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The year rewound and the year ahead

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2009 was better than 2008. That doesn't mean it was a good year. It was just a less large negative number. While 2008 was replete with exceedingly large amounts of bad news and truly hideous market disfigurements, 2009 represented a leveling off in the rate of decline.

In 2009, we saw what havoc frozen credit markets could wreak on consumer, business, and residential and commercial real estate sectors. We saw that the influence of government action on markets. Whatever else you might believe, there was no lack of intervention. Government exercised its duty as the lender of last resort.

In 2009, local residential real estate markets began to move away from the brink, lenders became willing to lend again, and sellers sometimes listed homes realistically. Good communities exhibited strong characteristics. Many other cities and towns may be several years from reviving enough to be considered in a state of recovery.

However, many suggest government stimuli are to blame for any positives. Even the NAR economist believes that markets may drop back once the effect of first time homebuyer credit wanes. Let's hope something else will arise to help drive the residential monolith.

For commercial real estate, 2009 mostly represented a year of tough going. Financing was difficult to obtain and with sellers resisting the need to drop prices, buyers were few and far between.

The economy rocked retail, office, lodging, and industrial/warehouse/R&D markets. Those who had resources to essentially pay cash and could find some deals, did well. There weren't many though. It's not that most markets are flooded with distressed product. Perhaps this is yet to come.

The commercial prognosis isn't super for 2010. Until job growth returns and a healthier business cycle is in place, most leasing activity is likely to remain glacial with vacancy creeping up with continuing downward rental pressure.

Even if this is the year that we begin to see some light at the end, understanding and reacting to what is happening won't make the year any less challenging. It will likely be a year of mixed messages. The various real estate sectors will operate on different cycles. Commercial will be in work out mode.

Here's some anecdotal evidence that markets won't be completely negative in the next year.

*Development buyers are out reportedly hunting up deals to land bank. No one expects development to return soon, bottom fishers with resources to buy up some distressed or nonperforming residential projects are out there.

*Some high end brokers report greater activity during 2009 after a most dismal 2008. While not a boom, well heeled buyers are out in the market looking at pricey properties.

*In the Greater Boston Area, some multifamily transactions suggest that apartment markets here are stronger than those in other parts of the country.

*Bankers are seeing investors setting up credit lines in order to poke around for opportunities, suggesting that prices may be becoming attractive.

*Many stronger communities are seeing small scale development actitivity. The housing being created is more basic than during the booms' height: that is not altogether a bad thing.

*Local lenders seem to be willing to lend within their core markets. Sane underwriting criteria are being applied: this is not a bad thing.

Nothing here points to the next property boom: a few observations here and there do not signal a trend. These are more positive signs than there were a year ago. These sorts of anecdotal pieces are useful where there is so much conflicting information. Conversely, things could resume their slide down the chute, too.

Take on 2010, the start of a new decade, with grit, resolution, and clarity. Don't listen overly much to the media. Find people that you respect and listen to what they have to say before starting to talk. Yes, listen more than you talk. Study, analyze, consider, and then act.

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