

The first visit of the day was to CBRE in Boston. Our hosts for the sessions were Mary Suter and Suzanne Duca. Mary is a Senior Director in the Econometric Advisor business for CBRE. Originally she was a residential real estate broker between the dotcom and global financial crises and moved into commercial right before the GFC. Suzanne is a direct of research for the northeast division of CBRE.

My biggest takeaway was finding out that office leasing is still hot. I did not expect to hear that there is not a lot of space available and that if any tenants were reducing their footprints to accommodate more hybrid work, they were only dropping by 20% or so. Given all of the hullabaloo about the death of the office since March 2020 I expect to hear that there was more pain in the industry. Industrial is also white hot right now. They said that demand for industrial space especially relating to ecommerce was far exceeding what was available, especially in the Northeast. Boston has always been a land starved area and the current market means that vacancy was sub 2%. Another big trend was the growth in spaces for companies that are in the life sciences along with space for data centers. Finally we also discussed how hot the single family rental market was. There are huge institutional investors making big plays in single family rentals which was historically more of a mom and pop type business.

How will we accommodate employees that want to come in 3 days a week, but not have fixed hours without having excessive space leased? Will more office space be converted to residential as has happened in many Dallas skyscrapers? Will investors quest for yield ever be satisfied? While I do not know the answers, CBRE is at the leading edge of commercial real estate and seems poised to do well through any scenario.