

What's Next: Real Estate in the New Economy

That's over. What's next?

As we preview the future, three critical forces drive change:

Accelerating Globalization—From energy to food to manufacturing, the metrics of globalization shed light on the rise and fall of global markets on a 24/7 basis as cities around the world ebb and flow with massive capital investments and withdrawals. Burgeoning and shrinking cities mirror investors' search for lower costs of production and optimum locations for both manufacturing and services. Our social networks and governance structures struggle to keep pace and adapt quickly and creatively to process all of the input that various interests want and need to give. Disparities between rich and poor expand, uncertainty and lack of confidence grow, and prognosticators hyperventilate with fears of the future.

Changing Demographics—The rapidly evolving social composition of communities has a more powerful reach and not only reframes a neighborhood or a state but also triggers new markets, new opportunities, and new products and services. Immigration produces not just a plethora of diverse restaurants in virtually every town and suburb, but also new residents vying for jobs, housing, and a toehold on the ladder of success. The "barbell" population groups of the Boomers and Generation Y challenge the markets, from where and how we live and work, to how we learn, heal, and relax.

Ever-Evolving Technologies—Technology is pushing more information into the marketplace and onto our smartphones at warp speed. We can monitor and manage our activities, our navigation, and every value proposition with ever more accuracy and in real time. The community-building potential of communications technology is on a meteoric catapult across the globe, replacing entire industries along the way. Whether to detect underperforming heating, ventilation, and air-conditioning equipment, monitor the arrival of the next bus, or catalyze political engagement, communities and businesses are exploring the power of instant connectivity for good or ill.

These underlying forces will combine with many others in indeterminate ways over the coming years. In the world of real estate investment, the continual challenge is to understand new trends, capitalize on new market opportunities, and direct investment funds in strategic ways. No time in recent memory has been as complex or as subject to detailed analysis as our current time—or changing as rapidly.

It's all about thinking in a different way.

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