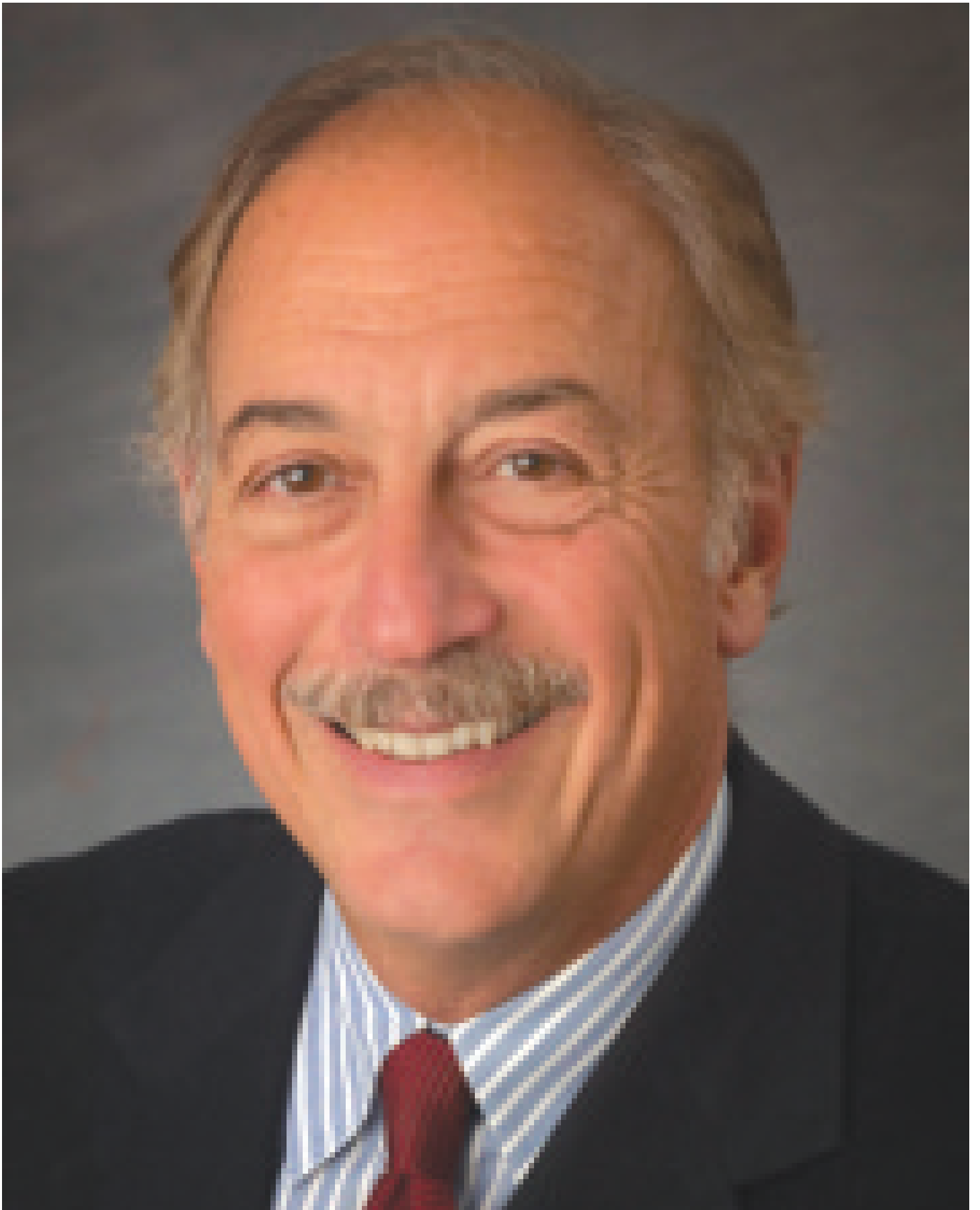




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## **It's a confusing real estate world: Don't you think? - by Daniel Calano**

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Daniel Calano

The news is full of “never before” pronouncements. Never before has there been a pandemic so impactful on real estate. Never before has technology allowed for remote business meetings on such a frequent basis. Never before would people so comfortably work from home as to vacate office buildings, at least on Fridays and Mondays. (A recent McKinsey report thoroughly verifies these thoughts) As a result, mostly never before has the Federal Reserve Bank flooded the market with so much cheap money to stimulate the economy. Well, maybe they all are not never before, but you get the point.

What else is unpredictable in this complicated world? Obviously, a more than likely tumultuous presidential election will have an impact. Politics are ugly much of the time, but this one is over-the-top unpredictable. Some level of unpredictability will exist during the run-up to the election, but much more will be impactful afterwards, clearly depending on who wins. This process will take time, perhaps years, before we will know.

Across the world are more aspects of unpredictability. Consider the very sad state of affairs in the Israel/Iran/Hamas conflict...or the entrenched Russian aggression. Aside from the human toll, the destruction of cities, the impact on world trade, finance, and other economic ramifications have already been unsettling across the world. These wars could easily continue uncertainty for years to come.

A world away, China is weathering an over-built real estate market, particularly housing. It is ironic that housing is desperately so needed in other parts of the world, including the U.S. In addition, China is threatening Taiwan, which houses the largest computer chip industry in the world, which is also so heavily tied to U.S. businesses there and here, including manufacturing of so many other products. Many of these “co-industries” are occupying real estate on both sides of the world, some of which is being newly built to accommodate anticipated future growth... assuming and requiring peace and friendship..

As alluded above, the list goes on, but we have endured events like these in the past, so “never before” is really a misnomer of today’s world. Hopefully, things will settle down, sooner than currently anticipated. That said, those of us in real estate should be cautious, as well as hedge our bets. Don’t be too ambitious in those development pro-formas, until things are more clear. It only makes sense!

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