

24-Hour Cities and the Covid-19 Disruption

A presentation for FIABCI World Congress

Miami Beach, Florida USA

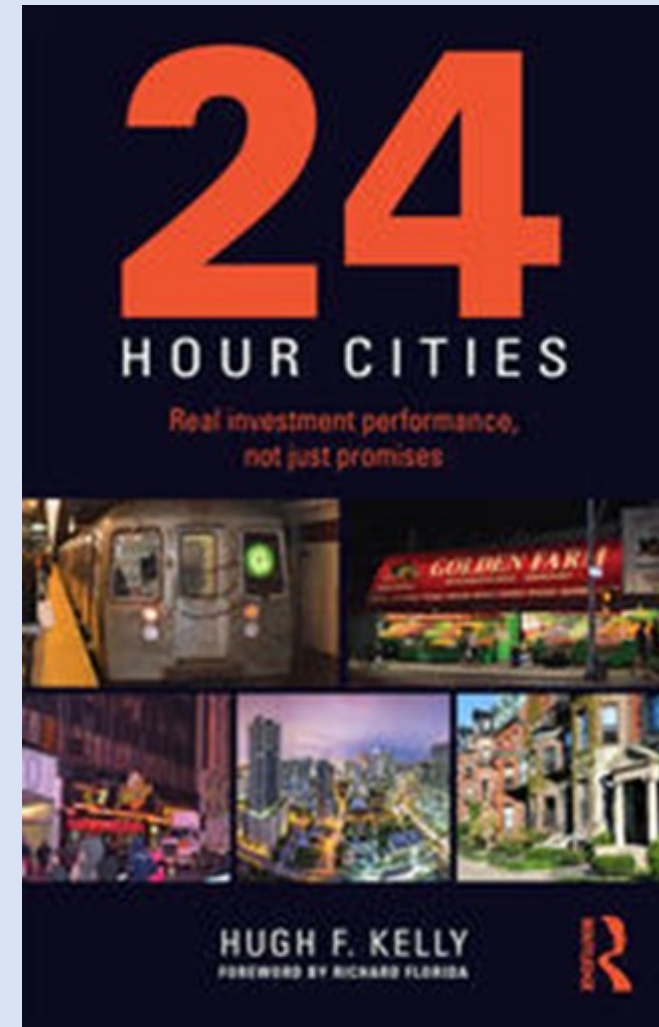
June 6, 2023

By Hugh F. Kelly, PhD, CRE

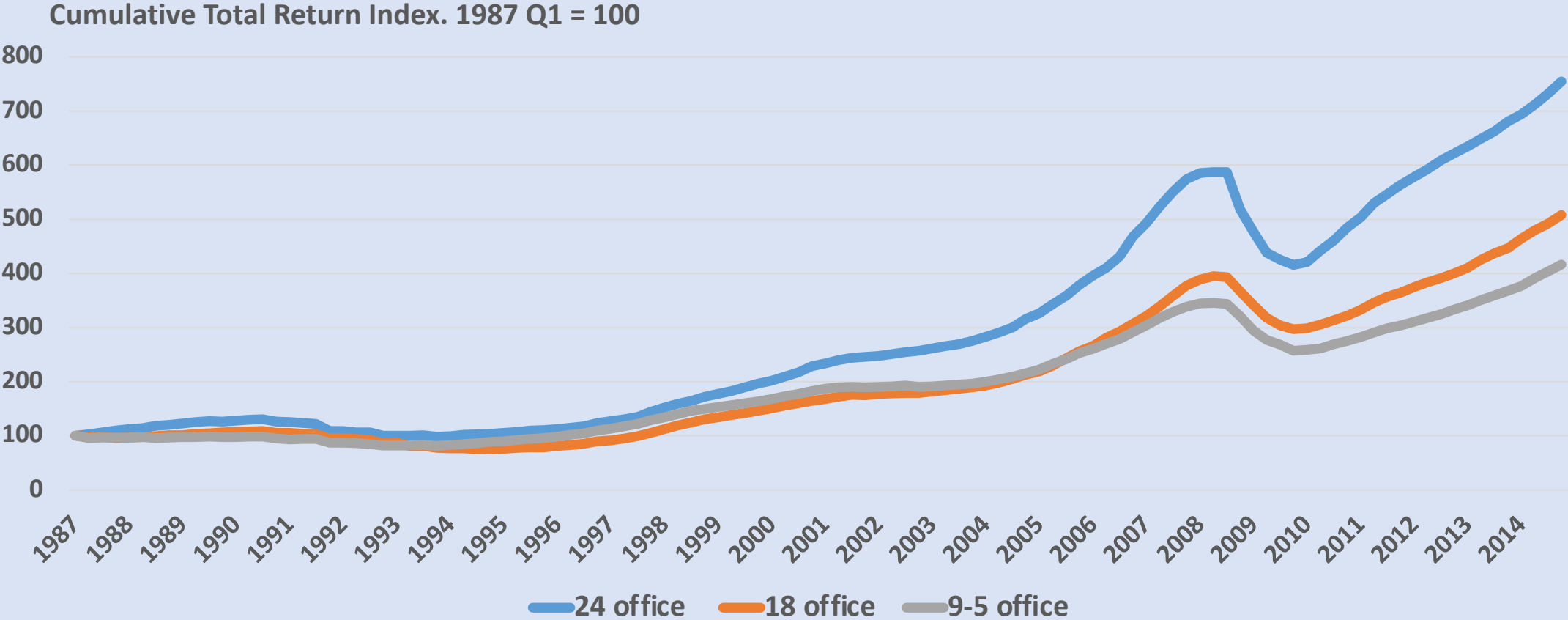


Attributes of 24-hour Cities

