



## **Long Island's commercial outlook for 2008: This sector proves to be solid with strong fundamentals**

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Due to a slowing economy in recent years, the commercial and residential real estate sector in the U.S. has shown serious signs of slowing down, and will probably continue this trend way into 2008. "Uncertainty and challenges characterize 2008, with greater downside risk than real estate markets have faced in close to two decades," concluded the Emerging Trends in Real Estate report by PricewaterhouseCoopers and the Urban Land Institute, which interviewed more than 600 developers, services firms and investors over summer 2007.

According to a study presented last month by Pricewaterhouse-Coopers, New York City ranks as the top domestic real estate market to watch in 2008, along with London as the top world market. New York is filled with record breaking real estate transactions, one of the most expensive rental markets in the U.S., and single digit commercial vacancies. With commercial vacancies being so low, and office space being so expensive Long Island is becoming the next logical place to seek out office space and commercial investments. With more class A buildings being built just a short distance from Manhattan, Long Island is seeing a steady decrease in vacancies and a higher dollar to square foot ratio over the past two years, and will continue to follow this trend well into 2008.

The expectation for retail venders seems to remain strong well into 2008, primarily due to the weakening dollar, and diverse investors. With the dollar being so weak, many foreigners are taking advantage of this opportunity. They are coming to New York more frequently to shop, and especially take advantage of post holiday sales. Many stores also offer discounts to shoppers that have foreign passports, thus promoting even more spending, which keeps retail stores expanding. Retail transaction volume in the first seven months of 2007 totaled \$37.4 billion, up from \$22.3 billion in the same time period in 2006. Private investors accounted for 35% of transaction volume, followed by institutional investors at 22% and foreign investors, 18%, according to the National Association of Realtors.

With commercial structures on Long Island being built at a steady rate the Long Island commercial real estate sector proves to be very solid with strong fundamentals. Especially in a time of real estate uncertainty in most areas, investors want to invest in an area with the least amount of risk, and Long Island's commercial market is sure to please investors in the upcoming year.

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