



## **Message from the NYSCAR president: Annual Conference - by Guy Blake**

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As I write this column, we are preparing to attend our 17th Annual NYS Commercial Real Estate Conference. You will be receiving this edition of the paper while we are at the conference. Please watch for the July edition of the paper for a full report on the event, but I would like to take this opportunity to thank our sponsors again for their outstanding support:

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DOS auditing broker websites for compliance with advertising regulations

The New York State Department of State Division of Licensing Services (DOS) has begun auditing broker websites for compliance with the advertising regulations. Brokers should make a thorough review of their websites for compliance with the advertising regulations. For information on complying with the advertising regulations, as well as a copy of the advertising regulations, visit [www.nysar.com](http://www.nysar.com).

Update on the use of corporate titles

Recently, the New York State DOS has indicated it would be auditing licensees and the use of corporate titles. No licensee other than an individual licensed as a real estate broker may use a corporate title in any manner.

Realtors say Commercial Market on the Upswing, Construction Activity Sluggish

A strengthening economy and job growth nearing historic levels have given Realtors confidence in future commercial real estate market conditions, according to speakers at a commercial real estate forum during the 2018 Realtors Legislative Meetings & Trade Expo.

Lawrence Yun, chief economist of the National Association of Realtors, led a panel discussion about the economic forces shaping commercial real estate markets and expressed that a favorable environment will lead to a rise in demand for commercial spaces in 2018 and 2019.

“Even after 90 straight months of job gains, the economy looks likely to expand over the next two years with job openings at the highest level in nearly 10 years. The gross domestic product should experience a 2.7% growth, therefore the demand for commercial spaces is expected to rise this year and next year,” Yun said.

One area of concern for Realtors is the lack of construction, which is hindering inventory. Yun pointed out that with subdued construction activity in commercial real estate in recent years, vacancy rates will continue to fall and rents will rise. “Concerns are growing around commercial property prices, which have dramatically shot up by 85% in the past seven years. With interest rates recently rising, commercial prices could decline and commercial investment sales may see an additional dip, though at a modest pace,” he said.

Most commercial sectors are on the upswing, according to Yun. Office demand is strong because of rising employment and moderate office supply, which will lead to modest vacancy rates, mainly due to the expansion of telecommuting. Increased trade and rising e-commerce has the industrial sector on a hot streak, with a growth of 20%, while retail sales are growing at 5% and completions remain low, with rents experiencing solid growth.

Two panelists joined Yun to discuss trends in multifamily demand and the impact the global economy could have on commercial real estate over the next year. Richard Barkham, global chief economist at CBRE, gave his perspective on global economic trends and his outlook for commercial real estate.

“Commercial real estate is buoyant these days, and first quarter leasing is through the roof. Interest rates may turn up, but slowly over the next few years, and inflation remains weak, as wage growth has failed to gain traction. Relatively, supply is in line with demand and cap rates have hit a bottom and remain extremely firm,” Barkham said.

Danielle Hale, chief economist at realtor.com also shared highlights from her outlook for multifamily households.

“Apartment demand remains robust and the sector is seeing growth, especially in mixed-use urban developments, as many consumers prefer a neighborhood close to work and entertainment,” said Hale. “Millennials are shifting into the largest generation of homeowners and will be a huge boom to the multifamily market in recent years. Multifamily building has seen the largest four-year stretch in

supply since the 1980s and vacancy rates are trending at the lowest in years.”

For more commercial real estate research, visit:  
<https://www.nar.realtor/research-and-statistics/research-reports/commercial-research>.

The National Association of Realtors is America’s largest trade association, representing more than 1.3 million members involved in all aspects of the residential and commercial real estate industries.

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