



REBNY Power Panel discuss "What's Next?" for the market

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The road ahead will continue to be rocky for the commercial real estate industry according to a power panel of industry leaders at REBNY's most recent commercial seminar on Dec. 16, 2008.

The seminar, "Where do we go from here?" led by Michael Stoler, president of New York Real Estate TV, featured industry veterans: Barry Gosin, CEO of Newmark Knight Frank, Robert Knakal, chairman and founding partner of Massey Knakal Realty Services, John Powers, chairman of the Tri-State Region for CB Richard Ellis, and Peter Riguardi, president of Jones Lang LaSalle.

Lack of financing for new projects, fluctuating real estate prices and continued uncertainty in the market were among the topics discussed.

Moderator Michael Stoler asked what the panelists predict will happen to rents in new buildings and existing office space.

Riguardi responded that many firms are cutting back in a significant way and companies will not be willing to pay \$90 or \$100 per s/f for space in certain prime areas in the near future.

Powers noted also that when large blocks of space are put on the market at one time it distorts the market. If 200,000 s/f is put on the market today, there may not be a tenant looking for that amount of space. However, he did reinforce that there will be some tenants looking to move their office space because there is always a flight to quality in a downmarket.

When asked about the lack of deals in the last quarter of the year, Knakal noted that there is no availability of large financing. Smaller deals up to \$30 million are happening. In the fourth quarter of 2008, there were only three transactions over \$50 million, he remarked.

When Stoler asked the panel about determining values today, Gosin noted that smart tenants will make deals for 10 years, not short term. "Once people see the light at the end of the tunnel," he said, prices will rise.

As for business districts like Downtown Brooklyn, Long Island City and others outside Midtown, the panelists agreed that there will not be many companies looking to move to these areas for the next several years. Gosin noted that the Relocation and Employment Assistance Program (REAP) doesn't mitigate enough of the cost. Riguardi said that Jersey City has done well in attracting businesses, but Long Island City has been a challenge.

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