

The Weekly Take

Back in Time: Reflections on 2024

12.23.24

Mark Godfrey

So, Spencer, I don't always listen to podcasts. But when I do, I prefer The Weekly Take.

Spencer Levy

With a tip of our cap to that man, Mark Godfrey, President of the Appraisal Institute's Metro New York Chapter, which hosted one of our recent on-the-road episodes, and a nod to all of our regular listeners across the real estate world and beyond: this pod's for you. A toast to all who have made this year another jam-packed, award-winning season for The Weekly Take. And if you're new to our show, we're glad you finally joined us. It's been one very busy year. On this episode, we celebrate our fifth season, bringing you up to speed with highlights and extras, and spinning our perspectives forward into a new year.

Mary Ann Tighe

Spencer always makes you feel fabulous, right? That is, among his gifts, is that you, of course, want to talk to this guy, because why not? He always makes you feel smarter than you really are.

Spencer Levy

Aw, shucks, Mary Ann. That's Mary Ann Tighe, CEO of CBRE's New York Tri-State Region, and a legend in her own right. But enough about me. Let's talk about real estate and hear from folks who have made all of us feel smarter this year. Coming up, 2024 in review. I'm Spencer Levy, and that's right now in our annual yearly take on The Weekly Take.

Spencer Levy

Welcome to The Weekly Take, and welcome to Tampa.

Spencer Levy

And I'm delighted to be here in Nashville, one of the fastest growing, and dare I say it, coolest cities in America.

Stephanie Dorsey

Thank you so much. Thrilled to have the opportunity.

Johnathan Daniels

Great to be here today with you. Thank you.

John Mechanic

Spencer, always a pleasure. And I remember those old days with a lot of pleasant memories.

Spencer Levy

Welcome to The Weekly Take. That's how I start every conversation, with a welcome to you, our audience, and to a diverse array of major executives, big thinkers, and notable leaders from CBRE and around the business world, some of whom we'll revisit on this show, including the voices you just heard and more. We welcomed founders and CEOs from family businesses and Fortune 100 firms, visionary entrepreneurs and influential investors, professors and authors, guests from every sector and corner of the market to help us make sense of a recovering economy with nuances from around the globe.

John Pattar

Every single country is very different.

Spencer Levy

We spanned the globe for a look at the Asia-Pacific market with a group that features the voice you just heard, that of John Pattar, KKR's Head of Real Estate in that region. We also went across the pond for a window on the world of flexible office space with Enrico Sanna, CEO of the Office Group in London.

Enrico Sanna

I don't think that the WeWork situation is reflective at all of the strengths of the flex office market that we've experienced over the past ten years, and we continue to see a lot of growth even post-pandemic.

Spencer Levy

And we hosted a panel at relatively nearby Mexico City to talk about nearshoring with, among others, PGIM's Head of Latin American Real Estate Enrique Lavin.

Enrique Lavin

I think it's pretty evident that this is not going to slow down anytime soon. This is here to stay.

Spencer Levy

But I'm getting ahead of ourselves and our retrospective. Let's go back to the beginning of the programming year to put 2024 in context.

Richard Barkham

It was, I would say, even more easy to forecast during the pandemic than it was over the course of 2023, a very complex economic environment. Hopefully things become a bit clearer in 2024. I think they will.

Spencer Levy

With that, CBRE Global Chief Economist Richard Barkham set the stage of our 2024 Outlook. And he hit it on the head. The picture of uncertainty did indeed become clearer during the year. Richard spoke alongside Jim Costello, the Chief Economist at the MSCI Real Assets Team, who struck a pragmatic tone, as well.

Jim Costello

Best advice: Patience is always a virtue.

Spencer Levy

Our goal in that Outlook episode was to provide insights on a huge question that was in the air: what was going to happen with inflation and interest rates this year? And in hindsight, I think they offered some pretty solid advice. Here's more...

