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Labor Day: remember struggles of past and currently unemployed

September 13, 2012 - Appraisal & Consulting

Labor Day was a day to remember the struggles past and consider the strife of our currently unemployed. We will not improve markedly on the 8.5% national unemployment rate in the run-up to the election, and the 12.8 million unemployed is a very high measure of sluggishness of our recovery. Nevertheless, we are making progress. Commercial real estate does depend on jobs. Somewhat simplistically, employees drive demand for all commercial and industrial, payrolls have the ripple effect in retail space for goods and services, and employed heads of households for housing. Traction in the markets continues to improve, modest velocity in leasing, moderate gains in permits and starts, and irregularly upward improvement in construction. Investor and financing activity continues to increase in volume.

The counselors meet in Miami October 14-17, and the theme is opportunity -"Dive Back In." The sidebars will have a political theme, wondering out loud about election outcomes and their impact on the budget and deficit - tax reform! However, many of the panels are about innovation, creativity. Our Boston themes resonate with the opportunities the counselors will target. Current construction activity coupled with slow growth portends added risk/opportunity from the replacement factor wild card in the building cycle. Ray Torto, CRE the global chief economist for CBRE will spend a session with Anthony Pierson of Cornerstone Real Estate Advisors sharing their personal and professional opposing perspectives on the prospective performance of real estate investing. Torto is our own Boston-based expert and Pierson represents one of Boston's largest investors. I expect some common ground to unfold here. Almost as importantly, a panel on foreign investment in the U.S. will focus on capital flows to the domestic real estate market. Two bankers will join a representative from the Association of Foreign Investors in Real Estate (AFIRE) which represents 200 foreign institutions from 21 countries to observe the flight to safety from foreign markets.

The fed chairman Bernanke announced at the Fed Aspen Conference on August 31st, that the fed can and will do more to ease conditions to encourage job growth. Bernanke further concluded that 8% is not the new normal resulting from structural adjustments in the emerging economy. Nevertheless, job growth in the range 1-2% will continue to be painful to a large number of employable Americans. The electorate will contemplate how we can best improve that prospect. Commercial real estate will continue to embody the opportunities that come with the risk of slow growth. The message promises be interesting and mixed at the counselors in Miami!

David Kirk, CRE, MAI., FRICS, is principal and founder of Kirk & Company, Real Estate Counselors, Boston.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540