

**Rotary**  
Club of  
Charlotte



# REPORTER

January 4, 2016

**PAT RILEY**  
**Allen Tate Companies**



Mark Turner opened with an introduction and welcomed back Pat Riley to our Rotary Club. Pat has served as an active and engaged community supporter and he currently serves as the President of the Boy Scouts of America Mecklenburg County Council. He's the Chairman of the Board of Directors of the Charlotte Center City Partners. He serves on the Charlotte Executive Leadership Council. He serves on the CPCC President's Council, and in his spare time, since 1992 he's been the President and CEO of the Allen Tate Company.

Pat began his presentation with a little history... "When I talked to you folks up here the last time I was here was right after I was Chairman of the Chamber, it was 2008. When I came here everybody said, "We're not going to participate in this thing, this recession. We're not ready to participate in this because of in-migration. Folks moving here, at 30,000 per year right through the recession, how could we participate in such a thing as this recession?"

What happened is homes went up so fast that our friends in the banking industry said, "You know what? What do we care if we lend people's equity back to them? What do we care? If a home is going up 5, 10, 15, 20% a year, what do we care? What's our risk?" So what we had for the first time in history, we borrowed the equity in our homes for this, that and everything. That was solace for our rage. We gave that away. It was in some cases what we needed for a rainy day; we gave that away. So it was a double-edged sword because for most Americans, in fact 82% of Americans, their wealth is in their home. It's forced savings. That mortgage payment? So much goes to principal, and we're not as Americans good savers. That's why the mortgage was our safety net.

Then the crash took place. The Allen Tate experience was to see closings fall from over 25,000 per year and close to 6 billion in closed home sales to less than half that number...closer to 12,000 closings totaling about 2.5 billion per year from 2008 to 2009."

Now, I'm going to talk about a more positive story. It is now several years later. We're going to tell a different story. I will set the stage for the Allen Tate Region. Our region is the 85 Corridor. We go from Raleigh to Greenville, South Carolina. That's our playpen, and when we look at that playpen and we look at where it is and where it's going, it's pretty simple. Where you and I sit, Charlanta. Charlanta, the 85 Corridor right now this region is the third most productive region in the United States and the 11th most productive region in the world. The 11th in the world, the third in the United States, the same as the entire country gross output as the entire country of Korea and South Korea.

"We don't compete against Raleigh. Raleigh doesn't compete against Charlotte and we don't compete against Greenville. Together we are a compelling story to the world. We don't have what Raleigh has. Raleigh doesn't have what we have and we don't have what

Greenville has, but together, what a compelling story.

We used to do a million and a half new homes a year in America. This year we're probably going to do 750. We used to do 26,000 in Mecklenburg County. This year we're probably going to do 16,000. Last year we did 9, 10, and the year before that 7. We're millions of new homes behind in America.

We have four living generations now in play. We're living a lot longer. We have a silent generation that while the recession hit they paid-for their homes, and some of you in this room have parents still living. They need to be in assisted living or they need to be in independent care. They need to look ahead. Now, go to the other end, go to the millennials. The millennials are that generation, the only generation in history that really waited eight to 10 years longer than their own brothers and sisters and parents and grandparents to buy their own homes. Today, they're not getting married 'til 30. They're not even having kids until 34 or 35. They were living with their parents. They were living with friends and there was a good reason for that. You know, if you've heard me before, it's pretty self-explanatory. Most of them are coming out in the worst job market, the highest college debt, 50% of their parents divorced, so they're not going to rush into any long-term relation as quick as their parents did. Fifty percent of their parents lost jobs from major corporations and pensions. So, the trust factor, not there.

You put that all together, there's good reasons that for the first time in housing history there was an eight-year and nine-year gap. Because it's a food chain. First home buys the second, the second buys the ... and it's a food chain. The food chain was interrupted for nine years, and then you put a recession on top of it, which was part of it, put on top of it. Now, their younger brothers and sisters, they're 21, 22, 23, 24 today, they're not waiting. They might not be in a long-term relationship; as a single person, they're buying. Male or female, they're buying now. They want to get on this ownership bandwagon as soon as possible to take advantage of the appreciation that's out there.

