



Comm'l. Industrial Brokers Society host State of the Industry panel

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Shown (from left) are: CIBS president David Leviton; Matthew Whalen, president and CEO of Cord-Meyer Development Co.; Eric Dorf, vice president of Dorf Associates; Peter Florey, principal of D&F Development Group; and, Chuck Tabone, executive vice president of Newmark Knight Frank.

Melville, NY Leading Long Island real estate professionals said that the region's industrial property market remains strong as new mega warehouses near development, while housing developers said that Long Island has been unable to construct enough units to satisfy demand for rentals.

CIBS State of the Industry Panel, Shown (from left) are:
Peter Curry (standing), Matthew Whalen, Eric Dorf, Peter Florey and Chuck Tabone.

The professionals spoke at a Commercial Industrial Brokers Society (CIBS) annual state of the industry program on January 22nd. The program moderated by Farrell Fritz partner Peter Curry, included Chuck Tabone, executive vice president in the local office of Newmark Knight Frank; Eric Dorf, vice president of Dorf Associates, of Farmingdale; Peter Florey, principal of Levittown-based D & F Development Group; and Matthew Whalen, president and CEO of Forest Hills-based Cord-Meyer Development Co. The event, which attracted 150 attendees, was held at 58 S. Service Rd.

"The industrial market has been and remains very strong with sale and lease prices soaring every year of the last 10 years. Supply is very constrained," said Tabone, a veteran industrial broker. He said the industrial vacancy rates in the region, of 3.50-3.2%, is among the lowest in the nation, but asking rents per s/f are among the highest at \$12.64.

Noting that new developers, from New Jersey, are developing new large industrial projects in locally and in Hicksville, he said, "We don't have the product that the new generation of e-commerce is looking for. We typically don't have 36-ft. clear, ESFR sprinklers, large truck courts, wide column

spans. That's what's being designed and built." He predicted these new properties eventually will get rented and noted that a lease already is out for a Hicksville site.

On the other hand, he noted that a 120,000 s/f former Clare Rose beer warehouse in Melville with 20-ft. ceilings recently was the subject of a bidding war among potential buyers and, after it was sold, a bidding war among potential lessees involved in e-commerce. "It's last mile typical. Last mile doesn't require that height. It needs great loading and great access."

Dorf, said his niche—smaller industrial units—3,000 to 15,000 s/f— leased mostly to contractors, distributors and machine shops, has been strong with few vacancies. He said he experiences turnover of about 10 percent annually but most space, is leased before going vacant. He said his firm would acquire existing properties rather than build new. It sold a site it had planned to build on in Brookhaven because the development process is onerous.

Florey, said finding sites for affordable housing—his firm's specialty—is becoming increasingly difficult. "There are fewer and fewer parcels out there," he said. "What we're finding ourselves doing is assembling properties. That poses its own challenges. You're herding cats when trying to bring all these disparate players together, all of whom have their own version of when you're going to close." He noted that the approval process for affordable homes is challenging. "There are very few municipalities on Long Island that have multifamily zoning in their codes or even on their books," Florey said, noting that the term "affordable housing" still conjures up images of housing projects. "Affordable housing should be something that is designed beautifully." He said the public needs to understand more and what affordability means and how it can improve communities.

Nevertheless, he said, "There are certain municipalities that are waking up and saying we want to see more affordable housing." They include Patchogue, Westbury and Farmingdale. He noted D&F plans to build an all-affordable 61-unit project on a site that the Farmingdale Village board rezoned on its own initiative.

Florey said Long Island lags its neighbors to the west in terms of rental housing and won't catch up. "We we can build rental housing here for the rest of our live as fast as we can. There's insatiable demand." He said elected officials are recognizing the need for rentals, but noted that economic development incentives are essential to keep projects moving forward. "Without them, it's not going to happen," he said, adding that there is growing community resistance to these programs, which said are not giveaways. "It's a ramping up of taxes."

Meanwhile, Whalen, who formerly ran Avalon Bay's rental operations on Long Island said Nassau and Suffolk is short a couple of hundred thousand residential rental units. "You're never going to catch up if you build 4,000 or 5,000 a year. Studies have shown the region needs 150,000 units. He said Cord Meyer is building 33 townhomes in Bayside, Queens, where it operates the sprawling Bay Terrace Shopping Center, its main asset. "We have invested heavily in retail ... which needs to transform into something new."

He said, "We're excited about the future."

