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## **New England CRE 2014 top issues affecting real estate**

July 10, 2014 - Appraisal & Consulting

In July 2012, the Counselors of Real Estate initiated its first Top 10 Issues Affecting Real Estate report. Since then, the Counselors have annually produced the Top 10 Issues Affecting Real Estate. Following is the 2014 list and select excerpts from the June 11, 2014 press release.

1. **Energy:** The U.S. is becoming increasingly energy independent. Changes in U.S. energy production are impacting jobs, income growth and the quality of life - key determinants of real estate value and successful investment.
2. **Jobs:** The job market is expected to remain strong in 2014. Strong job creation is expected to have a positive impact on the residential and multifamily sectors.
3. **The Millennials:** The Millennial generation, born after 1980, represents 27% of the U.S. adult population-and their influence is far-reaching. This group is the first to fully embrace new technology and their preferences are already having an effect on both city and suburban residential, multifamily, office and retail sectors.
4. **Healthcare:** A wide range of newly constructed healthcare facilities will be needed to treat the large numbers of newly insured Americans under the Affordable Care Act. Providers will increase market share by constructing specialized consultative care or treatment facilities, many in non-urban locations, providing wide-ranging services at a considerably lower cost.
5. **Globalization:** In the next five to ten years, expect a remaking of the global supply chain emanating from eCommerce and expansion of the Panama Canal; advancing technology; availability and cost of energy; and political strife. As traditional pathways for goods and materials change - decoupled from political boundaries and increasingly automated - the resulting "efficiency" will potentially cause widespread labor strife.
6. **Water:** Global demand for fresh water is projected to exceed supply by 40% by 2030. The implications for real estate are enormous - affecting land value, community desirability, future viability and investment.
7. **Capital Markets:** This issue is included in the Top Ten list for the second year in a row. The availability of capital to commercial real estate from 2014 to 2017 will be vital to the health of the industry.
8. **Housing:** The housing market appears to be in recovery mode, but home ownership continues to lag. While Case Schiller reports home prices rising by about 13% over last year, not all areas of the U.S. experience encouraging price increases.
9. **Manufacturing:** Robotics, self-service kiosks and 3-D printing technologies are dramatically transforming manufacturing. The effect on commercial real estate is accelerated at a more rapid and dynamic pace than previously thought, with unintended consequences.
10. **Agriculture:** Agriculture debt is near all-time lows, which has helped push farmland prices to all-time highs. The recent passage of the Agricultural Act of 2014 ("Farm Bill") will help stabilize

agricultural returns as well as rural property values.

The Counselors hope identifying these issues and their implications motivates productive discussion of how individuals, companies, and governments should respond to these and other changes in the investment environment that simultaneously challenge our industry while creating opportunities for growth.

Upcoming Events:

\* Summer Social Event - Date and Location TBD

\* "Hot Topics" Luncheon, September 2014, TBD

\* 2014 Annual Convention, October 26 - 29, 2014 - Fairmont Copley Plaza - Boston, MA

\* November/ December Event TBA.

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