

Local Markets

The Magazine | Subscriptions | Advertise | Cont

Search:

NEWS	BUSINESS & FINANCE	PEOPLE & ORGANIZATIONS	PROPERTY MANAGEMENT	DESIGN & DEVELOPMENT	PRODUCTS	TECHNOLOGY
------	--------------------	------------------------	---------------------	----------------------	----------	------------

Hot Topics: [Metrics Monitor](#), [Dis](#)
From: [MULTIFAMILY EXECUTIVE](#)

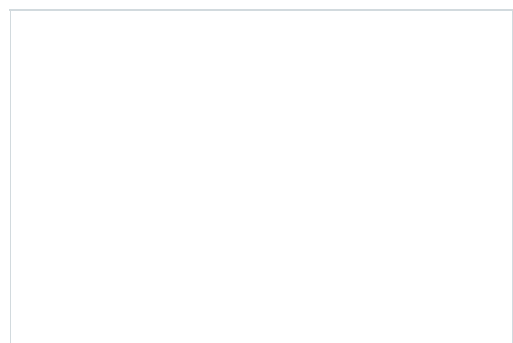
MFE Top 50	Leadership
Executive Profiles	REITs
Government and Housing Policy	Commentary

Services: [Blogs](#), [Webinars](#), [Videos](#), [E](#)

Bye-Bye, Broker Fees

By: [Les Shaver](#)

[Be the first to comment](#) [Share](#)



There may not be another rental market in the country like New York. With high incomes and a high propensity to rent, the city leads the rental pack in the United States. But the rules are different in the Big Apple. That's why many major national players and REITs, with the exception of Arlington, Va.-based AvalonBay Communities, Chicago-based Equity Residential, and Denver-based UDR, stay

out of the market.

For those who have stayed, things have been good. "The demand has been very strong through the summer and continues up through this week," said Fred Tuomi, president of property management at Equity on the company's third-quarter earning's call, transcribed on seekingalpha.com. "And it's particularly encouraging to see that demand is very strong at the high end. The big apartments, the penthouse, the premium units; they are all full, and we've got a good strong demand there."

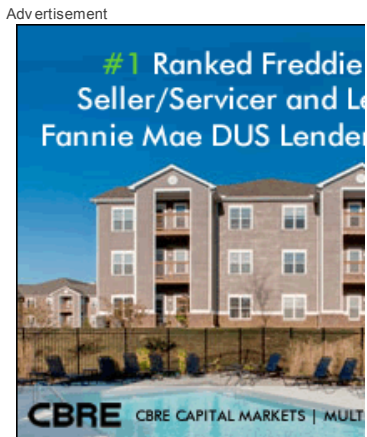
Daniel Hedaya, president of Platinum Properties, a New York City real estate services firm that provides residential, commercial, property management and design services. "Manhattan is strong," he said on the seekingalpha.com transcript. "The summer was the best summer in years. Vacancies were tight, prices were driven up, and it was extremely hard to find apartments."

On the call, Tuomi said Equity's rent growth from last year is 6 percent with renewals growing 7 percent. "And with no supply issues locally, in each little neighborhood, we're not seeing any concessions or deals, except for a few small owners doing that," Tuomi said.

Brokerage Fee Go Down

Interestingly, unlike other top markets, where concessions go down or just end altogether when occupancy tightens, owners in New York see other advantages. Equity said that it has essentially eliminated the use of brokers in both New York and Boston and has reduced its paid search by 20 percent (the company is also using fewer and fewer ILSs).

Hedaya says that in the height of recession, apartment owners, not residents, would pay



SUBSCRIBE TO MFE'S WEEKLY NEWSLETTER!

Get the latest multifamily news delivered to you with Multifamily Executive's weekly update.

E-mail address



Advertisement **SPONSORED WEBINAR**

NEW WEBINAR: Leasing Decisions with the Best

Boost collective high-quality rental. Industry experts discuss the benefits of rental payment history, how to reduce skips and improve bad debt.

