

NAIOP Chicago Webinar | 2020 Market Update Thursday, October 29, 2020

On Thursday, October 29th [Spencer Levy](#), *Chairman of Americas Research and Senior Economic Advisor*, CBRE, joined NAIOP Chicago for a “2020 Market Update”. Spencer kicked off by discussing his love for Chicago, and then dove right in.

On a macro basis, 3rd quarter GDP was better than expected at a 33.1% growth. The last 2 weeks notwithstanding, the stock market as well as the job market is improving. Why? Because according to Spencer, we are not in a financial crisis, but a crisis of demand.

Spencer emphasized that the only reason the economy is doing well is due to the government. The government lifted the bottom of the overall economy through aid. PPP and unemployment insurance did their jobs, but we will need more. Cap rates have gone down and will continue to decline as US inflation declines. As such, we are seeing fewer deals get done. Unfortunately, Spencer doesn't see a directed bailout happening. However, there will likely be an additional stimulus in the next few months.

On the micro level, Spencer discussed the commercial real estate industry's improvement in all the asset classes, even in retail. While the e-commerce and cold storage industrial will continue to grow, retail and hotels may take 2-3 years to fully recover. Debt capital markets (this is a confusing sentence to me) are coming back and are already back in multifamily and industrial. He even provided evidence that the future of the office is not dead.

Spencer then provided insight into the US Presidential election but emphasized that his insight was based purely on economy, and not social policies. In short, he does not see it having much of an impact on GDP and jobs. While Biden would have many short-term benefits, Trump would provide less regulation in the long term. Of course, all of this depends on if the Senate flips.

Spencer's colleague Matt Vance, *Director of Research*, CBRE, joined in to discuss Chicago specifically. He recommended Spencer's [“Why Chicago”](#) video. While it was made in 2019, the curated data pieces have a strong shelf life and are still accurate today. He touched on the financial situation and its challenges but noted that Chicago does not have the same push and pull as the coasts do. Both Matt and Spencer found encouragement in the strong underpinning of the local economy, and the opportunity to sell occupiers on the 77 neighborhoods of Chicago.

In conclusion, Spencer discussed his continued belief in cities. He cited Fulton Market as an example of the type transformation that will sustain cities like Chicago. While the short term is unclear, Spencer predicts a “hockey stick rebound” beginning in September 2021. All in all, he had many positive things to say about the future of Chicago.

NAIOP Chicago President Johnny Carlson, Trammell Crow Company, moderated a Q&A session that included discussions on multifamily capital, e-commerce, and Chicago's value in the life sciences, that concluded the meeting.

[Watch the Meeting](#)