



## 'A GOLDEN AGE ... OF REAL ESTATE DEVELOPMENT'

BY PETER KATZ

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**"WE KEEP OUR** eyes on interest rates. We keep our eyes on what's happening in New York state. But I think on balance we're bullish on moving forward. Real estate development is strong," Kevin Plunkett, director of strategic initiatives for Simone Development, told the Business Journal. He was interviewed before addressing a dinner meeting of The Building & Realty Institute

of Westchester & the Mid-Hudson Region (BRI) at the Crowne Plaza in White Plains on Jan. 17.

"I think you'll see a strong 2019 in the real estate market," Plunkett said.

He cited the health care sector as being of continuing importance for the real estate market. "There are a lot of the hospital networks that we do business with that are looking to plan even more facilities here in Westchester and in the region."

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## Real Estate—

Plunkett told the BRI members that the recent spurt in development activity along the I-287 corridor reflects the solid foundation that exists in Westchester commercial real estate.

"You may have heard that Simone just purchased 105 Corporate Park Drive and they are working with Montefiore to bring a health care network in there," he said. He also said Simone entered into a contract for 50 Prospect Ave. in Tarrytown, "... sort of the other end of the 287 corridor where you're having a lot of health care networks put in ambulatory and outpatient facilities." He said that Simone's plans also look outside of Westchester, as reflected in its purchase in December of 89 acres on the campus of Stewart International Airport near Newburgh. He expressed the opinion that Stewart was going to "take off" as a regional airport and reliever for Kennedy, LaGuardia and Newark airports.

Angela Briante, of the Briante Realty Group in Carmel, spoke about the uptick in real estate sales in Putnam County and the areas of northern Westchester she covers. "Our business is four and a half times what it was last year. There's a lot going on right now."

Garry Klein, regional manager of the commercial division in the Houlihan Lawrence Commercial Real Estate Group, told the BRI meeting, "We're truly in a golden age in terms of real estate development with regard to multifamily development, specifically rental projects."

He said the cost of living in New York City has driven development projects to Westchester. Klein noted that while \$2,500 a month for a 700-square-foot apartment in Westchester may sound like a lot of money, it's not when you've been living in Manhattan. "We're going to see some tremendous growth in population," he said. Klein used White Plains as an example.

"There are approximately 3,000 units approved, proposed or under



Kevin Plunkett

construction. If you take approximately one and a half people per unit, White Plains is going to see an increase in population of about 5,000 people, which represents about 8 percent of their population.

"Nobody's building 'for sale' housing. So the condo and townhouse development market has really kind of fallen off the planet. All of the developers are tying in to institutional capital and building high-rises."

John Barrett, senior vice presi-

dent and managing director of brokerage RM Friedland, said warehouses and other industrial spaces are hot in Westchester.

"In the industrial sector rents are in the \$16 to \$18 per-square-foot level," approximately double what the price was 10 years ago. He attributed that to a great deal of industrial space in the Bronx having become development space for multifamily housing and waterfront industrial space in Westchester now being taken over for housing.

If there's obvious softness in the real estate market it's in retail. Barrett said rents for retail space continue to slide and there are higher vacancy rates as retailers try to figure out the best way to compete with Amazon and other online retailers. "The most successful retailers will ... have both a brick-and-mortar strategy, a place on the street, and they also will have a significant, strong online presence," he said.

In taking a look at the residential real estate market, Barrett said it continues to be hurt by the new limit on federal tax deductions for state and local taxes.

"That's really hammering those communities that have expensive luxury housing but did not have a premier school district."

He pointed out, however, that some people looking to move from New York City are willing to pay higher school taxes for a great school district because it's still a lot cheaper than paying to send their children to private school in Manhattan.