

Jim: It typically will do this in partnership with the US developer. So they obviously buy into the same philosophy but it's in a broader perspective it's more to them what is going on in the housing market, what's going on in the mortgage market and where are the opportunities. They look very closely at vacancy rates and that sort of thing. The downside for multifamily for them I would have to say is that multifamily takes a lot more management for them and it's harder to invest larger quantities.

Dean: That's what I was going to say, the larger quantity thing. I also know about the former thing you said too but on the latter, I would venture to say if I'm investing \$1.2 billion it's very hard to find multifamily projects but it's not that difficult to find large retail, large office, especially in large cities like Manhattan for example where you can go vertical.

Jim: Exactly. They tend not to buy one off apartment buildings. They tend to buy portfolios or do joint ventures. That's especially true with the Australians who have done large portfolios of multifamily.

Peter: Some of the other statistics I thought were interesting was the respondents said that slightly more than 50% of their real estate planned acquisitions in 2008 will be allocated

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

to the US. While the percentage allocated is roughly the same as in 2007, the actual dollar amount they expect to increase by 16%.

Jim: Right.

Peter: In terms of what Dean just asked you and he mentioned \$1.2 billion, is that what you're finding is the median dollar amount invested by your members in this country?

Jim: That figure is the average, the median portfolio. I believe, is that correct?

Dean: That's what I read. I read about 25 different sites in quotes, a lot of your quotes but two of the sites I got that figure from and I'm not sure exactly...

Jim: When we did this survey we asked them their portfolio and that's the median size of their portfolio. That could vary slightly depending on who the respondents are but it's typically in that range every year. It's just an indication that these investors are not ma and pa investors.

Dean: Can I ask you a question that may make you a little uncomfortable only because I know we have thousands of commercial real estate brokers that listen to our show and I know that they will want me to ask you this question, only because I thought of it myself. I think I already know the answer because I think you alluded to in one of your segments when you mention the fact that you don't direct these guys to brokers you just educate them. They already have their contacts. How does a very energetic commercial broker who's doing large plays in the country, how would you direct him if he or she wanted to tap into the global market? What would be a good first step?

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

Jim: It's really difficult. We get asked that question all the time and we get calls all the time from people who want us to connect them with overseas investors and we don't do it. Our members do not want us to do that.

Dean: They don't want that conflict.

Jim: They don't want to be bothered. They don't want us to interfere with that aspect of the business and it's a terrible position for us to be in. You really almost have to know somebody or get connected depending on how big you are as a broker, connect somehow with one of the extremely large brokerage firms like Cushman and Wakefield or Jones Lang LaSalle or one of these others that have their CBRE, global connections. These people have offices in all these countries and they funnel capital in. That's not directly dealing with them but nevertheless it's a way.

Dean: At least it gets you one step closer.

Jim: It's a way to start. The other thing which will involve a little money is that there are some trade shows in Europe that have enormous numbers of people there and if you want to just do it directly, one of them is called MIPIM, it's in the south of France in the spring and there's another one called EXPO REAL, it's in Munich in the fall.

Dean: So Peter, I guess we have to go to the south of France then.

Peter: I'm not sure we have it in the budget...

Jim: It's a tough job. There are roughly 30,000 people at these conferences.

Dean: This will be a little more direct, let's say I've contacted an owner of a \$1.2 billion portfolio of office or retail, so I have something that I think is a viable product that I think the numbers look very nice on it. I would like to expose it to that global economy, would

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

you say that going to one of the conferences would be the best, do they allow properties to be presented at those conferences?

Jim: Oh yeah, it's a trade show. Yeah, absolutely.

Dean: Okay.

Jim: It's a trade show. We have a booth. Many of the investors have booths there. It depends on who they are, not all of them do but most of the banks have booths there. Most of the banks have, certainly German banks I'm talking about, most of the German banks have funds that are huge investors so yes you can.

Dean: Excellent, thank you. Great, I got my nugget.

Peter: Jim, we have about 3 1/2, 4 minutes left with you on the program. I was wondering do your members, I mean we've been inundated for I think it seems like 50 years now with this current presidential run, yes that was supposed to be a take at humor, but...

Jim: We forgot to laugh.

