

# Commercial real estate could be in better shape than expected

<http://nypost.com/commercial-real-estate-could-be-in-better-shape-than-expected/>

By [Steve Cuozzo](#)

July 18, 2017 | 6:12am



Shutterstock

Are commercial real estate people feeling edgier about the office leasing market than they say?

A few weeks ago, we wrote that several high-profile dealmakers were uneasy about future Manhattan space absorption despite today's current strong market.

They asked not to be named for reasons that will be clear in a moment. So we kept their comments anonymous.

One big-league broker cited a "lack of depth" to the market beyond a handful of major negotiations going on.

A different broker pointed out that most large-scale transactions that — it is hoped — will be completed in the next 12 months will actually add to availability, because companies will leave behind more space than they're moving into.

Our June 27 column appeared just days after a “Real Estate at a Crossroads” forum sponsored by Bloomberg and EisnerAmper, where SL Green Chief Executive Marc Holliday and others expressed only confidence in the New York City market.

The modest qualms shared privately with us by certain major players apparently got under some skins, even though the column was far from doom and gloom.

Data we cited reflected a still-healthy leasing scene despite a first-quarter availability uptick to 11.7 percent from 10.6 percent in the same quarter of 2016, according to CBRE.

We also noted many ongoing negotiations for huge blocks of space. A few hadn’t even been previously reported, including a possible 600,000-square-foot blockbuster for Pfizer at Brookfield’s Manhattan West and 200,000 feet for Shiseido Cosmetics at L&L’s 390 Madison Ave.

However, our moles said that some landlords were worried about a lower but crucial market rung — deals of 100,000 square feet and under.

That prompted this retort in a July 5 mid-year market outlook report from Colliers International:

“Despite recent consternation among some real estate commentators [*italics ours*] that the market is weakening,” Colliers said, “especially for lower-profile deals less than 100,000 square feet,” leases from 25,000 to 99,999 square feet totaled 5.29 million square feet in the first half, “on par with 5.31 million in the first half of 2016 and ahead of 4.85 million feet in the same period two years ago.”

Colliers also noted strength in the investment-sale market, where the average office building price was up 7.5 percent over the same time last year.

Another report from Newmark Knight Frank noted strong activity in the under 100,000-square-foot field, which accounted for 60 percent of all the leases signed in the first half of 2017.

Both reports were politely called to our attention by no less than developer Bill Rudin, CEO of Rudin Management Co. and the incoming chairman of the Real Estate Board of New York. He cited strong recent leasing energy at his own properties as well as at those of others.

But to be clear, folks: The source who warned of “not that many deals as landlords would like” below 100,000 square feet was talking not about the past, but about the future — a story yet to be told.

FILED UNDER **COMMERCIAL REAL ESTATE, LEASES, OFFICE BUILDINGS, REALTY CHECK**

Recommended by