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NYC FINANCIAL DISTRICT'S APARTMENT MARKET TIGHTER NOW THAN IN '06

Date: 09 Mar. 2012

Source: Multi Housing News

New York—Who's got the upper hand when it comes to renting an apartment in New York's Financial District? According to the "2011 End of Year Financial District" (FIDi) report by Platinum Properties, a Wall Street-based real estate services firm, these days the landlord does.

The FIDi report focuses only on real estate activity in the Financial District, which for its purposes encompasses the area bounded by the West Side Highway, the FDR Drive, Fulton Street and Battery Park. The survey's participants were doorman buildings totaling over 7,800 rental apartment units. Data was derived, in part, from 2,028 individual leasing transactions completed during the report's 2011 timeframe.

The main takeaway from the report is that last year, credit and qualification requirements became increasingly stringent for would-be residents, and landlords had the option to pick between potential residents, much more than during the year before. In short, with demand for apartments in the area once again outstripping supply, 2011 saw a dramatic shift of power from the renter to landlords.

A change in the market's apartment vacancy rate spurred the shift. Back in 2006, the rate averaged 1.75 percent for the year—a tight market by any measure. By 2009, the impact of the Great Recession was being felt even in this rarified market, and the rate came in at nearly 5 percent for the year. By 2011, however, the Financial District's vacancy rate was back to an ultra-tight 1.32 percent, the FIDi report says.

These circumstances haven't been lost on Financial Center landlords, who are now charge more, notes Platir Properties. One-bedroom units showed the largest increase in rents during 2011—a 13.52 percent year-over-year spike from an average of \$3013.85 per month to an average of \$3421.26. Two-bedroom units also enjoyed a significant rental rate increases.

The company expects landlords to remain in the catbird seat for now. "Coming into the spring and summer months, the landlords will surely still have the upper hand against tenants," Daniel Hedaya, president of Platinum Properties, tells MHN. "Supply is always lower and demand is higher. We should see another tight market with very little vacancy and turnover."

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