



## **President's message: The impact of the subprime meltdown**

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In late April, I posed several questions on the potential impact of the subprime meltdown, the shakeout on Wall Street and the faltering residential market on the overall commercial market in Metro New York.

Two short months later, I believe the impact is becoming more apparent with banks beginning to sell off non-performing commercial loans and an overall slowing of deal velocity for most of the commercial real estate professionals I speak with.

However industry veterans have been preparing for an overall slowdown for some time and while many in the industry won't post the same kind of production numbers that they have in the past those who have been through more than one cycle, know there are always deals to be had. Many of the institutional investors and vulture funds now have more and better opportunities to pick from so there will still be movement in the market especially for well-positioned assets. On the tenant-representation side of the business, motivated landlords are acknowledging a change in the market and in many cases providing lower rents and additional incentives to entice tenants to finish with them as opposed to competing builders.

Hopefully the market will stay flat for a while and not blow through the floor like it did in the late '80s, but there are so many variables that effect the market that anyone who tells you with no uncertainty where the market will be 18-24 months from now is undoubtedly the one to walk away from.

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