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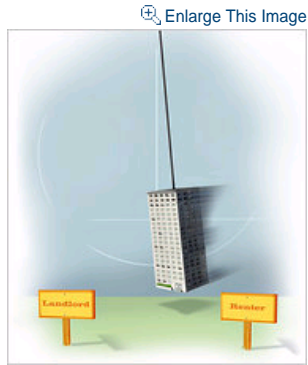
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Landlords Are Back in Control

By VIVIAN S. TOY Published: September 23, 2010

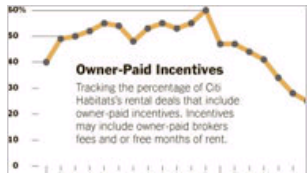
TO the chagrin of many renters in New York City, the balance of power in the rental market has tipped back toward landlords — if not far enough for landlords to start celebrating quite yet.



Mary Ann Smith

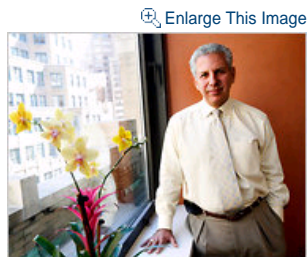
At the beginning of the year, renters could demand and receive a month of free rent and maybe even get the landlord to pay their broker's fees. Those concessions, now the exception rather than the rule, are mainly found in brand-new apartment towers whose owners are hoping to fill them quickly. Overall vacancy rates are again hovering around 1 percent, where they were during the boom. Some landlords have started to push for rent increases.

Multimedia



Graphic

Owner-Paid Incentives



Kirsten Luce for The New York Times

Marc Lewis, the president of Century 21 NYC Metro, says many landlords are still pessimistic.

Still, even though rates as tracked by Citi Habitats have declined steadily since late last year and had hovered below 1 percent for several months, the rate increased from 0.8 percent in July to 1.1 percent in August — a discouraging sign for landlords, since August is traditionally one of the busiest months for rentals.

Gary L. Malin, the president of Citi Habitats, said the summer uptick was surprising. But he also said that even though prices remain flat, "landlords are back in the driver's seat."

Landlords, he said, "did what they needed to do last year, but they're not giving money away this year, and threatening to leave doesn't threaten owners as much as it did a year ago."

Mr. Malin said that some rent renewal letters "may look aggressive to the tenants' eyes, but landlords are only doing what they see happening in the current marketplace."

Mr. Malin gave an extreme example: A friend recently called him for help because his landlord had demanded a rent increase of \$1,400 a month. He had helped place the friend in the \$3,400-a-month two-bedroom apartment in 2009 when the landlord was eager to fill the space.

Mr. Malin and his unhappy friend looked at comparable apartments, "and unfortunately for him," Mr. Malin said, "what we concluded was he got an amazing deal last year where he was basically paying a one-bedroom price for a two-bedroom."

Mr. Malin broke the news as gently as he could. "While it was a big dollar amount to swallow," he said, "it is what those apartments are renting for now."

The friend signed the new lease.

A more typical scenario might involve someone who rented a \$3,000-a-month apartment

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last year but received two months of free rent, bringing the net effective rent down to \$2,500 a month. Most landlords in this situation will probably try to renew the lease this year at \$3,000 a month, without incentives, although they might be willing to meet the renter halfway.

Still, any hopes among landlords that rents will rise significantly could be stymied by the city's employment picture.

Marc Lewis, the president of Century 21 NY Metro, said that landlords to whom he had spoken in recent weeks were not terribly sanguine. "The general feeling is that things are not good because the summer season was much shorter than in the past and there were fewer transactions," he said. Many landlords, he added, "think we're in for a tough winter and they're not very optimistic about the next six months."

Business may have declined because landlords have pulled back on incentives, he said, "but the bigger reason is simply lack of jobs." Judging by the rental applications that his brokers helped process in recent months, he said, "there are a lot less people coming into the city with new jobs, and a lot less banking and technology jobs than we saw in the last few years."

The New York City [Independent Budget Office](#) has projected slow employment growth in the city through 2011 and does not anticipate a return to pre-downturn levels until mid-2013.

The budget office's data on the size of the city's labor force, which includes everyone who is employed or looking for work, also mirror the strengthening rental market earlier in 2010 and the recent weakening. The size of the labor force had dropped through most of 2009 and had finally started to grow again in February 2010, approaching 4 million people. But the number fell by 14,000 in July, and in August grew by only about 2,000. (In August 2008, the last month before the economic meltdown, the city's labor force grew by 7,500.)

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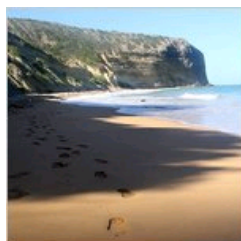
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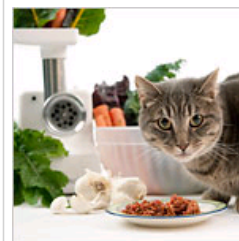
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