

Real estate and development forecast: Chip Hurley, Managing Director, Newmark Grubb Cressy & Everett, Grand Rapids

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Chip Hurley

Before joining Newmark Grubb Cressy & Everett, Hurley served as real estate officer at Macatawa Bank. Prior to that, he was a commercial broker at several West Michigan firms. As managing director for Newmark Grubb, Hurley is tasked with carving out a stake in the Grand Rapids regional market and will oversee the office's expansion. He is the current president of the Michigan chapter of the Society of Industrial and Office Realtors (SIOR). He spoke with MiBiz about the commercial real estate environment looking ahead to next year.

Where do you see the economy going in 2014 and how will that influence the real estate industry?

I see our local economy continuing to improve from a confidence perspective. That will allow companies to become more comfortable moving forward with strategic actions that might have an element of risk. There is still a lot of opportunity to help companies and investors develop a strategic approach to real estate investments that minimizes risk.

What market segments do you believe will be the strongest performers in region heading into the New Year and why?

Industrial is already light on property inventory. I think that particular market is on the cusp of having some spec buildings developed. Multifamily housing in the central business district (CBD) is in high demand and likely will remain so as demand outpaces supply. In fact, I have some family members from the east side of the state who have kids in college in West Michigan or want to attend college here when they graduate from high school. The word within that generation is that Grand Rapids is an exciting place to be. We're seeing those anecdotes backed up by data showing strong demand for more urban living options in the city. I think the CBD is going to continue to be on the minds of many investors for quite a while.

What are the drivers for that expected performance?

Manufacturing and a good labor force is driving the industrial sector in West Michigan. An influx of millennial college students and graduates and empty-nested baby boomers are driving the multifamily sector downtown.

What will the increased activity mean for prices?

As the inventory of existing property is consumed, prices will continue their upward momentum.

Can you predict when the historically low interest rates will tick upward?

I don't think so. Just know they will go up. If someone is in a position to take advantage of their purchasing power or ability to refinance, I would recommend doing so.

What are the challenges or headwinds you expect to see next year?

I think it is a great time to be in Michigan. The growth and positive changes we have seen over the last several years is exciting, and that excitement is contagious. Some of the uncertainty being created in Washington will trickle down to our economy and weigh heavily on some business decisions. But we need to focus on our own economy and what is working for us in spite of Washington's issues. In other words, we need to focus what we can control.

If you can prescribe a theme for 2014 as it relates to the commercial real estate industry, what would it be?