

## Commercial Real Estate Leads Modest Economic Growth

September 7, 2016



Economic activity across the Southeast grew modestly in the six weeks through mid-August, highlighted by rising demand for commercial real estate, even as business contacts continued to send mixed signals about the labor market, according to the Atlanta Fed's broadest survey of businesses in the region, the Beige Book.

The Federal Reserve publishes the Beige Book two weeks before each meeting of the policymaking Federal Open Market Committee (FOMC). Its next meeting is September 20–21.

Commercial real estate contacts continued to report growing demand, resulting in less empty space and rising rents. But location matters. Contacts continued to caution that fortunes varied across and within metropolitan areas and property types, such as office, retail, or industrial space. Meanwhile, the majority of contractors indicated that the pace of nonresidential construction had increased from a year ago, with many reporting backlogs of one to two years. Apartment construction also appears to have picked up over the past year.

Nonresidential construction activity is likely to increase slightly over the next three months, while the pace of multifamily construction is likely to level off, according to commercial real estate contacts.

On the employment front, the Atlanta Fed's contacts described a tightening job market characterized by challenges finding highly skilled workers in areas such as information technology, finance, and engineering. At the same time, firms reported little pressure to raise wages, and labor costs were generally well contained.

Read the entire report [here](#).



**Charles Davidson**

Staff writer for *Economy Matters*

---