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NAI Global's Outlook Good, For Now

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NAI Global presented a rosy commercial real estate forecast for the next two years at a "2007 Global Market Outlook" Tuesday morning at the Westin Hotel near Times Square. But the company's chief economist tempered the optimism by predicting a recession in 2009 or 2010.

Jeffrey Finn (pictured), who recently became NAI Global's CEO in addition to president, began the outlook by lauding the network's expansion to 350 offices last year, in addition to topping \$40 billion in annual transaction volume. "The market's strong, and the volume of activity is fantastic," Finn said. "Particularly, we're seeing a lot of cross-border activity."

Finn emphasized opportunities in the "dynamic" global market, noting that in addition to rapid growth countries like China and India, other countries such as Argentina and Brazil were looking more and more like solid investments, but warned that "the compression of yields continues."

Finn was introduced by Joseph Genovesi, vice chairman of NAI New York City, who began Tuesday's outlook with a recap of the record-setting New York market in 2006, and predicted office vacancy will fall below 4 percent by 2009 "without a significant increase in supply." Though Manhattan office rents are still considerably cheaper than comparable spaces in cities like London and Hong Kong, Genovesi noted that "the gap is rapidly closing."

Finn ended his address by asking the company's chief economist, Dr. Peter Linneman, whether the booming economy--and the absence of a recession since early this decade--augured a "new paradigm" of sustained economic growth without downturns.

"There are no new paradigms," said Linneman, a professor at the University of Pennsylvania's Wharton School . "There are just different ways to lose money." He advised, instead, that the national economy would grow at its normal rate for the next two years, then slow in 2009. The simpler explanation for this slowdown, he suggested, would be that a new president would be taking office. "What's the enemy of business? Uncertainty."

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