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## **For rent: The ecosystem - by David Kirk**

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Daily rates available. Do not try to run the show. We are always in rehearsal! The built environment is a derivative of the economy and the ecosystem. Subject to factors of supply and demand for the built inventory, operators manage, developers build and adapt, and investors capitalize. Our constituent behavior is front and center. Location is only one of the factors in valuation. Nevertheless, the FED, GDP, local regulatory activity will significantly impact performance of the built environment in this transitional period. Not a proclamation, just a TO DO list.

Out of necessity – legal, social, financial, and practical - the commercial real estate profession has prioritized the pandemic and climate change. Collectively and respectively, these cataclysms have impacted demand and supply across the property spectrum and geography. Resilience has been remarkable. And the built environment has changed. Without the option of relocation, operators have read the regulations and followed the directions and often anticipated shifts in demand and supply. More than ever before, every day is day one, as so well put recently by Jeff Bezos. Leadership in these horrific crises among the profession is consistently advancing.

Sharing or share economy is a popular tag line for characterizing this extended period of disruption in the global economy. No bounds, no rules. Airbnb is the biggest and clearest example of how to share in travel, meeting, and vacations. Hospitality and meeting venues balked. Co-working and virtual office are together another phenomenon which has been in the ecosystem for a while or ever since the beginning. Hybridization has also been prevalent, particularly during the post pandemic rebound. Mobility collectively is a changing dynamic that now foretells the future of automobiles, drivers, commutation, parking, and roadbeds, among other diverse matters. Shorter cycles, shorter tenures, shorter travel, commute, and distances. A biological community of interacting organisms and their physical environment. Not really transmogrification or revolution, just evolution at warp speed.

A complex and/or interconnected system - an ecosystem! Seedlings, weeds, and meadows. Animals. Plants. Mushrooms. New hybrids. New ecosystems. Decay and deterioration. Phoenix. Supply chain. Innovation. The Internet of things. Disaggregation. Outreach and reach. Space and time newly defined by bandwidth, the ether.

The FED highlights commercial and residential property markets in the Beige Book reports of regional district anecdotal surveys. The data from aggregations and the underlying transactional anecdotes support a broadly stabilizing property market, with well documented exceptions, and with ongoing liquidity and capital availability. Add a trillion dollars in infrastructure to further accelerate the trends in absorption, employment, wages, inflation, and disruption. Speedbumps and disruptions noted. Referencing an excerpt from CBRE mission statement and declaration for the national commercial property sector, "...recognize the impact we have in our communities, clients, employees and stakeholders - and why our pillars of corporate responsibility are key to providing industry leadership that grows our business in socially responsible ways...". The public sector, much of which already relies upon services from the private sector, has joined the private sector in resonant protocols and best practices.

Rates remain stable and low; quantitative easing measures are being reduced as purchasing and repurchasing moderates creating balance sheet compression. Rates push. Firm. Upward. Portfolio distribution shifts. Currency markets jiggle. Dollar firms, rises. Trade balance moves and adjusts favorably. For the markets, algorithms are being reviewed, regressions adjusted, formulaic relationships scrutinized for newly derived, modified, multidimensional for breakers, alarms, auto adjusters and management toolbox.

New cycles of supply and demand are likely. Possibly an ether, a climate, or time without spatial restrictions when the shadow shortens. And the light brightens. And the wind blows. And the beach beckons! Take time to digest: MASSBENCHMARKS from the State of Massachusetts, the Beige Book from the FED, the FED FOMC releases, and minutes. All the news that is fit to print and then some. We are just part of the ecosystem, and we are for rent!

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