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"Hot Topics" at recent member-only CRE luncheon

December 13, 2012 - Appraisal & Consulting

Recently, the New England Chapter of the Counselors of Real Estate held a members-only luncheon in a format that allowed the attendees to brainstorm "Hot Topics" introduced by our Counselors. The opportunity to discuss and debate various aspects of the real estate market and counseling challenges was enlightening and a testament to the expertise of the group.

Following are some insights from the meeting.

Bill McCall started the discussion with information and thoughts on the transformative nature of development in the Boston Seaport and Innovation District. McCall provided a map displaying the numerous companies that have moved into the area and their representative business lines. The business types span greentech, social media, communications, life sciences and more. There are many companies we know - John Hancock, Verizon, Harpoon to name a few. In addition, there are many names that are "new" - wiggio, simpletuition and arista are a few examples.

We discussed the broad range of businesses represented in the Innovation District and the impact to the demand, pricing and valuation of space in both the Seaport and competing markets such as Downtown, Back Bay and Cambridge. We reviewed pricing of recent sales activity in the area relative to other key Boston nodes of investment activity and explored space usage trends as well as demographic factors influencing the work force and future resident base.

Web Collins offered debate and insights into the question "How low will cap rates go if interest rates remain where they are today?" We discussed the historical levels of interest rates and cap rates, along with current cap rate and return parameters for various property types both in Boston and across the country. The group weighed in on the impact to real estate valuation and pricing given current and expected low rates and discussion of the Fed's accommodative policy potentially driving cap rates to even lower levels. Additional impacts to real estate values as interest rates eventually rise was also touched. It was a wide-ranging discussion and will likely be developed as a CRE meeting topic in the near term.

David Kirk also led a lively discussion on housing units in the Boston market and provided interesting data on current inventory and projected additional supply. The group discussed the dynamics of the potential new construction, the mix of unit types (including Innovation Units and workforce housing targets) and how these elements might influence future valuation and pricing in the residential real estate sector.

All three topics showcased the expertise of the CRE Chapter in delving into complicated and multi-faceted topics of keen interest to our member base and of importance to our clients. The meeting was a fitting conclusion to a vibrant, insightful year of programming for the New England CRE Chapter.

The New England Counselors will wrap up their year of activities with the Annual Holiday Reception

at the Algonquin Club in Boston on December 13. We look forward to seeing members and their guests at the event.

On behalf of the New England Counselors of Real Estate Chapter, I would like to thank Rob Nahigian and Steven Kaye for their 2012 service on the Chapter Leadership Board. Nahigian also served as chapter chair from 2008 to 2011 and his energy and efforts in leading our chapter are greatly appreciated. I would also like to thank Bob Costello for his numerous years of service as our chapter treasurer/secretary - we truly appreciate his handling of the financial affairs of the NE CRE chapter.

As Nahigian and Kaye step off the board, we would like to welcome John Baczewski, Harris Collins and John McLaughlin as board members. As we prepare to start the new year, following is the slate of Chapter Officers for 2013.

2013 Chapter Officers

- * Jill Hatton, Real Estate Consultant, chapter chair;
- * Peter Nichols, NorthStar Ally LLC, vice-chair;
- * Robert Costello, Capital Crossing Servicing Co., LLC, board member;
- * Martha O'Mara, Corporate Portfolio Analytics, board member;
- * Harris Collins, CB Richard Ellis - NE Partners, board member;
- * John McLaughlin, McLaughlin Investment, Inc., board member; and
- * John Baczewski, Real Estate Fiduciary Services, LLC, board member.

Jill Hatton, CRE, is the 2012 New England/Upstate N.Y. CRE chapter chair, Boston, Mass.

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