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## **Plans/predictions for the trillion-dollar stimulus package**

February 12, 2009 - Appraisal & Consulting

The best minds are grinding out a trillion-dollar, stimulus package. The stated goal is 3 to 4 million jobs in 24 months. The package will include tax relief and incentives for businesses and individuals, extended benefits for jobless, targeted spending for infrastructure, healthcare, energy, housing, and pork. Housing and its mortgage market have received special scrutiny and attention. Only shovel-ready projects will be eligible. President Obama has assembled an extraordinary team with up-to-date and wide ranging experience in the markets and the politics and these efforts have expedited the design and buy-in at the capitol and at the state level. Allocations and individual programs have been vetted, detailed and second-guessed by the best and the brightest and the legislators in the Congress.

The commonwealth should receive \$11 billion under the U.S. House plan according to the Center for American Progress and as much as \$16 billion if the commonwealth and its private sector compete effectively for science, technology and health programs according to Will Straw an analyst with the center. National Science Foundation and modernization of medical records were targeted special provisions which should benefit the state health, life-science, technology and energy sectors. Moody's Economy.com estimates 94,500 jobs will be saved or created by the House stimulus plan which will mitigate and or stabilize current unemployment which was 235,400 in December 2008, increasing by 16,800 in December.

Commercial real estate annual roundups are confirming a weak fourth quarter 2008 and forecasting further declines in the local markets in 2009. NAIOP, REFA and the Appraisal Institute, among others, have summarized local activity and pricing for their members and guests. The local retail sector faces the greatest uncertainty following national trends impacted by declines in consumer spending and consumer confidence already causing bankruptcy and vacancy in retail properties. The multifamily housing market has demonstrated liquidity supported by financing from Fannie Mae and Freddie Mac and traditional banking and life companies.

The credit crunch, specifically related to real estate capital markets, persists with fewer sources with less capital overall and less allocated to real estate. The stricter underwriting, reduced loan-to-values, increasing interest rates, increasing debt coverage and increased emphasis on relationship lending are all expected to prevail in 2009. The Senior Loan Officer Survey for January confirmed tighter standards for consumers, businesses and commercial real estate, and falling demand from all sectors. The survey reported a net of 79% of the banks reported tighter standards in commercial real estate, and 70% reported declines in demand. Sidelined capital and distressed-asset- seeking capital continues to be mostly looking.

Job watching will still be the critical task for the commercial real estate industry. However, watching capital flows to the commercial real estate markets and watching the flow of stimulus spending will be important as well. The pork spending defeated bi-partisan support efforts in the House. At the

risk of continuing to be optimistic, President Obama's leadership and his broad-based team combined with the fed's continuing diligence and aggressive actions to replenish the markets for stability and growth continue to offer hope for 2009. The counselors will have 2009 mid-year meeting in N.Y.C. on March 29th-April 1st, and the schedule and roster is loaded with some of our industry's best and brightest. The trillion will be flowing and the shovel-ready will be digging!

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