

FORECAST2018

-2018-



DESTINATION UNKNOWN

LI industry leaders offer direction to what lies ahead

REAL ESTATE



KYLE STROBER

Executive Director, Association for a Better Long Island

Trump's tax bill aftershocks will include a LI taxpayers' demand for financial accountability from local school

districts who will be forced to stop creating illegal multimillion dollar slush funds.

Long Island will enjoy another golden age for real estate development as millennials seek cool downtowns and transit oriented developments. Mineola and Farmingdale are transformed. Garvies Point, Wyandanch Rising, and Ronkonkoma Hub are breaking ground. Heartland, Nassau Hub, downtown Baldwin, Hicksville, East Yaphank are next.

Ronkonkoma Hub has blueprints that include an arena/convention center that leverage nearby LIRR and MacArthur Airport as unmatched transportation assets. The region's tourism agency, Discover Long Island, will have something more than wineries and beachfront to promote.

East End townships will see a boom in affordable year-round rentals. Southampton and Southold have already made strides while newly elected Supervisors

Van Scoyoc and Gerth campaigned on it.

Hempstead Town's political revolution will continue as the town board forms a coalition that has Councilwoman Erin King Sweeney as a key player while developers try to figure out who guides zoning and economic development.

County Executive Curran will be stunned when she discovers the true extent of Nassau's indebtedness due to hidden tax certiorari judgments. It will have a profound impact on her public policy choices, her relationship with NIFA and essential services.

ANN CONROY

President, Douglas Elliman Real Estate

Long Island is a great place to live and work. Our villages and vibrant towns are becoming downtown hubs attracting buyers of all ages seeking a quality lifestyle that includes proximity to chic restau-



rants, boutiques, cultural centers, transportation and other amenities. Based on our analysis of these new buying trends, we plan to open more offices in select markets in western Nassau County and Queens, and on the North Fork, to better serve our customers and clients. Areas of interest include Sea Cliff, Rockville Centre, New Hyde Park, Forest Hills, Astoria

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and Cutchogue.

We built our business plan for 2018 expecting buyer demand to continue to be very strong, prices to continue to rise at a healthy pace, and inventory to remain tight, similar to 2017. The luxury market will be better than 2017 as homes priced above market value will come off the market, leaving more attractively-priced homes competing for those luxury buyers. Real estate will continue to be a great investment on Long Island because there is something for everyone in pricing and lifestyle. We do not anticipate any slowdown as the economy and consumer confidence improves.



ELLEN RUDIN

Senior Managing Director, CBRE

CBRE is forecasting a strong year for commercial real estate as limited supply and growing demand drive prices higher. While asking rents remain mostly stable across Long Island, heightened demand for new space coming on the market should slightly elevate rents through 2018. Class A buildings will remain best positioned in the market. Lack of new office construction and tenants moving to higher-quality spaces will keep availability low.

We are currently keeping an eye on new developments in the healthcare landscape. Over the past few years, we have seen many major mergers by doctors, healthcare networks and institutions directly impacting the commercial real estate landscape on Long Island – including traditional medical space, office space and retail locations. As the evolution of the healthcare industry continues, we believe that the competition for quality space by healthcare uses will continue to grow.

The increase of omni-channel retailing will continue to impact the retail and industrial real estate markets in 2018 and after. As consumer expectations for convenience and speed continue to rise, brick-and-mortar retailers are adding mobile technology as an integral component. Experiential retail will become more prevalent. With the ease of ordering online, along with the pricing pressure, brick-and-mortar stores need to give shoppers a reason to visit. To execute omnichannel effectively, most brick-and-mortar stores are restructuring industrial footprints and supply chain strategies to enable faster and more cost-effective delivery to consumers.



