

BROKERS WEEKLY

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Renters keep FiDi a city hot spot

A dramatic shift in available inventory continued in the Downtown rental market through the latter months of 2010, according to Wall Street based-brokerage firm Platinum Properties,

In early 2010, the decline in available new apartments led to a further tightening of the market, with more stabilized rents and a cutback in concessions.

By year's close, however, concessions were once again introduced back into the market in the form of owner-paid commissions and landlords offering free months to renters.

More than 50% of transactions conducted in the area included anywhere from one to four months free rent, according to data in Platinum's year end FiDi Report, the only full-scale report dedicated solely to the city's Financial District.

The re-introduction of concessions demonstrated a gradual change in control from landlord back to the renter.

"2010 saw a few changes to the market over the course of the year," said Platinum's executive vice president Daniel Hedaya, who prepared the firm's report.

"The Downtown market continued to be influenced by the extended lease terms of 18- to 24-month leases that were offered and actively marketed in 2009, which led to a further increase in rents and lower vacancy and turnover rate for more than half of the year.

"However, with new developments set to take shape over the course of the next couple of months, we anticipate this will once again become a strong renter's market with additional luxury rental options including the newly converted William Beaver House and Beekman Tower, which is sure to make its imprint."

Demand for studio and one-bedroom apartments continued to be strong with luxury one-bedrooms comprising 41% of all transactions, averaging \$3,013.85 per month — a small jump of 3.88% from the previous year's figure of \$2,901.18.

Studios showed slightly larger rent increases, averaging \$2,314.20, with gains of 4.68% and representing 32% of all transactions, closely followed by studios with home offices at \$2,757.62 — a 4.1% change.

As in previous years, two-bedroom homes continued to show the largest rent increase, averaging \$4,442.45 or \$50.60 per square foot — a 9.05% increase for the unit size which comprised just 14% of the market's overall transactions.

Khashy Eyn, Platinum's president and CEO, commented, "With the number of transactions in FiDi increasing every year, this is truly a neighborhood that continues to attract renters with its competitive rents, luxurious finishes and spacious layouts."

The report showed that the Financial District continues to prove its resiliency

against other top residential markets, showing steady rent increases across the board from studios to two-bedroom apartments. Average rents went up approximately 5% or more.

Concessions were offered on a total of 1,358 leases, approximately 57% of total transactions. Some developers sought the competitive edge with approximately 40% offering one month free and 53% offering two months. A small number even offered up to four months free.

The vacancy rate in 2010 was kept at bay due to the decline in new development entering the market and extended lease terms from 2009. The overall decrease was just over 1% down from 2009 with a reported 3.61% vacancy this year.

On average, studios with home offices were priced almost 10% lower than one-bedrooms — yet they offered a greater amount of space, with the average one-bedroom at 716 square feet compared to the 756.1 square feet found in studios with home offices.

This provided a great bargain to renters looking for an economic alternative to a one-bedroom.

For the third consecutive year, studios with home offices also offered the best FiDi values with an average of 756 s/f and renting at \$43.77 psf, compared to one-bedrooms which rented at \$50.51 psf.