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Spring awakening for rentals

Apartment leasing landscape shows signs of pre-Lehman collapse; sales remain stuck

By CANDACE TAYLOR

The jury's still out on the sales market, but Manhattan's notoriously hectic summer rental season is carrying on at its usual pace — financial crisis or not.

Prices may be lower and incentives more plentiful, but summer

RESIDENTIAL MARKET REPORT

is still the busiest time of year for rentals, and that hasn't changed, brokers say.

Some brokers are even reporting that they are doing more business this year than last year, spurred by the low rents and broker's fees being paid by landlords.

"From January to May, every single month was better than the previous year's for rentals," said Isaac Krispin, the president of Urban Sanctuary, a brokerage with two Manhattan offices.

While the strongest part of the rental market is still apartments at rents of less than \$3,500 a month, Adina Azarian, the founder of rental brokerage Adina Equities, said she has started to notice some pre-Lehman Brothers market memories starting to reappear.

"In June we have experienced bidding wars on rental apartments, and tenants filling out applications for apartments after only one day on the market," she said.

Meanwhile, some customers have started to pay broker's fees again.

Azarian attributed this activity to the fact that, financial crisis or not, Manhattanites are still willing to fight for the right apartments, albeit at a lower price.

"I think it's a combination of it just being the rental season, and [the fact that] when a tenant sees an apartment they like, they do want to make it their home, regardless of who pays the commission," she said.

With the sales market still uncertain, agents who previously did primarily sales are more frequently turning to rentals, and firms are doing their best to harness the strength of the summer rental market.

Marilyn Harra Kaye, president of MLBKaye International Realty, said sales contracts are down some 75 percent from the same time last year, but she has hired

more rental agents to capitalize on the altered marketplace. "There is a bigger rental market this summer," Kaye said. "Last year it was mostly sales."

The shift is leading to some frustration on the part of experienced rental brokers, who say these rental newbies are bungling transactions.

"Rental deals are falling apart because sales agents are ineptly

trained in dealing with landlords, managing agents and renters," said Antonio del Rosario, president of sales at AC Lawrence & Company. "Rentals are a very different animal than sales. It frustrates seasoned rental agents to work with veteran sales agents who have never done a rental."

He added that the company's rental managers have been busy coaching former sales agents.

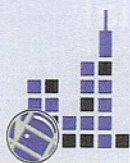
With that said, there has been some improvement on the sales side, with an increase in open house activity and contract signings. Brokers say that's largely a result of seasonality and the fading of the initial paralysis caused by the Wall Street meltdown.

"There was so much pent-up demand that buyers who were waiting on the sidelines exploded once they started experiencing this

seasonal uptick," said del Rosario, who noted that one 23-year-old agent at his firm had two signed contracts in one week last month for apartments in Park Slope and the Upper East Side.

Still, the sales market is shaky at best, with prices undeniably lower than before the crash. Kaye estimated that prices for walk-up buildings have fallen up to 30 percent; less-prime locations have seen their prices drop by at least 20 percent; and even highly desirable areas, like the West Village and Upper East Side, have seen 5

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