

2024 SYMPOSIUM

A High Desert Commercial Real Estate Review & Forecast

Presented By:



COLDWELL BANKER
COMMERCIAL
REAL ESTATE SOLUTIONS

NATIONAL COMMERCIAL REAL ESTATE REVIEW

KEYNOTE SPEAKER



Dan Spiegel

MANAGING DIRECTOR OF COLDWELL BANKER COMMERCIAL WORLDWIDE



DAN SPIEGEL, SIOR
SVP & MANAGING DIRECTOR



CRE Recovery 2024:

On Time, Delayed or Cancelled?



WHICH SCENARIO WILL UNFOLD IN 2024?

JAL RUNWAY ACCIDENT



ALASKA AIR DOOR



UA TIRE FALLS OFF



CRE – WHICH WAY?





INTEREST RATES

Less uncertainty
Lower short-term (10-year)
rates

USER DEMAND

Retail
Residential
Industrial/Logistic_x

BUYER POOLS

International
Cash Buyers/Opportunity
Funds

CMBS/DISTRESSED ASSETS

Office assets
Over-leveraged assets
Assets financed Aw/ short-term
debt

KNS F S HNS L

Equity requirements
Refinance terms
Interest rates

GZ ^ JW + XJQQJWX

Sitting on their wallets
Price gap vis-à-vis cap
rates

Interest Rates & Inflation



Positives

- Inflation has slowed
- Election year
- Fed signals
- Energy (oil) prices
- Artificial Intelligence

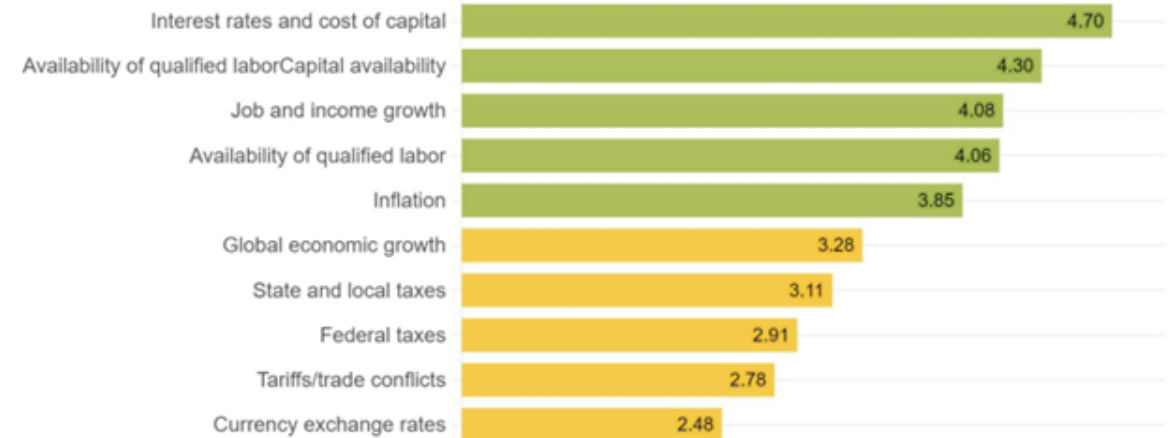
Negatives

- Fed target rate of 2.5%
- Election year
- Global Uncertainty
- Low unemployment