- Density
- Diversity
- Mixed-use clustering
- Agglomerative Economies
- Enriched entertainment/culture



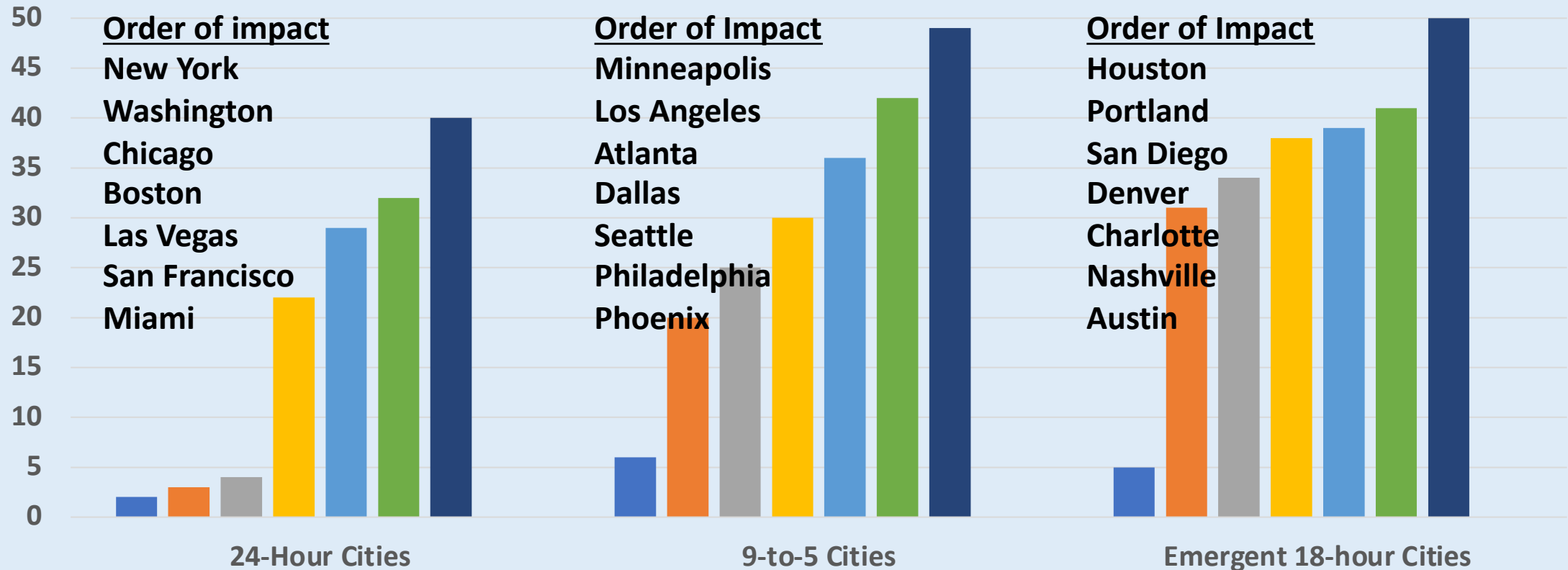
24-hour Cities Established Superior Office Returns Early, And Have Been Joined by 18-hour Cities since Financial Crisis



