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Real Estate News

It's a Renter's Market

As demand for renting increases, buildings roll out the amenities

By Barbara Ballinger
CTW Features

Apartment rentals used to be a last choice as a place to live. You went that route when you didn't have a sufficient down payment or stellar credit to make a purchase. And when you did, you tried to ignore conventional wisdom that you were throwing money overboard instead of investing it.



Get ready for a new mindset. There are many reasons for the change and why renting makes good financial and emotional sense.

Michael A. McCreary, president of McCreary Realty Management Inc. in Marietta, Ga., says many rentals of homes and condos are now available because owners have become "accidental investors." They lease them because they must relocate due to a job change or transfer and haven't been able to sell. And many renters find the idea appealing because they want to wait to improve their finances due to their credit being damaged from a lost job or foreclosure, McCreary says.

In addition, renters can't afford to make the desirable 15- to 20-percent down payment and also haven't squirreled away the essential six- to 12-months of living expenses that financial gurus recommend for emergencies, says Rhonda Duffy, a broker with Duffy Realty in Atlanta.

Still others are waiting to see if housing or condo prices go lower or don't feel they have the time or interest to care for a property, says Ken Dearden of MetroPartners in Yonkers, N.Y.

Though renters have their own reasons, they're getting plenty of incentive.

To attract renters, buildings have packed on amenities, which vary according to whether it's located in a city or

suburb. In the past, a pool, tennis court and covered parking often were used as bait while fitness centers, business offices, basketball courts, dry cleaning and package rooms became the newer come-ons, says Marc Rosenwasser, chairman-elect of the board of the National Apartment Association and owner of Meadow Wood Property Co., a property management firm in Tampa Bay, Fla.

Buildings such as The Lucerne in New York, managed by Glenwood, have landscaped rooftop decks, indoor pools and gyms, kids' playrooms and 24-hour doormen. MetroPartners' buildings also boast tenant parties and dance lessons.

Rental buildings have also spiffed up individual units to attract, and retain, tenants. Classic Marketing's 300 E. 64th Street building in New York resembles a condo in its high level of finishes. Units are outfitted with Bosch and Liebherr appliances, white lacquered cabinets with stainless steel brushed handles, granite countertops in the kitchen and Calcutta marble countertops and Kohler sinks in the bathrooms.

Value Companies has taken the same approach, providing hardwood floors and granite countertops, Pella windows, 9- to 11-foot high ceilings and stainless steel GE Profile appliances, says Jon Moore, vice president, development for the Clifton, N.J.-based firm.

And many buildings offer concessions of free rent for one month – sometimes longer – and 13-month and longer leases. The softening marketing has meant that many apartments don't require paying a commission, which had run as high as 15-percent of the annual rent, says Daniel Hedaya, executive vice president of leasing for Platinum Properties, which has a large portfolio of luxury buildings in the New York area.

How long these concessions will last isn't known, but most likely as long as the housing market remains stagnant, says Diana Pittro, executive vice president at RMK Management in Chicago, which manages apartments in the Midwest. "We're halfway through this year and haven't seen big changes," she says. But don't let "deals" cloud your thinking, adds Dearden, "Your home is still your home, and you shouldn't pick a place to live just because it's 'on sale.'"