REAL ESTATE BISNOW NY

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6 TRENDS TO IMPRESS YOUR FRIENDS

***Emails** sent last week in response to **New York's Hippest Hotels** **didn't reach us** due to a tech malfunction, so please resend your suggestions, recommendations, and thoughts to HippestHotels@Bisnow.com.*

Scheduled to appear on *Jeopardy* or just need something to **debate** with your industry cohorts besides Rex Ryan's tattoo? Here are important NY real estate trends that'll **drive the new year**.

1) FEWER BUILDINGS FOR SALE

If you're looking to snap up some buildings this year—like American Realty Capital New York Recovery REIT, which last week bought **256 W 38th St** for **$48.6M**—good luck. Studley capital transactions head **Woody Heller** (whose team brokered the deal) tells us new product coming to market will be **modest** compared with 2012; there isn't a big **outside incentive** like the threat of rising taxes. Owners still want to transact, he says, whether due to **maturing investment funds**, compelling prices, or global economic concerns.

Woody's 2012 highlights include selling **31 W 27th St** for $65M; the 50-story **Madison Belvedere** (above, center) for $300M, one of the year's largest residential deals; and the 62-unit luxury rental **111 Kent Avenue**, Williamsburg, which sold for record Brooklyn prices ($900k/unit and $875/SF). Four of the past five years, his team has sold the **largest development site** of the year—and 2013 looks to be no different. No wonder he's receiving the **Louis Smadbeck Broker Recognition Award** at REBNY's 117th annual banquet **Jan. 17**. (Get your tickets here.)

2) CORE IS SO 2012

The biggest change Mission Capital Advisors managing director **Jordan Ray** sees this year are lenders—particularly CMBS—looking **outside core** to secondary and even tertiary markets; he's doing deals in Louisville, Ann Arbor, the Midwest shale regions, SoFla, and Orange County. Financing in NY is still robust, especially with more capital sources originating debt and equity on **multifamily rentals**. Brooklyn's a sweet spot; even neighborhoods outside of Williamsburg and Park Slope are attracting money with varying recourse.

3) OFFICE LEASING STILL SO-SO

Colliers launched the year brokering a **25k SF** renewal for law firm Grubman, Indursky, Shire, & Meiselas at Carnegie Hall Tower (Newmark Grubb Knight Frank repped landlord TF Cornerstone). Despite some hefty deals, 2012 was a **low average year** for NYC office leasing, shy of the median 23M to 25M SF, says Colliers Eastern region prez **Joe Harbert**. Expect much of the same this year, he says—but we may see an **uptick in Q1** with new budgets in place and if Europe remains on a positive trajectory. "If so, we're on track for **2% to 3% growth**," he says. (Note to 2013: don't mess with Joe and his **boxing glove**.)

4) LUXURY RETAIL GANGBUSTERS

Shoppers continue to spend money on luxury goods—now retailers need **more space**. Madison, Fifth, SoHo, and the upper 60s on Columbus are strongly leased, says Winick Realty Group director **Kelly Gedinsky**. So when a tenant is looking, competition is **right behind**. Take Meatpacking's 420 W 14th, where she's currently leasing 6,400 SF; potential **shoewear tenants** have been drawn by neighboring **Patagonia** and **Ugg**. This demand won't ebb soon, she says: "Everyone's nipping at each other's heels." (Shoewear tenants will offer literal heel nipping protection.)

5) HOTEL INVESTORS BEARISH?

2012 was spectacular for NYC tourism, breaking records with **52 million visitors**. But even with strong hotel fundamentals, healthy occupancy, and hotels nearing peak RevPAR, JLL Hotels SVP **Gilda Perez-Alvarado** says some investors are actually **bearish** on the sector, with relatively **flat budgets** and concerns about general macro trends, increased benefit costs, and labor constraints. But NY remains tops—just look at recent impressive deals like the **Essex House**, **The Setai**, and **The Plaza**, she says.

6) INDUSTRIAL LANDLORDS GRAB REINS

NY and NJ industrial tenants have **extracted every bit of savings** out of their supply chains and are more efficient that ever, says Cushman & Wakefield executive director **Stan Danzig**. That's good news for landlords: there's **pent-up demand**, since tenants still need **more space** or need to consolidate. Stan's only concern for 2013 is **potential spec overbuilding**. Along the Turnpike, rents have jumped from $2 to $3/SF to $**4 to $4.50/SF**; hot submarkets include Edison, the port areas, and the Meadowlands.

It's cruel that Girl Scouts have started selling cookies after we've made our resolutions. Goodbye, treadmill... hello Samoas! amanda@bisnow.com and amanda.metcalf@bisnow.com.

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