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# Real Estate Journal

COVERING ALL OF LONG ISLAND, NEW YORK CITY AND UPSTATE NEW YORK

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By Ron Kleinberg

## Insane, inflated, or overpriced Long Island Commercial Real Estate

The short answer, prices were insane, currently are inflated, and probably will be overpriced in early 2008.

Specializing in the sale of investment properties for the past 20 years, my partner, Dale Staudigel, and I are as surprised as our investors regarding the legs and resiliency of this sellers market.

In the past year we have all been subject to local media, more intent on selling newspapers than properties, predicting a bubble the size of Cleveland ready to implode over the Island if one more house comes on the market.

In retrospect, I think the only air that burst was the collective gasp of sellers that this self-serving prophecy never came to pass, witnessed by capitalization rates and interest rates remaining steadfast in the 6.5% range.

Persistent supply and demand dynamics continue regarding shopping centers and office buildings.

The lack of priced to sell properties in concert with pent up 1031 money drives price points higher.

This trend is provoking island investors in increasing numbers to widen their geographical scope of acquisitions.

These investors are disappointed with thin profit margins and limited quality assets for sale in Nassau and Suffolk counties.

They are crossing state lines in pursuit of enticing cash yields of 8%.

Oftentimes this grass is greener mentality can backfire on the nomadic investor unless a competent infrastructure of leasing and management is assembled to scrutinize market conditions.

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