Importance of Issues for Real Estate in 2024

Economic/financial issues

1—No importance  5—Great importance

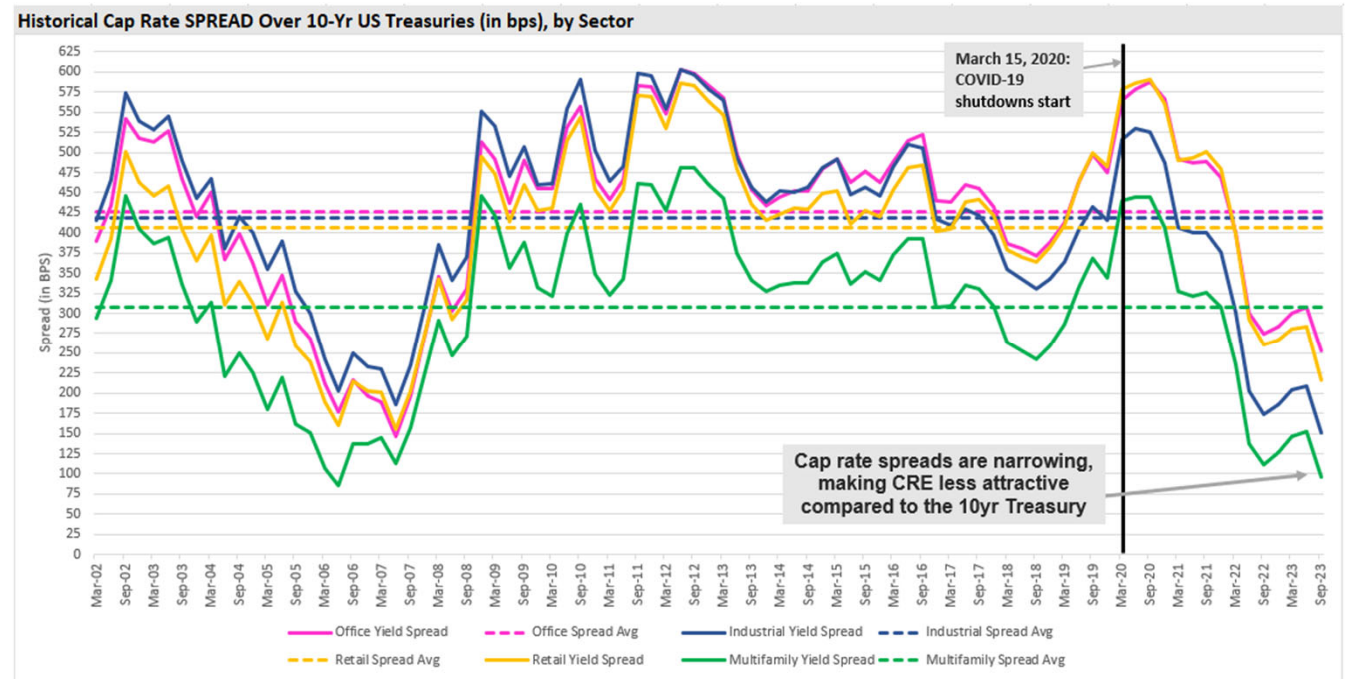


Source: *Emerging Trends in Real Estate 2024* survey.

Cap Rates + Pricing + Finance Costs



- Still in the stagnant phase of market change
- 10-year treasury and cap rate spread still narrowing
- Alternative lending sources (cash, seller-financed, user deals)



Tailwinds

Housing Demand

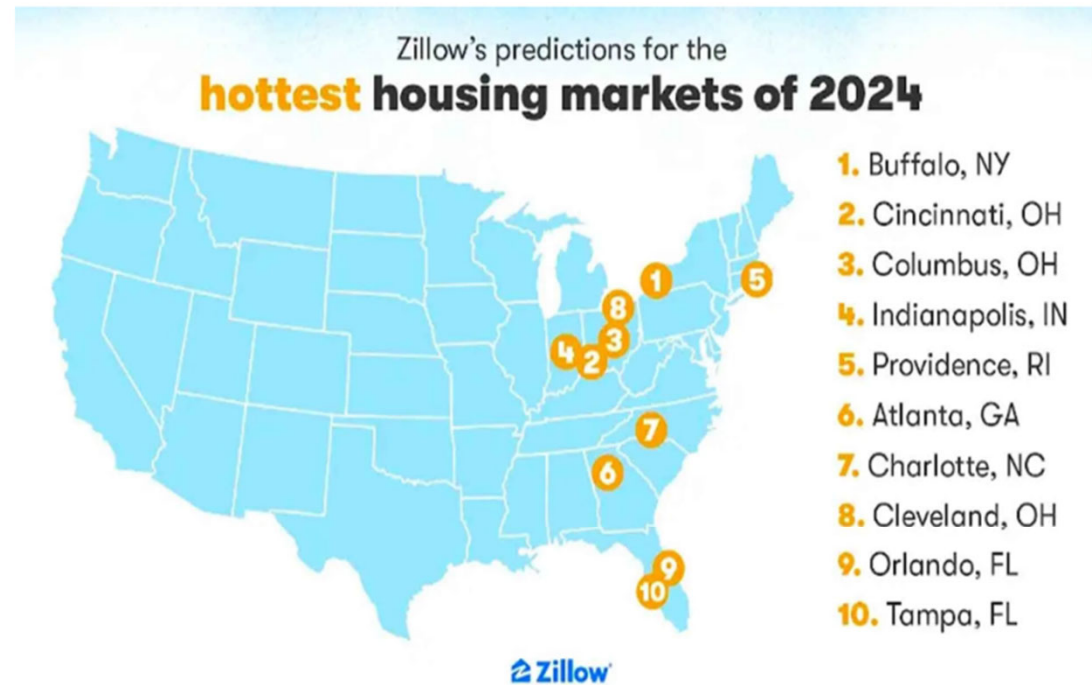
- Unit shortage 3.8-6.5 million
- High Prices => SFR
- Affordable Housing Shortage

