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## **The CRE property management industry is better than it has been in years - by Chris Mellen**

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As we enter the 9th year of the up cycle we continue to enjoy a real estate market unlike any we've experienced before.

From the property management perspective, I can report that the industry is better, and stronger than it has ever been in recent years. The market continues to grow in both the multifamily and commercial sectors with rents still rising, demand increasing while supply in many areas are stable and in other areas going up with what seems to be, at a safe pace.

The trends we see in the Greater Boston market support a growing movement toward live-work-play lifestyles. Much of this activity is being fueled by the Millennial generation, many just starting out in their careers and as a class of renters, workers and shoppers thinking differently and having different needs than any other generations. This is forcing property managers to recognize and respond to a new set of expectations. Apartment, office and retail property owners alike are making modifications to their properties and management to accommodate the living, working and retail patterns of the Millennial generation, the largest group in U.S. history. These changes are including updates to digital payment technologies, utilizing social media for a variety of activities including leasing and upgraded amenities, all in the name of convenience and flexibility.

It doesn't look like there is an end to the real estate ride, or at least one in the near future. To substantiate this all we need to do is look at the residential and retail development sprouting up around transit hubs like the recent multifamily development and proposed new retail, near Forrest Hills Station and the South Station Tower, currently in preconstruction slated to be atop of South Station.

In addition, the waterfront area in Boston is experiencing continued development with the ground breaking of Echelon Seaport, a 733 unit planned apartment, and condominium development with retail and restaurants, and Seaport Sq. a 23 acre mixed use property with a hotel and apartments already opened. These developments are just a few who will join General Electric and Amazon's Alexa Division, who have committed to this Innovation District.

Even the hard hit office market rebound and continues to tighten although there has not been much new construction in this sector without commitments from major tenants. Average rents in Boston and the suburbs have not rebound to the all-time pre-recession highs although appear to be climbing as demand continues to outpace supply.

Many of the older suburbs bordering Boston are also going through the same things, which reaffirms that new development and redevelopment couldn't take place without a strong economy. Yet as we can remember vividly, originally slow to show itself; the first few years of the up cycle produced few jobs, slow growth, low interest rates, and higher vacancy.

The signs of our cyclical economy are trackable and history has shown the economy takes some kind of turn every seven or eight years and we are definitely due for that and still, my forecast, although cautious, is that you can look for more growth in 2018. Rents will still go up, and in the apartment market at an average of 3% to 5%, the job market will become stronger, occupancy will continue to increase and there will be more new construction while having a very manageable absorption rate.

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