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## **Hindsight for 2023 - Starting over - by David Kirk**

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Hindsight is good for following patterns forward! Dust off the rates. Open the gates. Let's get going. Get the shovels and the paint and pave the drives with care. We are shovel ready and not too soon for a new coat. We deal with certainties and build for the future, hedging the known uncertainties, and taking risks. We just do that. We should think and work harder to do it better.

The stewards of the built environment deal with a fixed asset and an ever-changing balance in demand and supply. Every day is a list of chores, marketing and maintenance. Now we have the fourth industrial age and climate change to consider in hindsight and gunsight, the ongoing patterns and the future.

The Fed sits in the middle of both. Beige Book and FOMC forecast get granular, specific...measurable? Somewhere between anecdotal and aggregations. Both describe where we have been and where we are going. Both are currently frustrating and complicated. Both have measures of certainty and uncertainty. As stewards, we have a known job, chores to do. These chores are our keystone, the changes are our plans, our mission. Both have constraints and options that are unique to our stewardship.

The Beige Book dated November 30, 2022, is based on regional surveys by the Federal Reserve's 12 regional district banks and includes an array of economic temperatures. The Beige Book summary aggregated the regional anecdotal conclusions, and for starters reported: Five districts reported no or slight to modest gains in economic activity and the rest reported no change (from a few months ago) or slight to modest declines in economic activity. Employment grew modestly in most districts, but two districts reported flat headcount and labor demand weakened overall. Pace of price increases slowed in most districts. Stable economic conditions. Upward favorable pressure persists if weakening. The commercial property and portfolio has an economic context and outlook and local performance depends substantially on balance of supply and demand, and unity within the property groups. Difficult to summarize, the anecdotal data holds stable.

The Fed forecasts from the 12 district bank presidents have greater dispersion and aggregations start to blur and mislead. Because our built environment is spread across the country, our speed limit varies and so do road conditions. And so should our dashboard. Be careful of apparent patterns, aggregations and metaphors. All can be misleading.

We still do not know how many will do what in class A office. When the cows come home, the sheep go to pasture, the goats jump the fence! Part of the pivot in the workplace, managers, staff and employees are making choices about which way to go in more ways than one. Watch for roadkill. Telltale signs. Or not! Brave the headwinds.

Let's get going with 2023. We are the future!

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