

# ***MITCHELL & ASSOCIATES***

320 East 54th Street, Suite 1E  
New York, NY 10022

212-929-8404 (Tel) 212-691-6231 (Fax) [cheryl@mitchell-associates.com](mailto:cheryl@mitchell-associates.com)

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**FOR IMMEDIATE RELEASE**

**BROOKFIELD PRESIDENT DETAILS DOWNTOWN'S  
TURNAROUND, MARKET PROSPECTS AT BOMA/NY-IREM JOINT LUNCHEON**

Contact: Cheryl Mitchell  
(212)929-8404



Photo Credit: Steve Friedman ©2005

**PHOTO CAPTION: (l – r): BOMA/NY President Betsy Jacobs; IREM President James Heller; Speaker Dennis Friedrich, President/COO of Commercial Operations, Brookfield Financial Properties, Inc.; BOMA/NY Program Chair Gail R. Duke, RPA/CPM**

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*Downtown forecast at BOMA/NY/2*

NEW YORK, NY --- A residential market that is “on fire”, a changing tenant base, a huge in-pouring of funds for transit construction and a New York-wide recovery—particularly from the “sublease hangover”—bodes well for Downtown through the end of 2006. This prediction came from Lower Manhattan’s largest landlord, Brookfield Financial Properties, Inc., in a market forecast delivered by Dennis Friedrich, President and COO of the firm’s US Commercial Operations, before 250 professionals at the March 2005 BOMA/NY-IREM joint luncheon.

Several newcomers to the downtown marketplace are having a major impact. In the drive to make Lower Manhattan a 24-hour community, residential development has increased at the record-setting pace of 5.8% last year. While overall growth is at .3% and absorption is still in the negative column (as compared to Midtown, which finally climbed out of negative territory in 2004), several subgroups have increased their presence dramatically: law firm market share has grown from 6% to 21%; nonprofits, which were hard hit by 9-11, increased from barely registering on any statistical chart to 8%, and education made a similar move, from 1% to 10%.

Other contributing factors: the city-wide, healthy expansion of the Fire-Insurance-Real Estate sector and its related service firms, and the billions of dollars now taking shape in the form of transportation developments at the Fulton Street and World Trade Center transit stations, which further underscore Downtown’s transformation.

The historic disparity between Midtown and Downtown rentals continues with Class A space averaging \$45+ psf in Midtown and \$30+ psf in Downtown. However, the price differential between Manhattan’s two main markets, combined with Midtown’s decreasing vacancy rate and rising rentals puts Downtown in an appealing alternative light.

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### *Downtown forecast at BOMA/NY/3*

Job growth should further improve prospects if it continues at its present pace, which was responsible for absorbing more than 3.5 million square feet this past year, predominantly in the sublease market.

Looking to the future, Friedrich painted a cautiously optimistic scenario. Possible risks in 2005 include rising interest rates, an improving stock market, escalating operational costs and the potential threat of terrorism, which has become a fact of life for many major cities. However, with vacancy rates decreasing, causing increases in rental rates, tenants “may look to new development sites.”

And with minimal supply coming on line at an average rate of two million square feet per year in Midtown through 2009, no construction Downtown outside of the Freedom Tower and former World Trade Center site, a vacancy rate of 14% (or six points lower than the last down cycle), and Downtown’s growing residential and redevelopment market, there is “reason to be upbeat...even bullish,” about lower Manhattan’s prospects.

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