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How headline news impacts real estate on a national and global level - Counselors of Real Estate forecasts major disruptors

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Boston, MA From state and local budget impasses and halted infrastructure repairs to the debate and delay on health care reform, political polarization has far reaching effects on the economy and nearly every community – as well as its real estate. Global uncertainty has a parallel paralytic effect – from Brexit to immigration bans which bring new challenges to diplomacy, international trade, and new household formations.

Not surprisingly, when The Counselors of Real Estate (CRE) professional association recently presented its annual list of the CRE Top Ten Issues Affecting Real Estate (2017-18), the organization placed the dual-pronged issue of political polarization and global uncertainty at the very top of its list of disruptors which currently affect the world around us and, therefore, its real estate.

The health care industry is a network of public and private entities – a partnership that is on shaky ground when leaders cannot agree on coverage, rates and locations where plans will be available. A major provider is requesting a 23% premium rate increase for 2018, citing a lack of government funding for cost-sharing reduction payments – noting that their increase would most likely have been about 9% if they were assured of payments. The uncertain environment also affects decisions concerning provider payments and the physical locations where services are delivered.

Another polarization example in the news: the State of Illinois has not passed an approved budget and spending plan for nearly three years. The powerful multi-state agency which sells Powerball and Mega Millions game tickets has announced it will cease ticket sales in the state this week, unless a budget is agreed upon – because without confirmed funding, there is no appropriation to pay the issuing agency, nor authorization to make payouts to local winners. The state will lose a much-needed revenue stream. Owners of such retail locations as convenience stores and gas stations which sell the tickets are already bracing for declines in merchandise sales from customers who would normally drop by to buy lottery tickets.

“Political polarization and global uncertainty are the top disruptors that dominate the news headlines today and, therefore, have a significant impact on real property,” said Scott Muldavin, CRE, 2017 chair of CRE. “Polarization leads to bad short-term decision making, which you can see almost constantly in policies, and ongoing dialogue on issues as wide-ranging as healthcare, infrastructure and tax reform. Immigrants are also a prime source of new household formation, so uncertainty about immigrant entry and their status has a real effect on rental property and home purchases.”

Investment in real estate, much-needed infrastructure repairs and improvements also suffer from the polarization and uncertainty. Some public transit development has been deferred. Cross-border trade confusion—which impacts transportation, warehousing, and even port logistics—are also hampering retail goods delivery. Uncertainty (or revelations) about public sentiment can even affect an individual’s decision to move, or not to move, to a new community or neighborhood,—or corporate and small business decisions to locate or relocate in a particular state or city.

The Counselors of Real Estate is an invitational organization of highly respected real estate advisors who practice within more than 50 real estate disciplines. The CRE Top Ten Issues Affecting Real Estate list annually focuses on forecasting and interpreting trends and issues – the disruptors that will have the highest impact on property and those who own, invest, plan, develop, and live or work in it. CRE does not take positions on issues or engage in advocacy, which ensures its objectivity; the organization is known for thought leadership and the expertise to identify and analyze key business disruptors. Members of the Counselors include real estate senior executives and business owners in the United States and more than 20 other countries.

The full list the CRE Top Ten Issues Affecting Real Estate is below:

- Political Polarization and Global Uncertainty
- The technology boom;
- Generational disruption;
- Retail disruption;
- Infrastructure investment;
- Housing: the big mismatch;
- Lost decades of the middle class;
- Real estate’s emerging role in health care;
- Immigration; and
- Climate change.

For a summary and analysis of each issue in The CRE Top Ten Issues Affecting Real Estate 2017-18 list, visit The Counselors of Real Estate website.

The Counselors of Real Estate, established in 1953, is an international group of high profile professionals including members of prominent real estate, financial, legal and accounting firms as well as leaders of government and academia who provide expert, objective advice on complex real property situations and land-related matters. Membership is selective, extended by invitation only.

The organization’s CRE (Counselor of Real Estate) credential is granted to all members in recognition of superior problem solving ability in various areas of real estate counseling. Only 1,100 people in the world hold the CRE credential. For more information visit: <http://www.cre.org>