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John Maltz: Industry should focus on positives of RE market

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STOP Looking at the negatives and start looking at the positives of a real estate market which gave up little ground during the two years in which the New York metro market experienced 9/11, rising unemployment, the aftershocks of a stock market bubble, a national recession, and two foreign wars.

With the worst behind us, our real estate market is now poised to make a major move.

Why? During the past three years of shock and aftershock, the micro-cap and small-proprietorship businesses in the New York area have been becoming lean, more efficient, and learning new ways to compete in their business environment. Further, many have been purchasing their business properties so as to form a stable base for future growth.



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This bodes well for job retention and industry growth when the national and world economies begin to grow once again. "Prove it" you say! How's this for proof. The New York metro area has seen user-occupied industrial and commercial properties of under \$20 million rise in value by up to 100%!

"The future looks bleak," you say. Rising household debt and unemployment is endangering consumer spending, the economy is shedding jobs as corporations try to improve their bottom line, and we export not only manufacturing but also white-collar jobs faster than they are being created. If that were not enough, the possibility of deflationary cycle looms which would dampen already anemic capital spending and the stock market appears poised to

collapse once again as future earnings fail to support lofty PE ratios.

My response; your negative thinking is searching for support in self-serving economic statistics. The unemployment rate is creating elasticity in the labor force which is allowing companies to retain experienced workers at rates which they could not afford in the 90's. The growing budget deficit is providing the foundation for a new economic ex-

pansion. The Internet has not died but is becoming the backbone of a business model which is creating a productivity fed deflationary cycle similar to the one the United States experienced after WWI, one of the fastest growing economic periods of our nation's history. The housing and construction boom, coupled with population growth fed by immigration, is now the envy of Europe.

The constant flood of new tech and bio products will continue to create high-value jobs and growth. The only negative I can think of is really a positive for the New York area. The tide of economic growth will not lift all ships and areas such as New York City with its talent pool, infrastructure, and intellectual capital will receive the lion's share of the benefits which will directly translate into real estate value.