

WHERE HAS ALL THE LAND GONE?

That hackneyed phrase "land can neither be created nor destroyed" has no relevance to a real estate market which requires a steady supply of well priced and properly zoned land, ready for development.

In densely developed urban markets, vacant land is absorbed for either use as surface, storage or for new residential, commercial or industrial development. The single largest factor in this absorption rate is overall economic growth within the market. Symptomatic of such growth is non-linear development of varied land uses mostly centered on residential and retail.

Typically the sources of such land are the adaptive reuse of existing sites which are underutilized. An excellent example would be the hundreds of acres of Brooklyn and Queens waterfront which, having been zoned for heavy industrial for decades lay fallow due to the city's inability to replace waterfront industries such as coal gasification plants, bulk commodity storage warehouses, fuel depots, etc.

Another significant source of raw land supply is the reclamation of severely polluted property. Over 500 acres of such property has sat for decades, minutes from downtown Manhattan. Recently, a project of some merit has been the reclamation of the former Phelps-Dodge



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Copper refinery site of 37 acres by a noted Queens based developer, Philip Galasso. Economically impossible just five years ago, the steady absorption of industrial property coupled with economic growth created a profitable dynamic making economic, costly soil remediation. Larry Reiff, a broker with Greiner-Maltz who handled the various transactions which have absorbed over 800,000 sq. ft. of the facility, recently noted "we were overwhelmed by the pent up demand existent in the market, if we had another million square feet we could develop it within 12 months."

The trigger for such demand has been the rapid increase in industrial property values coupled with significant benefits provided by the City of New York for new construction. The proof: 2 years ago the Greiner-Maltz proprietary database contained over 90 listings of industrial zoned landsites from 10,000 to 50,000 sq. ft.

for sale or lease. We now have less than 20. While over the past 2 years rental rates have lagged the fourfold increase in land sale prices, they are quickly catching up with current rates for select properties approaching the \$7.00 - \$9.00 psf range. The scarcity of available, well-situated land for short to medium term surface storage has become acute: due in great measure to the residential building boom gathering momentum in Brooklyn and Queens with the concurrent requirement of builders and service providers for setup and storage yards. Greiner-Maltz, recognizing this need is now working on the marketing of the former Lumber Exchange Terminal, a one million square foot property situated on the East River, opposite Manhattan, between the midtown tunnel and the Williamsburg Bridge, for such critically needed storage uses. Individual sites will be available, until their eventual residential development, on an interim basis from 10,000 sq. ft. to 10 acres.

With raw industrial land selling and leasing at rates which just 5 years ago were only achieved by existing buildings, and hundreds of acres having been absorbed for residential redevelopment, it is predicted by many industry watchers that land availability will become New York City's crisis of the next decade.

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