



When will Nor'Easters return to the R.E. market?

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In great economic times, the velocity of real estate transactions is analogous to Atlantic ocean storm advisories during nor'easters with high waves of deals crashing against the shore. Conversely, during periods of recession, the eerie calm of the ocean is a visual reminder of the void in deal making activity.

The scope of this recession is unprecedented because of its worldwide impact on the economies of countries throughout Europe and Asia. Credit markets have been frozen, unemployment is high, consumer confidence is low, world trade is declining, and the economy is shrinking. Predictably, our vacancy factor has increased (to approximately 16%) and the inventory of available buildings for sale provides many alternatives for potential users.

What's the good news? First, we've all learned lessons from the experiences of past recessions. Landlords are now more responsive in thwarting potential vacancies by renegotiating existing tenants' lease costs and are more flexible in offering significant rent concessions to entice new tenants. In addition, while the spectrum of publicly held companies across America has been negatively affected, there is still activity in the marketplace from privately held companies as well as educational and medical space users. Second, building sales are showing signs of life as sellers have become more realistic by providing seller financing as a vehicle to by-pass the stagnant lending market. Moreover, the impact of President Obama's Bank Stimulus Plan on lending will create more "ripples in the water" and loosen credit availability.

Many of the unemployed will not find new employers and therefore opt to become entrepreneurs by starting their own business. 90% of companies located on suburban L.I. have 100 or less employees and prosperity from these types of firms has historically fueled growth in our marketplace.

Nor'easters will return to L.I. when credit becomes available, consumer confidence is restored, and the stock market is stabilized. I believe we're seeing signs of all three, and I'm hopeful that while 2009 will be a difficult year, we will witness a recovery next year.

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