So now we look at 2013. We were in the last inning, a year ahead ... behind everybody else. We are the first out. We were a year and a half, two years before anybody else. Last year at around 19,000 closings there's a difference between the 20 and the 19. Why did 2014 go down? Because we, Tate, a micro of the macro, we have 1800 sales that went to investors where they come in and bought 26 houses a month. We sold 1800 of those to investors who bought those and holding them for five or six years where they bought at the low. They went away. That's why that dip in '14 and now '15, we just finished the year, 21,595, 5.16 billion, third best year in history.

So, we have a housing boom in America now, we are creating households. We are creating babies. We are creating households. The millennials are in full swing. Thirty-six percent of all sales are now millennials. Their younger brothers and sisters let's say are emerging. The senior generation, the silent generation's in motion, and the boomers, guess what we're doing? We're starting our six-year, eight-year, ten-year trek. We are staying much later than generations before us in downsizing, because we're healthier, we're living longer, we think we're invincible. We're still out there riding skateboards and thinking that we're in the 20s. We're not ready to downsize yet.

We are starting our downsize trek. That's why the condo market will be very strong in the future. Condo markets the first one in a recession and the last one out. Lenders don't like to lend on it unless 60% of a building is home-owned, but a lot of these towers that are built for conversion will convert in the next couple of years because there is a thirst for a mountain at the beach, a house here that I can lock key and go visit my grandkids in whatever city they are, or the mountain to beaches. So the condos will come back very, very strong.

Rates, I just want to point out here as far as rates, every time in history rates hit a trough, every time in history, there's a 2 point jump. Now this one has been a slow jump but the low is 3.38. It will be 5-3/8ths very shortly. Now that is low. That's something to be ... Here they're saying, okay, '16 it's going to be 4.8, 4.25, 4.4, 4.6. What do we have to complain at? Nothing. The average in history has been 8.02. 8.02.

That is a snapshot of Pat Riley's presentation. If you want a transcript of the entire presentation, please email John Galles at [jgalles@greatercharlottebiz.com](mailto:jgalles@greatercharlottebiz.com). He will email you the entire transcript text.

Speaker Write Up: John Galles; Head Table: Ed Wadsworth, David Head, Tom Bartholomy, Mark Turner, Jim Rogers, Clyde Robinson; Invocation: Angela Broome; Visitors & Guests: Ken Poe; Health, Happiness & History: Edwin Peacock, Song: Chris Kemper; AV: Jessica Dupree, Nikki Keith, Steve Eanes; Photos: Bert Voswinkel

## Club News

The club has suffered the loss of two more of our members. **Leroy Robinson** was a long time member that resigned from the club a few years ago with health issues. Leroy attended Wake Forest and in 1944, he joined the U.S. Army to serve with the 102<sup>nd</sup> Infantry Division in Europe. He returned home in 1947 and re-entered Wake Forest. He was admitted to the NC State Bar in 1951 and joined Belk Stores Services as assistant general counsel. In 1952 he was called back to military service during the Korean Conflict as an officer in the Judge Advocate Generals Corps at the Pentagon. While in Washington, he earned his Master of Laws degree from George Washington University Law School. Leroy enjoyed a career of over 50 years at Belk and although he announced his retirement in 1989, he remained working and was named the company's general counsel until his actual retirement in 1995. Leroy passed away December 30, 2015 and the club has sent a memorial to the Teresa and Leroy Robinson Fund at Dilworth United Methodist Church.

**Tom Hutchins** initially joined the Newport News Rotary Club and served as their president in 1973-1974. He was born in Brooklyn, New York and moved to Durham, North Carolina at the age of 7. After completing high school in Durham and attending N.C. State from 1945 to 1947, he entered the U.S. Naval Academy and graduated in June, 1951. The next four years saw duty in communications and engineering officer billets in USS Rockbridge and USS Macon operating out of Norfolk. In 1955, Tom joined General Electric Company and enjoyed assignments in Washington, Newport News, VA and Cleveland, Ohio. Tom and his wife, Peg, lost their only daughter, Meg to cancer. Tom has been a member of Charlotte Rotary since 1984 and passed away January 3, 2016. At the time of this report his funeral arrangements have not been completed.

