

Survey of Real Estate Professionals Finds Strong Optimism About New York City's Future

Thursday, October 6, 2022

New York, NY, October 6, 2022 — New York City real estate professionals are feeling optimistic about the city, according to a survey conducted by the law firm of Cozen O'Connor, with anti-real estate sentiment among politicians topping their list of concerns, narrowly edging out the high cost of construction. Twice as many respondents approve of Mayor Eric Adams' handling of real estate issues as disapprove, but almost as many were unsure how they would rate him.

The in-person anonymous survey was conducted at a real estate event on September 15, 2022, sponsored by the New York City office of the national firm. One hundred and seventy three attendees completed the survey.

Asked which asset class had the highest upside potential, 40% named multifamily rental, significantly higher than any other category, and more than twice as many as those that picked condominiums and cooperatives (16%), the next highest class. Commercial office (14%) scored about the same as industrial (13%), with hotel and hospitality (10%) and retail (6%) lagging behind.

"The enthusiasm for multifamily rental was the biggest surprise," said Bill Davis, vice chair of the firm's national real estate practice. "Owners are still reeling from the overhaul of the rent laws as are developers from the expiration of the 421-a new construction property tax incentive," he added. "Yet here they are saying that residential property values are going to go up. That's because they know that New York is still a magnet for talent from around the world. COVID may have changed how we work, but not that this is still where people want to be."

Participants were divided over what the biggest issue facing the real estate industry in New York was, with anti-real estate sentiment among politicians (25%) and the high cost of construction (24%) slightly edging out interest rates (19%) and low return to work rates (19%). Overall quality of life and crime was called out by only 13% of respondents. Overall, 77% were somewhat or very optimistic about the real estate sectors in which they work, with only about 11% somewhat or very pessimistic.

Twice as many participants approve of Mayor Adam's performance as disapprove (42% to 20%) but almost as many were unsure how they felt about him (38%). "These numbers aren't bad for the mayor," said Katie Schwab, New York co-chair of the firm's government relations subsidiary, Cozen O'Connor Public Strategies. "Especially given the drumbeat of news stories about crime, homelessness, and return to work rates. Plus he has room to grow his favorable rating as more New Yorkers get to know him. The mayor is a cheerleader for New York, just at a time when the city, and the real estate industry, needs one."

Cozen O'Connor Public Strategies co-chair Rose Christ added, "The real estate community is, of course, concerned that return to work rates are hovering around 50% but we are on target to attract 56 million tourists this year, just a 10% drop from 2019's record 67 million visitors. That has brought our museums and theaters back to life, with new restaurants opening every day. As New Yorker's see this activity in the streets, even more will be encouraged to go to back their suites. "

Vivien Krieger, co-chair of the firm's zoning, land use and development practice, noted that, "It shouldn't be a surprise that our industry is optimistic about New York's future. Smart money knows not to bet against New York, and New York real estate money is smart money."

The survey population was a mix of real estate professionals including owners, developers, lenders

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and design professionals. Percentages may not equal 100% because of rounding.

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