
REAL ESTATE CAPITAL MARKET TRENDS & APPLICATIONS

by Scott R. Muldavin, CRE

The explosion in the availability of real estate capital markets data has underscored the importance of determining which information is important, and how it can be applied to assist real estate decision-makers.

INTRODUCTION
The real estate industry seems to have "bought," literally, the assumption that real estate capital markets information is critical to investment decision-making. There are over 100 publications whose primary mission is to inform the industry about trends in the real estate capital markets. These publications include those covering the broad "capital markets" like Institutional Real Estate Inc.'s *Real Estate Capital Markets Report*; Institutional Investor's *Real Estate Finance*; and Warren, Gorham & Lamont's *Capital Sources For Real Estate*, to scores of single source publications such as *Commercial Mortgage Alert*; *Mortgage Banker*; *Institutional Real Estate Letter*; *The REIT Report*; *The Stanger Report*; and the *Journal of Commercial Lending*. Additionally, scores of publications and internet sites propagated by real estate firms, trade journals, and news magazines provide a virtual "title" wave of real estate capital flows information.

The explosion in the availability of real estate capital markets data has

underscored the importance of determining which information is important, and how it can be applied to assist real estate decision-makers. In many ways, today's real estate capital markets "information industry" is similar to the real estate property markets industry 15 years ago. Just like property market information 15 years ago, capital markets information is poorly defined, not appropriately segmented, and has few standard definitions or measurement techniques. However, property market information has become significantly more valuable over the last 15 years, as users determined how and why they wanted to use information. This pushed providers to improve quality and access. Similar trends need to take place in the real estate capital markets "information industry" to enable decision-makers to improve their performance.

This article addresses real estate capital market needs in four ways:

- Defines what the real estate capital markets are and the kinds of real

Exhibit 1

**REAL ESTATE
CAPITAL PROVIDERS**

Private Debt

1. Life Insurance Companies
2. Banks and Mortgage Companies
3. S&Ls and Mutual Savings Banks
4. Pension Funds
5. Mortgage REITs
6. Public Mortgage Partnerships
7. Finance Companies

Public Debt

8. Government Credit Agencies
9. Commercial Mortgage-Backed Securities

Private Equity

10. Pension Funds
11. Foreign Investors
12. Private Financial Institution REO
13. Life Insurance Companies
14. Private Investors (Partnerships, Joint-Ventures, Etc.)

Public Equity

15. REITs - Equity and Hybrid
16. Public Real Estate Partnerships
17. Corporations

Source: Roulac Capital Market Service

estate capital markets knowledge available;

- Segments the users of real estate capital markets knowledge into four distinct groups;
- Presents decision-based strategic frameworks that link specific information needs to specific applications for distinct user groups; and,
- Provides a future forecast of capital market conditions based on The Roulac Group's proprietary historical capital markets indices.

**DEFINING THE REAL ESTATE
CAPITAL MARKETS**

The real estate capital markets are an aggregation of the 17 real estate capital providers shown in *Exhibit 1*. In order to understand the flow and changes in the real estate capital markets, the economic forces and motivations influencing each of the 17 providers must be understood.

The dramatic growth in the commercial mortgage-backed securities and public real estate investment trust marketplace since 1990 have expanded real estate into the "four quadrants" as shown in

Exhibit 1. Real estate capital can be split into: Private debt, Public debt, Private equity, Public equity, and Corporate. The growth in the commercial mortgage-backed securities and REIT marketplace have transformed the real estate capital markets in recent years, bringing the liquidity, corporate governance, and Wall Street activity characteristic of other asset classes.

The changing structure of the real estate capital markets is shown in *Exhibit 2*. Private debt, still the dominant quadrant, has shrunk from a 56 percent share of the market to only 48 percent in 1997. The private equity marketplace has also declined nearly 7 percent, while the public debt and public equity markets have moved from an 8 percent share in 1980 to nearly a 25 percent share of the market in 1997. These trends are expected to continue.

The total size of the institutional real estate capital markets was approximately \$1.6 trillion, as shown in *Exhibit 3*. Corporations are also major players in the real estate capital markets, although they are not easily classified into any of the four quadrants. Corporations raise capital publicly through equity or debt offerings, as well as privately, and are properly evaluated outside of the "four quadrants" of institutional real estate capital. Estimates of corporate real estate involvements exceed \$2 trillion in the U.S.

