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2020 presented challenges many of us have never faced both on a professional and a personal level - by David De Lise

January 08, 2021 - Northern New England

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As we prepared to close out 2020, I'm sure many of you reading this will think to yourselves, "Thank goodness, let's get 2020 over with and move on!" I can't say that I blame you. It's understandable that everyone has a different perspective. People have been impacted differently, and perhaps still have feelings of unease surrounding the pandemic, the economy and most importantly family and loved ones.

I'll be the first to admit that 2020 has presented challenges that many of us have never faced both on a professional level as well as personally. I'd like to share some positive things that started appearing in late Q2 and early Q3 of this past year:

There was much discussion regarding the government keeping interest rates low for the foreseeable future. This is a great way to stimulate an economy and provide assurances to commercial real estate investors and public markets alike. It appears that we will be able to enjoy the low-rate environment for another two years, maybe longer. With a renewed confidence that rates would remain low, a diverse pool of investors joined the game from the sidelines.

Initially, there was a lot of activity from bargain shoppers. These people quickly became disappointed in the bid/ask spread not meeting their expectations with deeply discounted pricing and left the game. For the most part, severe pricing discounts haven't really materialized.

The first half of the year brought a lot of the vulture-type institutional funds — high-net-worth individuals and family wealth offices looking for deals. However, perhaps as a nod to the last recession, which still stings for some of us, the banks did a much better job scrutinizing and managing their loan portfolios as well as building up impressive cash reserves "just in case".

Well, "just in case" is here. In speaking with several commercial lenders recently, more scrutiny is

being put on the underwriting fundamentals of commercial deals. Now, the financial strength and operational experience of a borrower are more important, but guess what—deals are still getting financed! We have seen a lot of activity from 1031 exchange buyers as well as astute investor/operator cash buyers, however we haven't seen a lot of activity from clients pursuing office properties. This is likely due to the fact that no one knows for sure what the office environment is going to look like post-COVID. Despite this, we know that several of our colleagues have had success securing both leasing and sales assignments for office properties.

Multifamily and industrial assets remain at the top of investors wish lists. We have sold several high-quality multifamily portfolios during this past year, and we can't seem to find enough well-located, functionally-modern industrial assets for the list of potential buyers. We recently secured the listing for a very well-maintained industrial property. The listing was barely live and the inquiries started rolling in. In fact the buyer, an owner-user, offered above the asking price because of the desirability of the location, the quality of the asset, and the fact that there is not a lot of it available.

The retail sector is facing challenging headwinds which started forming prior to the pandemic outbreak. We are still seeing plenty of savvy investors and developers out there, though. They have started to move retail and mixed-use projects forward, in fact accelerating their business models to take advantage of the unique circumstances facing the market.

Many of us are trying to navigate/pivot/rethink — did I leave out any COVID buzz words — our business models, just as our colleagues, clients and vendors are as well. However, there is certainly a sense of positivity this Holiday season. Are these aspirational wishes? Will things return to what/where they were pre-COVID, or do we need to adjust our thinking and expectations? Perhaps a little bit of both. Yet, considering how 2020 started out and where the market is now, I am thankful that things didn't flat line as predicted for our industry. A little life support, some serious due diligence and self-reflection, and yes, a lot of patience, has helped our team and our clients have one of the more productive years in recent memory. I never would have imagined, but I am extremely thankful.

I hope that each of you and your family, friends and loved ones are healthy and safe, and I wish you a healthy, safe and prosperous 2021. Bring it on!

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