

OBSERVATIONS FROM THE PAST FOR 2007

A TERRIFIC YEAR AWAITS

Our customers, our clients, the professionals we deal with every day, and our over 50 years of being in business, all point to one conclusion, that 2007 is going to be a terrific year.

CREATIVE DESTRUCTION: NEW YORK CITY'S KEY TO GROWTH

The biggest difference between the rustbelt scenario and the continued vibrancy of the New York City Commercial Markets: Strong, relatively healthy industries are destroyed for even stronger industries.

THE BUSINESS OF REAL ESTATE BROKERAGE EDUCATING THE MARKETPLACE

The philosophy at Greiner-Maltz has always been that the basis of every transaction is to thoroughly educate our customer as to: what's available, what has been sold and or rented, current values, available financing, appropriate locations, current market conditions, and City and State benefit programs. A big part of this educational program is to go beyond one to one contact and to publish and distribute our thoughts.

WHY HAVE AN EXCLUSIVE AGENT?

Typically, our firm represents, at any one time, multiple properties containing millions of square feet. What we find gratifying is that our clients don't object when we disclose that for certain neighborhoods, property types, and sizes, we may represent all the availabilities. Rather than focusing on the potential conflict of interest, our clients welcome that we will have every customer in the marketplace, all of whom will have had an opportunity to learn about their property.

PUBLIC RELATIONS: A STRATEGIC NECESSITY

Today's client can tell the difference between a canned marketing approach and one that has been personalized for his/her particular requirements.

KICK IT UP A NOTCH

A closed transaction requires a negotiation conducted by a broker who can anticipate and thereby provide for the varied exigencies of a transaction. To reach that level of expertise, brokers that are having problems closing transactions today are going to have to "kick it up a notch."

THE ETHICS OF REAL ESTATE

Every profession appears to have a slogan which sums up its ethical responsibilities to the public. The medical profession has "Do no harm." For the real estate brokerage community I believe it should be "Full disclosure."

**JOHN
MALTZ,
SIOR,
President,
Greiner-Maltz**



sure." The brokers at Greiner-Maltz know that this is one of the two "go to" principles whenever a brokerage problem arises.

CREATING VALUE THROUGH REAL ESTATE MANAGEMENT

This typical client is not our client. Our clients recognize that value is created through leasing decisions based on cutting edge market knowledge, and tenant selection based on criteria such as:

1. Credit
2. Homogeneity of use with other building occupants
3. Estimated longevity of business
4. Highest sustainable rental rate offered
5. Cost of tenant acquisition due to build-out, concession and brokerage costs.

UPSIDE DOWN BROKERAGE TENANT REPRESENTATION

Our experience with the Fortune 500 companies that we represent is that real estate is not really their business and not worth having the expense of an in-house, properly staffed and trained real estate department. These companies benefit from having expert knowledge at their fingertips without having any fee obligation, except that which is disclosed as part of a successfully consummated transaction.

HOW TO LIVE WITH REAL ESTATE RISK

In summary, interest rates are at historical lows and lenders are flooding the market with available cash. This supply picture, coupled with the evident risk of incalculable external events, has caused me to advise my clients who have asked me "to finance or not to finance?" with a single answer... Yes!

THE KEY TO NEGOTIATION: ANTICIPATION

Negotiations are never fair. One side always has an advantage. Surprisingly though, those with the stronger hand seldom know it!

THE MANAGING AGENT'S INSURANCE DILEMMA

With the combined uncertainties of potential jury awards, unpredictable climate and seismic occurrences, and the intrusion of world events, the ultimate answer as to how much, and what types of insurance to carry is...to purchase all that you can afford.

STOCKS VS. REAL ESTATE: THE WINNER IS?

America is in love with real estate! 67% of American families now own their own home, a 50% increase since 1950. Well, why not? It's a bonafied tax shelter, with mortgage interest and real estate taxes a deduction against income, and liberal forbearance against payment of capital gains tax.

BRING BACK THE CLOTHESLINE

No need to continue the math for the thousands of communities securely tied to the grid, the solution to brown-outs may very well be white wash on clothes lines in everyone's back, side or front yards.

WINNERS AND LOSERS IN THE CPI GAME

Generally, the population falls into 2 camps, those that benefit from a low published CPI rate, and those that don't. The beneficiaries: The US Government, which besides being able to publish higher GDP statistics, calculates increases in salaries and social security benefits and numerous other contractual obligations with their own CPI index. The losers: almost everyone else.

CPI ESCALATIONS: THE EVOLUTION OF AN INDEX

Generals and landlords typically share the common trait of planning to fight the last war. With a current guns and butter national economic policy, a ballooning deficit, and oil reserves dropping as prices increase, the last war in fact may be our next one.

THE SEEDS OF A RECESSION

The seeds of a market recession generally are planted, but go unnoticed, in every expansion. This boom is no different. While a stock market bubble can implode in a matter of days, typically real estate markets take years to fully correct. A warning sign, which is beginning to become more apparent are resales where the purchaser's motivation is simply to buy into further market appreciation rather than making a sound investment. However, barring any external event, real estate markets can expand for years with prices becoming ever more inflated. It is very hard to pick a top in any market.

**John Maltz, SIOR, President of Greiner-Maltz can be reached at 718-786-5050,
via email at jmaltz@greiner-maltz.com, or at www.greiner-maltz.com.**