Real Estate Capital Markets Knowledge

The next step in being able to apply real estate capital markets knowledge to decision-making is to understand the different types of real estate capital market knowledge required by decision-makers. Most importantly, for strategic purposes, decision-makers need to be able to predict future changes in capital flow activity. Historic information is

Exhibit 2

**CHANGING STRUCTURE OF
THE REAL ESTATE CAPITAL MARKETS
1980 - 1997**

Quadrant	1980	1990	1995	1997 ⁽¹⁾
Private Debt	56%	54%	52%	48%
Public Debt	7%	9%	14%	16%
Private Equity	36%	35%	29%	29%
Public Equity	1%	2%	5%	7%
	100%	100%	100%	100%

⁽¹⁾ Estimate based on annualized data from 2nd quarter 1997.
Source: The Roulac Group, Real Estate Capital Market Services.

necessary to provide a context for interpreting the present and future, but alone does not provide adequate insight to make strategic decisions. Accordingly, the foundation for the analysis of overall trends in the real estate capital markets is the detailed fundamental analysis of each of the 17 real estate capital market providers shown in *Exhibit 1*.

Projecting real estate capital markets trends has a lot of similarities to projecting property market trends. If you want to project property market trends, knowing today's occupancy rates and rents is not sufficient, and you must look at employment trends, demographic changes, and the economic outlook to build up a model of the factors that will influence future rents and vacancy rates. Analogously, in the capital markets, if you want to project changes in flows of capital in the future, a detailed model of the factors influencing the flow and performance of capital for each of the 17 providers shown in *Exhibit 1* must be developed. For example, to project life insurance company debt flows in the future, one must understand risk-based capital rules; historic life insurance company real estate performance; asset/liability matching requirements; and other industry-specific factors. Combining this industry-specific knowledge with current trends in capital flows, reasonable projections of the short-term future can be estimated.

Specific categories of real estate capital markets knowledge needed by decision-makers are summarized below:

1. Historic Capital Flows: the market size, net flow, and activity for each of the 17 capital market providers needs to be understood to provide a context for interpreting present and projected changes in the real estate capital markets.

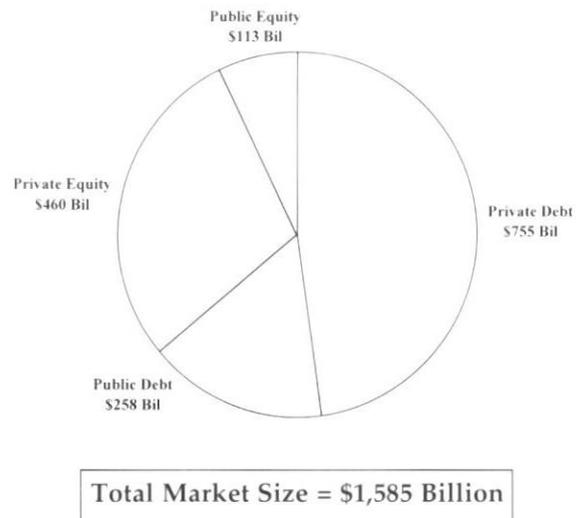
2. Projected Real Estate Capital Flows: 12- to 24-month and longer-term projections of changes are key to successful strategic decisions and competitive advantage.

Projected changes in the flow of the capital markets have significant performance and value implications overall, while projected changes in capital flow by capital provider is more significant to service providers and lenders.

3. Segmentation of Real Estate Capital Flows: segmentation of capital flows by property type, location, size, and ownership are critical to strategic decision-making. For financing flows, segmentation by new versus existing, mortgage type or structure, property type, and geographic region are also critical.

Exhibit 3

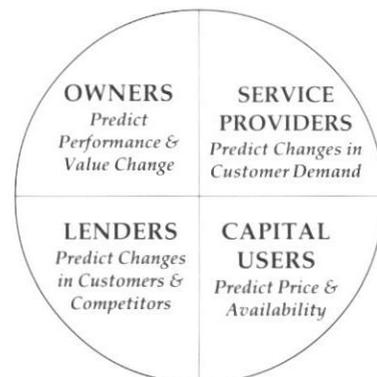
**PUBLIC & PRIVATE
REAL ESTATE CAPITAL MARKETS
1997¹**



¹Total size of aggregate market projected through year-end 1997.
Source: The Roulac Group, Real Estate Capital Market Services.

