



NYC experiences a boom in CRE - Why and how? - by James Famularo

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Any successful person in commercial real estate, especially in Manhattan, has conditioned themselves to withstand the volatility of a constantly shifting market. Staying resilient through extreme lows while adapting strategies to seize opportunity and mitigate risk is what got us through a worldwide pandemic and the rapid surge in interest rates that followed.

As we navigate through the first quarter of 2025, we are seeing a long-awaited resurgence in our industry. Activity has spiked across all sectors, from signed leases to increased inquiries for retail spaces, new developments, and more. This renewed momentum is not only a testament to the resilience of the industry but also a promising sign of the strength of the overall economy.

One of the most unexpected trends has been the rise in demand for class B and C office spaces. These properties, which had struggled in recent years due to shifting work habits and the rise of remote work, are now seeing increased interest. Companies seeking cost-effective office solutions are moving into these spaces, transforming them into thriving business hubs. This shift highlights the adaptability of commercial real estate players who have been able to reimagine these properties for modern needs.

Many attribute this resurgence to the loosening of regulations under the new administration. The policies in place are fostering an environment where businesses feel confident to expand, sign long-term leases, and invest in physical locations. The addition of new capital into the U.S. market has also played a major role, attracting both domestic and international investors who see Manhattan as a prime opportunity once again.

One particularly exciting development is the influx of successful international business owners bringing their restaurants and retail stores to the U.S. These entrepreneurs, having built strong brands abroad, are now adding tremendous value to the commercial real estate market. Retail leasing brokers are busy touring spaces with tenants looking to open flagship U.S. stores, and Manhattan is flooded with these creative concepts popping up all over the city. The diversity and innovation they bring to the landscape are invigorating the retail and hospitality sectors, making Manhattan an even more dynamic and competitive marketplace.

Additionally, strong market performance encourages entrepreneurship. When economic conditions are favorable, individuals are more inclined to open their own businesses, fueling demand for commercial spaces. The first quarter of 2025 saw a wave of new ventures, from boutique retail shops to high-end food and beverage concepts, all taking advantage of the positive market conditions.

Bloomberg recently highlighted Manhattan's commercial real estate revival, noting that leasing activity has surged to levels not seen in years. Experts cite investor confidence, increased foot traffic in key business districts, and a steady demand for prime retail and office space as driving factors. The optimism surrounding Manhattan real estate is well-founded, with clear indicators pointing toward sustained growth.

Manhattan's commercial real estate market has always been a reflection of broader economic trends, and today, it stands as a beacon of recovery and expansion. The combination of policy shifts, new capital, and entrepreneurial momentum is fueling a vibrant marketplace that is poised for continued success. If the first quarter of 2025 is any indication, the future looks exceptionally bright for commercial real estate in New York City.

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