



# narej

## **Counselors of Real Estate Spring Meeting in New York**

May 09, 2013 - Appraisal & Consulting

Members of the New England Chapter of the Counselors of Real Estate joined counterparts from across the United States and Europe for the Spring National Meeting this week at the Waldorf Astoria in New York City. The annual meeting provided numerous sessions on innovative topics ranging from capital and economic outlooks to a presentation by Larry Silverstein on the development of the World Trade Center. In addition, attendees had the opportunity to tour the High Line - a unique urban park running from 30th to 10th Sts. on the west side that opened to the public in 2009.

Following are highlights of several meeting sessions.

### **Economic Point - Counterpoint**

Two economists summarized their outlook for the US economy with a favorable outlook in the longer term, which would bode well for real estate in the last portion of the decade.

David Levy of Jerome Levy Forecasting expects a more challenging near term economic environment, characterized as a "continued contained depression with a long boom to follow."

David Lynn of Cole Forecasting notes that he expects the Fed to remain accommodative for the next year and a half.

Both noted the lack of new construction is a foundation of future value growth in real estate.

Larry Silverstein and the World Trade Center. Silverstein offered words of wisdom on the rebuilding of the World Trade Center, along with expressions of compassion and support for Bostonians.

He described his initial shock after the events of 9/11 but recounted his personal determination not to "sit in a paralyzed state" and move to rebuild as fast as he could and deliver better and safer buildings to the site.

Silverstein provided insights into the construction details of the new buildings and closed with his belief that intelligence is the key to prevention of future terrorist attacks.

### **Practitioners Review the State**

#### **of the Real Estate Markets**

Doug Poutasse, CRE moderated a detailed discussion of the changing real estate markets and how practitioners are formulating and executing their investment programs.

The group discussed a selective interest in secondary markets given the ability to achieve higher returns than those available in primary markets. Key points on this topic included the need to be selective in picking a secondary market - targeting locations with employment and job dynamics that support investment - and then the need for a responsive exit strategy influenced by supply. As one of the panelist highlighted, "it is very easy to understand supply in secondary markets" and once they see supply respond they accelerate their exit.

The speakers also commented on the "end of free money" and future cap rates. The group discussed the underwriting required to "win" a deal today, which typically requires the winning bidder

to reflect approximately a 200 to 300 basis point increase in Treasuries. The expectation among the participants was that if rates rose above those levels they would expect a gradual ability to raise rents, offsetting the higher interest rate environment, reflective of an improving economy. Additional sessions on Emerging Markets, Retailing, Big Data and others provided rich content and take home value for all attendees.

#### 2013 Calendar of Events

- \* Summer Social - Harpoon Brewery Beer Hall, 306 Northern Ave., Boston, June 20th
- \* Fall Chapter Event, September TBD
- \* 2013 Annual Convention, October 20th - 23rd - The Ritz Carlton Hotel - San Francisco
- \* "Hot Topics" Luncheon, CB-NE, 33 Arch St., Boston - November, Date TBD
- \* December 12th Annual Holiday Reception, Algonquin Club, Boston

#### 2013 Chapter Officers

- \* Jill Hatton, TurtleRock Investment Management, chapter chair
- \* Peter Nichols, NorthStar Ally LLC, Vice-Chair
- \* John Baczewski, Real Estate Fiduciary Services, LLC, treasurer
- \* Robert Costello, Capital Crossing Servicing Co., LLC, board member
- \* John McLaughlin, McLaughlin Investment, Inc., board member
- \* Martha O'Mara, Corporate Portfolio Analytics, board member
- \* Harris Collins, CBRE - NE Partners, board member.

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