



Decade Answers: Daun Paris

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What are your predictions for commercial real estate in the new decade?

Once the economy turns around, New York City is better poised than most other cities to see growth. Real estate is still in demand and the next wave of occupants should demonstrate that. Office rents have corrected more than 50% and office availability is so high that it will remain a "tenant's market" for a few years. Everyone had foretold the end of Wall Street as we know it in 2008, just as they did in 2001, and in 1991, etc. But the BMOC is about to move into its new West St. home with its state-of-the-art technology: Goldman Sachs. If we've learned anything over the last 18 months, it is that the market responds to Goldman's every move. If they have planted deep roots in Lower Manhattan, the rest of the industry will stay put in New York as well. While the rent-multiple has fallen from its crazy highs of 2007, investors will continue to see the value of multifamily properties, even those with some rent-regulation. Development projects that were financed with over-inflated assumptions have stalled, but a number of opportunity funds are in the market to pick up where previous developers left off.