



C. Jaye Berger, attorney, addresses where the silver lining is in the cloud of the current economy

November 20, 2009 - Spotlights

People are ready to hear some good news about real estate and the construction industry. No one wants to hear any more bad news about 2009. So when I was asked to write this article, I was asked if I could say something, anything "positive" about this past year. Surely there must be "something good" that came out of 2009. So here it is.

I think the best thing that can be said about the past year is that it has been one of pruning. It is like after a forest fire when all of a sudden you see little green shoots springing up out of the blackened earth. More and more shoots are popping up and I am hoping that next year will be a good one and that the forest will grow back.

The events of 2009 have given some people in the real estate and construction industry time to sit back a bit and reassess what they are doing and where they are going. It has given them time to reorganize and reflect, albeit involuntarily. As one person put it, "Now is a time that I can get certain people on the telephone that I could never reach before." That ability to reach people, in and of itself, has created some interesting opportunities for networking. One real estate professional has used this unexpected free time to put together a series of lunches where people, who aren't as busy as they normally would be, could mingle and make new acquaintances and contacts. That's a good thing.

As a real estate and construction lawyer, I have seen how this "extra free time" has given my clients time to think more about their business practices, to improve them and to de-clutter. For example, clients of mine who have been meaning to re-do their contracts have finally used this time come in and meet with me and do just that. Now they are ready for new work.

People have focused on their finances more and decided to get a better handle on that. One couple who own a successful business and has several homes made a lot of changes. This year they had to renegotiate their office lease to get some breathing space on the rent, as did many others. They also wanted to take advantage of some "bargains" in the real estate market at the present time and upgrade from their current apartment to a larger one. While business is picking up now, they were surprised to find when they went to look at apartments, that even though they have a significant net worth, they have little cash liquidity. This process showed them that with all they had, they might not be able to meet the qualifications of a board of directors to purchase a larger co-op in New York City. They decided to sell some of those homes to improve their financial picture and liquidity in anticipation of being able to buy another co-op in the not too distant future. This required some planning. It also made them want to do some financial planning for their future and their eventual retirement.

Some commercial property owners also had some unexpected surprises. When the economy hit the "pause button" on financing, they had to rethink their construction projects and do some pruning

there as well. More than one building owner sold a building, along with all the liabilities, to get rid of a massive headache. This was not unusual last year, but green shoots will come out of this as well and I am hopeful that 2010 will be a better year and a busy one for all of us.

C. Jaye Berger, Esq., is the founder of Law Offices C. Jaye Berger, New York, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540