Jim Costello

Don't assume that we're going to go back to the super low interest rates that we were in right around the Covid crisis. I do expect the markets to show some sort of decline in rates, but you're still going to have to focus on the fundamentals. You're still going to have to focus on income moving forward to a greater degree than you did in the past. So you really need to focus on your leasing game. You really need to focus on asset management and your CapEx spend.

Spencer Levy

So, Richard, advice for our clients for 2024.

Richard Barkham

Cautious optimism, I think, on 2024. I think we're through inflation. Interest rates have peaked. They're going to come down, perhaps not as quick as some people in the market are hoping. And yet, with a fair wind, we won't have a recession in the United States.

Spencer Levy

Well, if there was a theme for the year, that brand of optimism was it. Indeed, we did not have a recession. And as the year unfolded, we looked to bring our listeners wider perspectives and approaches for looking at where the markets were heading.

Belinda Roman

We probably need to be a little bit more open minded about what constitutes data. I think anecdotal information is useful and we shouldn't discount it. We've got to be more creative, less staid in our thinking. And that's always a challenge because sometimes it can be a very staid discipline.

Spencer Levy

That was Belinda Roman, an Associate Professor of Economics at Saint Mary's University in Texas and the most accurate forecaster of the past year, according to the *Wall Street Journal*. One of the secrets to her success, she said, is being open to empirical and experiential information. With that in mind, Belinda shared her sense of optimism and where she saw opportunities in core real estate. Here's more from our conversation last summer.

Belinda Roman

What I'm hearing in terms of economic growth and development at the local level, and data centers seem to be what's on everybody's mind. So I would be looking at what real estate, commercial real estate, is available that can be used in those processes because we're talking about AI. We're talking about the role of technology in increasing returns and efficiencies in what I'm understanding from folks on the ground is, they're looking to convert some of the commercial holdings into data centers and use them for that type of work. So that might be a place, and to look in the secondary markets. We know what the big markets are like, but what are all these secondary markets, like Madison? Like where we're talking about in Ohio or even in Missouri, places like that. And other parts of the world. I think in the economic summit that we had at the border, they were talking about data centers in Mexico, and power centers in Mexico, and how they could retask some of

the old “maquila”, you know, the manufacturing, for that purpose. So that would be my humble take on some of the real estate questions.

Spencer Levy

And since we're revisiting forecasts, I'm reminded of what another guest talked about back in January, namely, what might become of all the unused office space that the pandemic left in its wake.

Diana Olick

You know, office, class-A office, is actually not doing that badly. You know this. And in a lot of cities, it's in demand. You have brand new office buildings with all the amenities, and they're leased up. But the 1960s buildings, you know, the building I'm looking at right there across the street, which I wouldn't want to go work in. What do you do with that building?

Spencer Levy

That was on the mind of CNBC Senior Climate and Real Estate correspondent Diana Olick, a pioneer as a network reporter who looks at business and real estate through a sustainability lens. She clearly knew how to sniff out a story because one clip that hit our cutting room floor would turn out to be a plot line throughout our programming year. Here is an extended cut from Diana, in which she shared her point of view on the idea of converting vacant office space into other uses.

Diana Olick

We're starting to see stories of, it doesn't have to be an apartment conversion. So maybe the office is converted to a massive, you know, entertainment space, or it's, you know, some kind of indoor mall or gyms or something that wouldn't require what an apartment building requires but is not an office. And you're starting to see some companies get a little creative with older buildings and turn them into different things. I don't know how much of the stock they could take up with that, but it might be something to revive the downtowns.

Spencer Levy

The idea of conversions and other ways to transform unused space in our urban markets, downtowns, central business districts, and beyond, emerged as our biggest storyline this year. We even kicked off a series based on CBRE's report called *Shaping Tomorrow's Cities*, visiting forward thinking places to find out how they have been turning today's challenges into something new. That included Austin, Dallas, New York City, and Northern Virginia outside Washington, D.C. And to the heart of that conversion conversation, we took a different angle in a visit to Cleveland, a leader in such efforts.

