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Emerging positive trends and New England real estate

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Headline reports of global turmoil are unsettling and concerning to those with long-term strategic views of real estate investing, particularly in New England. As we approach the mid-point of 2012, we may be overwhelmed by the negative news around the globe thus it is appropriate to reflect on several underlying positive macro trends and potential long term impact to the New England real estate market.

Notwithstanding challenges throughout the globe, it is helpful to reflect on several key positive emerging trends in the U.S. including:

- * Arable Land - The U.S. has the largest amount of arable land in the world at 180,000 hectares (well ahead of India at 160,000 and China at 140,000 hectares). The abundance of arable land bodes well for the U.S. to sustain its growing population as well as meet the needs of countries constrained by this resource.
- * Water - Water supply challenges in China are projected to negatively impact their ability to feed their population over time - the U.S., Canada and Brazil are best positioned.
- * Energy - Energy is a game changer in the early 21st century - who would have thought we would be talking about "when" we would be energy independent versus "if?" Energy is cheaper in the U.S. than most parts of the world and our natural gas and coal supply are now projected to extend for 100+ years (in each of the gas and coal resource categories).

Given that backdrop and the long-term nature of economic cycles (and real estate in particular!) following are some select additional thoughts on the positive trends noted above and suggested influence in real estate feasibility, valuation and future decision-making:

- * Lower cost power should lead to US manufacturing gains. While this may not replace all jobs lost in the past several years it certainly can generate some new higher paying jobs and gradual improvement in demand across real estate property types.
- * The opportunity to support a growing U.S. population base and economy is aided by our natural resources. Continued modest population growth - both from existing population and immigration - provide support to continued innovation and job growth, positively influencing real estate, especially in nodes of excellence such as the New England region.
- * In addition to the U.S. abundance in food and water, the certainty in our legal system is attractive to overseas corporations that have been finding some emerging market economies too arbitrary, also potentially leading to relocations and new U.S. production facilities.
- * The Boston area is supply constrained and the dynamic hospital and university systems provide a

unique anchor to the overall regional economy that continues to drive long-term demand.

New England can be the beneficiary of these underlying resources, demographic and economic trends. Our region is well positioned with balanced real estate supply and thoughtful development and will withstand the market volatility over the next several years as the global challenges "play through" and patient owners position their properties to capture these emerging positive trends.

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