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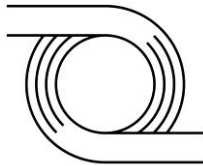
Real Estate and Development

Real Estates Bullets #26

Hello to our **7,768 familiar faces** from last week, and a **warm welcome** to all our **new readers!**

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D & D ENGINEERING, INC.



Bullets #26:

Charlie Munger Last Real Estate Warning

In honor of the recent passing of Southern California's own **Charlie Munger**, here is a summary of a [Yahoo Finance](#) article discussing one of the last market warnings that Charlie issued that **revolved around commercial real estate**:

- Charlie Munger, Warren Buffett's late business partner, warned about a potential crisis in the **commercial real estate sector**.
- Munger **expressed concern** about the hollowing out of downtown areas in the U.S. and worldwide, foreseeing significant and unpleasant consequences for commercial real estate.
- **McKinsey's report** indicates a decline in foot traffic and office attendance, with demand for office space predicted to be **nearly 20% lower** in 2030 compared to 2019.
- Munger **highlighted issues** in the U.S. banking sector, citing "bad loans" in commercial real estate, which could be exacerbated by higher interest rates and lower rental income.
- Berkshire Hathaway is **avoiding commercial real estate** and instead focusing on residential property development.
- The company **has invested in homebuilders** like D.R. Horton, Lennar, and NVR, anticipating a potential boom in homebuilding.
- The National Association of Realtors reports a **housing shortage of 5.5 to 6.8 million units**, making the residential property development sector attractive.
- Berkshire's **avoidance of commercial real estate** is attributed to it being more beneficial for taxable investors than for corporations like Berkshire.
- Retail investors can participate in the **residential property development space** through publicly listed homebuilders or the S&P SPDR Homebuilder ETF (XHB).

[Full Article](#)



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