

U.S. 2020 ELECTION



SEPTEMBER 2020

The 2020 U.S. presidential election is fast approaching. Cushman & Wakefield Research offers some preliminary thoughts on how the election might impact the property markets.

WHO WILL WIN?

PRESIDENCY

- The Presidential race is shaping up as a close affair. Most polls suggest a Biden-win, but the lead has narrowed, from a near double-digit lead in July to single digit lead as of the first week in September.
- Polls have had mixed success in forecasting election results in recent history and were notably dead wrong in 2016, particularly in the U.S. and the U.K.
- History strongly favors the incumbent. In the post WWII era, the sitting president has been re-elected two thirds of the time.
- **Bottom line:** We will keep our property forecasts “election agnostic” until we know the official results.

SENATE & HOUSE

- In addition to the presidential election, November elections will shape the Senate and the House of Representatives, as well as the governor’s office and legislatures in certain states.
- The makeup of the Senate and House will have a major impact on the legislative agenda in 2021/22. Importantly, spending and tax policy are controlled by Congress. A Biden-win or a Trump-win does not necessarily mean that tax policy will change, let alone significantly.
- In the Senate, where Republicans currently have a slight majority, 35 of the 100 seats are up for re-election. Of those 35 seats up for grabs, 23 are held by the GOP. Most polls have the control of the Senate as a toss-up depending on the results in six or so very close races.
- In the House, where Democrats currently have a majority, all 435 seats are up for election. Most polls project that Democrats will keep the majority with 223 (51%) seats already seen as solid, likely or leaning Democratic.
- **Bottom line:** The status quo of political gridlock is the most likely scenario.

WHAT IT MEANS FOR PROPERTY?

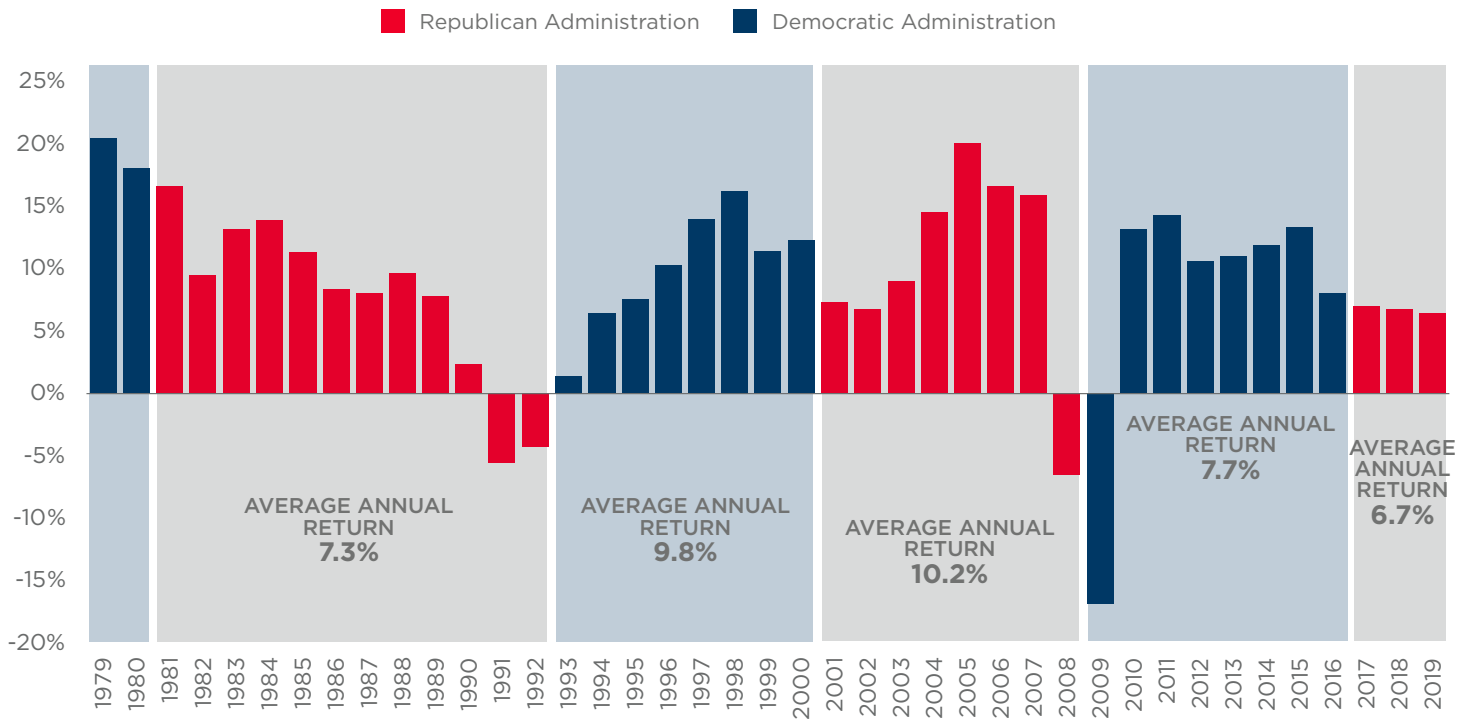
- Property has performed well under both parties. Since 1979, NCREIF property index returns have averaged better than 8.5% annually under various Democratic and Republican administrations.
- Rather than elections, the cycle, the economy, interest rates, COVID-19, and geopolitical events are the areas to focus on in determining the impact on the leasing fundamentals and property values.
- Longer-term, different administrations have different spending priorities that will impact where growth occurs across the nation and what industries have greater growth opportunity.
- There will be a lag between the election result and the impact on property, but it will be important to “follow the money” to identify potential opportunities or risks.

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COMMERICAL REAL ESTATE PERFORMS WELL UNDER BOTH PARTIES



Source: NCREIF; Cushman & Wakefield Research

KEN MCCARTHY
Economist, Global Research
ken.mccarthy@cushwake.com

KEVIN THORPE
Chief Economist, Global Head of Research
kevin.thorpe@cushwake.com

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