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**Contacts****Jeff Adler**

*Vice President & General  
Manager of Yardi Matrix*  
Jeff.Adler@Yardi.com  
(800) 866-1124 x2403

**Jack Kern**

*Director of Research and Publications*  
Jack.Kern@Yardi.com  
(800) 866-1124 x2444

**Paul Fiorilla**

*Associate Director of Research*  
Paul.Fiorilla@Yardi.com  
(800) 866-1124 x5764

**Chris Nebenzahl**

*Senior Analyst*  
Chris.Nebenzahl@Yardi.com  
(800) 866-1124 x2200

**Justin Dean**

*Real Estate Market Analyst*  
Justin.Dean@Yardi.com  
(800) 866-1124 x2071

## How Will Trump's Regime Impact Real Estate?

Donald Trump's surprise win in the presidential election and Republican control of the federal government has left commercial real estate executives scrambling to digest the impact on the industry.

While it is too soon to say with any certainty what will happen with specific industry issues—in part because little was said during the campaign about policy matters of import to the industry, and what Trump said about many issues such as immigration was sometimes contradictory—clearly the end of eight years of divided government ushers in new direction for the economy and the regulatory environment.



For commercial real estate, that could mean a relaxation of regulations on financial institutions that have squeezed banks, an increase in infrastructure projects and lower taxes, all of which could lead to higher growth over the short term. Higher growth is largely positive for the real estate industry, but it could bring with it inflation and higher property yields and also erode the market discipline that has marked the recovery period. What's more, Trump's trade and immigration policies have the potential to undermine growth.

The commercial real estate industry has spent the last couple of years working out ways to operate under a stricter regulatory environment that was enacted in the wake of the global financial crisis via Dodd-Frank legislation and Basel III international banking accords. Now it's unclear how much of that agenda will stand.

Because the regulations are extraordinarily complex and took many years to develop and implement, and banks have spent a lot of time adapting procedures to comply, market players largely expect that the relaxation of rules will be slow and measured.

"Wholesale repeal of Dodd-Frank or Basel III is procedurally challenging and does not seem to be the President-Elect's first priority," said Christina Zausner, vice president of policy and analysis at Washington D.C.-based trade group Commercial Real Estate Finance Council. Zausner said that the most likely outcome would be to delay or relax some of the changes that are scheduled to happen under Basel III.