

What a Sunday Christmas means for real estate



What happens when you match Sunday Christmases and real estate events?

You're likely reading this in your slippers and bathrobe surrounded by excited kiddos. After all, it's Christmas! From our family to yours, may this season of giving be your best yet!

It's also Sunday — which caused me to ponder the last time the blessed day fell on this day — so I researched it.

According to an answer by Jack Wallace in Quora:

“If it were not for leap years, it (Christmas) would fall on Sunday once every seven years. But because of leap year, it follows a general pattern of years: 6, 5, 6, and 11 (just like every other date but leap day).

“The first Sunday Christmas this century was in 2005 (and the last one before that was 11 years earlier in 1994). Christmas fell/falls on Sunday these years: 2005, 2011, 2016, 2022, 2033, 2039, 2044, 2050, 2061, and so on ... until the lack of a leap year in 2100 messes up

the cycle, producing Sunday Christmas in 2101, and then the pattern of 6-5-6-11 resumes again until (again) the lack of a leap year in 2200 interrupts the pattern.”

So how does that all relate to commercial real estate? Indulge me, dear elves, and I’ll be your Santa Claus — except for the coming-down-the-chimney part.

2005: George W. Bush was inaugurated to a second term as president, the Kyoto Accord was forged and Michael Jackson was acquitted. Katrina rocked the Gulf Coast as a Category 4 hurricane and destroyed parts of New Orleans and beyond.

Industrial land in north Orange County traded for around \$14 per square foot, rents were in the \$0.40 triple-net range and sales prices were in the mid-\$90s (also, per square foot).

Four years hence from the dot-com bubble, industrial demand was active and investor appetites strong. Little did we know, a precipice was approaching that would derail our commercial real estate market in 2008.

2011: Arizona congresswoman Gabriel “Gabby” Gifford was gunned down while campaigning at a shopping mall in Tucson. She would survive. Not so for Muammar Gaddafi in Libya or Osama Bin Laden in Pakistan. Nuclear disaster was averted in Japan and the commercial real estate market was awakening from the ether of 2009-2010.

Akin to Rip van Winkle, our industrial activity roared back to life and prices started to regain the losses incurred in these tough days. I’ll always remember an acquisition rep for Rexford who told me, “We’ll look back on these days as the buying opportunity of our lifetimes.” And they and many others did!

2016: We elected a real estate developer to the office of president and recreational cannabis was legalized in California. And no, the latter didn’t precede the former. They happened during the same election!

Industrial real estate started its historic march up the Everest of pricing, which would summit in June 2022. Vacancies crashed below 2% as occupants scrambled to grab space and investors clamored to acquire it. Fueled by President Dwight Eisenhower-era interest rates and insatiable demand, values on commercial assets had nowhere to go but up.

2022: We’ve not closed the year and sung “Auld Lang Syne,” but it’s safe to review: Recovering from a pandemic, eye-popping values, then a Russian invasion, Jimmy Carter-era inflation, interest rates headed up with more to go and residential values hitting the skids were all experienced this year.

What’s in store for ’23? Next week, I’ll review my predictions from this year and chart a few for next, so tune in.

Allen Buchanan is a principal and commercial real estate broker at Lee & Associates, Orange. He can be reached at 714-564-7104 or abuchanan@lee-associates.com.