Exhibit 4

**APPLICATIONS OF REAL ESTATE
CAPITAL MARKET KNOWLEDGE**



Source: The Roulac Group

4. Pricing and Investment Criteria: detailed information on pricing, deal terms, and investment criteria by both debt and equity sources is critical to investment and mortgage product design, capital access decision-making, performance benchmarking, and other decisions.

5. Future Trends Influencing the Real Estate Capital Markets: detailed information, for the market overall, as well as for the 17 different providers of capital are required. Information on regulatory trends, technological innovations, environmental issues, global real estate capital market activities, economic and real estate market trends, and other

Exhibit 5

APPLYING CAPITAL KNOWLEDGE TO PENSION/OWNER REAL ESTATE DECISION-MAKING

REAL ESTATE CAPITAL KNOWLEDGE	APPLICATION TO PENSION FUNDS
Historical Capital Flows	<ul style="list-style-type: none"> What types of real estate investment vehicles make the most sense now? How much should I invest in real estate? How should real estate investment opportunities (REITs, mortgage securities, mortgages, etc.) be treated from an allocation context?
Projected Volume of Real Estate Capital Flows	<ul style="list-style-type: none"> Suggested change in overall allocation to real estate. Suggested reallocation of capital between investment vehicles. Should I refinance or restructure any debt during the next year? How does my portfolio compare to the industry on an allocation basis?
Segmentation of Real Estate Capital Flows	<ul style="list-style-type: none"> What types of properties and markets currently have high investor interest? What types of properties and markets are currently out of favor? Does current investor interest and property pricing seem sustainable? Do segmented capital market flows indicate potential over-building or over-investment in any specific sectors or markets? Is now a good time to sell? Are there any capital market phenomenon that are distorting the sales market? Who are the most likely buyers of real estate?
Future Trends Influencing and the Real Estate Capital Markets	<ul style="list-style-type: none"> Anticipate changes in capitalization and discount rates to improve disposition acquisition strategies. Improve predictability in all the key applications discussed above? Assist in making decisions about "specialized" investment sectors.
Pricing and Investment Criteria By Source	<ul style="list-style-type: none"> What financial criteria and objectives are appropriate for acquisitions? What is the likely breakdown of real estate returns between income and capital appreciation by investment vehicle? Should I refinance or restructure any existing debt? What are likely diversification and inflation hedging benefits? What capitalization and discount rates are reasonable for the purposes of portfolio valuation and liquidity assessments?
Specialized Analyses	<ul style="list-style-type: none"> Numerous specific applications dealing with overall investment policy, property acquisitions, property dispositions and asset management.

critical events form the basis for projections of activity.

6. Mergers, Acquisitions, and Alliances: ongoing tracking and analysis of mergers, acquisitions, and alliances is critical to projecting changes in capital flows and the delivery of financing and real estate management services.

7. Specialized Analyses: utilizing the information identified above, many specialized analyses, including red flag analysis of potential excess capital in a market or property type; capital sustainability assessments; bench-marking analyses; new investment opportunity assessments; market share analyses; acquisition and disposition transaction volume projections; and other analyses can provide very specific and detailed strategic insight for real estate decision-makers.

THE APPLICATION OF REAL ESTATE CAPITAL MARKETS KNOWLEDGE

The application of the real estate capital markets knowledge identified above can be separated into four distinct user groups, as shown in *Exhibit 4*. Owners, service providers, lenders, and capital users each have a different emphasis in their need for real estate capital markets information. Real estate owners, including pension funds, investment managers, REITs, and others, are primarily interested in being able to predict performance and value changes due to changes in the real estate capital markets. Service providers, such as architects, lawyers, and asset managers, are most interested in predicting changes in customer demand. Lenders are interested in borrower (customer) changes, as well as competitors. Lenders are also interested in value change from a risk management perspective. For capital users, who are seeking debt and equity capital to fund new or existing projects, the ability to predict the price changes and availability of capital is paramount.

