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## **CRE Message: The coming decline**

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The next great real estate recession is coming. Yes, you heard it here first. Rental rates will decline, concessions will increase, and vacancy will also rise. Inevitably, values will drop.

What is the timing you ask? That's a good question and, of course, I don't have an answer to that.

Why broach the subject then? Increasingly, I have been hearing comments from clients across a broad spectrum of the real estate community that we have peaked. We have built too many apartments. The economy is slowing. Office demand will slow, etc.

Perhaps this is simply a fear of what the late Joseph Campbell called "trickster gods" from Eastern religions. Just as fame and fortune took hold, the trickster god would invent some terrible misfortune designed to humble those awash in success.

It simply seems to me that more and more real estate pros share some kind of nebulous concern that we are at the market zenith and that there will be a collapse, made all the worse by rising interest rates.

With real estate enjoying its position in the economy as a lagging indicator of performance, we are nonetheless seemingly surprised by economic declines we somehow didn't see coming, or perhaps chose to ignore.

With all the input from professional economic forecasts, real estate brokers, developers and other market observers available to consider, there seemingly lacks consensus. Indeed, cautious optimism maybe the buzzwords for the current marketplace.

On the other hand, it certainly doesn't seem to be a bad time to sell does it?

Donald Bouchard, CRE, senior vice president at Lincoln Property Company, Boston and is the 2015 chair of the New England Chapter of the Counselors of Real Estate (CRE).

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540