MARK KAPLAN

Chief Operating Officer, Ripco Real Estate

Our outlook for the Long Island retail market in 2018 is cautiously optimistic. The headwinds created by the likes of Amazon have forced national retailers to devote substantial capital in establishing an omnichannel approach. That said, we're seeing an upward trend from various user types taking significant blocks of space. The list includes all things related to health, beauty, wellness, and food (such as Ulta, Club Pilates, Stew Leonard's, and Chop't). Discount retailers, such as TJX Companies and their newest brand, HomeSense, are entering 2018 with mandates to open new stores and sign more leases. National retailers will be more conservative in their rollouts as they continue to figure out the "right" balance for their brick and mortar portfolios and online presences. Beneficiaries will be local "mom and pop" tenants and franchise concepts as opportunities to lease high quality real estate will further materialize.



TAWAUN WEBER

Assistant Director, Vision Long Island

2018 will bring continued downtown growth and investment in our Island's infrastructure, but not without challenges.

To address the increasing demand for affordable housing, we need, not only guided subsidies for multi-family projects to make the numbers work, but a series of smaller scale options known as "missing middle" housing that can help fill the gap between larger multifamily and subsidized projects.

Retail trends moving away from malls and larger scale shopping centers create opportunities for mixed-use development in the right locations.

New leadership in places like Hempstead, Smithtown, Oyster Bay, and Riverhead allow for a second look at

approaches to planning and more importantly, downtown management for many unincorporated hamlets. With Nassau's new administration, continued support for downtown and TOD redevelopment while also focusing on various dangerous roadways through traffic calming initiatives is vital.

Continuing to remove our attention and funding from disconnected regional distractions to more community driven projects will help renew community trust in government and support for growth.

With over 15,000 units of TOD housing planned locally moving through the process for approval now and billions of dollars of infrastructure projects, change isn't just coming - it's here.



TED TRIAS

Director of Acquisitions and Leasing, Rechler Equity Partners

2017 was another marquee year for industrial real estate on Long Island, and 2018 is not expected to be any different. In my 35 years of experience, I have never seen the market stronger. Demand continues to exceed supply, and industry-wide occupancy rates are expected to remain in the upper-90 percentile. Currently, our occupancy rate is 99.1 percent.

Migration from the west is occurring at an increased rate; as pricing trends continue to climb, businesses will look for better deals by venturing further and further east. With space so limited in areas like Melville and Hauppauge, companies are looking to Bohemia and beyond, like the Hampton Business District in Westhampton Beach.

Growing demand and a diminishing supply also presents a challenge for landlords who must be creative to find space where space might not exist. Industrial property owners must leverage their portfolios to assist tenants, whether they're expanding or downsizing, and make sure every lease maximizes the space available. When supply is so limited, flexibility and knowing your tenants' future plans are key to retention.

This is the hottest the market has ever been. And don't expect it to change anytime soon.

FINANCE

LOUIS GRASSI

Managing Partner and CEO, Grassi & Co.

Revenue will be up at most accounting



firms, since clients will require significant changes to their tax structure due to the new tax legislation being passed in Washington. Due to those changes, staff will require additional training in order to ensure that they are abreast of these changes, which will be an additional investment by firms both financially and time-wise. Providing value-added services and consulting services will be more important than ever as our clients will be seeking the best way to position their companies under the new tax structure and having our professionals be able to provide those services will give us a competitive edge in the new economy.



WAYNE GROSSÉ

President and CEO, Bethpage Federal Credit Union

In a technology driven world where service standards continue to evolve, Bethpage recognizes the need to continually improve upon personalized member services. We believe the branch experience is still a vital aspect of banking and will continue to focus on regional branch expansion in 2018. Bethpage will also provide members with advanced online and mobile banking options. Our role is to ensure that the member can intuitively use our tools to ensure that what we offer meets the digital sophistication and expectations of today's mobile banking consumer. Bethpage has grown to become the 16th largest credit union in the country. It is also the largest credit union in New York State, and the entire Northeast region. We were also recently chosen by Money magazine as the Best Bank in New York State in an annual ranking of the nation's financial institutions. Bethpage is committed to providing the best deposit rates and lowest loan rates possible for our members. As a regional credit union, Bethpage also continues to monitor the potential impacts to both business and individual members.