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## **IREM Boston president's message: Economic forecast**

February 06, 2014 - Owners Developers & Managers

On January 16th approximately 80 members of the Boston chapter gathered for our Annual Economic Forecast and Past Presidents Appreciation Breakfast at the Montvale Plaza in Stoneham Mass. This was the first North Shore venue for IREM in several years. Part of our 2014 objectives is to diversify venues in order to provide opportunities for our members located in our vast jurisdiction to be involved in our events. Please check out our schedule of upcoming events for Metro West, South Shore, down town Boston and NH coming soon.

An unprecedented 19 of our esteemed past presidents were in attendance. These individuals have dedicated their careers to the advancement of the real-estate management industry and have served as mentors to many of us who follow in their footsteps. We look back on the accomplishments of these great leaders as we pick up the torch passed on by them. We look to the future of the institute with great optimism for growth with new exciting ideas and challenges. While we welcome change we never lose sight of the fabric that made IREM one of the leading real-estate institutions worldwide, high quality education and ethical standards. For those who stay the course to become Certified Property Managers (CPM's) there can be no doubt why the designation is so widely respected and sought after.

Turning to the economy, 2014 is showing signs of encouragement with all the economic fundamentals improving.

Household deleveraging is over and Congress will act as less of a headwind in 2014. Capacity utilization and industrial production are getting to the point where firms will have to hire more workers, buy more stuff, and or build more plants. State and local governments are once again hiring and finally single family home construction activity is poised to have nice growth in 2014.

Interest rates are still quite low. The residential sector is healing and job creation while not particularly strong, is good enough to create 1.3 million new households and that level of household formation will necessitate a considerable increase in residential construction activity along with higher rents. While rising rates would by itself hurt, the improving overall economy will more than make up for it. Rising rates are now a sign of an improving economy.

The job market recovery is very weak and median wages have been dismal for decades. The labor force participation rate continues to decline making the unemployment rate look better than it really is. However, hiring will pick up and 2014 should see GDP growth rise from roughly 2.2% to 3%.

Two concerns discussed were the rise of student debt and the fact that the relative population of Massachusetts compared to the USA is declining.

This was one of the most entertaining economic forecasts we have seen in Boston in sometime thanks to key note speaker Elliot Eisenberg. Eisenberg, Ph.D. is a nationally acclaimed economist holding a B.A. in economics from McGill University, as well as a master's and Ph.D. in public administration from Syracuse University. Eisenberg, formerly a senior economist with the National

Association of Home Builders in Washington, D.C., is a frequent speaker on economic issues. He is the creator of the multifamily stock index (the first nationally recognized index to track the total return of public firms principally involved in the ownership and management of apartments), the author of more than seventy articles and serves on the editorial board of the Encyclopedia of Housing. He has been a keynote speaker to hundreds of business groups and associations, and has been invited to testify before lawmakers and is often asked to comment on proposed legislation. His research and opinions have been featured in Bloomberg, Business Week, Forbes, Fortune, and many other publications. He is a regularly featured guest on several talk radio shows, is often seen on television and authors a daily 70 word commentary on the economy.

We want to send out a special thank you to our January sponsor, Pro-Care. Pro-Care is an independently owned complete disaster restoration company in business since 1987, they have offices in Woburn and Hopedale, Mass. Pro-Care offers 24 hour emergency water, fire and mold services as well as structural repairs and plumbing services.

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