

**Gruen
Gruen
+
Associates
Holiday
Greeting
and
Forecast
for
2024**

Our 53rd Annual Forecast

Macro Forecasts

- The inflation rate will continue to decelerate to within or close to the Federal Reserve target of two percent.
- Crude oil prices will moderate.
- The economy will slow but the labor market will remain resilient, retaining much of the jobs gained in 2023.
- Interest rates will decline. By the end of 2024, the U.S. 10 Year Treasury Note will yield close to or under four percent.
- The strong job market, reduced inflation, and many homeowners retaining their low interest mortgages will keep consumer spending close to current levels.

Land Use Forecasts

- Entertainment, medical services, and education uses and the “creative class” whose activities can best be done in person, may increasingly locate in or near downtowns where high office space vacancy rates have caused rents to become more affordable.
- The optimization of supply chains, further onshoring and nearshoring, and relative strength in consumer spending will support continuing low vacancy rates and rent growth in many industrial markets.
- Artificial intelligence (AI) and other technological innovation contribute to continued demand for the development of data centers.
- Apartment investment and development will do well for long-term investors and contribute to increased needed housing supply, while single-family housing purchases remain out of reach for about a third of the nation’s population.
- Because for-sale housing inventory has become significantly less affordable and available, demand will support new housing construction (despite currently elevated mortgage interest rates). Large builders that can offset the high interest rates consumers face (with “buydowns”) will capture market share. Product opportunities include new housing units for older adults seeking to downsize from existing single-family homes and purposely “build-to-rent” homes.

Gruen Gruen + Associates wish you and yours a healthy, happy, peaceful, and prosperous New Year.

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