DECISION-BASED STRATEGIC FRAMEWORKS

Perhaps one of the greatest challenges for real estate decision-makers is to make sense of the voluminous real estate capital and property market information that is available today. With the rapid acceleration in the growth of on-line real estate data providers, the growing numbers of real estate capital and property market information publishers, and the cross-fertilization of previously distinct sectors of the real estate industry, decision-makers are faced with an almost untenable job of sifting through data to make good decisions.

Given this difficult situation, decision-makers must do at least two things: 1). develop explicit strategy models that identify specifically the type of information required for each strategic decision; and 2). be able to screen and appropriately interpret the information that will feed the strategic models. Significant progress is being made in developing standards for performance measurement, improving due diligence and underwriting systems, and making asset and portfolio management more systematic. However, substantial work still needs to be done.

As to screening and interpreting information, some progress has been made, but the rapid recent proliferation of data has made old approaches to this task obsolete. The new approach to screening and interpreting data must involve first and foremost a strategic approach where significant time is spent to determine precisely the questions that need to be answered and the types of information that can help answer the questions. Once these very specific decisions are made, a process needs to be put in place to find the best information and then continually review and upgrade it to ensure that the best inputs are being obtained. Additionally, data collection must become more sophisticated and strategic because in many cases, the data needed to answer a specific strategic question must be developed by compiling and integrating disparate sets of data in creative ways.

The strategic link between real estate capital flows and decision-making is evaluated below in more detail for owners and service providers—two key user-groups with distinctly different applications of capital markets information.

Pension Fund/Portfolio Owners

For real estate owners, the critical link to the real estate capital markets is through the effect of capital market changes on performance and value. Investment strategy and policy considerations should guide owners' decision-making related to the investment vehicles they choose to invest in and the property markets on which they focus. Real estate capital markets information can be especially important in setting investment objectives, making overall asset allocation decisions, and developing overall portfolio composition guidelines. However, real estate capital market information is most critical to evaluating investment options and conducting property market due diligence.

Real estate capital markets information can also provide specific input to assist in assessing the

relative appeal of different investment vehicles that might be employed to achieve a pension fund's real estate investment objectives. For example, real estate capital markets information and analysis can help in determining whether real estate equity is being sufficiently rewarded for greater risk than debt, as well as identifying potential advantages and/or disadvantages to investment in commercial mortgage-backed securities, private REITs, or closed-ended commingled real estate funds.

Key real estate capital markets knowledge requirements, and the application of the information to pension/portfolio owner real estate decision-making is outlined in *Exhibit 5*. Key information requirements include historic and projected flows of real estate capital by source; detailed segmentation of capital flows; identification and analysis of new pension fund investment opportunities; and a specialized "Red Flag" analysis that identifies property types/markets where there appears to be a divergence between the economic fundamentals of a particular property type and market and the flow of capital to that marketplace.

Service Providers

There is a critical, explicit linkage between capital flows and the demand for real estate services. Real estate capital availability is a crucial determinant of transaction activities that create the demand for real estate services as well as a primary influence on changes in valuation and investment performance. Comprehensive real estate capital markets information is also needed to improve strategic decision-making regarding resource allocation, competitive positioning, "product" design, and new service opportunities.

The segmentation and complexity of buyers of real estate services has increased the need for more sophisticated pricing and product differentiation strategies. Whereas the bulk of most service providers' business is typically a commodity, it is the smaller percentage of service business that is not a commodity where service companies need to make premium profits for their value-added services. However, if service firms cannot deliver their commodity services cost effectively, they cannot get into the "game" and be able to get in the market to sell their premium services. Accordingly, service providers must carefully segment and price their services in order to maximize their revenues. This segmentation and pricing must be driven by customer perceptions of the value for each segment of service. It is up to the service provider, just like

