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## **The Trump regime: Pledges, promises and real estate impacts**

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Now that the election has settled, and President Elect Trump is setting up cabinet, departments, congressional favorites and so on, at a rip-roaring pace, we need to be aware and understand impacts to our industry. First, consider his pledges, which he has been fulfilling well before he is inaugurated. Below are the key ones I am researching which are most impactful to real estate, and to what degree:

Feasible ones Trump can most likely control:

- Reducing Regulations - probably very favorable;
- Mass deportations, either through executive order, or by his supporters in government- potentially unfavorable with significant loss of labor available to development;
- Extending and /or increasing Tax cuts - Mostly favorable for financing;
- Reducing/eliminating funding for bureaucracy - Potentially beneficial, but could also slow development process;
- Homeporting/incentivizing manufacturing in USA - Potentially favorable, but very slow to be available;
- Increasing Tariffs - Favorable for some, unfavorable for others. Most likely inflationary.

More Challenging/controversial, less controllable:

- Tax cuts without creating revenues - Unfavorable, causing long term lack of confidence for future debt;
- Influencing interest rate on long end - Potentially favorable for developing, building buying;
- Eliminating certain income taxes in areas like Social Security, tips, overtime pay - Generally favorable to housing renters.
- Capping credit card debt, etc - Favorable, particularly for rental real estate;
- Other business incentives, particularly for small businesses- Very favorable.

These are the possibilities, but certainly more easier said than done. Although Trump is moving very quickly, there are obvious complications. First, there will be hundreds/thousands of new players in D.C. Think of a multi-piece puzzle, spewed out on a table, and trying to piece it together to see the big picture.

Even with this significant head start, there will be road-blocks and mishaps, and probably many changes. At best, this organizational settling in will probably take half of the first year. Implementation of new programs will take the second half.

On top of that, after things start to settle, there will be unanticipated conflicts in programs and goals that will need to be revamped or redirected. For one example, tariff impacts will continue to change, as other nations retaliate with their own broader tariffs. Another, regarding wars in Ukraine and/or Middle East, and undoubtedly many efforts to solve, no one can predict success. Regarding long-term interest rates, bond auctions to tariff imposed foreign countries may well keep sales low, thus, lowering confidence in USA and other worlds' economies and stability.

Summarizing, no one will know these outcomes for potentially a long time. With this quantity and level of upcoming uncertainties, it would be fair to say the first Trump year will be "choppy." Use the time to plan projects, procure permits, understand financing. While Trump has proven himself to be a strong leader, even he cannot control this future. Stay tuned!

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