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Tips for Negotiating a Lease Renewal in NYC's Rental Market

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When it comes to renewing the lease of your market-rate apartment, your landlord can raise your rent however he sees fit.

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MANHATTAN — When it comes to renewing the lease of your market-rate apartment, your landlord can raise your rent however he or she sees fit.

But that doesn't mean you should swallow the rate hike without a fight.

With the rise in the number of available rentals now hitting the market (<https://www.dnainfo.com/new-york/20160811/midtown/surplus-of-manhattan-brooklyn-rentals-driving-prices-down-report-says>), it's forcing landlords to rethink their strategies and giving renters some more leverage as big rent increases on lease renewals are slowing down, many brokers have noticed.

► **RELATED: 9 Things You Need To Know Before Renting in New York City** (<https://www.dnainfo.com/new-york/20160823/crown-heights/renting-nyc-what-know-first-apartment-checklist>)

"We're seeing a higher vacancy rate than we've seen in a long time," said Teresa Stephenson, the vice president of residential brokerage for real estate firm Platinum Properties (<https://www.platinumpropertiesnyc.com/>).

And while rental prices haven't dropped, they are basically holding steady, she said.

"They're not turning upwards."

That means landlords getting ready to renew a lease may hesitate before hiking rents for the upcoming year, out of fear their current tenant may leave and they'll have trouble renting the space.

"Right now it's really leveling off in terms of rentals," Stephenson added.

With that in mind, here's a rundown of what to expect when you renew your lease and what to do if your new rent is more than you can afford.

Understand Your Rights

Tenants in unregulated, or market-rate apartments, are not guaranteed the option of a lease renewal once their existing contract is up, and there are no rules dictating how much a landlord can increase the rent for the next year.

"It'll come down to the market," said Kristen Merlino (<http://www.elliman.com/real-estate-agent/kristen-merlino/24096>), a licensed real estate salesperson for Douglas Elliman (<https://www.dnainfo.com/new-york/tags/douglas-elliman>).

She estimates most renters who renew their lease in New York should expect their rents to increase from between \$50 to \$125 for the upcoming year.

"Below \$50 is fantastic," she said. "Above \$125, I think you should definitely talk to your landlord."

Be a Good Tenant

Experts offered several tips for renters in market-rate apartments who could potentially face hefty rent hikes when their lease is renewed. Their main piece of advice, several said, is being the type of tenant a landlord would want to keep around for more than just a year.

"I think sometimes renters don't realize that it actually starts on day one," Merlino said. "You're paying rent on time, being a courteous tenant, not causing a ruckus...You can use those elements as your negotiating tools."

A good track record as a pleasant renter will work in your favor when you try to talk your landlord down from a rent increase, especially since finding a new tenant can be costly and time-consuming for a building owner.

"There are turnover costs in terms of cleaning and painting the apartment, and there's always the risk that the apartment will remain vacant," Stephenson said.

"If you're a good tenant, it's in their interests to keep you in their apartment," she explained.

Know the Market — And Your Own Building

If a new lease comes with a rent hike that's more than you can afford, try to negotiate the rate with a landlord. Understanding the current rental market is a key part of doing that, experts say.

"It's helpful to be a little bit aware of the market. If rents are rising everywhere, you're going to have less negotiating room," said Stephenson, who recommends reading news articles about the city's recent real estate trends.

Merlino advises tenants to check listings for properties similar to theirs to get a sense of whether the price their landlord wants is reasonable. She also recommends checking out the rents for apartments available in your own building.

"If you start within the building and you see the exact same apartment for lower, that's your tool right there," she said.

Gary Malin, president for the real estate firm Citi Habitats (<https://www.citihabitats.com>), agreed.

"You just have to realize there are a lot of forces at play when owners are making a decision," he said.

For example, if your building has a lot of vacant apartments, your landlord may be more apt to negotiate on rent in order to avoid yet another empty unit if you leave. But if people are clamoring to move into your building, you'll have less leverage.

"Knowledge is power," Malin said.

