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## **Building and developing for supply chain spillover - by David Kirk**

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Commercial real estate is a residual and derivative of economic activity. At The Counselors 2018 annual meeting in Charleston, S.C. October 20-24, attendees experienced an extraordinary telling of the dramatic impact of jobs, quantum expansion of the economic base, and the power of supply chain spillover. BMW, Mercedes, Volvo and Boeing have been powerful economic forces in Charleston and South Carolina. And the supply chain clustering employers have been a powerful resonance. Of course, the supply chain impact of downturns is a bittersweet economic echo.

Supply chain sensitivity and sensibility have always been a primary focus of manufacturing and commercial real estate location. Recent upward trends in transportation costs have increased the critical importance of supply chain locations. Working closely with the metropolitan manufacturing sector, the greater Charleston community, with extraordinary solidarity, accelerated approvals, expanded infrastructure and jumpstarted training, all to make these major employers and their supply chain fit comfortably in an emerging economy. Cultural adaptation and surprising synergies in this transformation have spilled over into innovation, technology and education clusters of economic diversity that should survive the anticipated downturns.

Supply chain parallels in the knowledge economy, including social media, life sciences and other currencies, are easy and apparent. Patterns of aggregation and agglomeration have often occurred in commercial real estate. Building and developing for supply chain spillover should be an essential component of outreach strategies. Tax credits are ok and part of the game for the significant employer. However, the best ball game goes a lot further.

Tax credits and financial incentives are not always transparent or compelling. Infrastructure expenditures and collaborative job training can be both. They can also support supply chain employers. Collateral and synergistic benefits to the greater community can be concurrent or longer term. Preparedness, planning and creative brainstorming, among other matters, must be integrated with good faith efforts to do the deal. And be integrated with the timely ongoing execution.

The beloved Boston Red Sox won the 2018 World Series of Baseball on October 28. The championship rested on four victories of up to seven games. The Red Sox, after winning the first two games and losing the third in 18 innings (9 innings regulation) with opponent's tie-breaking run, won the fourth and fifth. Several life lessons for the professional real estate community. It's not over until it's over. Victories are not always apparent. It takes a team effort. There are more than nine innings in a ball game, sometimes.

Keep on trucking. PLAY BALL.

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