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## Renter Concessions Fading Out

By ANTOINETTE MARTIN

AS the new year rolled in, the days when landlords routinely offered one month's free rent on a one-year lease began to fade out — if they weren't gone already.

Rental building occupancy now averages well above 90 percent in all types of settings, according to landlords and brokers, who feel less of a need to offer tenant concessions.

"We eliminated concessions at some of our buildings in Hoboken and Long Branch starting in August," said Michael Barry, a principal of Ironstate Development in Hoboken, which built and manages thousands of units in the northern part of the state. "We're wringing the rest of them out now."

He said rent reductions and other perks were still being offered at 225 Grand, a 348-unit rental tower in Jersey City that his company opened last summer. But the leasing agent for the building, Jacqueline Urgo of the Marketing Directors, said that would cease as soon as the building was 85 percent leased; it is now 82 percent leased.

Occasionally, Mr. Barry said, if individual units in other buildings sit empty for several months, concessions will still be offered.

"But this is nothing like 2009 and the first half of 2010," he said, "when there was wholesale advertising of

concessions — by us, and our competition. We no longer offer a break on any apartment to anyone who walks in the door."

Value Companies in Clifton is actually raising some rents at its 3,000 mostly garden apartment units, according to Andrew Abramson, the president of the company. And that could be the beginning of a trend. Mr. Barry and several other developers and brokers said rent increases were likely to become more widespread at midyear.

In fact, landlords and real estate specialists say they detect a swelling in the ranks of renters that may turn out to be permanent.

"I see a whole new dynamic, with a whole new class of what we call renters-for-life," Mr. Abramson said. "These are people who might have been at the upper levels of subprime borrowers before the market for that crashed: schoolteacher/fireman couples, people who between them make a good salary but have no money in the bank and can't get a mortgage in these times, since they don't have the down payment."

Such tenants have no problem putting down security deposits and paying rent on time, and having "great lives," he said, but they can't save up the 10 to 20 percent down payment required for a home purchase, or they are wary of investing their savings in this climate.

"Buyer confidence is still shaky,"

said Ms. Urgo of the Marketing Directors, which brokers condo sales as well as apartment rentals in northern New Jersey. "Meanwhile, a lot of new rental buildings offer condo-quality finishes and amenities previously only found in for-sale buildings."

And more of those types of buildings are in the pipeline, several developers said, adding that after a long spell of not financing new construction, banks and investors seem eager to provide money for rental projects.

After construction financing "finally shook loose," Mr. Barry said, Ironstate pushed ahead with building the first 275 units at Harrison Commons, part of a huge transit-oriented project in Harrison. The building will have a health club, an outdoor pool, and other indoor and outdoor amenities; it is set to open in the summer.

A few months ago, Prism Capital Partners obtained construction financing to proceed with the long-planned renovation of a 113-year-old General Electric warehouse beside the Garden State Parkway, which is to become an upscale loft rental. Prism got quick, enthusiastic approvals from planning officials in tax-starved Bloomfield and East Orange, whose borders the warehouse straddles, and will begin building this spring, said Eugene R. Diaz, a Prism principal.

Mr. Diaz was another developer to remark on a groundswell of renters.

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“One of the newest groups out there in terms of demand is the move-down renter,” he said. “The couple from Montclair, or South Orange, who might be selling their home, but they are not comfortable buying again.

“They don’t want to put the equity back in, and maybe they just want to decouple the handcuffs of homeownership today.”

The Parkway Lofts, as Prism’s project is called, is steps from a train station, and has views of the Manhattan skyline to the east and the Watchung Mountains to the west. “Transit-oriented housing is the wave of the future,” Mr. Diaz said, “and rental housing with transit access is the hottest thing going right now.”

Ken Uranowitz, the managing director of Gebroe-Hammer Associates, a company that brokers investment sales of apartment buildings, said rental buildings were thriving across the rate spectrum.

“We are finding that if someone is still able to afford the equivalent of mortgage payment in terms of rent,”

Mr. Uranowitz said, “then they will increasingly choose to rent.”

He gave the example of a typical choice available in Summit: a one-bedroom apartment renting for an average of \$1,700 a month, and a two-bedroom with two baths for about \$2,350. “Those types of rentals are still very strong today,” Mr. Uranowitz said. “Why? Because an equivalent home might go for \$800,000 in Summit, and that is an overwhelming commitment to many people in this market.”

Mr. Uranowitz said that his company had handled 53 investor purchases of multifamily buildings last year, and only last week closed on a 10-building complex in Jersey City with an occupancy rate of 93 percent.

“People with \$100,000-plus annual incomes are coming in droves to rent at places with New York access and a New Jersey price,” he said. “We’re telling investors that it looks like it is going to be that way for a very long time.”