Name Your Price

If you can't afford the rent your landlord wants in a renewed lease, don't be shy about asking him or her to lower it, and offer reasons why it's in their best interests to work to keep you.



Jeanmarie Evely · DNAinfo Reporter

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"I don't think there's anything wrong with reiterating to them the ways in which you've been a good tenant — paying on time, maybe there are other things that you've done to keep the area clean," Stephenson said.

You should then present your own number for what you would be willing to pay, she said.

Merlino advises to ask for a lower renewal rent even if the one that's been offered is relatively low, as many landlords are open to negotiating with good tenants.

"It's always worth a conversation if you've been a fantastic tenant," she said. "You could save money."

Keep it Professional

When making your case for a lower rent bump, Malin says it's important for tenants to keep the discourse calm and friendly, and avoid being emotional or adversarial off the bat.

"I think being complimentary, being respectful and understanding the process — being reasonable with whatever request you have," he said.

The biggest mistake renters make when renewing their lease is what he calls the "take it or leave it" approach, when a tenant immediately threatens to move out if the landlord doesn't lower the price, even when they really want to stay.

"What a lot of people do is they threaten to leave," he said. "A lot of the landlords will say, 'Ok then, leave.'"

He recommends keeping the tone upbeat. For example, you might want to tell your landlord how much you love the building and would like to find a way to stay.

And phone calls or in-person meetings with your landlord to discuss the new lease are always preferable to emails, according to Malin.

"It's a lot more genuine and you might have better results than if you just shoot a quick email," he said. "Try to take a more personal style."

What About Rent-Stabilized Apartments?

Rent regulated housing is subject to a stricter set of rules regarding tenant protections and lease renewals.

Tenants in rent stabilized units are entitled to one- or two-year lease renewals with increases that are set by the Rent Guidelines Board (<https://www.dnainfo.com/new-york/tags/rent-guidelines-board>). The board recently voted to freeze rents on one-year leases for the second year in a row. (<https://www.dnainfo.com/new-york/20160628/east-village/some-rent-stabilized-tenants-see-rent-freeze-for-second-year-row>)

But out of nearly 1 million rent-stabilized units, roughly 28 percent of them — or about 240,000 — are subject to preferential rent, according to Pro Publica (<https://www.propublica.org/article/3-things-mayor-de-blasio-schneiderman-didnt-say-about-housing-enforcement>).

This is when landlords lease rent-stabilized units for less money than the maximum amount allowed under state regulations, often in order to compete in the neighborhood's rental market.

► **RELATED: Here's Why Some Rent Stabilized Tenants Are Seeing Huge Rent Increases** (<https://www.dnainfo.com/new-york/20160419/central-harlem/heres-why-some-rent-stabilized-tenants-are-seeing-huge-increases>)

► **RELATED: How to Find Out if Your Market-Rate Apartment Should Be Rent-Stabilized**

(<https://www.dnainfo.com/new-york/20140227/lower-east-side/how-find-out-if-your-market-rate-apartment-should-be-rent-stabilized>)

But unless the lease specifies that the preferential rent will last for the duration of a tenant's stay, the landlord can take away the preferential rate at the next lease renewal and hike up the price to the legal rent.

Sometimes tenants don't read their leases closely enough to understand that they have preferential rent, housing advocates say, and are surprised to learn that their rent may be going up by hundreds of dollars.

While charging preferential rent in a regulated unit is legal, housing advocates say that what some landlords claim to be a preferential charge is actually the legal rent. (<https://www.dnainfo.com/new-york/20160419/central-harlem/heres-why-some-rent-stabilized-tenants-are-seeing-huge-increases>)

To find out what the legal rent should be on your apartment, you would need to look into the rental history of your unit (<https://www.dnainfo.com/new-york/20140227/lower-east-side/how-find-out-if-your-market-rate-apartment-should-be-rent-stabilized>). Regulated tenants who think they're being overcharged can file a complaint with the state's Division of Housing and Community Renewal. (<http://www.nyshcr.org/Agencies/DHCR/>)

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