



CELEBRATING
55 YEARS

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Hope for 2011 appears reasonably well justified

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The clarity of the complexity of the commercial real estate market improves with each sluggish tick of time and transaction closing. Locally we are blessed and buoyed by the local economic performance and outlook. Job gains continue in the private sector; the public sector has stabilized somewhat from stimulus and tax revenues, and expansion and starts dominate the news. The markets are nevertheless tricky and spotty and a challenge. We should all be impressed and encouraged by the capital available for our local markets. Finding the fit and funding it will continue to be increasingly competitive in 2011. This of course is a better marketplace than 2009 or 2010.

For 2011, deal flow will increase in the local commercial markets. However, liquidity will still be limited in many submarkets because of vacancy in properties and inventory. The energy and vitality of the local professional real estate community has demonstrated preparedness and responsiveness to the persistent and gradual improving trends and cumulative pent-up demand that justifies the global capital on the doorstep. Some of that capital is blind and some is stupid but not so much! Sustainability in location, improvements and related demand is more than the emperor's clothes! Diligence will be rewarded. Anecdotal evidence and survey data do inform and improve underwriting, investing and appraisals. Local transactions must be reconciled with any conclusions.

For 2011, forecasts will be difficult to defy in pro formas. New England Economic Partnership (NEEP) released its revised forecast for the region on November 17th. The region will continue to outpace the nation in economic growth through 2012, and until Q3 2014 the end of the forecast period the region will grow at only slightly below the nation. Slow growth persists until mid-2011 and then the region picks up strength. Regional job growth will also outpace the national average, less than 1.5% annually until mid 2012. Pre-recession employment peaks in Q1 2008 will be achieved in Q3 2013, one quarter after the nation as a whole. NEEP sees a looming dark shadow from declines in government employment through mid-2011, a loss of 2% or 21,000 jobs in the region due to fiscal crises in federal, state and local government. NEEP relies on Moody's Analytics for its base projections.

For the immediate and foreseeable future, many scenarios are forecast and imagined. Congress must act on spending authorization and limits, taxes, unemployment benefits, and, together, the federal deficit, among other agenda items scheduled for attention!. The Fed must implement QE2 and decide what else. The global economy has to continue to be part of our recovery! A lot can happen, and certainly a lot will. These macro scenarios are complex, and yet they are clear and can be postulated, better than yearend 2009. Locally we are up the ladder on recovery if not solidly in expansion. Even with the long list of if's and mixed messages, hope for 2011 and beyond appears reasonably well justified.

Happy New Year and best for 2011.

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