

NOTES FROM MBA CREF San Diego, California February 2017



Last week, more than 3,000 commercial real estate professionals descended on San Diego for the MBA CREF conference.

Valbridge Property Advisors was pleased to be an exhibitor at the event, and enjoyed meeting current and future clients.

We were represented by professionals from California, Texas, Georgia, Virginia and South Carolina. In addition to visiting with so many professionals, education sessions were also on the schedule.

Below are a few highlights from the perspective of a life insurance company panelist.

Multi-Family Product Class

The life company panelist stated they were focusing more on Class B apartments because they have historically had lower volatility than Class A or Class C apartments.

Class A is strong when the economy is good, but suffers when tenants step down to Class B during bumps in the economy. Class C does better when economic times are uncertain, but suffers when the economy turns and tenants move up to Class B.

In both scenarios, Class B apartments are buffered from changes in demand.



Production Forecast for 2017

Life companies are continuing to have record production years, due to struggles in the CMBS world, and expect 2017 to be another strong year. However, many forecasts are for loan production to temper in the near future due to decreases in loan renewals, interest rate increases and unforeseen world events that affect financial markets.

