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Shutdown is a significant economic event not to be ignored

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Fundamentals persist with marginal economic growth, employment gains, housing sector activity, nonresidential construction and low inflation. The shutdown is a drag on the economy and the debt ceiling debate will provide another opportunity to cloud the forecasts. Uncertainty about the duration, and the outcome of the national congressional debate and stagnation slows decision making and economic activity. The shutdown of essential regulatory services and loss of jobs and payroll halts significant marginal economic activity directly and indirectly. And 800,000 people are furloughed without pay. All seems like an unnecessary dangerous storm. Working through the storm, The Counselors meet in San Francisco October 20-23 for the annual meeting and the European Chapter just convened in Paris September 18-20. The Appraisal Expo is October 20, and the Massachusetts and Rhode Island Chapter of the Appraisal Institute held its economic roundup October 1st. Focus has been on business as usual in commercial real estate.

The theme in San Francisco for CRE'S is Bridging the Gap - the gap between real estate as we knew it and the realities of a bold new paradigm in real estate. Bold thinking and observations will flow on all property markets. The CRE annual meeting blurb, without hyperbole, describes the paradigm as marked by unprecedented change in virtually every sector of the property markets and the forces that shape them. Simplified Lifestyles, the Art of Risk, Creative Conversion, Strained Budgets, Energy Independence, Customized Housing, the "When" and "How High" of Interest Rates, Compromised Personal Information, The Newest Best Things in a World we hardly recognize! The dramatic rate of change in technology and behavior certainly supports the conclusion that now is very different from then, just a short time ago, and the pace of change and adaptation appears to be accelerating.

Borrowing further from the CRE program...Younger generations are mobile, marrying later, and driven more by collecting meaningful experiences than possessions. Restaurants have become their living rooms. Seniors are living longer and more independently. They exercise, volunteer, and continue their quest for lifelong learning. Urban areas are booming. Suburbia is seeking creative ways to liven things up. What does this mean for housing and how we live our lives going forward? How will changes in lifestyle impact the built environment? In Boston, bicycles, food trucks, micro units are a rapidly multiplying smattering of how lifestyle changes have dramatically impacted the built environment and these trends were barely discernible 12 - 24 months ago.

The CRE's meeting in Paris in September provided a global overview of the current European commercial real estate marketplace. Counselors from the United States and Canada joined Counselors from France, United Kingdom, Germany, Austria, Greece, Czech Republic, and Turkey, and panelists included real estate professionals from Italy and Spain. The step across the Atlantic provided indirectly valuable perspective on our own markets and economic conditions, and a candid and insightful reading on current European markets and outlook for the submarkets. Our European

colleagues are as busy as we are. The markets are clearly segmented by size, liquidity and outlook, very much like our domestic markets. Competition for investments and loans are similarly competitive. Paradigm shifts are traceable in all property sectors. As a western market in the global economy, the Euro zone is part of the changes in lifestyle and might well offer further evidence of the impact on the built environment.

The shutdown is a significant economic event and cannot be ignored. Most are hopeful that sooner rather than later our local economy will be relieved of the political shutdown and its consequences.

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