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Feeling better yet?

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Finally, we are beginning to see consistent, positive news on the economy and real estate market. There are signs on many fronts that conditions are improving and the recovery may be gaining steam.

On the local residential side, recently released statistics indicate that sales of single family homes in Mass. increased nearly 20% last month. This data, provided by the Warren Group, shows that March made the strongest showing since the beginning of the recession. They report that more than 3,200 homes sold marking the third consecutive month of increases and the highest number of March sales since 2007. At the same time, the median price of single family homes fell last month to \$260,000 compared with \$268,750 in March of the previous year. Although a 3.3% drop, this was still an improvement from February when the median price sank to \$245,000, the lowest since 2002. It is clear that price still matters in most markets.

The good news is not limited to the residential sector. In their first quarter 2012 office market update and outlook, the Co-Star Group notes that the rebound in office using jobs is spreading to smaller businesses, which dominated office leasing activity during the first quarter. They further note that continued positive absorption, coupled with dwindling supply of available space, is setting the stage for resumed rent growth in U.S. markets in the near term. This seems to be supported by recent unemployment data showing that Massachusetts has continued to perform strongly and the unemployment rate is solidly below 7%.

On the investment side, several interesting trends are appearing. The Wall Street Journal recently reported that KKR & Company, one of the original buyout firms which has long resisted in getting into real estate, is beginning to invest substantial assets in real estate. The firm recently spent nearly \$200 million in the acquisition of a Chicago area shopping mall. Many feel that this is the first volley of what is expected to be a strong flurry of deals by this firm in the months ahead. This move of diversification by KKR beyond their leveraged buyout investments, is seen as a very positive event signaling the return of strong investment real estate activity on the national level. The place of real estate investments in diversified investment portfolios seems to have survived the recession.

New loan origination activity is picking up notably by regional and local lenders. There is still some reluctance on the part of the larger banks to become involved in local and small business lending, but the trend is a positive one and supportive of our continuing recovery from this long recession.

There remain challenges as the hangover from the excesses in the lending and investment markets; however, the signs are irrefutable that we are climbing out of what has been a very dark period. So, the answer is yes, you should be feeling better and the momentum will continue as we find that real estate, once again, leads us out of a recessionary period.

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