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Recycling and restructuring: Cycles - the blue moon and restructuring activity - by David Kirk

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Perfect storm during a cycle of change. Recovery during recession under monetary pressure. Restructuring activity, including Chapter 11 and consolidation - like Kimco Realty \$2 billion merger with RPT Realty, exceeds 2022 so far. More deals are taking shape. The capital stack is adjusting to the rates and risks of the new normal(s). And so is property insurance where big portfolio deals will attract competition. Strategic side letters, exclusions, limits, covenants, coinsurance, captive insurance brokerage and risk underwriters. Broad and robust reorganization of property markets.

Delicate imbalance toward a shift and soft landings. Complex and confusing economic forces. Because of radically accelerated change in the economic base and human behaviors, the need for capital to restructure our built environment is also extraordinary when compared to previous cycles, both business and property cycles.

Most notoriously with the built environment, crunching credit just when change requires capital to shift and rejigger the shape and quantity of supply with demand from changing economic forces and behaviors. FTI Consulting highlighted YTD 2023 Chapter 11 and other restructuring activity in the marketplace 8/30/23. Major banking failures, Silicon Valley and Signature, growing Fed and FDIC watch lists as a result of shifting deposits, compromised assets inside banks and among bank depositors, declining asset market values burdened with below market fixed rates. Next liquidity test will be market for brokered commercial property loans and portfolios, both in good standing and not, under water with low fixed rates, expiring terms. All soon to be toss-ups. Spud or jump ball. Mixed messages of weakness and strengths in large and small cap markets highlighting robust appetites and activity. Hopefully.

The worm is turning on early-bird dining, Boston Globe, page 1, August 30, 2023. Behaviors morphing. Healthier diets and moderating helpings are driving natural patterns in mealtime. Eating habits are sticky, difficult to change significantly, evolutionary rather than revolutionary. Welfare and wellbeing are incenting and motivating the pivoting habits. Logically appealing, the habits are often residual behaviors for the younger and older working cohorts. Incidental, still essential. The middle cohorts are more logically stuck culturally and economically. Really? Food trucks, street food, to go, takeout, picnic tables. No scientific tests. Data in the built environment is countable. Now anecdotal. Just not important. Already impacting the built environment, the services and allocation and mixing of space and time is apparent.

Add Vancouver, where the mountains meet the sea (like Cape Town), and counselors exchange the personal anecdotes and wisdom beyond artificial intelligence! AI looks more backward for data and algorithmicity, data based, old data, selectively. Tweak it to lean forward. See you there!

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