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## **Get ready, get set and go forward!**

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The Counselors of Real Estate will meet in Charlotte, North Carolina October 18-21. We are ready to reflect on the Fed rate increase and forecast the stepping rate rise, finally. The Federal Reserve Bank of Atlanta president Dennis Lockhart said the economy is ready for the first increase in short-term interest rates in more than nine years and it would take a significant deterioration in the data to convince him not to move in September, as reported by Jon Hilsenrath in the Wall Street Journal August 5. St. Louis Fed president James Bullard said, Friday July 31, in a WSJ interview, "we are in good shape" for a rate increase in September.

The Counselors will headline with a Global Economy Panel that includes bankers from Charlotte's major private banking sector and Counselors from Greece and Austria. Going to and keeping on the leading edge. The Counselors will feature panels on drones, intermodal transportation and cybersecurity, all with a peripheral eye, if not a direct beam, on changing commercial real estate.

As employment gains continue to firm and stabilize the economy, the Fed continues its recent focus on inflation data which continues to be below targeted 2%. Traditionally commercial real estate has benefitted from inflation which drives costs of property replacement. However, raising Fed rates towards normalizing capital markets will most certainly strengthen the dollar, depress exports, impacting employment gains and causing volatility in the domestic and capital markets. Most feel the rate rise has already been accounted for in the markets which are ready and set for the anticipated rate stepping. The capital stack for commercial real estate will reverberate. Of course we will not know the scale and scope of the event until it goes.

Charlotte is the second largest banking center in the U.S. after New York. Fed watching is a full time pursuit in the headquarters of Wells Fargo and Bank of America. Both banks will be represented on the Global Economy Panel moderated by Hugh Kelly, PhD. and CRE. In addition, Nick Chatzitsolis, CRE with CBRE from Athens, Greece and Bruno Ettenauer, CRE with Immobilien Anlagen from Vienna, Austria will provide timely feedback on Greece and the EU. The Counselors have been drilling down and dreaming out loud about so-called 3D printing in the last two meetings. In Charlotte, panels will explore the newly unfolding commercial drone world, the expanding collection of intermodal transportation nodes and booming service of cybersecurity. All three dynamics are already impacting the changing uses and new development of commercial real estate

Stepping up the Fed rates is sure to provide some surprises that will continue as the Fed reduces the quantitative easing and manages monetary policy toward stability and growth. I am going to Charlotte to listen and reflect and get ready, get set and go forward!

David Kirk, CRE, MAI, FRICS, is principal and founder of Kirk & Company, Real Estate Counselors, Boston.

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