

WILL THIS HOT MARKET DEMAND CONTINUE FOR THE NEXT FIVE YEARS?

Georgia Mallone, president of Georgia Mallone & Co., a prominent New York brokerage firm, points out that "With a 6% to 7% rate of return per annum, multi-family housing represents perhaps the most conservative real estate investment you can make. And even if rents go down on apartments (mostly high rental, non-stabilized, newer, luxury buildings), people still need a place to live, so the demand for residential will always be great in this city."

From the real estate financing perspective, William McCahill Jr., Executive Vice President of Fleet Bank, offers that the residential market in New York has remained a consistent and stable element of their portfolio for the past ten years and will continue to be so. "We have lent between \$500 and \$750 million per year since 1994, almost exclusively to solid, class 'A' developers and we plan on staying the course."

Mitchel Maidman, president of Townhouse Management Company, a developer and manager of luxury New York properties, reports that "There is a tremendous amount of strength in the residential housing market, especially in the super-luxury apartment arena" and that it serves "as a hedge against a weak stock market and still uncertain economy. With a limited supply of apartments, an increasing demand, and a lowering of interest rates and capital gains taxes, we expect this trend to continue in New York."