Population Shifts

- Sunbelt & Rocky Mountains

Consumer Trends

- Pickleball



Map: Zillow

The [Rust Belt](#) has a new shine.

Driving the news: Buffalo, Cincinnati and Cleveland are expected to be among 2024's hottest housing markets, according to a new [Zillow forecast](#).

- The South, Midwest and Great Lakes regions are expected to thrive compared to the rest of the U.S., because of their relative affordability.

Tailwinds

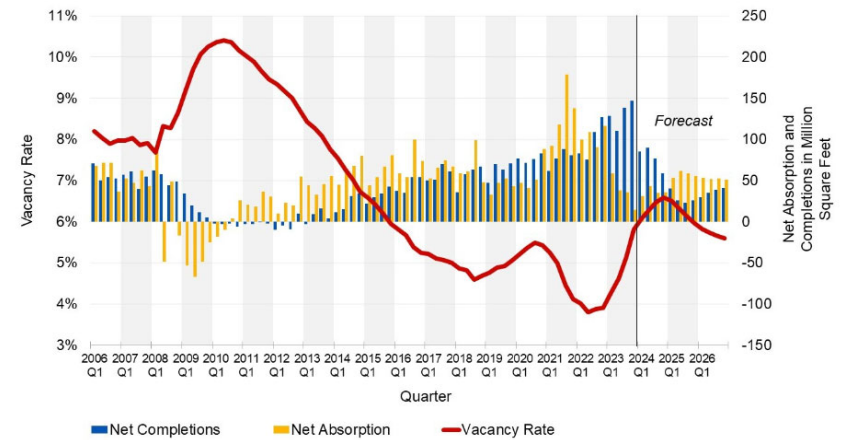
Healthy Fundamentals

- Retail
- Industrial/Logistics
- Medical Office
- Land (Resi Development)

Capital Positioned

- Blackstone/Institutional Buyers
- International Buyers

US Industrial Vacancy Rate Increases Speed Up During 2023



Source: CoStar, December 2023
Vacancy, net completions, and net absorption are aggregates of the 87 US markets that comprise CoStar's national index.

CoStar

EXCLUSIVE FUND NEWS

Blackstone Raises \$2.6 Billion for Real-Estate Secondaries Deals

The firm's latest fundraising program is around 30% larger than a predecessor, which wrapped up in 2020

