

## Real Estate

## The Rocketing New York Market Levels Off a Bit

The problems of the dot-coms, many of which had aggressively leased space in anticipation of rapid growth, are turning up in figures for space that is being offered for sublease, according to **Ruth Colp-Haber**, a partner in Wharton Property Advisors, a brokerage that represents tenants.

According to figures compiled by her firm, a trickle of sublets coming to market in June — four new spaces, totaling 37,207 square feet — turned into a stream by October, when 62 new spaces totaling 1,071,683 square feet hit the market.



Ruby Washington/The New York Times

Ruth Colp-Haber, a partner in Wharton Property Advisors, said vacancy rates do not necessarily reflect space that is being offered by dot-com companies and others for sublease.

**“Sublets are a harbinger of things to come,”** Ms. Colp-Haber said. **“The first thing that a company in trouble does is lay off people and sublease the space they were in.”** She estimated that four million square feet of space was on the market at the end of the year.

Because sublet space is not included with space being offered directly by landlords, she said, published vacancy rates tend to understate the state of the market, particularly for individual properties. For instance, she said, the

building at 600 Broadway is listed as fully rented, but in fact has 50 percent of its space available for sublease. Similarly, the building at 1440 Broadway and 40th Street officially has less than 4 percent of its space available. Adding in the sublet space pushes that figure to 12.7 percent.

**“The venture capital firms have retrenched their funding of dot-coms, and they are being forced to cut back,”** Ms. Colp-Haber said. **“Six months ago there was almost no sublet space available. Now there is a ton.”**