Source: NCREIF Data Base Custom Query Facility

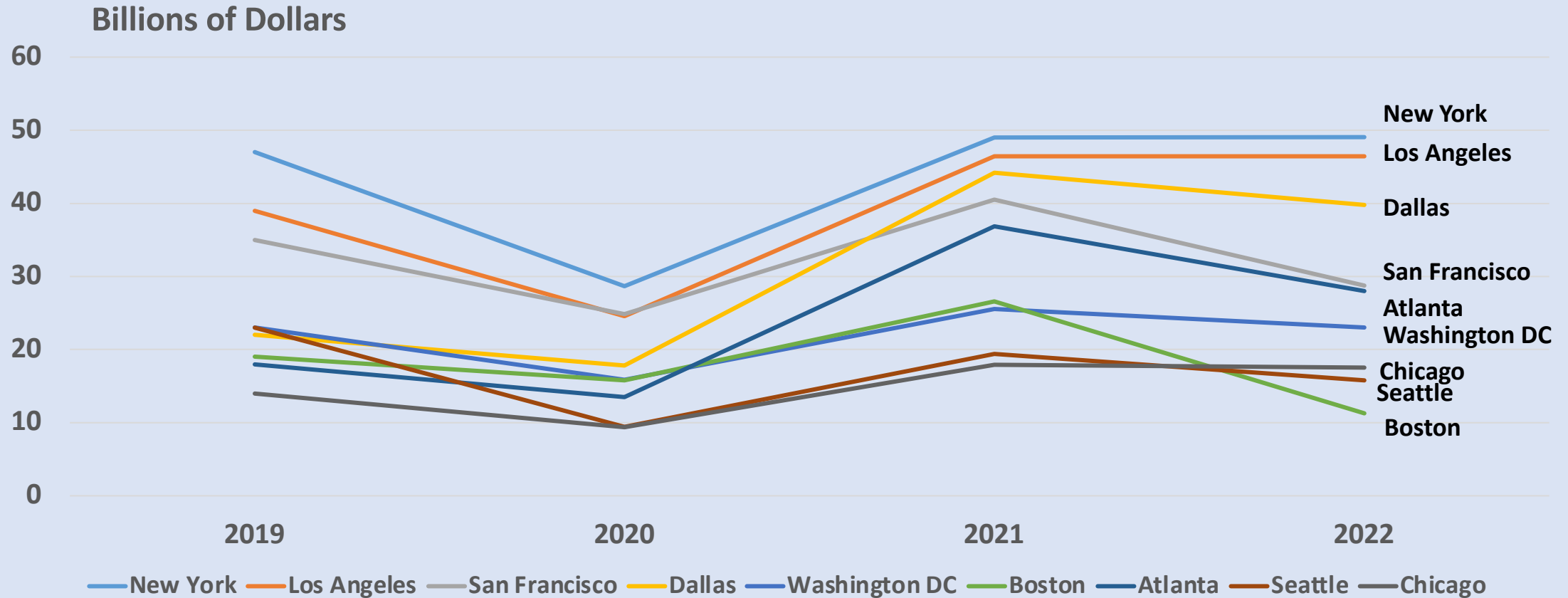
Immediate COVID Impacts

Rank Order of Covid Effects: Low Rank = Most Impacted