Peter: That's all right. That's what happens when you use humor that's why I always recommend to workshop attendees not to try to make jokes because more than likely you'll bomb and it just happened. So there you go. Case in point. But no, this upcoming presidential election, do your members, do they care whether or not Barack or Hillary or John or fill in the blank becomes president in 2009? Does that really influence any decision-making processes for them?

Jim: They care and they're interested. It's amazing how closely they follow our election. But they care on a personal basis. It really makes little difference to them on a business basis. That is not only for Europeans, Asians; it's even for the Middle Eastern investors.

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

They don't care because the US is an enormous market. Presidents can have some influence on the way things are run in this country but they're not dictators and can have little effect.

Dean: I would imagine on long-term holds that they're going to be holding them for multiple presidencies anyway.

Jim: Yeah, they take the attitude that it's business. They're in the business of making money and they're not in the business of politics. These are all business decisions. There may be things that happen, Middle Eastern investors now on an individual basis find it difficult to come into this country as individuals so that's just a fact of life. That affects them in some ways and what that does is it causes them to invest in different ways so that they don't actually have to come into the country and look at their properties. But as far as who wins, they care but it doesn't affect them on a business basis.

Peter: Jim, we tried to touch on a number of different items today. We tried to talk about AFIRE, what you do, the membership, this wonderful survey that you put together. We have about a minute and a half left with you. Is there something we did not cover or some type of advice, a golden nugget that you would like to share with the listening audience right now?

Jim: A golden nugget, I don't really have a golden nugget, I would just say to put this all in perspective. I can tell you where most of the money is coming from if that's of interest to you.

Dean: Please.

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

Jim: Most of it today is coming from Australia and the Middle East and Germany to a certain extent. Germany dominated the foreign investment market about three years ago and they've pulled back a little bit. The Australians started about five years ago coming in in a big way and the Middle Eastern investors are beginning to come back into the US. Most of these are motivated just because they have so much capital and they have to invest it somewhere.

Dean: The oil reserves.

Jim: The oil reserves in the Middle East of course are an obvious answer.

Peter: That's okay Jim. Jim Fetgatter, chief executive of the Association of Foreign Investors in Real Estate or AFIRE, we thank you for coming on Income Property Investment Talk and we look forward to having you on sometime in the future.

Jim: It's been my pleasure.

**BREAK**

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Peter: Welcome back to Income Property Investment Talk. Our next guest, taking us through the final 12 1/2 to 13 minutes is Nate Hanks, CCIM, president and co-owner of RealSource, a catalyst for the movement of money for thousands of real estate investors across this country, brokers and other transaction partners. Nate joined RealSource in 1998 and again if you want to learn more about Nate, I want to spend the time speaking

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

to him, if you want to know more about his bio go to RealSource.net. Nate, thank you for joining the program today.

Nate: Thank you Peter.

Peter: Nate, I don't know if you had the opportunity to listen to Jim from AFIRE talk about how foreign investors are hot on the US in terms of investing here. This is a message that on this program and I know your company has communicated to thousands of investors across the country that there are opportunities in the United States to take advantage of. Can you talk to us a little bit about how you eliminate some of those risks for these entrepreneurial investors? Jim was talking about institutional investors of a large magnitude. What your company does is you find opportunities for the entrepreneurial investor to quote Jim "the mom and pop's".

Nate: We take the tools that an institutional investor would have at his ease and at his hands to be able to make the decisions and find the best deals across the country, we take those tools and the research and the best deals to potential clients around the country. We find that it's interesting because his segment was very fascinating how dollars are flowing into the United States. It's a wonderful time for that to be happening and we have been doing a lot of research and trying to figure out the best way to attract those foreign dollars to find the best place for them here in the United States as we've been doing for our local, national clients for the last 19 years. In fact, we find the best markets around the country. Not every market in the country is in the same part of the real estate cycle. They're all different parts of the cycle, every single city. We find those cities in the country that are on an upswing and emerging growth parts of the country what we call, part of the real

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

estate cycle it's called the absorption cycle where there is great deals and a lot of upside.

We can target not only these cities but then we go in and we find out the sub markets that are providing the best returns for our clients and able to go in and find deals in those sub markets to take to our clients.

