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## **Done deal: Enough reasons to invest, develop and expand - by David Kirk**

September 16, 2022 - Appraisal & Consulting



David Kirk

Not so fast. Inflation, hybridization, recovery, recession, COVID, credit crunch. All works in progress. Evolution, revolution, innovation. The deal has not yet gone down. Both upside and downside risks, that balance, for many, establish a stability with manageable uncertainty. And for commercial real estate, enough reasons to invest, develop and expand. Remarkable liquidity in the property markets and accessibility in the capital markets continue with pricing fluctuations and variable terms, windows and ceilings, if not significant volatility. Quality and uncertainty changing the box for access for inferior properties related to physical and functional obsolescence, vacancy, condition, maintenance, rent roll discrepancies.

Finally, the media and the pundits are focusing on the market context that is variable and nuanced. The call for beating inflation by stopping or slowing job and wage growth has finally subsided or lost attention or both, finally. The labor and employment commentary has lost appeal. Jobs are important for a growing economy, a thriving society. Rearranging the deck chairs for the storm has been dutifully replaced by the call for resilience and preparedness for climate change and humanitarian needs. Even, infrastructure loudly. The implications for the built environment are clear, and the capital for these priorities has been earmarked and now apparent and specified. Action in the commercial property markets has begun in earnest in both the public and private sectors in alignment. Wondrously!

The Fed has been steadfast in projecting rate increases to reduce inflation, no matter how inflation is measured. Fed rate fears of investors are the apparent cause of the dramatic volatility in the securities markets. Commercial real estate capital and property markets reverberate or resonate, or ripple with caution, diligence and action in response to the so-called rate fears and the sure-fire recession. Fed should spend more time monitoring unintended consequences of a credit crunch, already appearing in the junk bond market. Global economic slowdown is impacting domestic inflation, and strength of dollar is easing import costs.

Real estate is an economic derivative, conditions and performance within these markets will be driven and derived from the economic conditions and performance in the local, national and global markets. The real estate markets can and do lead and lag those conditions without defying bedrock or headwinds. Preparedness as well as action should be occurring amidst confusion, mixed messages, uncertainty and fog. Never far from the event or rat race, the professional real estate community exists to serve the constituent communities. Courage, with caution and without fear, is called for during this period of inflection which might well be short.

Midterm elections will move onto the front page and pack the pages thereafter. Both sides will herald success and achievements with hyperboles. Adding to the confusion and distracting the political process and pending preparation of regulations and funding of approved appropriations. Unfortunately for everyone, both sides of the aisle and at every level of government. Patience and perseverance and performance in the property sector where life must go on.

Currency and inflation are headwinds and tailwinds. Trade deficit is narrowing as exports and

imports decline. Infrastructure spending makes sense. Inflation be damned and monitored. Let's get it done.

Counselors met in Boston last week to put the ducks in a row. Counselors are without fear! Watch the summer season pass and fall proceed as predicted!

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