



Guarantor Service says “2012 NYC Renter should be Qualified, Prepared or be Frustrated!”

by alicia on February 27, 2012

The NYC apartment renter will be facing tough market conditions which will make it especially challenging to rent an apartment this upcoming rental season. Insurent Lease Guaranty states that the challenges for renters are: high demand from many who prefer to rent, very high prices, low vacancies, occasional above ask bids, multiple applications, very tough qualification standards, short window of opportunity or time on the market, waiting lists for apartments before they are listed which limit the number of apartments actually reaching the market, and less supply due to fewer new luxury rental buildings opening in 2012. All in all, renters are facing a very difficult market in 2012 and will have to be fully qualified, totally prepared, and capable of deciding quickly want a particular apartment.

Shai Gruber, head of Caliber Associates New York office, concisely explains the dramatic reversal of conditions of the rental market during 2011 and the very challenging 2012 market conditions: “At the very beginning of 2011, the rental market was very much in the favor of the renter: vacancy rates were much higher than they are in February 2012, and the prices of apartments were much lower. Therefore, in 2010 and in January 2011, owners were still offering OP (to pay brokerage fees) and also offering rent concessions to attract renters. The conditions changed during 2011 season and now in February 2012, it is a very strong landlord market as the conditions are completely different from January 2011: prices are higher, vacancies are lower, OP has disappeared, and rent concessions are rare. It is now a much more difficult market for the renter.”

The higher prices and other factors are often undermining the plans of many renters who unexpectedly discover that they cannot quite qualify for their apartment because they do not earn at least 40-45x the monthly rent or their guarantor does not earn 80-85 times the monthly rent or their guarantor is not acceptable due to the fact that he/she lives outside of NY or the NY area. Internationals, working or students, almost always struggle because they do not have US credit or a domestic guarantor. Even wealthy US retirees and others with significant cash liquid assets, who are out of the work force, are often unable to qualify. Self-employed persons with variable income also have numerous problems as well.

Guarantor Service Managing Director Charles Schoenau adds:

“Many renters are not aware how the market conditions have changed dramatically in the last 13 months, and some mistakenly believe that the economic turmoil on Wall Street and worldwide has kept the NYC rental market in check. Most renters are in for a shock when they see how fast apartments rent, how high prices are, how difficult it is to qualify in many cases, and how quickly they have to decide about an apartment if they are qualified. One renter told me this week that he finally found 3 apartments that he would consider, but when he called the next day, they all were gone in less than 24

hours. Another renter from overseas was making periodic trips to NYC, and every apartment he liked became problematic and he lost it, often before he could even present all his documents. Renters, who are not fully prepared and qualified or hesitate, are having to spend a long frustrating time trying to nail down the apartment that they want in 2012.”

In 2012, renters must be sure that look early enough and can be decisive about the apartment. Equally important, the renter and their broker must be sure that the renter has all the renter’s paperwork in order, as well as their guarantor’s paperwork in perfect shape, or be prequalified by Insurent, before they apply for the apartment. Renters who have any flaws in their application or qualifications will be at risk of losing their rental apartment to a qualified competitive renter and destined to spend a longer and frustrating period of time finding their apartment.

The Insurent Lease Guaranty Program can solve all of these problems for the renter.

ABOUT INSURENT GUARANTOR SERVICE

The Insurent Lease Guaranty Program was created to serve renters, landlords, condo/coop owners, and brokers and relocation specialists by offering the first institutional guarantor of residential leases. The Insurent Lease Guaranty Program has been featured in the New York Times, The Real Deal, The New York Real Estate Journal, Real Estate Weekly and Multi-Housing News.

The Insurent Lease Guaranty Program is underwritten and issued by Argonaut Insurance Company, a property and casualty insurance company rated A (Excellent) by A. M. Best. Instead of looking for an individual guarantor or co-signer, or having to pay a significantly larger security deposit or prepaid rent, a renter may utilize the Insurent Lease Guaranty to satisfy the landlord’s financial and credit requirements.