Exhibit 6

APPLYING CAPITAL MARKET KNOWLEDGE TO REAL ESTATE SERVICE COMPANY STRATEGIC PLANNING

REAL ESTATE CAPITAL MARKET KNOWLEDGE	REAL ESTATE CAPITAL MARKETS DATA	APPLICATION TO SERVICE PROVIDERS
1. Historic Capital Flows	<ul style="list-style-type: none"> Total real estate capital flows Change in total flow of real estate capital Total equity flows Total debt flows Level of refinancing Levels of new construction Transaction volumes 	<ul style="list-style-type: none"> Market share analysis Changes or enhancements needed to retain existing business Reassessments of ability to achieve planned revenue and expense levels Performance monitoring Suggested changes in business strategy, organizational structure, systems, technology or personnel
2. Projected Volume Of Real Estate Capital Flows	<ul style="list-style-type: none"> Total real estate capital flows Change in total flow of real estate capital Total equity flows Total debt flows Level of refinancing Levels of new construction Transaction volumes 	<ul style="list-style-type: none"> Suggested reallocation of resources between business units or market areas Budgeting and strategic planning for next year Enhancements needed to retain existing business in the coming year Reassessment of what businesses to be in Assistance in assessing major capital expenditures Assistance in assessing major organization or personnel changes
3. Mergers, Acquisitions, and Alliances	<ul style="list-style-type: none"> Identification and analysis of alliances Identification analysis of mergers in key service sectors 	<ul style="list-style-type: none"> Assist in response to competitor moves Background knowledge to assist sales and marketing efforts Insights into strategic positioning of competitors
4. Segmentation Of Real Estate Capital Flows	<ul style="list-style-type: none"> New construction versus existing Ownership Geographic location Property type Financing structure Mortgage type "Red Flags" that threaten our current and long-term business goals 	<ul style="list-style-type: none"> What new product and service opportunities are available? Do we need to make any changes in our existing products and services to maintain or expand market share? Are our marketing and promotion programs adequately targeted by segment? Are we focusing on the right segments? Are we allocating marketing and organizational resources appropriately given changes in market segmentation? Bench-marking for assessment or performance by market segment.
5. Future Trends Influencing The Real Estate Capital Markets	<ul style="list-style-type: none"> Regulatory trends Technological innovations Securitization Competitive changes Detailed analysis of trends influencing each capital source 	<ul style="list-style-type: none"> Anticipate new service requirements Anticipate changes in existing services Make determinations about potential alliances or mergers to meet future customer needs. Develop detailed understanding of the motivations driving customers to improve services and sales materials Identify potential "red flags" to business interests Determine potential legal and political actions to take to preserve and enhance business Review of major capital expenditures and investments in human capital

Source: The Roulac Group, Inc.

Proctor & Gamble when they are selling soap, to communicate effectively to the customer the differentiation in services and the reasons for the differentiated pricing.

The cost to real estate service providers who do not implement a more structured and strategic approach to their business include:

- Missed opportunities when new markets or market segments are created;
- Missed strategic shifts, that on a mid- to long-term can make them uncompetitive or obsolete;
- Loss of customers due to misunderstanding of

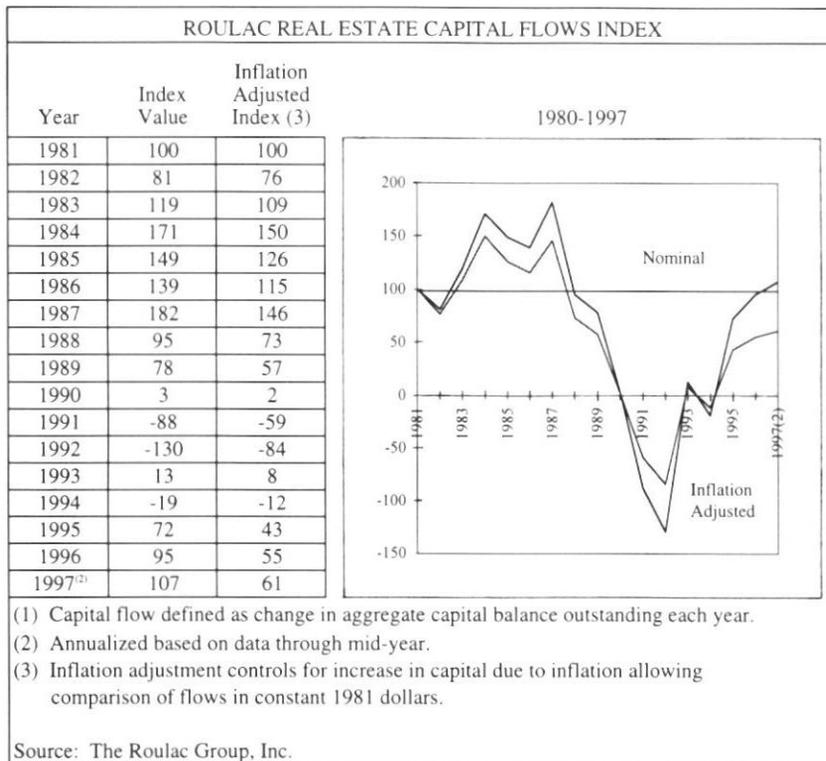
changing needs;

