

## **Everything You Never Knew About Renting in New York City**

Finding an apartment in New York City is an intimidating endeavour. So intimidating, in fact, that some New Yorkers joke that it's easier to buy rather than battle for a rental. Still, New York is a city of 8.5 million people, and most of them rent instead of own. So, how do you find the New York City apartment of your dreams (or at least one that is clean and has a window or two)? Our eye-opening interview with New York City real estate broker Frances Katzen will give you an edge in your search.

### **Get your documents in order**

Katzen tells us that the biggest culprit in losing an apartment “is not having your your paperwork ready.” Katzen admonishes renters to “get your documents in order so that when you do know what you want, you can act fast.” What exactly will you need? In addition to asking for your complete rental history, including previous landlords and roommates, landlords will request dozens of other documents.

Before you even start looking, here's what Katzen says you will need to pull together:

- The first and second page of your tax return
- Your recent bank statements
- Your credit report
- A copy of your student ID or a statement from your employer's Human Resources department confirming your position and salary

Make copies of these documents and keep them in a folder that can be handed to a broker or landlord at a moment's notice. The window for landing an apartment is often small—sometimes as short as a few days—so follow Katzen's advice and make sure your financial documents are organized and easily accessible.

### **Use your connections**

According to Katzen, “the way in which a landlord scrutinizes or vets a candidate for entry into a rental is quite stringent.” Most landlords will require a guarantor on the loan—someone to whom the lease will transfer in the event that the tenant can't pay their rent. Typically, landlords do not want a guarantor who is out of state, especially in the case of younger renters.

Katzen offers this example: If the renter is “someone who's been living in New Jersey and is an empty nester just now getting an apartment in the city, they usually will have less of an issue than a twenty-year-old kid finishing college who now wants to start his job at Goldman Sachs and has no credit history.” These young, out-of-state renters are often asked to pay a full year of upfront rent. Unless you have that kind of cash—or have parents who are willing foot the bill—this setup is generally not attainable. If you have a relative in New York who would be willing to cosign on your lease, it could make the difference in whether or not you get the apartment.

### **Reduce competition by moving in the off-season**

Katzen reminds us that “prime rental season is April all the way through Labor Day or a little past.” During those months, renters face more competition for apartments and will have a harder time negotiating a lower rate. Instead, Katzen recommends looking for an apartment during the winter months. “In the dead of winter,” she says, “places are harder to fill because no one wants to move this time of year.” Moving in December or January sounds miserable, but it might be worth it for a lower rent all year long.

### **Get a lower rate by negotiating your rent**

If an off-season move is out of the question, it’s still possible to negotiate your rent. On this topic, Katzen says, “There’s always a discussion, there’s always a negotiation.” Bargaining chips that might give you some extra leverage are providing cash up front, taking possession earlier than planned, and taking on a longer lease. It’s also worth mentioning that pets aren’t popular with many landlords and will seriously diminish your negotiating power.

### **You’ll need lots of cash on hand**

Monthly rent aside, it’s costly just to secure a rental. You’ll also have to pay a finder’s fee. According to Katzen, this fee “is usually 15% of the annual rent.” Even if you’re able to negotiate a lower rent and avoid paying a full year up front, you’ll still likely need upfront cash to make your move a reality. Katzen reports that most landlords prefer a security deposit over upfront rent. Why? “Because if tenants trash the apartment,” Katzen explains, “paying a year upfront gives [the landlord] no recourse at the term of expiration to clean up the apartment.” As such, most renters should expect to pay a sizeable security deposit.

### **The broker is your ally—don’t skip it**

Sure, skipping the broker and thus the broker’s fee will give you more financial flexibility with which to negotiate. But Katzen reminds us, “You pay for what you get.” While the terms on a rental lease may seem simple, she has seen people misinterpret those terms and regret it later because they lacked the legal counsel that a broker could have provided. “If I had worked with you,” she’ll find herself saying to frustrated renters, “I would have sent you to my counsel because it’s a legal document you’re entering into...and I could have told you that this building has a rat infestation.” While skipping a broker may help you save some cash, it could also cost you legal headaches and seriously undesirable situations.

### **But do your research before picking a broker**

If you are working with a broker, make sure they are reputable. Buildings owned by large rental companies often pay the broker’s finder’s fee, but the broker has to be honorable enough to disclose this information to their client. Unfortunately, Katzen says, “Some agents do not disclose that and will end up collecting two fees.” In this situation, she says, “It really comes down to the integrity of the broker.” Not sure about the integrity of the broker you’re working with? Katzen recommends asking for a meeting at their office. This will give you a sense of their credibility and investment in the profession.

Also, don't be afraid to reach out to friends and acquaintances in the city to find broker recommendations.

### **Check out the neighborhood before you sign a lease**

Research both the area and the building where you might be living. Here are a few of the questions Katzen recommends asking of landlords, brokers, and building managers:

- Have you had an issue with vermin (cockroaches)?
- When is your super around to clean up and collect garbage?
- Is the landlord responsive and what sort of help has he provided over the lease term for the tenant?
- Why is the previous tenant moving out?

Also, Katzen recommends visiting the apartment on a very busy weekend, "just to get a sense of what kind of noise factor is playing into the apartment." If it's above a busy restaurant or bar, you'll need to consider if that level of noise is tolerable. In short, remember that signing a lease is a major investment, and you should never make an investment without getting plenty of background information.

### **Be wary, but not timid**

Unfortunately, a deal that seems too good to be true usually is. This is true in most markets, not just real estate. To get a great deal, you'll have to do the legwork and be willing to pay for the quality services that make the deal possible. And though it might sound silly to talk about intuition and real estate, Katzen stresses the importance of trusting your gut. "People are very intuitive," she says. If a deal just doesn't feel right, it probably isn't. On the other hand, if you walk into an apartment and know it's where you're meant to be, don't be afraid to go for it. New York City real estate isn't for the faint of heart!

When you do finally get that dream apartment, you might find yourself wondering when it makes sense to buy. Be patient. You'll likely need to rent for a period of time while you save money for a down payment. You'll also want to wait for the market to turn to the buyer's advantage. When it does, an investment in NYC real estate will often have a huge pay-off in five to seven years. Of course, you may rent for your entire stay in New York City, and whether that's five years or twenty-five, you'll probably consider yourself lucky to have lived in the city of dreams.