

## **POSITIVE ATTITUDE EMERGES POST-RECESSION, BUT WHEN WILL JOB GROWTH FOLLOW?**

### ***Noted Economist, Panel of Experts discuss Economy's Dilemma at NAIOP New Jersey Annual Meeting***

SHORT HILLS, N.J., Jan. 26, 2011 – While gross domestic product (GDP) has rebounded nationally and in New Jersey, the job market has not exactly followed suit, presenting a dilemma for owners of commercial real estate buildings looking to lease up their assets. That was the message delivered to an audience of nearly 200 by noted economist and Rutgers Professor Joseph Seneca and a panel of industry experts at NAIOP New Jersey's Annual Meeting and Real Estate Forecast at the Short Hills Hilton.

Responding to the question, "what comes after the great recession?" Seneca said that while the recession was technically over in 2009, U.S. economic growth in general has been "tepid," with the lack of a stronger rebound tied in part to ongoing problems in Europe. "But nationally, we have had six consecutive quarters of GDP growth, which is a good sign."

Job growth did emerge in 2010, albeit modest. "But it is a start, and what a difference a year makes," Seneca said, noting a national swing of approximately six million jobs. Still, job growth trends present a dilemma. "The nation's GDP has returned to its pre-recession level, three years after the recession began," he said. "But employment is still 5% below its pre-recession levels. In other words, this country is now producing the same output, but with seven million fewer workers. That is the dominant issue – how do we accelerate job growth?"

For New Jersey in particular, Seneca termed job growth "choppy," displaying a chart indicating jobs up one month and down the next. December 2010 showed significant job losses in the state, but the good news is that the state gained 8,200 jobs in 2010 despite that late-year downturn. And both nationally and in New Jersey, "this was the first predominantly white collar recession, which certainly has implications for the office market."

Finally, Seneca predicted that for 2011, economic growth "will likely be stronger—in the 3.5% range."

A panel of industry leaders moderated by Jonathan Schein, President of Schein Media publisher of *New Jersey & Company*, offered its views on the economy and real estate market. Responding to the same question of "what's next," David Simson, Vice Chairman and COO of Newmark Knight Frank responded, "recovery in New Jersey is spelled J-O-B-S," reflecting Professor Seneca's take on the employment situation. He indicated that he was optimistic, and noted that his firm, "signed more leases in 2010 than any year since 2005."

"Jobs are what we need in New Jersey," concurred David Welsh Managing Principal and founder of Normandy Real Estate Partners. "We have to stop the 'musical chairs' of

consolidations, upgrading to new space while leaving the previous space vacant, hoteling, and generally putting more people in less space."

He did sense a climate change in terms of attitude. "Everyone appears to feel better about things this year than last year," Welsh said.

From the financial markets perspective, "we are seeing capital showing up in New Jersey from institutional and international sources," said Adam Spies, Senior Managing Director for Eastdil Secured. "The banks are opening up again as well." Trophy properties are a key target, he noted, and improving market conditions in New York City could have an impact on the New Jersey market as cost factors "could have tenants looking across the river to New Jersey again," he said.

In chapter business, the annual event also introduced NAIOP New Jersey's new slate of officers and trustees. Turning the gavel over to new chapter President George Sowa of Brandywine Realty Trust, outgoing President Jeffrey Milanaik of Heller Industrial Parks thanked "the officers, trustees and staff—they are the reason NAIOP New Jersey is so successful." He also recounted the accomplishment of goals that had been set for his two-year, including "strengthening the brand, establishing industry coalitions, and increasing our advocacy. NAIOP serves a vital role in the economy of this state, and has become a key player in Trenton."

"We have the opportunity to build on the legacy established by Jeff Milanaik and his predecessors," Sowa concluded. "Now we have some wind in our sails."

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