- Poor estimates of revenues and expenses that cut profitability;
- Technological obsolescence of systems; and
- Misdirected capital expenditures.

The direct linkage of the real estate capital markets to the real estate services markets is shown in *Exhibit 6*.

Capital markets knowledge can be obtained through careful and detailed analysis of real estate capital flows statistics, surveys, literature reviews,

Exhibit 7



and other means. The more detailed and segmented the information, the more valuable it will be to real estate service providers. Of particular importance is the projected volume of real estate capital flows and an understanding of the future trends that influence the capital markets and the projections.

REAL ESTATE CAPITAL MARKETS OUTLOOK

The real estate capital markets, by any measure, are very active today with substantial debt and equity available for worthy real estate projects. Based on a snapshot perspective of today's real estate capital markets, many investors are beginning to express significant concerns about the mostly anecdotal evidence that excessive real estate capital is entering the real estate market.

However, based on our analysis of the newly-developed Roulac Real Estate Capital Flows Index, (which tracks aggregate institutional real estate capital flows over the last 17 years), current capital flows appear sustainable, as do the prices that the capital flows sustain in the marketplace. As shown in *Exhibit 7*, the Roulac Real Estate Capital Flows Index is projected to reach 107 by the end of 1997, after hitting a low of -130 in 1992. However, despite this substantial increase in capital since 1992, when there was a net outflow of capital from the real estate industry, today's capital flow is still down over 40 percent from its peak in 1987. Perhaps more

importantly, on a historical basis, 1997 capital flows of over \$90 billion are substantially below their peak of nearly \$160 billion in 1987.

The sustainability of current capital flows is underscored by looking at capital flows on an inflation-adjusted basis, which enables a comparison of each year's real estate capital flows on a constant dollar basis. For example, 1997's inflation-adjusted index value of 61 indicates that 1997's flow of over \$90 billion is down nearly 60 percent from its peak in 1987, after the effects of inflation are factored out.

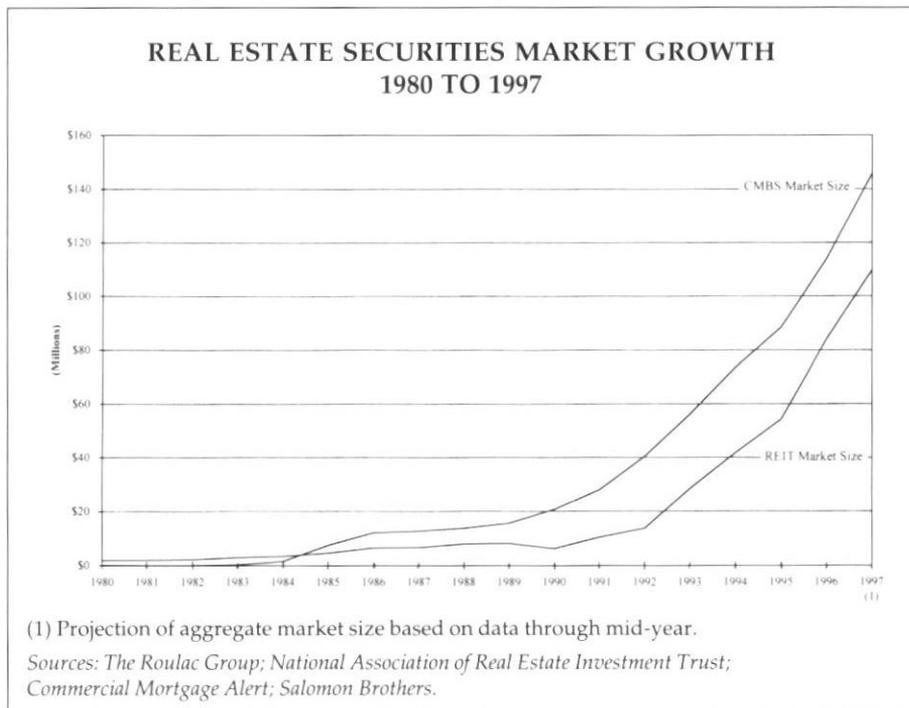
While today's flows of capital are not excessive on a historical basis, the incredible volatility of capital flows, as shown in *Exhibit 1*, is an issue of significant concern. While capital flows' volatility will continue in the future, less cyclic variability should result from recent securitization trends and continuing improvement in capital provider risk-management practices. While underwriting has loosened during the last year due to strong capital availability, capital providers still appear to be holding the line on too many speculative or unworthy investments and are intelligently constraining their investments.

