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Political Polarization Is #1 Issue That Could Impact Real Estate and the Economy in Arizona

Counselors of Real Estate Cite Political Divisiveness, Global Uncertainty, Immigration and Wage Stagnation of the Middle Class

PEORIA, Arizona (July 11, 2017) — The polarization of politics and global uncertainty are expected to have a significant impact on real estate in Arizona and in the U.S. in the near-and long-term.

This is according to The Counselors of Real Estate 2017-18 Top Ten Issues Affecting Real Estate, an annual list about key U.S. commercial and residential real estate disruptors produced and recently released by the Counselors of Real Estate, a global professional association.

Political polarization and global uncertainty lead the 2017-18 list because divisiveness — which is occurring at all levels (and is fueled by news headlines, political beliefs and budget constraints) — makes decision-making difficult. Global uncertainty is also creating challenges for investment and employment in non-U.S. markets, and could negatively impact foreign investment in U.S. properties.

The issues highlighted by the Counselors are likely to be especially at play here in Arizona, which is significantly reliant on real estate as a major pillar of its economy.

“In assessing real estate trends here in Arizona and throughout the country, it helps to consider these issues and think of this list of trends as a resource,” said Sharon Harper, President & CEO of Plaza Companies and a member of The Counselors of Real Estate. “What it shows is that the real estate industry has an array of challenges ... and opportunities. Anyone in the real estate business, or any business really, can use this to help make strategic decisions for the upcoming year.”

Other issues include the technology boom — causing extraordinary changes in how real estate is bought, sold, valued, and managed. Robotics, predicted to replace up to 47% of today’s jobs, clearly will have a serious impact on everything from housing and retail to business offices, tenants and leasing. Two distinct generations — the Baby Boomers and Millennials — living and working side-by-side — now also present challenges in that they have quite different preferences in the kinds of offices in which they wish to work, as well as housing choices.

Other disruptors on the CRE Top Ten Issues list are:

- **Retail disruption** — with malls and downtowns adapting to nationwide store closures with new kinds of experience-driven offerings and the reinvention of the grocery stores which have anchored many upscale shopping malls;
- **Infrastructure investment** — such as bridges, ports, and roads, which are now attracting new private investors;
- **Housing: the big mismatch** — affordability at all levels is challenging home ownership and even who can rent and where;
- **Lost decades of the middle class** — including wage stagnation that significantly restricts purchasing power and home ownership;
- **Real estate's emerging role in health care** — illustrated by increasing demand for buildings to be designed and operated in ways that promote positive healthy outcomes;
- **Immigration** — restrictions could negatively impact this large source of residential tenants and home buyers;
- **Climate change** — focusing this year on sea level rises as a serious threat to property values in many parts of the U.S. should the trend in rising water levels continue.

The full list of issues and trends with explanations and interpretations can be found on The Counselors of Real Estate's [website](#).

The Counselors of Real Estate is an invitation-only professional association for the industry's leading real estate advisors.

The Counselors' 1,100 members around the world undertake a collaborative dialogue on current issues and trends to identify the final list.

The Counselors of Real Estate organization is known for thought leadership, extraordinary professional reach (more than 50 real estate specialties are represented by its member experts) and objective identification of the issues and trends most likely to impact real estate now and in the future. The issues in the annual Top Ten Issues Affecting Real Estate are an unbiased assessment of the most critical factors impacting real property.