

BROKERS WEEKLY

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Next move

By BILL CRESENZO

To rent or to buy has always been the question in New York City, but now that Wall Street is in such disarray, the question has taken on even more significance.

"At the end of the day, people have to live somewhere, and the rental market becomes the default avenue of choice," said Luigi Rosabianca of Rosabianca & Associates, a New York City real estate law firm.

"New York is still a renter's town. We see all these fancy condos and cranes, but in real number figures it's a rental town. Anytime money is scarce, it always affects the real estate market, and as a result, you have people who may have been considering buying actually renewing their leases.

"You would think a shrinking economy would negatively affect all sectors of the real estate market, but I think that it's having a positive effect on the rental market."

Real estate professionals say that the fall is typically a slower time for both rentals and sales. "The vast majority of people who planned on moving here for school have made their move, so the demand starts to slow down," said Gary Manlin, president of Citi Habitats, adding that his company's rental numbers are steady.

But since New York City and the country has been double-punched in the past year, with the subprime crisis and the mess on Wall Street, it's an uncertain time for brokers, and for people who are deciding whether to rent or buy.

It is certainly harder for people to buy now — banks are taking a harder look than ever at credit history and are demanding that buyers make larger down payments.

The Real Estate Group of New York said last week that while the financial markets may be in turmoil, the Manhattan rental market is bucking seasonality trends and possibly starting to gain footing, aided by a sluggish sales market.

"While prices in doorman units fell slightly compared to last month, non-dorman apartments remained flat or moderately increased," says the REGNY report. Daniel Baum,



LUIGI ROSABIANCA ... The rental market becomes the default market of choice.

chief operating officer of the Real Estate Group, said that "the summer upswing that we would normally expect to see was absent, making September's gains appear as a rebound. And while August's slump questioned a link between the sales and rental markets, it seems the rental market is finally seeing a benefit from sluggish sales."

"There is a lot of inventory and there aren't a lot of people looking (to buy)," said Colleen Dwinell, an agent with DJK residential. "People are sitting tight right now and waiting to see what is going to happen. People can really take their time and shop and find the right deal."

Rosabianca agreed.

"It's wait and see," he said. "A lot of this turmoil is psychological and people are apprehensive. I think in the near future, you may have the opportunity for some really good rental deals. There is a lot of supply on the rental market now. It really is a renter's market. You look at the rental market in the past six months, it has suffered just a little bit, but lately there seems to be some strong rental numbers."

Even before the crisis, landlords have tried to attract renters with more amenities, price reductions and offering to pay all or part of the broker's fee.

Swinwell had a listing for a Tudor City studio with

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— BOB SCAGLION, ROSE ASSOCIATES

an asking price of \$1,750. But no one rented it until the landlord reduced the rent to \$1,650.

Lawrence Rich, a broker with Prudential Douglas Elliman, represents a landlord who made price reduction as well. Originally, the apartment was listed for \$15,000, but the landlord dropped the price to \$13,000. Rich said some of the building is still under construction, and all of the amenities aren't in place yet, but he's confident it will rent soon.

"People have been waiting around and they feel they have more negotiability now," Rich said. "People are smart and they know that this is the time to come in and be able to negotiate."

He also said that he believes that if people are going to buy, they need to buy in hot neighborhoods.

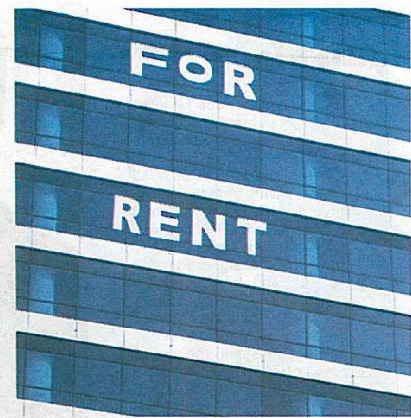
"This is not the time to buy in a fringe neighborhood," he said. "If I were looking for an apartment, I would make sure that I am buying in a neighborhood that always holds its value. The fringe neighborhoods always sink a bit."

Bob Scaglione, director of residential marketing at Rose Associates, said that he has not noticed anything unusual in the rental market since the crisis.

"We manage over 20,000 apartments and over half are rentals," he said. "This time of year, traffic slows down, prices get flat, and we are observing that business is normal."

Still, he added, "We are also concerned. I read the papers just like you do, and we know that there are all these job losses on Wall Street. But I have not had one person walk into my office and say, 'I have lost my job and I need to get out of my lease.'

"The truth is, no one knows what is going to happen," Scaglione said. "It's too soon to tell if the crisis on Wall Street is going to affect the rental market. It will take a month or two before anyone understands



what's going on ... but this is a rental city and people who own rental properties could be in a very good position."

Manlin points out that while workers on Wall Street represent a large number of New York City workers, the financial industry isn't, of course, New York's only industry."

"While they play a very huge role in the marketplace, there are still a substantial number of other companies that generate employees," he said.

And there will always be a substantial number of people willing to pay top dollar for a rental. For example Margaret Ray of Brown Harris Stevens has a six-bedroom, six bathroom apartment at the Waldorf Towers.

The rent? \$140,000 per month.

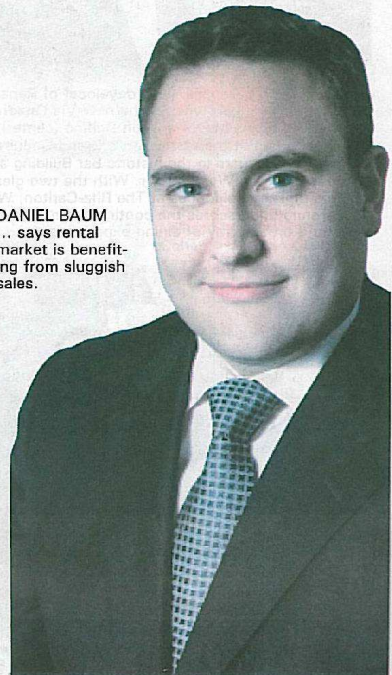
And Victoria Shtainer of Prudential Douglas Elliman has a 6,200 s/f 10-room apartment for rent at 502 Park Avenue.

Its price? \$200,000 per month.

"This apartment is not for a Wall Street renter," Shtainer said. "This is for the billionaire renter."

Shtainer added that an apartment that she could have rented for \$7,500 a year ago would now go for \$6,200 "tops."

"I hope that once the feds make a decision, the market will go up because people have been on the fence," she said.



DANIEL BAUM ... says rental market is benefiting from sluggish sales.