

THE OBSERVER'S
Luxury Rentals
April 2010 MONTHLY

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Guide to
NYC Rentals**

Brooklyn is Booming!

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1510 Lex
NYC's first entirely non-
smoking residential building.



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The view from Downtown
Brooklyn's new rental
building, The Brooklynier.



Checking in on Luxury Rentals

Looking towards summer, the anticipation itself seems to be driving the luxury rental market. Brokers, anticipating that traditionally strong season, may test the market early with reports that rents stabilized in January and rose in February bolstering the optimism in the luxury rental market. Incentives and amenities seem to be drivers in the now steady leasing climate in Manhattan and Brooklyn.

Manhattan hotspots, such as the Financial District and Midtown West continue to see developments open, usually offering tenants concessions, and the possibly unprecedented pace of luxury rent-

ing in Downtown Brooklyn is creating a leasing environment which may be inching towards Williamsburg status.

"This year so far we are seeing the market go up, not to say the pricing will rebound to what it was pre 2008," says Daniel Hedaya, Executive Vice President of Platinum Properties, a boutique brokerage specializing in luxury developments. In Midtown West, "you have Glenwood developing there, Lalazarian, TF Cornerstone... a lot of inventory. I think the concessions will continue," says Mr. Hedaya. However, "places like the financial district- it's clearly not as desirable, but, that being said, we have these amenities packages

BY GUELDA VOIEN



TOMAS FANO

that rival hotels in Manhattan.”

Rental conversions are still taking place and new developments, such as The Ashley in the Riverside South neighborhood, developed by Extell, continue to open. “We’re very excited; we believe it’s a very strong rental climate right now,” says Donna Gargano, Senior Vice President with the developer.

Jeffrey Kaye, Vice President of Development for Gotham Organization, whose project The Corner at 200 West on the Upper West Side begins leasing soon, says the building has a waitlist. “Our biggest competition will be condos that are renting and they can’t compete, really, because if you are sub-leasing in a condo you won’t get the full service,” says Mr. Kaye.

And the barrage of buildings hitting the market will not last forever, at least according to Mr. Kaye. “In general, New York City has always had a supply problem, it’s not Miami. It’s only going to get worse because nothing is getting constructed or renovated.”



BROOKLYN

Downtown Brooklyn— the New Williamsburg?



“It’s all about pricing,” in Brooklyn, says Daniel Hedaya of Platinum Properties. “Downtown Brooklyn is seeing a tremendous amount of action.”

It is. BKLYN Gold, The Brooklynier, Avalon Fort Greene, and 80 Dekalb are all renting steadily and there are more luxury developments in the pipeline, such as the unnamed new project by Citi habitats (which sources

say opens in June) and The Brooklynier’s sister tower (rumored to open around the same time).

“Tenants are price-driven more than anything else. They are looking for a bargain, and the best amenities,” says Mr. Hedaya. With the pricing on point, even brokers who felt that development in the region was over-anticipatory are eating their words.

The attitude among brokers can be

summed up thusly – “I was skeptical, but the numbers do not lie.” While the top floors and three bedrooms in these luxury towers may still be unoccupied, the \$1200 studios at The Brooklynier, that were perhaps available two months ago, are all but extinct. According to The Real Deal, the secret of the borough’s success is incentives. “At the Brooklynier..90 units were leased within the first month, roughly half of those avail-

184 Kent.



able,” the industry trade said in January. The tower offered two months of free rent. At BKLYN Gold The Real Deal says some tenants were getting up to five months free.

Jennifer Hall, residential broker with Brooklyn-based Realty Lab, agrees that “they are doing a very good job with pricing and amenities,” but is not as enthusiastic on the market. Downtown Brooklyn will not be sporting Soho prices come fall- it’s an entirely different ball of wax. “They aren’t gonna go ‘boom!’ like they wanted to, but I don’t think they are going to go bust. There is enough demand at that price point.” She says her clients are thrilled by amenities and often willing to pay extra for them. People want a Manhattan quality of life in Brooklyn, and it doesn’t come quite as cheap as

you might think. “\$2,000 for a gym? That is not priced outrageously,” says Ms. Hall.

The problem now is that the rentals leftover are the more expensive ones. Ms. Hall believes Avalon Fort Greene is entirely rented from the ninth floor down, but the units now

these four Downtown Brooklyn high-rise towers, says Ms. Hall, but she declines to say which.

This is at least partly because, as Clifford Finn, Managing Director of Marketing at Citi Habitats reminds us, living in Brooklyn is now “a lifestyle choice.” People are moving to Brooklyn

Downtown Brooklyn's Luxury Towers Bring Amenities and Concessions

available all go for more than \$3,000 per month. However, she thinks the tiered pricing strategy was very effective in getting units rented. “These places are changing their prices weekly. I remember one week when all two bedrooms went up by \$500,” in one of

for Brooklyn’s sake and less in order to escape Manhattan, literally and financially, as has been the tradition.

And given how development and gentrification interplay, Ms. Hall has a very positive outlook for inner Brooklyn as a whole. “I actually think that these build-

ings may not be full in a year, but [this development] is definitely going to change the face of the area,” she says. “There is going to have to be a grocery store, restaurants will have to move in.”

Which buildings are the biggest winners? Jennifer Hall says BKLYN Gold has the best amenities. “I think for the amenities you are getting the best bet: a pool, gym- all free with rent. It’s the furthest from the subway though.” Clifford Finn, though perhaps biased, says its 80 DeKalb, with its views over Fort Greene park.

Mr. Hedaya of Platinum Properties takes an even longer view on Brooklyn developments- “I’m sure [these developers] got it for a great price,” says Mr. Hedaya. So for now at least, it feels like landlords and renters are winning.