Bhavin Patel

They think community involvement and engagement is critical.

Spencer Levy

That was Bhavin Patel, Founder of Green Harvest Capital and Spark GHC, a private equity enterprise with a global portfolio that's behind Project Scarlet, an ambitious historical redevelopment in downtown Cleveland. The take away from B, as he likes to be called, is that more than deep pockets or even deep expertise, forging deep local relationships is the key to remaking a city.

Bhavin Patel

Whichever community that you do a project in, right, you have to be involved. You have to understand the local norms, the customs, the pain points, and help solve for those. Like

we always think about being a value-add to wherever we do a project. We'd like to improve the area that we're in and have a long term commitment to it.

Spencer Levy

The "Shaping Tomorrow's Cities" series will continue as we head into 2025. We will visit Atlanta, Chicago, Miami, and more. Now, speaking of all that globetrotting and interstate travel here at home, I'd be remiss if we didn't reflect on one of our most popular guests of the year.

The Points Guy aka Brian Kelly

Well my mom calls me TPG, so you can, too.

Spencer Levy

TPG is none other than The Points Guy, a.k.a. Brian Kelly. Call him what you will. He's an influencer and advisor with a special niche covering loyalty programs. He sent off our listeners with a call to action for the travel industry.

The Points Guy aka Brian Kelly

You need to engage with your consumer before they come. Give them options to customize their stay. Use points. Get connected with amazing local guides. I think the opportunity there is to allow, because there's just so many points being generated every day and I say this to... across the industry. We need more ways to redeem. There's just simply not enough new flights or hotels opening in capacity to allow people to naturally redeem for just a simple hotel stay or a simple flight. So, I'd love to see more partnerships with hotel chains and cruises, like partnerships there.

Spencer Levy

Let's now travel to residential real estate. We did multiple episodes this year, including important discussions of accessibility and affordability, and our nation's major need for more housing. On one show, we delved into the resistance to development, NIMBYism, and potential solutions.

Jerry Davis

We're working on a master plan for a new development that would be really hitting that soft middle area, which is reasonably priced homes that will be near town, but they would be more dense than what the single family zoning in that area would allow.

Spencer Levy

That was former Hollywood Producer turned Developer Jerry Davis. He joined us alongside CBRE Managing Director Jessica Lall, a former leader of a Downtown L.A. advocate organization and 2022 mayoral candidate. One area of affordability I think we could have covered in greater depth is the idea of a soft middle in the housing space. That is, accessibility for people being squeezed at both ends. Beyond what our guest offered on the air, here's more from Jessica, raising ideas, issues, and challenges we ought to be thinking about in the year to come.

Jessica Lall

We've been talking with a lot of jurisdictions, school districts, community college districts around this exact idea, because a lot of these municipalities, jurisdictions, they have land and they're trying to figure out how to use their land more efficiently to meet some of these goals. And housing for the workforce is absolutely essential. It does start to raise a lot of interesting questions around tenancy controls. So say a school district builds housing for

teachers. You don't subsidize that, but you're just providing it. They move in. The teacher no longer works for the district. Can you move them out? So I do think this is sort of a new frontier of the regulatory world that is going to have to be addressed in terms of how do we meet these needs that we should be sort of expecting to see as we try to look at new models to solve for every day workforce housing that we all desperately need more of.

Spencer Levy

Speaking of new frontiers, in 2024, we talked about new things in a variety of ways. From innovative building techniques and the growing use of modular construction to the continually emerging emphasis on sustainability to new fangled financial instruments, including a method of buying and selling properties known as secondary investing. But there was one new, new thing that almost every one of our guests had a take on, which is the rapid rise and the impact of artificial intelligence. In one way or another, AI touches, so to speak, everything we do, in terms of automation and creativity and more. AI presents technical challenges, moral dilemmas, and most tangibly, perhaps, competition for labor. We delved into these issues and more. Here's food for thought from Darcy Casarella of NEA, an influential Silicon Valley venture capital firm, on her area of expertise in the tech world: jobs.

