

# THE REAL DEAL

NEW YORK CITY REAL ESTATE NEWS

## Welcoming back grads — at least some

*Post-college renters are back in the city, but activity not as strong as some expected*

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By Candace Taylor

In New York, springtime usually means a flood of fresh-faced college graduates ready to start their first job and live together in their first rental apartment.

Last year, much to the dismay of many brokers, that flood was more like a trickle, thanks to the recession. Now, with the economy improving, agents and landlords are expecting the much-hyped return of renters to the market.

“In 2009, there was an eerie lack of the annual stream of recent grads moving to the city for their first job,” said Jeff Schleider, founder of Miron Properties. “It’s reassuring to see that these grads are back.”

Buoyed by good news about the real estate market and the economy, landlords and agents gleefully primed themselves for the return of fresh-faced renters. Over the last several months, as *The Real Deal* has reported, many landlords raised their rents and scaled back concessions as a month’s free rent. For example, Glenwood — one of the city’s major landlords — spread the word that beginning June 1, it would no longer offer a month of free rent at any of its buildings. (The company will continue to pay brokers’ fees, for the time being at least.)

Jared Wiener, the director of sales and leasing at Platinum Properties, estimated that rents are around 5 percent higher than last year at this time. “This season, the landlords are coming out with guns blazing,” he said.

But they may be getting ahead of themselves. Some rental agents reported last month that despite the buzz, activity has actually been slower than expected so far this season.

“Rental transactions have been steady since April,” said Takeshi “Takk” Yamaguchi, an agent at DJK Residential. “That being said, it’s now as hectic as I thought it would be.”

While “landlords are taking away incentives in certain neighborhoods and buildings,” he said, “they should not get too carried away in areas like Upper East Side and Midtown.”

Wiener agreed. “May is slower than anticipated, which is surprising,” he said. “Clearly the job market is not helping.”

That, or renters are reluctant to sign on the dotted line because they’re displeased with the deals they’re finding. “It’s tough when their friends are able to get a similar apartment six months ago for a lower price and a free month’s rent,” Miron’s Schleider said.

Buyers are having a similar experience. Expecting to find a slow market where they’ll have their pick of deeply discounted apartments, they were surprised to find intense competition instead.

“Buyers can’t believe that there are multiple offers and bidding wars happening so regularly, until they experience it firsthand,” said Ari LeFevre, vice president and associate broker at the Real Estate Group New York.

The competition is being fueled by a continued shortage of well-priced inventory, brokers said, as well as a large number of bargain-hunters all reentering the market at the same time.

“Buyers are coming out of the woodwork,” said Ali Jafri, an agent at Prudential Douglas Elliman. “There is a release of pent-up demand.”

As a result, “everyone is going after the same listings,” said Rob Jackson, a salesperson at the Corcoran Group.

The competition also intensified this spring thanks to the end of the federal homebuyer tax credit program on April 30, and those buyers are racing to make sure their deals close before the deadline of June 30.

“The government stimulus tax break definitely gave even more urgency for buyers,” said Fumiyo Hayashi, a vice president at Barak Realty. “The difficult part right now is the pressure of making sure that things are moving so that the buyers can close by the end of June to capture the tax break.”

In general, buyers who don’t make offers quickly enough are finding that, often to their great displeasure, they are getting outbid on the properties they want — sometimes multiple times.

Others can’t find homes at all, which can be frustrating.

“In the large-apartment segment, meaning eight to 12 rooms, there is simply no inventory,” said Deborah Komarow, an agent at Warburg Fennell Partnership, noting that few of these large homes have come on the market recently because sellers want to avoid discounting them. “Now



market has stabilized, the large-apartment buyer has come back into the market, and there is nothing to show them.”

Some buyers simply aren't able to accept that the crisis may be over, said Judi Desiderio, the CEO of Hamptons-based Town & Country Re

“You have the half-empty/half-full mentalities,” she said. “Some are playing it like Chicken Little, ‘The sky is falling,’ and expect a double-dip with housing taking another tumble. Others — and this is the majority — believe we have bottomed out and are ready to buy.”

One lingering concern for many is the economic turmoil in Europe.

“The Euro zone crisis may still yet spill over into the global markets, which in turn will hit New York real estate values, and this is of serious concern,” said Schleider.

Still, conditions are markedly improved for brokers.

As John Reinhardt, president and CEO of Fillmore Real Estate, said, “It's great to be busy again.”

“If we're taking vacations, we're not staying away too long,” he said. “This is the right environment for a salesperson.”