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## **The buffet, bathrooms and benches post-COVID-19 - by David Kirk**

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The buffet has reopened, and we have customers and clients prepared to make choices and check lists. The CBRE investor survey data for multifamily shows robust rebounding appeal and expectations. Because the variety of risks and rewards are plentiful, investors, developers and operators have choices. Bid and ask are gaping on the edges. Opening up the built environment to embrace infrastructure spending provides a hefty overlay and incentive. The FED Open Markets Committee (FOMC) is still on board. Come on in!

The FOMC has reduced its horizon for the lowest historical rates because of the recorded economic resilience. Commentary is complex and so are FED activities. Reduction in quantitative easing is ramping. Upward pressure on rates. The FED's select activities in supporting recovering economically are phasing out. Still no action on monitoring currency and crypto-currency, and both markets can be risks to the stability of domestic markets.

Underwriting these opportunities in commercial real estate is a jeweler's and a poker player's delight. Appetite and skillsets for detail and risk assessment. Real estate is in play and global economic trends are supportive. Infrastructure, now freaky funded, starts inside the boundaries and property lines. Burdens and enhancements to commercial property investments are inevitable. Developers, investors, and users should join the community in strategy and funding.

Cap rates slipping from the current vocabulary, mostly. Discounted cash flows are the only methodology for the hole in pandemic-induced periodic cash flows. Sales are going down with hokey data. Every property really tells its own story. Anecdotal data and gaps in bid and ask require a hefty primary forensic look. Because recent transactions have occurred during the pandemic, market conditions have been fluctuating too much for simple adjustments. In spite of all the market complexity, liquidity and capital have maintained a market in most property types and sub-markets.

CBRE released its 2021 Global Multifamily Investor Intention Survey on June 28th. Multifamily ranked the second, to industrial and logistics, most preferred investment asset class. Office ranked a

close third position for investors. 60% of CBRE multifamily investors expect to step up purchasing in 2021; only 23% expected any pronounced discount; ESG was rated the third highest priority in investment objectives. SFR (single family rental) and co-housing are emergent; student and senior housing are well established and growing in appeal. Industrial and office will have similar and different outcome patterns.

All professionals active in the built environment must be kinder to the natural environment as well as cognizant and attentive to the ramifications of climate change. From carbon footprints to tall trees and natural drainage. Traffic as a calming influence. Mobility. Two, three and four wheelers. Pedestrian friendly. Benches, with chargers and phones, and public bathrooms, with chargers and phones, for the disabled, the elderly and younger families for safety, comfort and convenience. Before we replace that sea of parking, do we really need that capacity? Let's mound, berm or build. Pavers porous. Drain streams, swales and ponds. Accessible paths and climbs. We can do it.

Buffet on the beach and everyone is invited. Benches and public bathrooms. Portfolio and pricing considerations should maintain a robust market in commercial property. Preparedness for climate change and all its ramifications now broadly impacts the markets. Infrastructure spending will lift all boats.

Enjoy the summer season. Keep your feet in the water and on the ground. Be cool!

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