



1. Interest Rates & The Economy

Commercial Impact

- Jobs growth slows over 2018-2024, lack of available workers
- Demand for commercial property slackening
- Already seeing declining transaction volume
- Rising interest rates limit further appreciation in value
- Timing of end of 1st or 2nd largest expansion?

Residential Impact

- Higher mortgage rates exacerbate affordability crisis
- Potential for 2019-2020 recession a concern, impacting jobs
- SALT provisions of Tax Act placing downward pressure on home values
- Higher borrowing costs reduce incentives to develop/invest
- Appreciation of values will slow or stop