By Rod James

Nov. 30, 2023 6:30 am ET | WSJ PRO

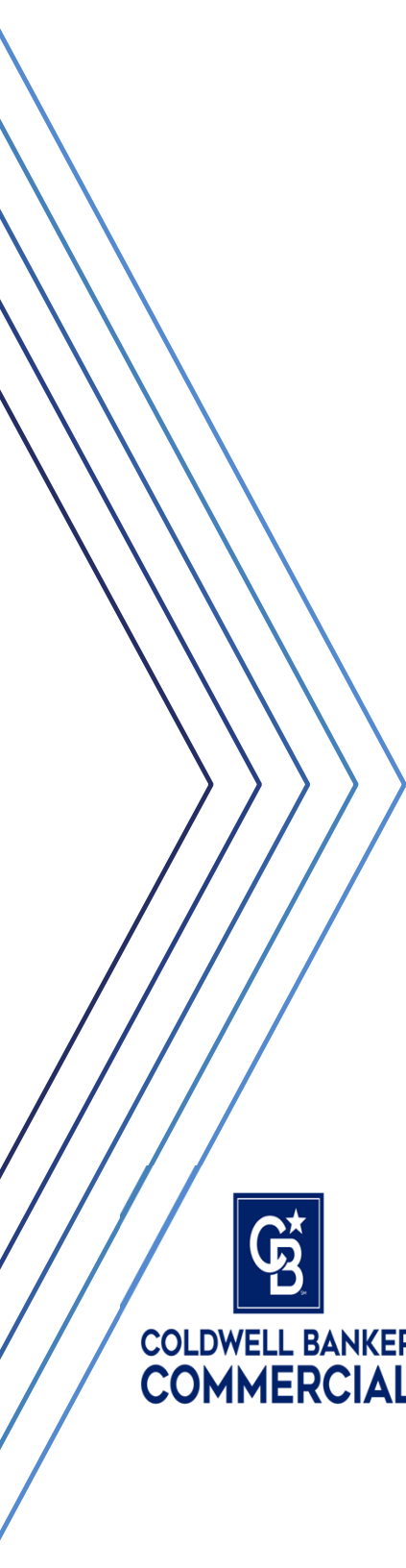
REAL ESTATE | COMMERCIAL

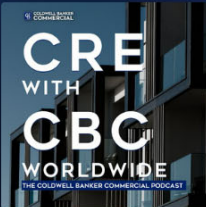
Japanese Investors Return to Overseas Real Estate With Lessons Learned From the 1990s

This time it isn't about flaunting trophy purchases

By Megumi Fujikawa [Follow](#)

Jan. 1, 2024 5:31 am ET





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Up next

- CBC 2024 Outlook Report**
CRE with CBCworldwide

While the economic landscape in 2023 showcased resilience in the face of interest rate hikes and positive indicators, it looks like challenges lie ahead in 2024. On this episode, Christina Balas is joined by Coldwell Banker Commercial Managing Director, Dan Spiegel, to discuss the...

