

CRE Readies For Realignment As Trump Surges Back To White House

Matt Wasielewski and Ciara Long | November 6, 2024

[Donald Trump](#) is heading back to the White House, winning a decisive victory over Vice President [Kamala Harris](#) in the 2024 election.

“I want to thank the millions of hardworking Americans across the nation who have always been the heart and soul of this really great movement,” Trump told supporters gathered in West Palm Beach, Florida, early Wednesday morning. “This will forever be remembered as the day the American people regained control of their country.”

Trump was declared the winner [by the Associated Press](#) at 5:34 a.m. ET after he won the battleground states of Pennsylvania and Wisconsin. As of 8:50 a.m. ET, Trump had won or was leading in every state the [New York Times](#) classifies as a swing state, and he was ahead in the national popular vote.

Republicans also secured control of the Senate Tuesday night. And while the final makeup of the House is unsettled, Trump could have a unified Congress to help push through his preferred legislation.

Many in the commercial real estate community said Trump’s economic and climate policies will benefit the property market, which is in the [early stages of a rebound](#). But there is also concern that some of Trump’s other proposals, including a 20% tariff on all imports, could hobble the Federal Reserve’s fight against inflation.

A Trump win could have immediate impacts on Fed policy, said [Lonnie Hendry](#), chief product officer at Dallas-based research and consulting firm [Trepp](#).

“There’s been some speculation that if Trump is elected — that based on his tariffs, immigration position and tax cuts — that those would potentially be inflationary pressures that the market clearly doesn’t have with the current Biden-Harris administration,” he said. “You’ve heard people say that [the Fed] may be reticent to cut rates again this year.”

Trump makes history as the first president elected to nonconsecutive terms in more than 100 years and the first president convicted of a felony. He is scheduled to be sentenced Nov. 26 on 34 counts of falsifying business records.

“Under President Trump’s leadership, we’re never going to stop fighting for you, for your dreams, for the future of your children,” J.D. Vance, the vice president-elect, told supporters Wednesday morning. “After the greatest political comeback in American history, we’re going to lead the greatest economic comeback in American history.”

BISNOW

On the campaign trail, Trump promised a [parade of tax cuts](#), including [cutting the corporate tax rate](#) from 21% to 15% and eliminating the \$10K cap on state and local tax deductions.

“My sense, and the market’s sense, I believe, has reflected that a Trump presidency will spur the markets,” said Raul Gastesi, co-founder of law firm Gastesi Lopez & Mestre and the city attorney for Miami Lakes and Doral in South Florida. “The Trump administration will certainly help do what it can to bring down energy costs, and if they're able to do that, that's a significant part of the cost of many, many businesses.”

Economic anxiety drove voters this election cycle as the Biden administration and the Federal Reserve fought an extended campaign against inflation, which remained stubbornly high throughout much of the year.

“It appears the American people approached this 2024 presidential election with more emphasis on policy than personality,” [Donna Abood](#), Savills co-head of Florida, said in an email early Wednesday. “Clearly, voters got behind issues such as immigration and the economy. And those policies mean more to them than Trump’s antagonizing personality.”

The economy remains on uncertain footing today, although most in the business community have reached the conclusion that Fed Chairman [Jerome Powell](#) is successfully [navigating the so-called economic soft landing](#) and sparing the country from recession.

Powell will continue to serve under Biden until Trump is inaugurated, but his job security beyond that is uncertain. Trump said in February he [would not reappoint Powell](#) if he won another term and said in September that the president should [“have a say” on interest rates](#) despite the Fed’s politically agnostic position.

There was some expectation early Wednesday among commercial real estate professionals who spoke to *Bisnow* that Trump would lean on the Fed to cut rates faster.

“I don’t even think he’s going to wait until January,” said Isaac Toledano, CEO of Miami-based BH Group. “He’s going to start making clear statements. In the last few months he’s raised his voice a few times on interest rates. He said he’s not happy at all.”

Trump has promised to pay for proposed tax cuts, which a TD Cowen analysis said would total roughly \$9T over the next decade, with a [60% tariff on all goods from China](#) and a 20% tariff on all other imports. The tariffs would generate roughly \$2.8T in revenue over the next decade, according to the Tax Policy Center.

Trump has said the tariffs would help tame inflation and encourage American manufacturing, but [experts have said the opposite](#).

“A tariff is a tax on the middle class. Tariffs don't work,” Gastesi said. “I'm a conservative, but I think in that sense, Trump is playing politics. It sounds good, it plays well, but in the end, the ones you're hurting are the people that you're actually trying to help.”

Trump has also pledged to carry out the largest deportation operation in American history, which could impact 11 million workers living in the country. The construction industry, which has historically relied in part on workers lacking permanent legal status, could [see its labor shortage exacerbated](#) by any nationwide sweep.

BISNOW

Fears that a massive immigration sweep could impact commercial real estate development and the construction industry are overblown, Toledano said. He pointed to Florida's strict immigration enforcement laws that began last year as immigrant rights advocates warned they would [cause workers to flee the state](#). Although some workers have left, the exodus hasn't severely impacted Florida's labor force, Toledano said.

"DeSantis started this campaign months ago and we didn't see any catastrophe," he said.

To address the shortage of housing across the country, Trump pledged in August to [open up federal land for development](#), and the Republican platform says the party supports tax incentives for first-time homebuyers.

The president is [ultimately limited in its reach](#) to impact the supply and demand dynamics that drive the housing market, but both Trump and Harris offered [supply-side answers](#) to boost buyer demand and incentivize construction rather than control costs.

"I think it'll be interesting to see how some of the things Trump has been saying translate into specific policies," said Jake Fingert, managing partner at the Maryland-based investment firm Camber Creek. "A Trump presidency will create a number of things that are very positive for the innovation space."

Trump and Elon Musk, the world's richest person, grew increasingly close in the days preceding the election. The tech entrepreneur [donated at least \\$132M](#) to Trump's reelection effort and spent the final weeks of the campaign barnstorming for his candidate, including a \$1M-per-day sweepstakes that has been [criticized and challenged in court](#).

Trump has [pledged to appoint Musk](#) to a new agency that would cut government spending by identifying operating inefficiencies, and the president-elect heavily praised Musk in his celebratory speech Wednesday morning.

Executives focused on issues like affordable housing and diversity, equity and inclusion programs expressed concern over what another Trump administration could bring.

[Desmonde Monroe](#), CEO of The Monroe Group, a New York firm focused on affordable housing development and public-private partnerships, said he is worried that a shifting of priorities in a Republican transition could lead to disadvantaged communities losing government-backed resources.

Kim Reed, a diversity consultant for corporate executives and leader of Reed Development Group, said Harris' historic run for the presidency could still serve as a symbol of how far America has come in promoting equity.

Still, she expressed concern that Trump's election could lead corporations to retreat from commitments to advancing diversity, which have come under attack in recent years.

"From an economic and real estate perspective, her presence symbolizes a commitment to policies that could foster inclusivity and equity, which are essential for sustainable growth in these fields," Reed said in a text message.