Michael Roush: And from the title company's perspective, we see developers, purchasers, borrowers who have good relationships with their banks, and we see the same type of clients who have bad relationships with their banks. And the ones who have that good relationship who are partners, who are pulling the rope in the same direction, it's so much smoother and it's more cost effective. It just goes so much better for all parties when they have that solid, good relationship with the bank. That the bank knows the practices; they've worked with them. They're comfortable with the deals.

Tobias Rafael: That relationship helps you out as well, though, too. I remember from my days on the board, I think we had a lot less to worry about when we were loaning to someone who we knew and we had done business with. So again, we would still disburse, but there was a little bit less risk.

▶ BUT DIDN'T THE RECESSION SOMEWHAT LEVEL THAT?

Tobias Rafael: Sure. It was a very uncomfortable time because the rules were changing, and the banks didn't know what to do. I mean one minute they were having to move money out of the bank while the lending rules were in flux. Then the next minute the banks were taking TARP; then maybe they weren't taking TARP. It was an interesting fluid dynamic. So it was really hard to do deals, absolutely. The banks had to rely on their trusted relationships to weather the times.

▶ NICOLE, YOU MUST BE IN THE MIDDLE OF ALL OF THIS.

Nicole Doeschot: From the CPA perspective, we generally deal with clients and their banking relationships at the beginning of the loan deal, and at the end of each year. This is when banks are usually requesting or requiring financial documents for review. It certainly helps to have a personal relationship with a bank. This develops trust and most importantly, an understanding of your business. However, even with a personal relationship, we are certainly seeing more due diligence from the banks, whether it's reviewing financial documents more closely, requiring additional statements, or requiring a new level of assurance, such as a review or audit. The best advice we can give is to read through your financial statements and review your tax returns after they are prepared so you understand what you are sending to the bank. Earlier, Mark you talked about nonrecourse debt. It's getting really tough for our clients to secure a loan without a personal guarantee lately, even when there's collateral involved.

▶ WHAT DO YOU THINK THE FUTURE'S GOING TO LOOK LIKE? BOTH IN COMMERCIAL AND IN RESIDENTIAL.

Tobias Rafael: I just wrapped up a commercial project out west – Reinsurance Group of America's headquarters. I was an owner's rep for that project and I can tell you that the project was really focused on top-tier millennials. You can't really get top-tier millennials to interview for a job these days unless the facility has high-tech collaborative spaces, a state-of-the-art fitness center, a healthy lifestyle cafe, and other amenities such as a Starbucks coffee kiosk, car wash and other convenient services. I think a lot of that

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"It just goes so much better for all parties when they have that solid, good relationship with the bank."

MICHAEL ROUSH,
First American Title Insurance

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has to do with the expectation that's being set when they leave school. The quality of the schools they're leaving, like Wash U, SLU and others outside of St. Louis, are very well built. They've got these spaces that we're talking about. You look at Google, the benchmark, as far as millennials and what they've done. We've always been looking at new ways to define space, to make it more friendly and more conducive to the new generation while at the same time promoting sustainability, maximizing efficiencies and enhancing productivity.

Mark Cofman: Because of the high cost of construction, new projects will demand higher rents. New apartments coming on the market will offer numerous amenities and services. There were 1,700 units completed last year and 1,800 projects projected for next year. As the developers continue to build there will be a point of saturation. What will delay this process is a new generation; the millennial generation. They watched the housing boom and then bust and are coming out of school with significant debt. They are mobile and well informed. As a group they share less interest in home ownership. Home ownership has already dropped from 69% to 66% and is projected to continue to slide. As an apartment brokerage, we are enjoying the apartment development, however, the supply could eventually exceed the demand.

Michael Roush: I think when dealing with the millennials, and I can attest to this from a personal level, student loan debt is a big concern for most of them coming out for the first time getting their jobs. And they did come out after and during the bubble that burst, and so there's a real risk assessment that they do when it comes to buying versus renting.

