

No Block Left Behind: As Rental Market Heats Up, Attention Turns to Previously Overlooked Areas

By [Janet Allon](#) 4/02/13 5:00pm

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New York is a renter's town. Has been and probably always will be. That's just one of the things that sets us apart from the rest of America. About 70 percent of the city's residents are renters. And to throw another rather surprising number into the mix, only 10,000 to 12,000 apartments are sold every year. That leaves a lot of rental activity to fill out the residential real estate universe.

The reasons for the high percentage of renters are manifold. The hurdles to buying are high, and New York is a magnet for the young, the ambitious and the transient. And then, as Kathy Braddock, co-founder of Rutenberg Realty, points out, those New Yorkers who have been lucky enough to have great deals on rentals (or purchases, for that matter) never ever leave, because they know they can never replicate that deal.

All of which contributes to a tight rental market that can be incredibly difficult to navigate. For one thing, says Ms. Braddock, there is no one central master listing service for aspiring renters to consult. "Mom-and-pop rentals, smaller, quirkiest apartments, perhaps walkups in townhouses are never listed," she says. Then there are the financial hurdles, such as 15 percent to a broker to be amortized over the life of the rental, and many buildings requiring applicants to make at least 40 times their rent.

The rental market ebbs and flows, much like the stock market. And just as the Dow has reached new highs of late, the rental market is heating up as sales increase, says Ms. Braddock.

Rents had been relatively flat for a while, according to The Marketing Directors, a development advisory and master property marketing and sales force that works on behalf of owners and builders of new homes. “The unprecedented growth rates from 2010 to 2011 and into 2012 have stabilized,” say co-founders Adrienne Albert and Jacqueline Uργο. “In the past year, rental values for apartments in attended lobbies have increased 2 to 4 percent, depending on the product type.”

Some other useful facts for rental seekers offered by The Marketing Directors include:

- The average asking price is \$2,740 per month for a studio, \$3,915 for a one-bedroom and \$6,050 for a two-bedroom (attended lobby).
- One-bedrooms continue to outperform both studios and two-bedrooms.
- Desirable areas like the East Village and the West Village still rate among the top places to live.
- In the coming 12 to 18 months, a number of new rental buildings will be brought to the market specifically on the Upper West Side and in Midtown West (Hudson Yards).

As for the Upper East Side, again courtesy of The Marketing Directors:

- There have been no new rental developments in the heart of the UES. The most recent development is 1214 Fifth Avenue, which is asking in the high \$60s to low \$70s per square foot.
- In February 2013, there were 804 available apartments to lease asking an average of \$3,450 per month; 45 percent of the active listings are one-bedrooms.



Aware of the need for rental housing, developers are busily erecting buildings in neighborhoods that have previously been considered less than desirable. Glenwood Management Inc., one of the largest owner/developers of luxury rental buildings in the city, is in the process of renting out apartments in its newest building, Crystal Green, at 330 West 39th Street, between Eighth and Ninth Avenues. And business is brisk for the high-end luxury building boasting 200 studios, one-

and two-bedrooms, a stunning lobby and beautiful amenities including a children's playroom and fitness center.

One of the building's advantages, as Gary Jacob, Glenwood's executive vice president, points out, is its proximity and access to transportation, which more westerly developments—specifically those in the area that has come to be known as the Hudson Yards (far west Midtown)—do not yet enjoy. “The renting is brisk,” says Mr. Jacob. “We're very happy with the lease up velocity. The area is very well-received by young renters.”

Crystal Green follows on the heels of another Glenwood building erected nearby, Emerald Green, with 569 units. According to Mr. Jacob, rental buildings typically have a 25 percent turnover rate. In a good market, which he foresees, “we can raise rents by 5 percent with turnover.” A couple of years ago, he adds, they could go even higher, but 2008 marked the beginning of a lull. When Emerald Green opened in 2009, the market was not as strong.

“Things have picked up,” says Mr. Jacob. With Manhattan's scarcity of land and financing, there are no downward pressures on rents, he adds. “The only downward force would be an economic hit like the one in 2008. Barring that, we are optimistic.”

The Gotham Organization, one of the city's largest residential and mixed-use developers, is also betting on the Hudson Yards area, opening a new 550-unit building this summer called Gotham West at 46th Street and 11th Avenue. Melissa Pianko, the firm's executive vice president for development, says website traffic at its rebranded website, Livinggotham.com, has been heavy all winter, and with warmer weather, she expects plenty of real traffic among apartment seekers. “There has been a lot of press about a slowdown,” Ms. Pianko says, “but I think it is more seasonal. Things always pick up in the spring.”

Down in the Financial District—or FiDi, as realtors are calling it—LCOR, the owners of the landmarked and storied building 25 Broad, are similarly optimistic. LCOR took over the building in 2011, after a conversion to condominiums hit the snag of the economic downturn. Now, renters at 25 Broad can enjoy condo-level upgrades, which, says Kirsten Risko, marketing director at LCOR, “is unusual for a rental building,” especially one built in 1901. The building at 25 Broad has all one- and two-bedroom units, dark hardwood flooring and a washer/dryer in every unit. “We've been opening in phases,” says Ms. Risko. “The building is 85 percent occupied currently.”

The building at 25 Broad also has the good fortune of having escaped Hurricane Sandy's wrath, unlike some of its FiDi neighbors. “FiDi,” Ms. Risko insists, “is having a strong spring.”