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## **Springtime brings buds and blooming - stay where you are - by David Kirk**

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David Kirk

You must know what you are doing in this market. Borrowing from a counsel of the trade, I talk with measure. Let us examine the property and the location. Portfolio considerations are compelling and time sensitive. Action makes sense. With limits on liquidity and capital, commercial property investment requires management, diligence and preparedness. Razzle. Dazzle. Commoditization never really is, or was, in the commercial property market business, and this market is more unique and opportunities more special! Constituencies have choices and they are willing to pay or move to make them.

Because of recessionary and expansionary pressures, you might say, any move is like grabbing a falling knife. Dangerous and risky. The grab can be made! Just a bit tricky. Highest and best uses are rapidly changing and mixing. Some are compelling and cost effective. Some, not so much. Just, you wait. Might be right around the corner. Might well be a scrape and hold. Because the economy appears sound, the demand has been steady. For what. The supply is adapting. (Not fast enough!) The built environment is where it is. Stay where you are!

Several trends and forecasts describe a soft landing and decline in interest rates, inflation, vacancy and supply for the commercial property markets. All favorable. Watch the yield curve and single family rates. And monitor commercial property and capital markets. Mixed messages. Yes. And moment of truth. To speculate or not. Short or long hold. This market has it all! We have been saying since Covid started, we can ride it out. And, well, we are...

Black swans, never expected, are always possible. The domestic commercial property markets have survived a bevy or wedge, or a storm or plethora, of winging birds. Most of the catastrophic, unexpected, categories have been tested and continue to be tested, domestically and globally. Monitoring, preparedness and resiliency are paying off. Best practices are responding and changing. Still, the impact on the specific commercial property is a unique galaxy of what ifs, and diligence is worth the trouble.

As an economic derivative, commercial property rocks and rolls like the local supply and demand conditions. Hospitality, accommodation and services are evolving rapidly. Many markets have been characterized as a plain of volcanoes or tornadoes, perilous, site specific. Be nimble, careful and prepared.

Talk to your tenants, your constituents. You will know more about your property than anyone else. Retention is very important. Benchmark frequently. Talk to the competitors. Look for patterns in behaviors, improvements, success and failures. Use services and hospitality to engage your constituent users. Change with the times, deliberately and consistently. Your property must stay where it is, and so should you. The built environment, by necessity, is predictable and predictability is a rare commodity in this economy. Stay where you are!

Right now, the buy and sell prices, the ask and bid action, are not for the faint of heart, or skill, or experience. You have to know what you are doing!

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