Real Estate Securitization Trends

The most dynamic sector of the real estate capital markets is real estate securities. Real estate securities, which combines both the commercial mortgage-backed securities and REIT industries, has grown from \$264 million in 1980 to over \$60 billion of new activity in 1997, a compounded growth rate of near 38 percent over the 17-year period. This tremendous growth in annual activity, along with stock price appreciation, has pushed the market size of both the REIT and CMBS industries over \$100 billion in 1997, as shown in *Exhibit 8*. REITs are projected by the end of 1997 to exceed \$110 billion in capitalization, while the commercial mortgage-backed securities industry will approach nearly \$150 billion in capitalization.

Numerous factors have lead to the growth of the REIT industry since its "rebirth" during the credit crunch in 1992. The ability to access capital cheaply through the public markets; the numerous investment opportunities created by the recovering real

Exhibit 8



estate market; the development of the UPREIT structure, which enabled large, private owners of quality real estate to form REITs on a tax advantage basis; the growth in mutual fund and institutional interest in REITs; and the substantial returns that have been achieved are some of the most important factors that have driven REIT growth.

Given the strong growth of the REIT market, there is substantial debate in the industry about the possibility of a significant transition of the real estate capital markets from a private market to a public market. While the answer to the debate has already been somewhat answered due to the fact that public REITs have gone from a 1 percent market share in 1980 to over a 7 percent share in 1997, the debate continues about the potential size of the shift from private assets to public assets. One thing is clear: with some public REITs trading at prices that reflect over a 50 percent premium to underlying net asset values, all investors and fiduciaries who hold private assets must at least be considering this phenomenon and its sustainability and applicability to their portfolios.

Based on an automated real-time survey of the participants at the fall 1997 Pension Real Estate Association Conference, as reported by the *Institutional Real Estate Newslines*, interest in making direct private equity investments in real property is far from dead. While at least 70 percent of the plan sponsors in attendance said they expect to invest in

REITs in 1998, 92 percent also said they expect to invest in the private real estate markets. On the debt side, 33 percent of plan sponsors expect to invest in public real estate markets, compared to 38 percent who expect to invest in the private markets.

Furthermore, 76 percent of pension investors reported that they will invest more new dollars in 1998 in private equity versus public equity, while only 19 percent said they will invest more new dollars in public real estate securities than private equity. Over 80 percent of plan sponsors believe public real estate investments will not dominate pension funds' future real estate holdings. However, despite these indications, the interest in invest-

ment in the public real estate markets has significantly increased in recent years, largely due to the high returns and substantial growth in the size of the REIT market.

