Piasky Solutions

Real Estate and Development

Real Estates Bullets #20

Hello to our **6,760 familiar faces** from last week, and a **warm welcome** to all our **new readers**!

Piasky Solutions Recommended Companies

Discover how Piasky Solutions "**Recommended Companies**" can make you more successful. Explore our vetted & trusted providers for your **next project**!

D & D ENGINEERING, INC.

LCRA ARCHITECTURE & PLANNING

GTS

B&D CONSULTING SERVICES

Bullets #20:

Walker Webcast: The Most Insightful Hour in CRE

Acclaimed economist **Dr. Peter Linneman** joined Willy Walker on a recent Walker and Dunlop webcast from the New York Stock Exchange. Here are some highlights:

How rate hikes affect only a fraction of the US economy:

- **Around 20% of the US economy** is significantly impacted by interest rate hikes.
- This 20% includes State, local, and federal government (about 35% of GDP), **healthcare** (around 18% of GDP), some manufacturing, and **capital not on short-term debt.**
- Housing costs are increasing, but 80% of American mortgage holders **locked in low interest rates**.
- Many corporations have long-term debt and are **not significantly affected** by rate hikes.
- **Consulting firms, small businesses without bank lines of credit**, and industries like development may not be heavily impacted.
- **Reducing the rate** of multifamily housing construction, for example, wouldn't substantially slow the overall economy.
- **Travel and tourism** are still recovering to pre-2019 levels.

The positive signs of GDP growth:

- A recession in 2023 is **unlikely** and provides a 2.3% GDP growth forecast.
- Pent-up demand in sectors like **healthcare**, travel and tourism, and **autos**, which will **drive economic growth**.
- Inflation is lower than reported and **cites specific price indices**.
- **Oil price increases** are attributed to factors other than the Federal Reserve's actions.

The factors behind the volatile energy consumption patterns:

- Unusual scenario where **energy consumption** has not returned to previous levels despite a growing economy.
- Factors contributing to the **decrease in consumption** include efficiency improvements, **inventory dynamics**, and technology.

Flexible working hours and thriving in a service economy:

- The challenge of achieving office conversions with **20% to 80% occupancy** levels is highlighted.
- **Emphasis** on flexible work schedules and their positive impact on **productivity**.
- Insight into the importance of being in the office to learn from **experienced professionals**.
- Comparison of **being in the office** to **visiting a professor during office hours** for learning opportunities.
- Reference to a successful individual who benefited from **visiting a professor** and **ultimately achieved career success**.

Consumer Strength and credit card debt:

- Credit card debt is a **topic of concern**, but credit card defaults were at **2.4%** in Q2 2023, **slightly higher** than during the pandemic.
- A substantial portion of credit card debt **may not be actively accruing interest**.
- The current economic situation is robust, **with job availability**, real household wealth, and **real income on the rise**.

Election risk in 2024:

- Election risk is a consideration, but the **overall economic trajectory** remains positive, **regardless of who holds political office**.
- **Political factors** do influence the economy, but long-term growth is driven by broader economic factors.

Influence of the Government:

- Government spending does affect the economy, but the **economy's overall trajectory remains relatively stable**.
- Government spending may have a **modest impact**, but the economy's growth is **not primarily determined** by government actions.

Economic resilience:

- The U.S. economy is **robust enough to withstand** various economic and political challenges.
- The country's financial strength allows it to weather **multi-billion-dollar mistakes**.

Full Webcast

About Piasky Solutions

Time is money! Piasky Solutions is a one-stop-shop to get quickly CONNECTED & EDUCATED.

Get connected with our pre-vetted team of Recommended Companies who offer a comprehensive suite of services from Government Approvals to Architecture to Civil Engineering to Traffic Engineering and beyond.

Get educated quickly with our **Real Estate Bullets Newsletter**.

Visit Piasky Solutions

Piasky Solutions

Real Estate and Development