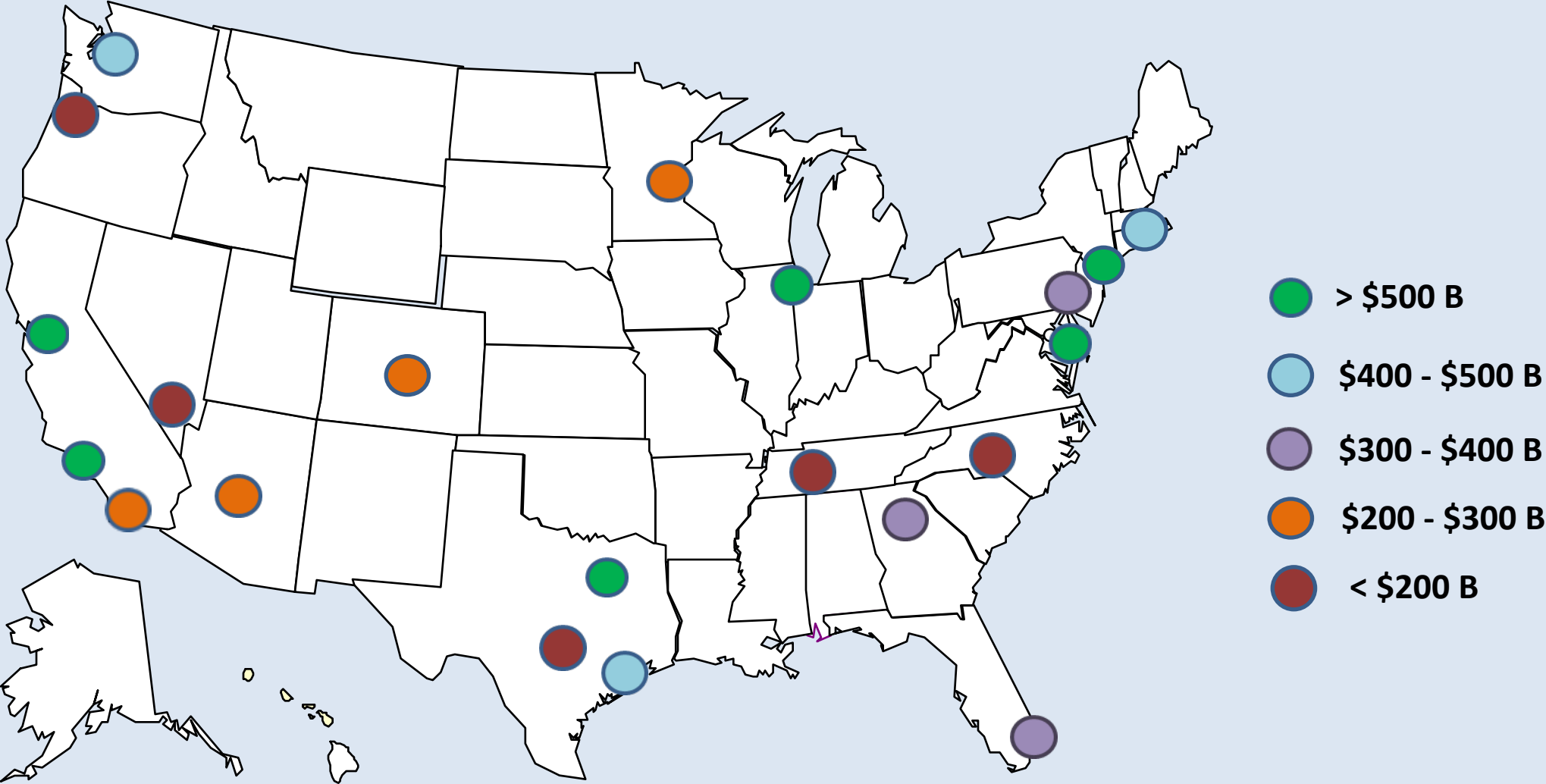


Ranks drawn from Glaeser & Cutler, *Survival of the City*, (2021);
 City clustering from Kelly *24-Hour Cities* (2016)