Private Debt

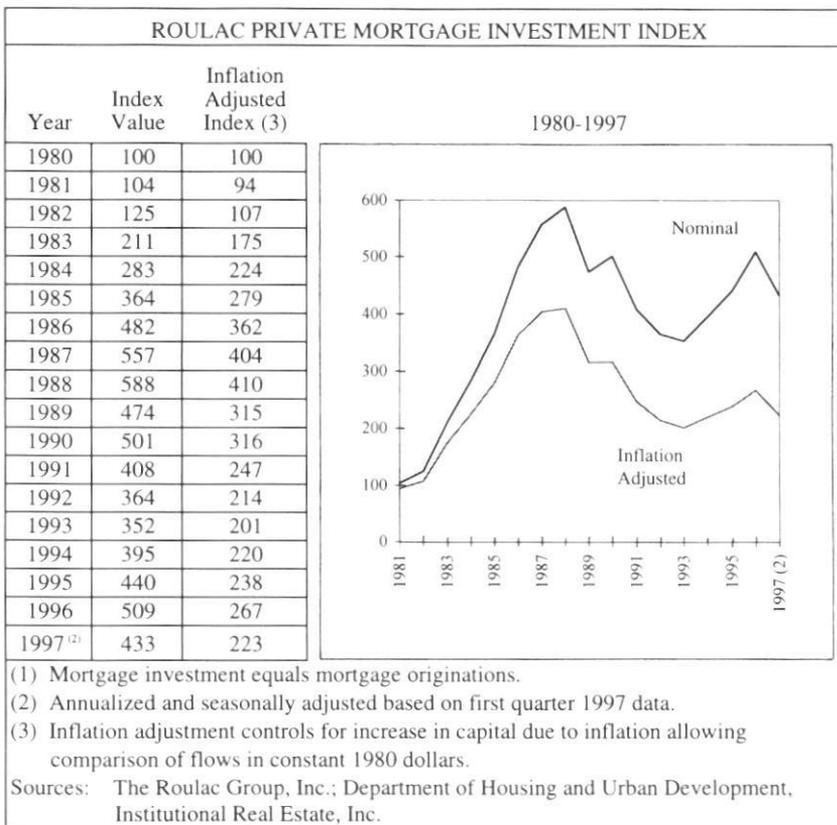
Mortgage origination activity has grown rapidly in recent years following the credit crunch that hit its bottom in 1993, as shown in *Exhibit 9*. The Roulac Private Mortgage Investment Index reached 509 in 1996, its highest level since 1988, but is projected to decline somewhat in 1997. On an inflation-adjusted basis, mortgage originations have dropped between 35 percent and 45 percent from their peak in 1987 and 1988.

A sign of health in the mortgage markets is that the net flow of real estate debt has not been excessive. While originations have been strong in recent years, there have also been substantial sell-offs of loans and refinancings of existing debt. Combining originations, sell-offs, and refinancings, there has been a modest net flow of around \$15 billion to \$20 billion per year between 1995 and 1997. This compares to a net outflow of nearly \$60 billion per year between 1990 and 1992 and a net positive inflow of capital of nearly \$85 billion per year between 1985 and 1987.

CONCLUSION

In summary, real estate capital markets can provide vital intelligence to assist in strategic

Exhibit 9



decision-making. Importantly, to maximize its applicability to decision-makers, the specific type and presentation of real estate capital markets information must be customized to a specific firm's decisions. As discussed in this article, differentiating the needs of owners, service providers, lenders, and those accessing capital is a critical first step, but only the first step in achieving competitive advantage and profit from capital markets knowledge.^{REI}

NOTES

Exhibits 2,3, and 7: The Roulac Real Estate Capital Flows Index and related statistical exhibits are derived from The Roulac Group's proprietary historic capital flows database which tracks, on a quarterly and annual basis, the aggregate market size, net flow, and capital market activity from the 17 key real estate capital providers. Key sources incorporated into our capital flows model include: U.S. Housing and Urban Development Survey of Mortgage Lending; Money Market Directories; Institutional Real Estate Inc.; Commercial Mortgage Alert; National Association of Real Estate Investment Trusts; Robert A. Stanger & Co.; CCIM/Landauer *Investment Trends Quarterly*; Department of Commerce; Bureau of Economic Analysis; American Council of Life Insurance; Federal Deposit Insurance Corp.; Historical Statistics on Banking; and the Federal Reserve's Flow of Funds Accounts.

ABOUT THE AUTHOR

Scott R. Muldavin, CRE, is managing director of The Roulac Group, Inc., in Larkspur, CA, where he has advised many of the nation's leading real estate organizations and numerous REITs, corporations, developers, operating companies, and foreign investors. Muldavin is a leading expert and advisor on the real estate capital markets and their strategic implications for investors, lenders, and real estate service providers. He is the nation's only consultant designated by both the top real estate consulting (CRE), and top management consulting (CMC), professional organizations.