Dean: Now I know that if it's a global investor or say they're on one coast investing in another coast that their number one concern is management. What have you done regarding management? I know your concept has always been live where you want to live but invest where it makes sense. What has your company done to reduce, mitigate risk of long-distance management?

Nate: We've done a number of things. First of all, we go in and we do significant due diligence in each of our markets. We go out and we interview and we do background checks and we really find the best property management companies. We try to get several of them because we don't want to inundate them and bury them. We'll get some for smaller units, people who might have just duplexes or on up to 20 or 30 units. We'll get several property management companies that specialize just in that area and those are the hardest ones to find because smaller units usually there's not the economies of scale. We'll get several property management companies that specialize in 30 to 100 units and then we'll get several property management companies that specialize in a hundred plus. 100 plus units are definitely the easiest to find. Usually you can find companies, professional property management companies that have been around for many, many years and that are stable and have a proven track record. The other two areas are a little more difficult to find and that's why we do a lot of due diligence. We also have several

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

ways that we help our clients with property management. We have an internal property management arm of the company. We also have a part of the company that's called Maxcap where we're able to through the current technology, the Internet and cameras and accounting programs that are on the web-base, we're able to really help our clients provide them with the best tools to be able to manage their properties long distance.

Peter: Is part of that, I think you just glossed over it is the management of the money, is to see where the money is coming in but also to see where the money is going out.

Nate: Correct. It's very easy these days with Internet-based banking systems where your property manager says I received X. dollars today in rent and you're able to track that right to your bank and watch it be deposited. As well as it's very easy to pay bills long distance. You can have owners control that, you can have owners even pay their bills from their homes if they want to manage the property and pay the bills from where ever they might live in one part of the country and the bills come into them via e-mail or whatever source and they're able to pay their bills right online if they want or they can watch what their property manager is doing online.

Peter: Nate, we have you for about three more minutes and I know the two words that came up multiple times in your conversation were due diligence. One of the other things that I'd like to talk about is try to bring the listeners something new and/or interesting and I'm not quite sure that the significant percentage of the listeners know that they can actually take individual retirement accounts and self direct those into real estate investments. Can you talk to us a little bit about RealSource Retirement Services in the couple minutes we have left?

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

Nate: There is so much confusion, Peter in the market. The news media just loves to throw out how bad and how negative things are. Because of that the markets have been so volatile. So many people have lost so much money and so much of their wealth has been tied up in their retirement accounts. So, we've come up with the opportunity to teach people and educate people how they can take money that's in their IRAs, their Roth IRAs, their 401(k)s, what ever their retirement account might be and self direct it so that they are the ones that are in charge rather than just having it be sitting in a mutual fund that hasn't been doing well over the last several years and self direct it into real estate, something that is tangible, something that they know can grow. We've come up with several ways to educate people to help them make the right decisions and invest in real estate on their own. We also have ways that we can help people invest together in real estate through some syndications and through some unique opportunities that we've developed with our firm so that they can take those retirement dollars and get them earning 7, 8, 10, 12% because it's in real estate and it's not in the stock market. It's a very solid, it's a very viable opportunity for many people and we know that there is billions and billions of dollars that are in retirement accounts just sitting doing nothing and a lot of people have lost a lot of wealth recently because of the confusion that has been out there in the markets and the volatility.

Peter: Okay, shameless plug real quickly, if anybody would like to listen to a webinar on that type of process go to [Penscotrust.com](http://Penscotrust.com), one of the accommodators that RealSource is working with. They do have a webinar later on this afternoon about that type of an

Episode 26  
Among Foreign Investors, U.S. Real Estate Trounces Competition  
April 2, 2008

investment. Nate, we have about 45 seconds left. What do you want to leave the listening audience with?

Nate: I think the most important thing is with the craziness in the markets these days it's vital that you have someone that has the expertise, that's been vested in real estate for the last 19 years through good times and through bad times, to be able to have the level of expertise that RealSource has, the level of research that they have with their staff of economists led by a wonderful individual who has a Ph.D., a very intelligent man that...

Peter: Nate, just so our listeners know they can go to our website at [incomepropertyinvestmenttalk.com](http://incomepropertyinvestmenttalk.com) or go to [RealSource.net](http://RealSource.net).