Darcy Casarella

With the AI revolution, the need for you to code... you're still going to need coders. You still need software engineers, but everybody's going to be able to code using some of these prompts, these AI prompts and tools. And actually the people who are going to be most in demand are those who can write, because it's about directing the AI and asking the right questions to get to the right answers faster, and who can articulate that. And so lawyers and journalists and people who write for a living are going to be kind of super users of these AI tools, or could be if they position themselves. It just is a good food for thought, like what are the talent demands going to be when AI becomes a part of our daily lives? What are the skills that we will need that we'll be using more often?

Spencer Levy

Those are big questions. So where does that leave us? Just remember, our outlook was for a year of cautious optimism. And as we head towards the finish line, that sentiment still holds true.

Julia Coronado

This is a good economy. There are opportunities. It's a super uncertain environment, so you have to stay nimble and careful. But I think it's a good economy.

Spencer Levy

That was Independent Financial Adviser, Educator, and Former Federal Reserve Economist Julia Coronado, who joined us for a mid-year episode when the spotlight was on the Fed in the lead up to its decision to start cutting interest rates last summer, a particularly thorny issue during the election season. All year, the stock market has hovered near or broke record highs. Unemployment has remained low and inflation is stabilizing. When we begin a new podcast season in January with our 2025 outlook, we'll dive deeper into this economic story and the potential for the Fed to continue cutting interest rates. But now, against that backdrop, Julia's parting words are worth remembering as the sun sets on 2024.

Julia Coronado

There's a lot of headlines, a lot of geopolitics, a lot of things that feel really kind of crazy right now, but the underlying dynamics of the economy... and I'm not a permabull, just FYI,

like, post-GFC, I was super bearish for years. Rightly so, but I try to, like, my views evolve with the economy. This labor market. I just love this labor market. It's so dynamic and resilient and it gives us opportunities as business people.

Spencer Levy

As we wrap up this retrospective, let's end on an aspirational note. Sure, there's still some lingering economic uncertainty. Yet the horizon does look bright for business. So do you have big plans for 2025 or the positive vibes our guests conveyed? Continue with the year to come as our final thought. A callback on the optimism of '24 that had one of our guests literally reaching for the stars.

Ben Nemtin

I'm set to go to space with a company called World View in 2025, depending on when they get the go ahead. It's a really cool company that uses helium balloon technology. They've been sending up satellites to space for a very long time. They don't use rockets. It's actually one of the safest ways to go up to the edge of the stratosphere, and then you come back down.

Spencer Levy

That was bestselling author Ben Nemtin, whose book of 100 bucket list aspirations, *What Do You Want To Do Before You Die?* inspired us in a conversation about chasing impossible dreams and how such endeavors can apply to careers in commercial real estate.

Ben Nemtin

That's something that I think will just be the piece that hopefully will trigger people to think about going after that thing that they love. Giving them that feeling that we felt when we started this, and on that road trip of that spark of life.

Spencer Levy

So here's to many more sparks of life in 2025. We'll continue to talk with the best minds in the business in the year ahead. For now, I'd simply like to thank all of you for listening and continuing to make The Weekly Take a success, not only by tuning in, but by commenting and sharing the show on Apple Podcasts and Spotify and everywhere you listen. You inspire us to dig deeper week in and week out. We're grateful for the strong ratings you have given us and the awards that we've received. They are testament to our entire crew.

Spencer Levy

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Spencer Levy

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Spencer Levy

We'll be back in January to ring in a new season, starting with our annual outlook for 2025. By the way, if there's anything on your mind, feel free to send us a question and we'll try to answer it on the air. And above all, we'll continue with more than cautious optimism, working to clarify the uncertainties, keep you on top of the trends, and engage you in our ongoing conversation about business and commercial real estate. I'm Spencer Levy. Be smart. Be safe. Be well. Here's to a joyous holiday and happy New Year.