

Commercial real estate forecasters see continued U.S. growth

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Top real estate economists expect that commercial property transactions will rise over the next two years to levels not seen since before the recession – exceeding the volumes hit in 2006.

Total transaction volume will reach \$430 billion by 2016, according to a new forecast by the Urban Land Institute and Ernst & Young. The just-released report is more optimistic than last fall's industry outlook.

Economists surveyed in February and March predicted “consistent growth in the real estate industry, bringing some key factors back to pre-recession levels and others moderating to long-term averages,” Anita Kramer, vice president, ULI Center for Capital Markets and Real Estate, said in the report. “Fundamentals beyond multi-family continue to improve with the retail sector now joining in.

“This overall outlook for real estate is supported by expected on-going improvements in the economy.”

Total annual returns for commercial properties are forecast to average 9.4 percent this year – with retail and industrial buildings doing slightly better than the average.