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## Counselors of Real Estate Convention in San Francisco

November 07, 2013 - Appraisal & Consulting

Members of the New England Chapter of the Counselors of Real Estate recently attended the Fall National Convention in San Francisco. The theme of the meeting was "Bridging the Gap" and sessions explored topics ranging from capital and economic outlooks, trends in real estate development, to a debate "To Frack or Not to Frack" with Jim Curtis III, CRE and Robert F. Kennedy, Jr. The following are some highlights:

Banks, Banking Rules, Fed

Policy and Real Estate

\* Gary Palmer, manager of Risk Analytics and Monitoring at the Federal Reserve Bank of San Francisco concluded that while increased and evolving banking regulations are a headwind, improved bank conditions and fed policy are positives.

\* Many banks meet the 2019 Basel III requirement today and also are compliant with concentration guidelines/thresholds for real estate exposure - a positive sign for future lending capacity.

Ken Rosen - Economic and

Real Estate Outlook

\* Rosen indicated that he believes the economy is better than statistics portray. He cited the private sector recovery, increased auto and housing sales, QE3 and energy independence as positives supporting his thesis.

\* Rosen's view is a 70% chance of a modest, steady recovery at 2% annual growth, 20% chance of a double dip recession and 10% chance of a strong recovery.

\* The biggest risk to the real estate market is when interest rates "normalize." Rosen expects low interest rates through 2016 increasing in 2017 (after a new administration). A faster than expected rise in rates would likely be due to an unexpected "outside event" versus an "internal event."

Trends on Real Estate

Development

\* Peter Rosenbaum of Digital Realty Trust provided an overview of the data center industry, highlighting market conditions, economics and siting considerations for new construction.

\* Scott Lamson of Prologis outlined the impact of ecommerce as a driver to growing industrial needs and the shrinking retail component in the distribution sector.

\* Tim Maas of Colliers provided a detailed presentation product sectors and market drivers for the San Francisco market.

The Debate: To Frack or

Not to Frack

Jim Curtis III, CRE debated Robert F. Kennedy, Jr. on the topic of fracking.

\* Kennedy believes good environmental policy can be good economic policy and while he was an advocate of fracking in 2009, he has now changed his position after seeing impacts. Although he

believes technology and regulations could offset negatives, he favors other forms of renewable energy.

\* Curtis responded that he agrees that technology can offset the negative impacts of fracking and thus justify an economically feasible way to continue the practice and maintain the path for US energy independence. He views the disconnect between energy sourcing and other key social initiatives - such as farm to table and leeds - as an opportunity to be practiced in the energy industry.

Additional sessions on Sustainability, The Impact of Technology and Demographic in Office Space Usage and Design, Cap Rates - among others - provided rich content and take home value. The New England Chapter is looking forward to the 2014 Annual Fall Convention to be held October 26th - 29th, 2014 at the Fairmont Copley Plaza in Boston.

#### 2013 Calendar of Events

\* November 19th: Luncheon presentation "From Shanghai to Your Shelf: The New Era of Logistics and Supply Chain Real Estate Decisions in the 21st Century: Connecting the Dots back to the Consumer."

\* December 12th: Annual Holiday Reception, UMASS 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, board member

\* Donald Bouchard, Lincoln Property Company, membership chair, board member

\* 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.

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