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2014 has been filled with great meetings and objectives

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The first quarter of 2014 has been a very busy time filled with several great meetings and objectives from the BOMA local, regional, and international organizations. Now thankfully our hard hit winter has finally come to an end and we can all begin enjoying the slow transition into better climates!

Our local BOMA Southern Connecticut chapter began the year with our always highly attended "State of the Market" program which looks at the current and forecasted commercial real estate markets. This year's panel, comprised of active and respected commercial real estate professionals, was moderated by Jeff Gage, senior vice president at CBRE and the panel included Don Bucci, managing director at Jones Lang LaSalle; Kate Schwartz, associate of the Private Capital Group at Cushman & Wakefield; and James Ritman, executive vice president and managing director at Newmark Grubb Knight Frank. It was attended by members of Southern Connecticut BOMA and their guests, along with Stamford mayor David Martin and chief of staff Michael Pollard. The variety of perspectives from the panel between tenant/landlord, investment sales, and project management as well as attendee interaction, made this a particularly insightful program.

The local area is hopeful to see more activity in leasing and sales as the new companies emerge and larger companies will view Fairfield County properties rather than those in the general New York areas due to anticipated overall savings. Landlords may need to do a bit more to the typical deal structure to entice tenants but both parties will make out in the end. More activity may also be seen within the medical office market in build-outs and possible occupancy of full properties. It is likely that older commercial properties may be sold and repurposed for mixed-use and residential.

This year's BOMA Winter Business Meeting and National Issues Conference was held in Washington, D.C. This event is the kickoff for all the BOMA chapters to gather and review goals and critical items occurring in the coming year. It was also a time to meet with state and county legislatures in order to review current industry issues. Those issues were/are as follows:

Terrorism Risk Insurance Act (TRIA) will expire at the end of 2014. Terrorism will remain a threat for the foreseeable future; the federal terrorism insurance program must remain in effect until the reinsurance industry is prepared to accurately underwrite and assume the whole risk.

Leasehold depreciation on tenant improvements must currently be depreciated on a 39 year schedule. Depreciating leasehold improvements at a rate of 1/39th per year until the improvement goes "out of service" runs counter both to common sense and the reality of the marketplace. It is a hidden and inequitable tax on the commercial real estate industry. The tax code should be amended to more closely reflect the reality of the marketplace.

The last two issues are related to tax incentives for both fire sprinkler systems and new roofing systems. Similar to leasehold improvements, these two items must be depreciated over a 39 year period. While BOMA International supports a reduced depreciation period for these items, we also support tax incentives to promote these installations in existing buildings. Installing fire sprinkler

systems is vital to life safety and many older buildings may not have included it in the initial building specifications. The average life of a roof is 20 years, therefore a reduced depreciation seems more realistic. Replacing nonperforming roofs will help protect the integrity of the entire structure and increase the structure's energy efficiency.

And finally, the regional Middle Atlantic Conference (MAC) was held in Boston this year. The MAC is comprised of 16 local associations with a combined membership in excess of 3,500 members covering 11 states and the District of Columbia. The conference, filled with accomplished keynote speakers, informational meetings, and a city tour, is what makes this few day event a must to attend. It is a great means of gathering the region's owners and management teams to not only exchange ideas but to review the economics of all the local areas. The TOBY dinner with 250 attendees concludes the conference with awards given to the best commercial buildings in our region. These properties have the ability to move on to the International level at the summer conference.

BOMA Southern CT has also announced that it will be holding the 2015 MAC in Stamford, CT from April 29 to May 1 at the Stamford Marriott!

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