



CELEBRATING
65 YEARS

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Counselors publish 2015-2016 "Top Ten List"

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On June 24, at the National Association of Real Estate Editors Conference in Miami, CRE chair Noah Shlaes presented the Counselors of Real Estate 2015-2016 list of Top Ten Issues Affecting Real Estate. The information below is abbreviated and excerpted from the CRE.ORG web site.

1. Demographic Shifts: Baby Boomers and Millennials will have a substantial impact on housing demand and choices. Likewise there will be increasing impacts on medical facilities and retail space.
2. Excess Capital Supply: Capital availability is abundant with increasing migration of capital from outside of the U.S. to purchase U.S. real estate. Multi-family and commercial assets continue to be very attractive with non-gateway and edge cities witnessing increasing interest from investors.
3. Rising Interest Rates: The consensus is that they will stay at near record lows for a while longer but prudent investors and homebuyers are preparing for future increases. When rates do rise it will devalue future cash flows and assets.
4. Global Instability: A questionable world economy with currency devaluation in some markets, "hot spot" conflicts and international cyber security issues are all potential trouble spots despite the fact that the U.S. dollar remains strong at this time.
5. Urbanization: "Live-work-play" and "walkable communities" are more than trendy catchphrases. The trend will continue to impact housing demand, retail models, and the migration of corporations to urban areas.
6. Energy: While we all save money at the pump, declines in oil prices have negatively impacted large and small producers in the U.S. Energy boomtowns are retrenching for the moment. Alternative energy forms continue to become more attractive as an option.
7. The Gap between Rich and Poor: The gap continues to widen worldwide and the lack of a broad middle class will be problematic. The shift from home ownership to renting, and a decline in local small business ownership, contributes to fewer jobs and a lack of investment in communities, increasing the potential for the social unrest we are seeing in cities and towns throughout the world.
8. Infrastructure: U.S. infrastructure lags behind a number of other countries and this creates a problem for the future. Aging roads, bridges, and power/gas/water lines no longer satisfy the needs of a highly connected populace, let alone businesses and world economies.
9. Real Estate Technology and Crowdfunding: Potential increased opportunity for investments via crowdfunding could benefit the small investor. Technology has also dramatically changed the way real estate professionals do business. Diverse audiences, including investors and lenders benefit from new technology, as it speeds information gathering and expedites transactions.
10. The Changing Retail Model: Yesterday's best location may be today's or tomorrow's worst as urbanization draws more households into cities. On the bright side, despite steady increases in online shopping, there is still a role for physical presence, where shoppers can browse and try products. Retailers that incorporate e-commerce elements, including fast delivery options, are well

positioned, at least in the short term. Suburban centers must adapt.

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