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The new normal and the last hike - by David Kirk

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Stewardship of commercial property is basic - fix it, keep it clean, manage and market professionally. With the new normal, some tweaks are more expensive, more creative and more dramatic. Mobility, Wi-Fi and adaptive reuse! As a derivative of the local economy, commercial real estate currently benefits from the demand of the robust economic recover, best characterized by the expanding employment, rising personal income and wealth distribution. Real estate is still complicated, demanding and a vital investment, risky and rewarding, inflation hedging, and diversifying, compared to the portfolio alternatives. The Counselors of Real Estate (CRE) met in Vancouver, BC, August 4-8, 2023, to discuss, wonder and brainstorm out loud about the current conditions and New Normal. And credibly speculate on winning strategies for effective stewardship for the new normal and the last hike from the FOMC!

Let's take a pause for Canada, Counselors and CRE's overseas. The Counselors have been connected across the northern border since the founding of CRE in 1952. And we have been one. And William McCarthy, CRE, our presiding chair is from BC. We have had counselors overseas for a while. Many of the domestic members have been practicing world wide since our founding. Supply and demand and the built environment know no boundaries! Our European CRE chapter has been presenting at our annual meetings for a while and the chapter has been holding annual meetings and workshops in Europe for a while. Our Asian chapter was launched this year. Just as our CRE members learn from Dallas, we learn from Tokyo and Johannesburg and Vancouver. Yes. The real estate industry hiked our acronym CRE. We bucked up! And now for an update on location, services and the built environment.

Location is paramount and ever changing. Mobility, accessibility and proximity to local services and employment are still basic. Just different. Mobility is already dramatically different. Four wheel and two wheel transportation have changed, and mass transit is struggling to maintain and expand relevant utilization. Ownership versus rental tenure, electric versus fossil fuels - changes impacting location. Office versus home and virtual working - changes impacting convenience of commutation and definition of proximity. Online shopping and services impacting the necessity of proximity to bricks and mortar. Bringing the new norm to the site.

Services are essential and differentiating, as much as location and the built environment, itself. Connectivity might well be newly defined in the new normal with reliable and fast Wi-Fi at the top. Not particularly expensive. New normal. On-site stuff and staff have a variety of options, and benchmarking within the national, and even international, built environment as well the local market is, as always, important. Services can be expensive. Home healthcare for example. Because of the pace of change in technology and materials, benchmarking for best practices is doubly important and the new normal too. Durability and consistency and predictability are qualities of good stewardship of the built environment.

The improvements are, as always have been, equally deterministic in investment performance. Most expensively, adaptive reuse! The new normal is so fast, that supply and inventory is obsolescing at a rapid and accelerating pace. Not fleeting, just fast and accelerating. To change, or not to change,

the use. Ongoing. And different, somewhat, for every property. Highest and best use analysis reconciles a lot, more than before, of what ifs. Our community and our society depend on the built environment for survival, wellbeing and enjoyment. Those behaviors have changed, and the built environment must change and will do so.

So, stewardship is ping pong, rugby, and round the world regattas. Rocket science. Not for screen savers. Or day dreamers. Kickass! Tweak and stay shovel and climate ready, and contagion free!

Enjoy the beach, sand castles and a swim. Come to Vancouver for an important gathering of the counselors where some of our best and brightest in the business push forward in the new normal! And talk about it with candor, creativity and confidence!

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