Mar 4 · 29 min 58 sec

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2024 OUTLOOK

Top Markets for Retail Rent Growth

Source: Colliers Best Market Report November 2023



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2024 OUTLOOK

Top States For Population Growth 2022 - 2023

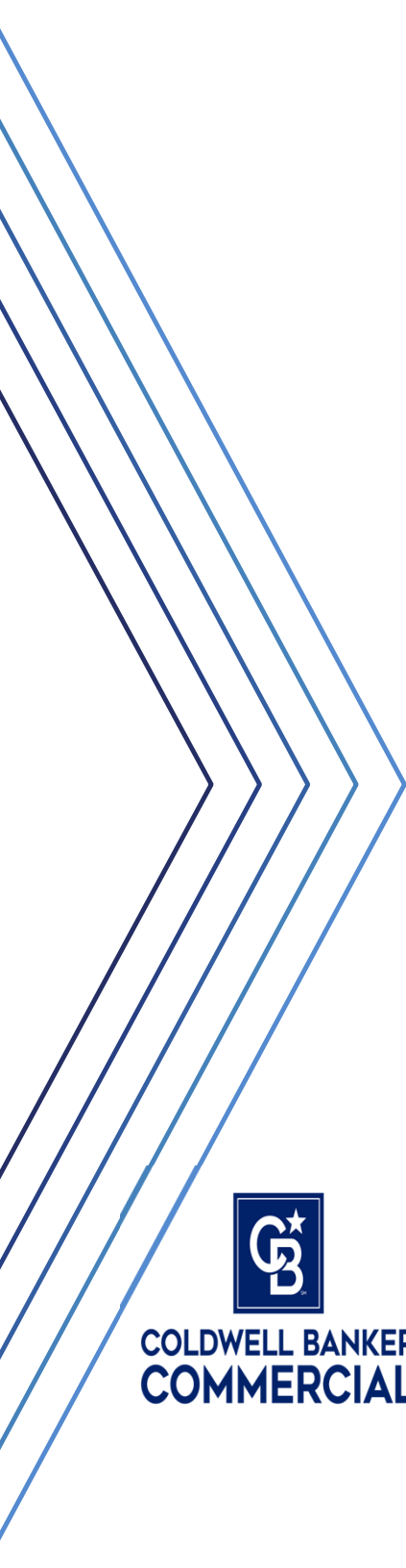
Source: US Census Bureau



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**2024
OUTLOOK**



BANKS HAVE PULLED BACK; CASH IS KING

Financing availability has pulled back across the board, but some sectors are finding lenders more amenable. For industrial and retail, capital is constrained but available for very good properties. Funding for construction projects and office buildings, however, has become extremely hard to find, especially for less premier tenants.



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**2024
OUTLOOK**

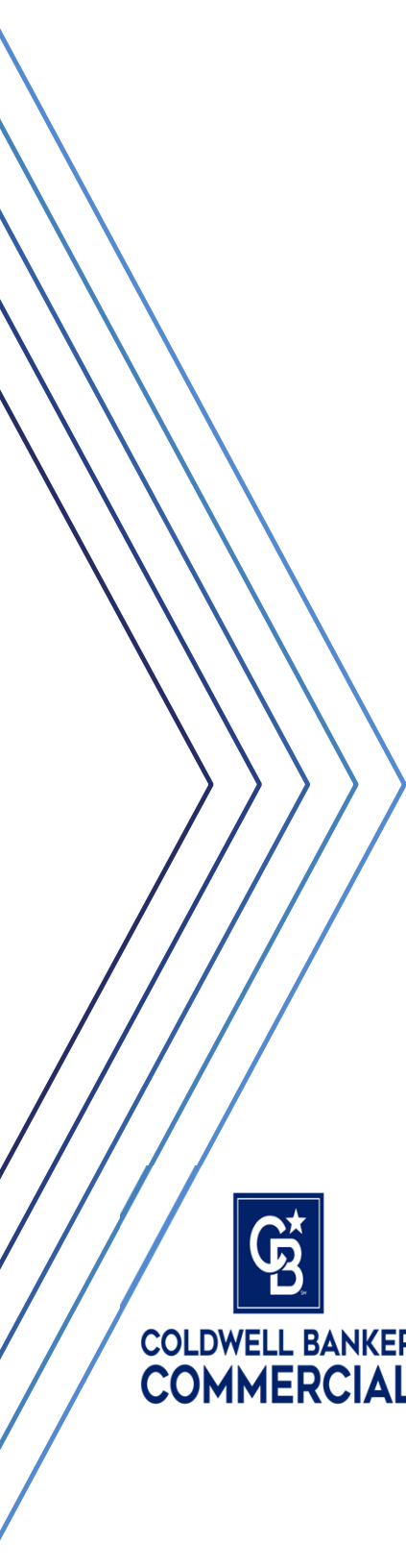


SALES AND INVENTORY ARE DOWN

Sales have slowed down dramatically across all sectors, largely due to the significant cap rate discrepancy between buyers and sellers. And contrary to the expectations of many people, very few distressed assets have materialized in 2023 - causing a lot of money to wait for the wave of refinancings coming in 2024.



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ENTREPRENEURS & LOCAL RETAILERS THRIVE

Outside of CBDs, the retail sector has desirable investor demand. Cap rates are still rising but at a moderated pace as investors pursue stable assets such as auto dealerships, grocery-anchored centers, medical offices, and national credit tenants. Coffee shops, QSRs and restaurants were growth uses. Well located malls are fully occupied and seeing signs of life.



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2024
OUTLOOK



A YEAR OF CAUTION

While there is appetite for commercial real estate investment, people are taking longer to make decisions due to uncertainty about economic factors. Expect 2024 to be a year of caution as investors try to figure out valuations just when rising cap rates begin to settle down.



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THANK YOU



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