CRE Transactions Gyrate in COVID Emergency – U.S. Urban Experience

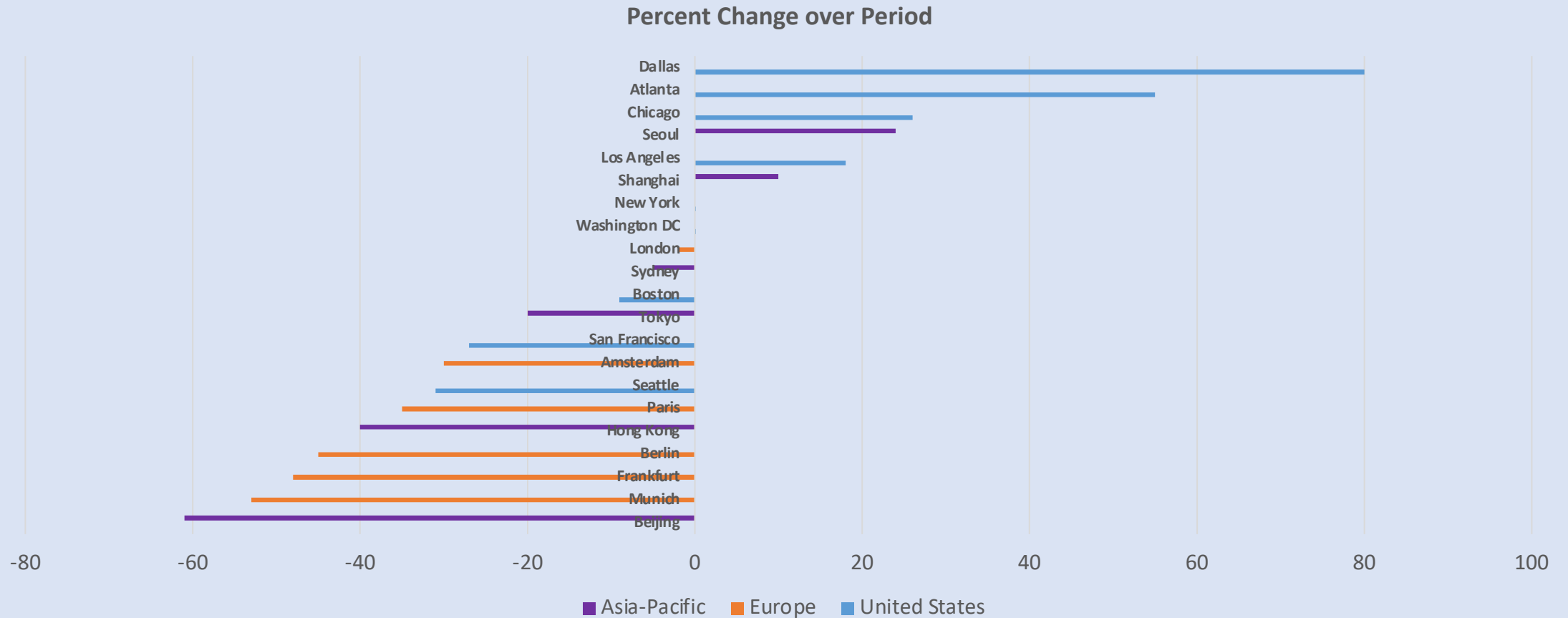


GDP By US Metro Area



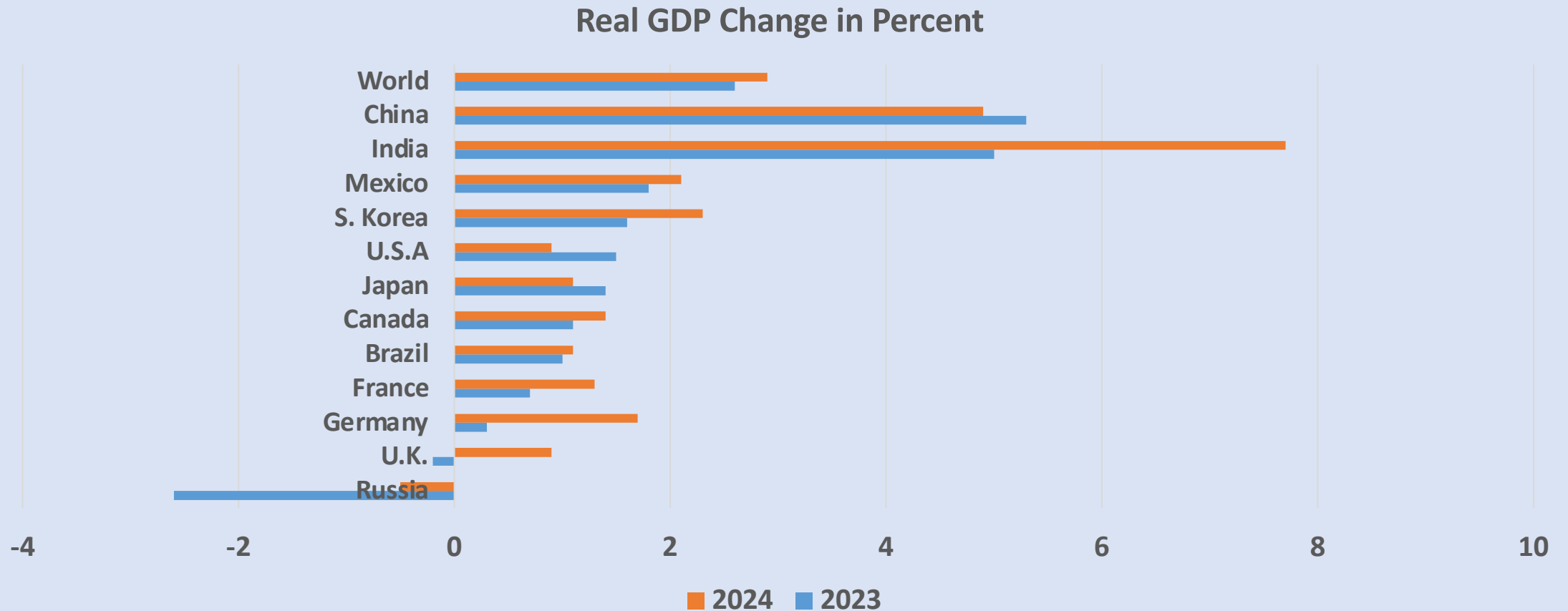
Source: US Bureau of Economic Analysis, Metro GDP 2021