Jim and **Sandy Osborne** are pleased to announce the birth of Morgan Elizabeth Little on January 4, 2016. Mom, Dad and baby brother are doing great.

**REMINDER that next week's meeting will be held at the CPCC Harris Conference Center.**

**PRIORITY:** If you are interested in serving as a host family for Radim, one of the club's exchange students (attends Myers Park High School) between March 1 to May 31, please talk to Ed Wadsworth ([ed@wadsworthgroup.net](mailto:ed@wadsworthgroup.net)). Ashley & **Mark Duncan**, Nanelle Napp & **Chuck Cocks**, Amy & **Mark Norman** are club members that have, or will be, hosting this year and would be a helpful resource.

## 100 CLUB PROJECTS

Service projects in 2016 will be kicked into high gear if we expect to complete 100 projects before year end. Projects that can be completed in a few hours seem to be the best fit. Think about what is needed and contact Sandy or John Tabor. The below project to help with Library conduct digital literacy training is currently on the radar. Please consider assisting this project.

**NEW PROJECT:** Todd Lanham has introduced a new project for consideration. AT&T has volunteered with the Library for digital literacy training at library branches in 2015. The library wants to expand these sessions to three other branch libraries and volunteers are needed to provide 2-4 volunteers for each weekly session (6 week program) to help students along should they get stuck or need individual help. You don't have to be an IT expert – just possess a fundamental knowledge of using a computer.

January 12: Charlotte Mecklenburg Library – Beatties Ford (Tuesdays 5:30PM – 7:30PM)

January 16: Charlotte Mecklenburg Library – Sugar Creek (Saturdays 10:00AM-12:00PM)

January 28: Charlotte Mecklenburg Library – Beatties Ford (Thursdays 5:30PM – 7:30PM)

Two options to participate: (A) Join AT&T volunteers at one of the events on Thursdays (January 28 Beatties Ford Branch). (B) commit to providing volunteers for one of the other two sessions for the entire 6 week program. This would be strictly a “Rotary” group and 2-4 volunteers are needed each night.

Questions to Todd: [todd.lanham@att.com](mailto:todd.lanham@att.com). If you are volunteering, please let Sandy know as well.

**Kim Popky Platelet Challenge** is on-going. John zumBrunnen wants 100 platelet donations over the next year and will donate \$50 for every donation to the American Red Cross or Community Blood Center. If the goal is met, he will donate an additional \$5000.

## UPCOMING BIRTHDAYS (01/06/16 – 01/12/16)

01/06 LJ Stambuk

01/08 Cindy Wolfe, Bob Finley

01/12 David Auger

## UPCOMING ANNIVERSARIES (01/06/16 – 01/12/16)

01/07 Cindy and Gary Wolfe

Visitors & Guests	14
Club Members	188
Total	202
Percentage	67.9%

## MEMBERSHIP

06/30/2015 319

01/05/2016 313

Net Increase: -6

*New Members:*

*Resignations:* Tom Hutchins, Jeff Jackson, Bob Denson

Visitors: Will Boye, Anna Sybrecht, Kevin Boyle, Bob Morris, Melanie McDonald, Jane Anglin, Qiana Austin, Stephen Smith, Zach Simpson, Scott Whitlock, Kathleen Turner,

Frank Hopkins, Bob Stiles, Linwood Bolles

**UPCOMING LUNCHEONS** ([www.charlotterotary.org](http://www.charlotterotary.org) and click on the events tab)

01/12 – James Ferland, CEO, Babcock & Wilcox (**HARRIS CONFERENCE CENTER**)

01/19 – Ron Green, Jr. – A Journalist Look at the PGA Tour

Photos from our luncheons and other events can be found on **Flickr** [Click here](#)

Holiday photos from the December 22 meeting are loaded on the Flickr account. Click the above link to view.





[charlotterotary.org](http://charlotterotary.org) 704.375.6816  
1850 East 3<sup>rd</sup> Street | Suite 220 | Charlotte, NC 28204 USA  
Rotary Club of Charlotte