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## **Data abounds: Economic growth and employment gains stabilize market**

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The recent release of economic data supports buoyancy that has been frequently missing during this recovery. Economic growth and employment gains have continued. The stock market has bounced upwards with and occasionally without the reconciling of trends and forecasts. The recent announcement of the Central Bank of the European Union (ECB) to invest for quantitative easing up one trillion euros to reattain the 2012 level should add buoyancy to the economy of our major trade partner and a major global economy. Election results have provided some surprises and some hope for an end to gridlock, and more clearly an end to the outcome uncertainties, the spending and the distractions of democracy! All of this activity is very macro for analyzing local commercial real estate activity; however, the local micro impact is easy to conclude and provides basis for short-term forecasts.

The FED has completed the monthly expansion of its bond buying program. ECB intends to commence ramping buying bonds in the private collateralized and public markets following United Kingdom and Japan as well as the U.S. BofA Merrill Lynch's GLOBALcycle, based on the ADS index developed at the Federal Reserve Bank of Philadelphia, improved in October and reportedly suggests global growth is running at close to 3.5% in early Q4. GLOBALcycle tracks economic conditions in economies covering 80% of world GDP.

The University of Massachusetts' MassBenchmarks estimated Q3 economic growth for Massachusetts at 3.2% versus 3.5% for Q3 for U.S. GDP. Unemployment in Massachusetts rose to 6% in September from 5.5%, largely resulting from more people entering the labor market to resume job searches. Wage and salary income in Massachusetts increased 9.2% from June to September on annualized basis. Recent export growth has already recorded annualized growth of 5.3% versus 3.3% nationally. Global economic activity should support further positive export trends.

The presence of cranes in Boston and elsewhere in the United States means additions to supply in commercial real estate. Primary research on supply and demand and pricing is essential to understanding local commercial real estate markets. Construction completions over the next 24 to 36 months will cause disequilibrium in the local markets and an easing of rental advances and spiking in many markets. However, the economic growth and employment gains should continue to provide stabilizing pressure in the local commercial real estate markets.

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