

## Real (estate) time: Somethings change too fast

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Who says that one person can't make a difference in this world? The last few weeks, largely brought on by the election of one little known Massachusetts resident into the U.S. Senate, have dramatically changed the playing field in Washington and shown how things can change overnight. I'm not going anywhere near whether the election of Scott Brown is a good thing or a bad thing. I am only commenting on how quickly, in this somewhat volatile environment, things can change. As the old saying goes: "In politics, overnight is a lifetime."

After the Brown election, watching President Obama's State of the Union address, it was clear to me that he was responding, changing. He felt the need to move more to a centrist position, while still making promises to both the more extreme left and the more extreme right. In general, I would say he tried to provide something for everyone, perhaps in smaller bites. He left me inspired, but confused as to how this even broader spectrum of wishes could be accomplished.

Most of the issues he spoke to have some positive impact on real estate. He espoused plans for more credit for small business; a plan to divert \$30 billion in Wall Street bailout funds for small business lending; new programs for private and public to spur job growth; a modified health plan that would at least provide coverage for all people; methods for precluding further bank meltdowns such as we have experienced over the last year; tax cuts for small businesses and middle class people.

Almost all of these positions will be good for real estate. Specifically, any programs that reduce unemployment, create small business growth, and provide more jobs will all cause employers to occupy more space and employees to have more spending potential. That's all good for residential, office commercial and retail property.

But let's go back to the concept of one person, one unknown person, becoming a lynch pin in whether legislation always gets passed or never gets passed. This notion is as troublesome as it is uplifting. Uplifting, because individuals can make a difference; troublesome because things can change a little too fast, caused by very small occurrences. We want to believe that things can happen in a short amount of time to put real estate back on track. However, we recognize that this same short amount of time, working in a different direction can derail it again. Real estate cycles are short enough based upon economic fluctuation. It is hard enough to plan, design, permit, build and lease a real estate project in less than 10 years. During the 10 years, on average there will be two real estate cycles. Politics, and the difficult issues our country faces, and our fluctuating reaction to them, can foreshorten the cycles for better or for worse.

After the last few weeks, I am struck by my own uncertainty, the uncertainty of where the economy is headed, where interest rates are headed, how much inflation there will be, whether small businesses will be able to afford health care, whether space needs will grow, or not, and on and on. President Obama is a brilliant speechmaker, and the tone of the speech was pragmatic, focused,

determined, and uplifting. Yet, for all that was said so brilliantly, it is very unclear as to whether and how this will unfold.

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