



Hudson Valley perspective: Seeing increased activity

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Although the Hudson Valley has seen a drop off in transactions during the fourth quarter of 2008, some significant projects are moving forward making the Hudson Valley the most active economic engine in the state. The most active area currently is the industrial-warehousing sector for both leasing and manufacturing. The connection between Interstate Rte. 87 (NYS Thruway) and 84 in Newburgh, and is 87 and Rte. 17 (future is 86) in Harriman, has enabled the Orange County market to become a major focal point for distribution centers and manufacturing to supply the metro N.Y.C. markets. Adding to the attraction is the re-positioning of Stewart Airport under the New York Port Authority as its fourth major airport in the metro N.Y.C. region. Some of the significant construction projects on tap for this year are a 500,000 s/f Medline distribution warehouse in the town of Wawayanda in Orange County, 250,000 s/f Empire Merchants North warehouse In the town of Coxsackie at the Kalkberg Industrial Park in Greene County, Prism Solar Technologies, the first major solar manufacturing project to move forward with the with the assistance of the Solar Energy Consortium, formed to bring new jobs to the region and state. The firm purchased a 93,000 s/f former Panasonic manufacturing building in the town of Lloyd in Ulster County. Also of significance is the move of Elna Ferrite from Woodstock to new 25,000 s/f facilities in Saugerties and construction of a new \$16 million U.S. Army Reserve Center on Kings Hwy. also in Saugerties.

In the office sector, medical office construction and leasing activities outpace conventional office leasing with significant vacancies in that market mainly in the Dutchess County market. Of significance is the new construction of new medical space in Middletown at Crystal Run, lease of newly constructed office space at Oakwood Commons on Rte. 9 in the town of Poughkeepsie to Mt. Kisco Medical Group and the construction of 20,000 s/f of new office space by First Columbia at International Plaza at Stewart Airport in New Windsor.

With some bankruptcies and vacancies, the retail area seems to be making a comeback in the region in the food sector and repositioning of discount furniture and discount chains. Of significance is the Village Sq. project in Newburgh with Costco's first venture in the Mid-Hudson Valley market along with a new Best Buy as the anchor, Bob's Furniture into a newly renovated South Hills Mall in Wappinger Falls in Dutchess County and a new Super K Mart Mall under construction in Greenport in Columbia County. There are also at least six mixed-use lifestyle developments in various stages of planning combining retail, residential, and office and high tech throughout the Hudson Valley. Most have been slowed down due to the current economy.

Probably the largest and most significant project in the region is the \$1 billion redevelopment of the Concord Hotel to be a resort and entertainment center including a new Monticello Raceway, golf courses, with some elements of gambling. This project also is bogged down by the ability to get financing due to the current state of the financial markets. If it occurs it would be a boon to the dying Catskill Resort Industry and Sullivan County. Investment sales have continued to present a contra

trend to the economy with strong demand and little quality investment supply especially in the multifamily market. As we enter the second quarter, and the easing of the local and regional credit markets, we are seeing increased activity.

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