▶ SO THEY'D RATHER RENT THAN BUY?

Michael Roush: Definitely. The fear of losing value on your house and being under water, coupled with the student loan debt, why go through the headache? Why even do the math when this rental has what I want. With the high volume of rental property available, and the lack of large families, space is not as huge of a concern for Millennials. What is a concern is losing value and being even deeper in the hole.

Millennials "have to rent because they can't afford to buy because they have so much student debt."

KEVIN BUCHEK,
Roanoke Construction

Kevin Buchek: I think some of them don't necessarily have a choice. I think they have to rent because they can't afford to buy because they have so much student debt – their debt-to-income ratios won't allow them to get a loan from a bank to buy a new home, and the banks are starting to require more down payment and their restrictions are getting a little tighter than they've been pre-recession. So i'm not sure if it's because they want to rent or they have to rent, but also I think we're setting up these young adults for disappointment because, when we all went to college – I'll speak for myself and anybody that's my age or older – we lived in a dorm room with a roommate in less than 200 square feet of space with no kitchenette, with one closet, with a bathroom down the hall, with pet mice running around on the floors. Now they go to SLU and Wash U and they live in an apartment that's fancier than my house. And a lot of these kids grew up in their own bedroom. When we were kids, we shared bedrooms with our siblings.

Nicole Doeschot: While the market is hot now, in the future, the Boomers will

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start retiring and looking to downsize. Some may be moving into the senior living communities we keep talking about, some will buy a condo or smaller home, and others will simply rent. With the mix of more millenials choosing not to own homes, and boomers selling their homes, it does not appear that home ownership rates will increase any time soon. This inevitably means that people are going to start having trouble selling their homes, and may look at other options. This could mean being forced to become a real estate investor themselves, and rent their house to the generation that doesn't see home ownership as critical. When you become a real estate investor by default, there are many things you have to watch out for, particularly from a tax standpoint. You could get yourself into a situation where your income was higher than expected because you generated real estate income you weren't expecting or your real estate losses were non-deductible due to your personal tax situation.

Mark Cofman: I also have a residential brokerage house. Since the housing bust, investors have moved into the market. Buying residential homes at a record rate. We are starting to see a shortage of homes at certain price points. If this trend continues we will experience a transition into a sellers' market.

▶ HOW DO YOU SEE ST. LOUIS POSITIONING ITSELF TO ATTRACT NEW BUSINESSES?

Michael Roush: We've hit on it a little bit with the local universities. There's a large number of bachelor and doctorate and post-graduate degrees coming out of the St. Louis market. And the real trick is to keep that talent there and to attract talent from other places. I mentioned giving them what they're wanting in amenities. The workplaces, the quality, work-life balance they're looking for. And then develop those things that St. Louis is good at, like Cortex. It's really focused on keeping technology, really high-educated jobs local.

Tobias Rafael: We've always been a part of this nation's breadbasket. And I think geographically, it makes sense. St. Louis is taking necessary measures to revitalize the foundation already in place. Its strong infrastructure, with improvements made with the help of generous tax incentives being offered, will continue to help attract new business to modernized facilities. We are seeing a lot of revitalization. I think we're trying to keep our elite here. It's becoming more attractive and appealing to even companies outside.

Nicole Doeschot: I think that St. Louis' recent push in the startup environment has really helped make it a vibrant city. The startup community is attracting employees and other business' to St. Louis and it's developing new areas in St. Louis that otherwise were sitting vacant a few years ago. I think that's going to shape the city and make it attractive to the millennials and new businesses.

Jeff Gilbert: Word travels fast in the technology world. There's a common trend that's been growing over the last five, six years. Look at Main Street St. Charles. People think of little shops and some restaurants. But hidden in there are a lot of tech companies most people don't know about. You can just see the energy. You see a lot of young people with a dream. And some of them are

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"We're trying to keep our elite people here and it's becoming more attractive to outside companies."

