

NEWS

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From: Real Estate Board of New York (REBNY)

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The Real Estate Board of New York (REBNY) recently asked the question “Has the Manhattan residential and commercial real estate market peaked?” to a panel of real estate heavy hitters. And the answers were as surprising as they were varied.

At REBNY’s latest Commercial Crossfire, held in the new Mendik Education Center in front of a packed house, panelists Gary Barnett of Extell Development Company, Douglas Durst of The Durst Organization Inc., William Macklowe of Macklowe Properties, Brian Smalley of M & T Bank and Glen Weiss of Vornado Realty Trust along with moderators Rick Marek of The Vortex Group, LLC and Gregg Schenker of ABS Partners Real Estate LLC led a lively discussion on Manhattan’s current conditions and how the commercial leasing and residential sales markets could be affected in the coming year.

“There was a definite slowdown in August, but since Labor Day I’ve seen a lot of activity due to tremendous demand,” Barnett said in response to Schenker’s question on the current residential market. “I think there’ll be a rush before the 421-a deadline which will boost supply, but eventually there’ll be a slowdown due to rising costs and the changes to 421-a.”

“There’s a paucity of space in the market,” Macklowe continued. “If you look at the construction trend from the 60s, we’ve definitely slowed in building.”

Speaking on the commercial market, Durst joked that at one time he had hopefully predicted rents over \$100 a square foot but never imagined it becoming a reality. “I don’t think the market has peaked,” he told the crowd. “We’ll see some continued growth and additional concessions.”

Tertiary markets in such areas as upper Manhattan and Harlem, brought up by moderator Marek, was also a popular subject for the night with the developers marveling how years ago tenants wanted to be in the most popular areas of the city but are now willing to settle into buildings in less trafficked areas. “A portion of Manhattan’s office space is getting old and inefficient,” Weiss pointed out. “Many tenants are going to tertiary markets because they want new spaces that fit their needs and specifications.”

After Smalley’s discussion on capital markets and their impact on both commercial and residential real estate markets, Barnett helped sum up the panel with a discussion on the stock market and the nation’s current economy. “The stock market is still strong, but if the national economy goes down, so will New York’s. But land prices are holding up surprisingly well. Hudson Yards is a good example of this.”

“Our Crossfire events always feature industry titans, and obviously our members appreciate them as these events are some of our most well-attended throughout the year,” says Steven Spinola, President of REBNY. “These panelists’ interests and areas of expertise vary greatly, so the audience can truly get a picture of the whole New York market, not just a slice. Tonight’s panel was enlightening – I know the audience took away valuable information.”

The Real Estate Board of New York is the city’s leading real estate trade association with more than 12,000 members. REBNY represents major commercial and residential property owners and builders, brokers and managers, banks, financial service companies, utilities, attorneys, architects, contractors and other individuals and institutions professionally interested in the city’s real estate. REBNY is involved in crucial municipal matters including tax policy, city planning and zoning, rental conditions, land use policy, building codes and legislation. In addition, REBNY publishes reports providing indicators of market prices for both the residential and commercial sectors.

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