[View all Webinars](#)

the brokers fees. Often, that fee cost the same as a month of rent, and it could get as high as two months. "It incentivized broker to bring clients," he says. "That's cost the building and owner money."

But Hedaya says business is still strong, in part because renters are now relying on them in a tight market, and apartment owners no longer have to pay broker commissions. In fact, a number of landlords in the Big Apple only allow renters to come through brokers, who have real-time availability, set up appointments, and even do background checks. And that job of finding and securing the broker is up to the buyer. "In the tighter markets, those owner-paid commissions disappeared," Hedaya says. "There wasn't the necessity to offer concessions. The vacancy rate was low."

Some have concerns about those vacancy rates being able to stay low with the specter of job losses in the banking and financial sectors—stalwarts of New York's economy. In fact, Tuomi says non-banking sectors, like entertainment, technology, leisure, and healthcare are all growing. Ryan Severino, an economist at Reis, agrees: "The labor market in New York has held up fairly well all things considered," he says.



Advertisement



KEYWORDS

SUBJECT

[Local Markets](#)

LOCATION

[New York-Northern New Jersey-Long Island, NY-NJ-PA](#)

[View more keywords](#)

MORE FROM MULTIFAMILY EXECUTIVE

[LOCAL MARKETS](#)

[NEW YORK-NORTHERN NEW JERSEY-LONG ISLAND, NY-NJ-PA](#)

[LES SHAVER](#)

[NEWS + NUMBERS](#)



[Houston Shines Brightly](#)

[Overheated Core: Gingko Does an Multifamily Values Flatten in Top Markets](#)

With the exception of Manhattan, a market that's the exception to a lot of rules, the...

[IPO](#)
Two industry veterans, Scott Wilkerson and Phillip Payne, announced they're taking...



[Detroit Revs Up Again](#)



Post a new comment

Login

Empty text input box for comments

Post

0 Comments

Ads by Google

Independent Broker

See how going independent with us can maximize profits and success.
LPLbetterindependence.com

Sell Your House in Days

Need to Sell Fast? We Buy Houses Close Fast - Cash - As Seen on CNN
HouseBuyerNetwork.com

Merrill Edge® Trading

No Annual Account Fee. 30 Free Online Trades Per Month. Open Now.
www.MerrillEdge.com

\$279 Office Rentals

Ready-to-Go Offices. Unbeatable rates.
www.Regus.com/OfficeRentals

HUD Homes - \$10,000

Buy a HUD Home at huge 50% savings. Register for \$1 to search your area
www.HUDforeclosed.com

Top Realtors In Your Area

Your Search For An Experienced And & Trusted Local Realtor Ends Here!
www.AgentMachine.com

ecohome
2012 DESIGN AWARDS

2012 CALL FOR ENTRIES

REGISTRATION DEADLINE **EXTENDED**
APRIL 6, 2012

- [NEWS](#)
- [BUSINESS & FINANCE](#)
- [PEOPLE & ORGANIZATIONS](#)
- [PROPERTY MANAGEMENT](#)
- [DESIGN & DEVELOPMENT](#)
- [PRODUCTS](#)
- [TECHNOLOGY](#)

MULTIFAMILY EXECUTIVE: [The Magazine](#) | [Subscriptions](#) | [Advertise](#) | [Contact Us](#)

Hot Topics: [Metrics Monitor](#), [Distressed Assets](#), [MFE Top 50](#)

Services: [Blogs](#), [Webinars](#), [Videos](#), [Events](#), [Jobs](#), [RSS](#)

Search: [Site Map](#)

MULTIFAMILY EXECUTIVE Relevant Sites: [Housing Finance](#) | [Housing Crisis](#) | [ebuild](#) | [Architect](#) | [EcoHome](#) | [HW Market Intelligence](#) | [residential architect](#)

© 2012 Hanley Wood, LLC



Sign up for **FREE** newsletters

0

1