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THE BUZZ

Gala Gets Gale Chief for 10th Fundraiser

BOSTON—**Heading Home**, the Cambridge-based organization dedicated to easing homelessness, has landed a major commercial real estate figure to oversee the group's 10th annual fundraiser slated for

May 5th, 2009 at Boston's **World Trade Center**. Developer **John B. Hynes III** will oversee the **Heading**



John B. Hynes III

Home Gala, which in its first nine years has reaped millions of dollars to fuel the charitable organization's mission.

A spokeswoman for **Heading Home** acknowledges the retention of Hynes to champion their milestone program, saying he was "first on the list" of desired prospects. "John is a wonderful, generous person to (donate) his time and energy for this important event," says the spokeswoman, Ann Murphy. In a career that spans both hemispheres—including oversight of a \$25 billion city being created on the Yellow Sea in South Korea—the **Harvard University** alum and CEO of **Gale International** exudes energy, but time is certainly in scant supply. Hynes has traveled to the Korean project, **New Songdo City**, more than 50 times since 2001, and is kept busy

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NE Architect Layoffs Beginning to Mount

By Joe Clements

BOSTON—All of a sudden, commercial real estate's "canaries" are becoming a little wobbly, and that does not bode well for the rest of the industry.

"They are the first ones to feel it," Boston Society of Architects Executive Director Richard Fitzgerald says of his constituency and the role they play in portending market downturns. When work in the architectural and design sectors dries up, "it's time to get out of the cave," offers Fitzgerald, who says he does sense a measure of "trepidation" among the BSA's members following the turbulent events that have upended the national economy and credit markets during the past three weeks. "Some firms are already assuming there are going to be problems," says Fitzgerald, who notes that job postings for the BSA's classified

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David Begelfer

Credit Crunch View Sunk by Market Woes

BOSTON—When the Massachusetts chapter of NAIOP held a well-attended program on September 17th to examine the rising credit crunch, panelists put a surprisingly upbeat spin on market conditions and regional prospects for surviving the wobbly economy. Unfortunately, with a capriciousness rivaling New England weather, the monumental troubles that began to cascade globally that very week have seemingly doused any sense of optimism emanating from that event.

"That was then, and this is now," is how NAIOP CEO

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NEPR Launches the New England CRE Weekly Insider

Welcome to the inaugural edition of the New England Property Report's Weekly Insider, a linchpin of the premium services available to NEPR subscribers. Compiled by Joe Clements, and featuring input from our field of New England reporters, the Weekly Insider is distributed exclusively to subscribers every Friday with a goal to give enhanced coverage of the market's vibrant commercial real estate industry and spotlight leading professionals circulating in its orbit.

The Weekly Insider will deliver updates and behind-the-scenes coverage of deals, trends and people in markets across the six-state region. Interviews of CRE icons are among the highlights to be offered, as well as fresh economic and research reports compiled by top CRE firms and organizations.

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section is averaging 10 to 20 per day compared to upwards of 100 prior to the difficulties.

"People aren't looking to hire any more," he says.

Indeed, the opposite is true even at some of New England's top operations. CBT Architects principal Richard J. Bertman tells Weekly Insider that his Boston-based firm has had to lay off a handful of staffers during the past few weeks. While a mere fraction of the estimated 260 people in the firm's employ, the retrenchment of staff reverses an extended period of growth for the venerable firm, which is responsible for some of Boston's most significant projects, including 111 Huntington Ave.; the sparkling Mandarin Hotel that just opened on Boylston St.; and 73 Tremont St., a Financial District office building now owned by Suffolk University.

Bertman says activity was encouraging for CBT until recently, but accedes the past few weeks have raised cause for alarm and begun to stall the plans of some clients. "It seems like it just hit suddenly," he relays. The ennui is not new to Bertman, whose firm had to cut 70 people in the prolonged market crash of the early 1990s. "It's worrisome," Bertman concurs, although he stresses the firm has plenty of assignments on the books. CBT, for example, is the lead architect for Steve Belkin's visionary 1,000-foot tower slated for the Financial District.

Margulies Perruzzi principal Marc Margulies he is encouraged that his 50-person firm has enough work to keep busy. Client Hobbs Brook Management, for example, is going ahead on its 175 Wyman St. office complex in Waltham, and Margulies says his corporate clients are typically of a size that they can weather chilled conditions. While his firm has been able to avoid layoffs, Margulies offers that, "I think we're the only one's I've talked to who haven't" had cutbacks. "A lot of stuff hit the skids really quickly," explains Margulies, whose company also survived the harsh landscape of the early 1990s and various other downturns since that monumental bust.

A self-avowed optimist in an industry known for the rosy outlook, Margulies says he believes alternate sectors such as private education and healthcare will enable the local profession to persevere should commercial work retrench, but he reports many firms seem intent on trimming budgets. "I think a lot of people have just been told this is going to be a big bad one, and their (response) is, if it is going to be a big bad one, there's no reason

to delay letting people go if that's what needs to be done," he explains. Fitzgerald also offers hope that the worst troubles will be short-lived, but agrees that the lack of available money chokes off the CRE industry. "It's like everybody in the country right now is scared," he says.

One common reaction in a market dip is to explore other regions, and CBT has certainly expanded its horizons in recent years, now operating in such faraway venues as China and now moving into Abu Dhabi, where principal Charles Tseckares recently departed for on an extended stay. "It seems to be a place where there are some projects," relays Bertman, whose firm also just got approval to practice in New York. In both cases, those steps were planned well in advance of the past month, says Bertman, rather than a reaction to the quick drop off in activity. Regardless, he says, "we are a little fearful of what's going to happen."



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David Begelfer assesses the shift. "It's amazing how the world has changed in the last three to four weeks," he adds in an interview with Weekly Insider. News of trouble at Lehman Brothers and AIG Insurance had hit the streets just a few days before the program, and moderator George Fantini Jr. did advise audience members that the near-term reverberations could be dire, but Begelfer says few could have anticipated just how much turmoil was gathering on the horizon.

From his standpoint, Begelfer says he believes CRE denizens might "batten down the hatches a bit," and says that mentality could result in a substantial slowdown for at least the coming year. "I think its going to be a rough ride," he indicates, while holding out hope that conditions could stabilize sooner if various financial bailouts stimulate the global economy.

NAIOP itself is not running for the hills, as evidenced by another industry program on the dais this week at the Westin Copley Place in Boston's Back Bay. The Wednesday morning program, which runs from 8 to 11:30a.m., has scheduled Federal Reserve Bank of Boston President Eric Rosengren as keynote speaker, with a focus on the global economy. The seminar also features a panel moderated by Roy March of Eastdil Secured and featuring Stephen Furnary of ING Clarion, Matthew Lynch of UBS and AEW Capital Management investment expert Pam Herbst.