CRE Transaction Impacts 2019 - 2022



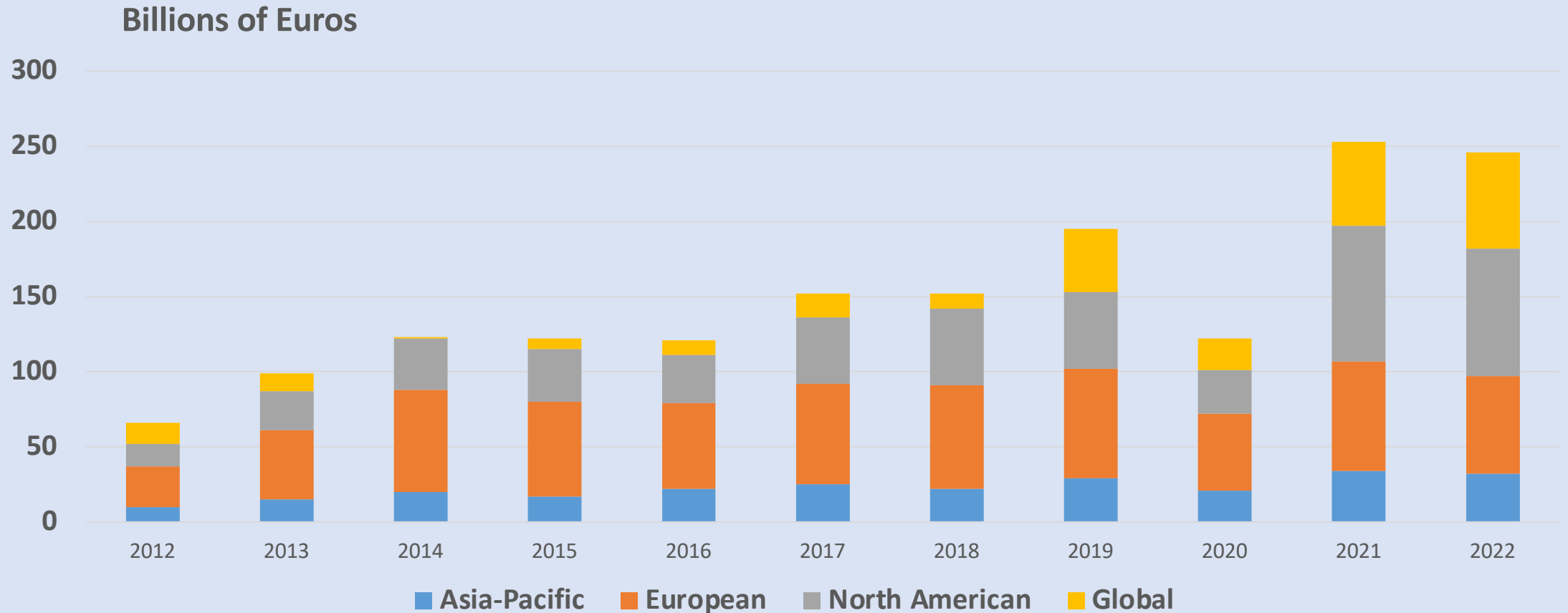
Source: Newell, et al, JPIF Special Issue on Covid (forthcoming) . Author's analysis of RCA/MSCI data

US Growth Outlook No Better Than “Middle of the Pack”



Source: OECD, March 2023

Capital Raised for Direct Real Estate Investment by Regional Strategy



Source: ANREV, INREV, NCREIF Capital Raising Survey, April 2023

Key Takeaways

- **Disruption resists linear modeling: so don't jump to conclusions**
- **Learning from history: avoid the narrative fallacy**
- **Urban evolution means: don't fall into pigeonholes**
- **We don't live in a Newtonian economy: understand real estate economics as a complex adaptive system**
- **Big picture worldwide and in the US: urbanization IS the megatrend**
- **Keep an open mind: but follow the money**