

THE HAGEN REPORT

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Half empty offices – yet opportunity abounds!

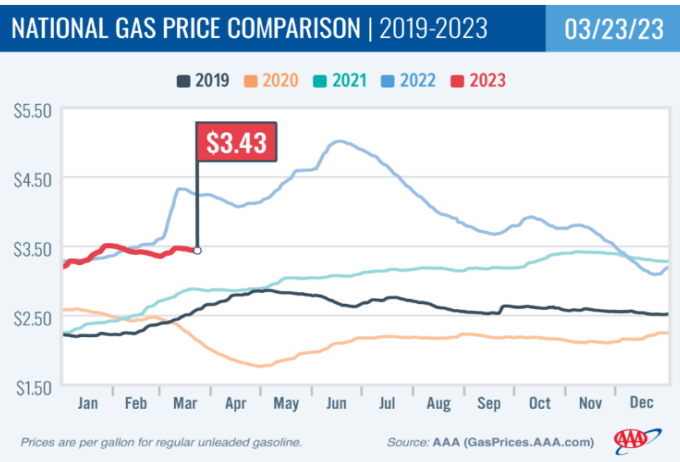


by Chris Hagen

The reality is that as we approach the 3rd year anniversary of COVID many buildings in Manhattan hover around 50% occupancy with actual vacancy rates remaining around 20%. As a daily commuter myself I witness firsthand the bell curve of commuters. The good news for me is at least I can get a seat on the train most Mondays and Fridays with Tuesdays, Wednesdays or Thursdays being hit or miss. It's my opinion, and the opinion of many commercial landlords that this new normal is not sustainable and changes must occur. For example, real estate developer Silverstein is raising more than 1.5 billion dollars to convert unwanted office space into residential housing across the country. In this world of constant changes, we must stay abreast of the shifts in this space and the opportunities it presents. The theme for this month's issues is the work is out there; now go and get it! *Improvise, adapt, and overcome!*

CPH

Gas pricing remains in “neutral” according to AAA. Yes, there has been the usual seasonal rise in demand however oil prices have remained consistent around \$70 dollars a barrel keeping gas pricing consistent. As you can see below the average price for gas is just about the same as it was last month, however, is still 80 cents less than a year ago.



Architecture Billings Index: The Architecture Billings Index (ABI) is a leading economic indicator for nonresidential construction activity. The ABI has seen modest declines over the past five months. However, inquiries for client interests in starting new projects have grown signaling continuing growth in construction activity over the remainder of the year and beyond.

Dodge Momentum Index: The Dodge Momentum Index is a monthly measure of the initial report for nonresidential building projects in planning, shown to lead construction spending for nonresidential buildings by a full year. This index rose in February after falling approximately 8% last month. The latest report validates that construction activity likely will grow in 2024.

February 2023 DODGE MOMENTUM INDEX

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(2000=100, Seasonally Adjusted)

	Feb-23	Jan-23	% Change
Dodge Momentum Index	203.0	199.3	1.9%
Commercial Building	250.0	246.6	1.4%
Institutional Building	144.8	140.7	2.9%

Source: Dodge Construction Network



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