TOBIAS RAFAEL, RAFCO

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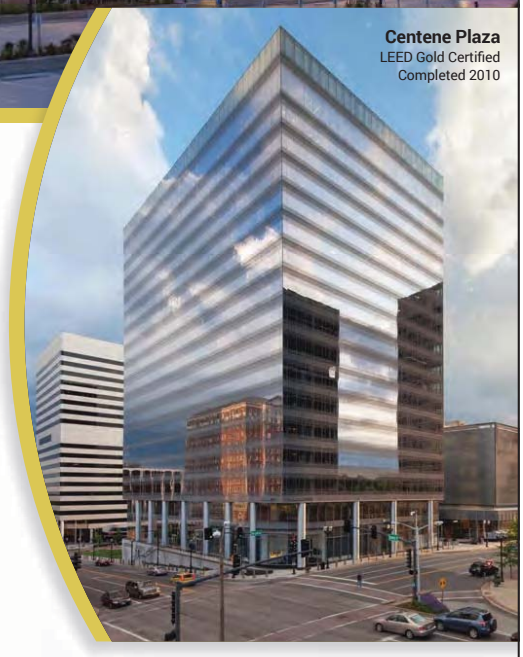

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going to make it, and we're going to be reading about them in 10 years. That's the kind of stuff we as bankers love – go to a company right when they start and watch them grow..

Kevin Buchek: We have the talent here. We have inexpensive real estate as you've mentioned here, and we have an ideal location. We have underutilized runways at our airport. We have an airport you can fly in and out of 12 months out of the year. If anybody travels for work, you're going to go through O'Hare and you're going to be delayed every single flight. You're never going to fly two routes on time through Chicago. So how St. Louis is not a hub and O'Hare is, I have no idea, but eventually some of these big companies are going to realize that. They're going to locate here and it's going to bring more flights here, which is then going to bring more business here. We need to utilize our airport and our location a little better than we have.

Michael Roush: I think the airport is extremely important. It really is St. Louis' front door to the rest of country. It is ready to facilitate whole lot more people and commerce than it is right now.

Mark Cofman: Two other things that St. Louis has going for it is – and we've kind of touched on it – it's one of the most affordable cities. The housing prices and cost of living is very low here, and then we also don't have the boom and bust that they have in some of the other areas.

▶ MIKE, WHAT DO TITLE COMPANIES LOOK FOR IN ORDER TO INSURE OVER POTENTIAL PROBLEMS WITH TITLES?

Michael Roush: Well it really depends on the issue that's presented. There's a wide array of title issues that exist. There are survey issues, mechanics' liens, zoning restrictions, and the list goes on. Title companies need to understand the transaction and really know what the problem is. It is important to take the time to discuss the issue with clients, gather all relevant information, and make an assessment based on the totality of the circumstances. Luckily, we have a team of experts who have seen it all and know the best way to proceed to get to a successful closing.

"Home ownership has already dropped from 69% to 66% and is projected to continue to slide. As an apartment brokerage, we are enjoying the apartment development."

MARK COFMAN
Realty Exchange

▶ TOBIAS, WHAT VALUE CAN A PROPERTY MANAGEMENT FIRM BRING TO NEW COMMERCIAL DEVELOPMENT IF INVOLVED DURING THE DEVELOPMENT PROCESS?

Tobias Rafael: We understand how it's put together so we can take it apart. That's really the big picture. Ultimately what you're talking about is understanding why things are put where for what reasons, helping the owner make informed decisions. Is it the best for service and maintenance? Is it best for all of the lessons learned that we've seen in managing other assets? We are forward thinking, and we bring technology to the table. Our involvement with the Centene Plaza and RGA headquarters development projects provided our clients with the balance of both operational and energy efficiencies, making effective use of Autogration technology. It's proactive management designed to help protect and maximize the value of the property investment long-term while ensuring business continuity from day to day.