

The Philadelphia Inquirer

Sunday, February 27, 2011

Apartment rentals are doing fine

Blue skies and a high of 62 degrees on Feb. 14 were hardly what one would have expected this winter, but they were definitely a treat for Marianne Harris.

As director of sales, leasing, and marketing for Dranoff Properties, Harris and her boss, Carl Dranoff, had chosen that day for "the first annual Valentine's Day Progressive Luncheon," to show the developer's buildings in Center City and University City.



Alan J. Heavens
On the House

"I can't believe how lucky we were," she said at the front door of 777 South Broad, Dranoff's newest luxury rental building, which opened March 25. Inside, real estate agents and brokers, many from Main Line offices, dined on bow-tie and tortellini pasta prepared to order, then toured the models, common areas, and fitness and storage facilities.

About 155 agents and brokers stopped by the buildings on the luncheon circuit, which included the Left Bank in University City, Locust on the Park on South 25th Street, and Symphony House, the high-rise condo building on South Broad that is 95 percent sold, the developer says.

Prudential Fox & Roach agent Patrick O'Connell, who specializes in for-sale properties, said he was accompanying another agent who

handles commercial listings.

"I'd never seen 777 before, and this gave me an opportunity to do so," O'Connell said.

Harris, who has worked for developers in the suburbs as well as the city for many years, said the downturn in the for-sale market had made Realtors "cooperate much more freely and often with us on rentals."

"At some of our rental properties, 40 percent to 50 percent of our traffic is coming from Realtors," she said. It has paid off at 777 especially: Ninety-nine of 142 units (including models and hospitality suites) have been rented, with five leases signed the first week in February.

Dranoff offers cooperating agents a commission of one-half month's or a full month's rent, depending on the unit - at 777, a two-bedroom is \$2,500 - for every one they lease.

In addition to the rental properties on the tour, commissions are offered for the Victor in Camden and Venice Lofts in Manayunk.

"It is also a quick process since they don't have to wait for a mortgage commitment or settlement," she said.

Although the renters at 777 include sports figures and doctors from nearby hospitals, some had been working with agents for months on home purchases and decided instead to lease, Harris said.

Concerns about declines in home values and prices have continued to keep buyers wary. And that - or the

belief that better bargains are still to come - continues to benefit the rental market.

Though the number of new homes started in January soared 14.6 percent from December's levels, "the gain was in multifamily construction, as single-family activity eased," said economist Joel L. Naroff of Naroff Economic Advisers in Bucks County.

"What is nice to see is that developers seem to be picking up the slack by putting up rental and condo units instead, a trend that is likely to continue," Naroff said.

National Association of Home Builders chief economist David Crowe said January numbers confirmed "spotty" interest. Buyers remain "cautious as credit remains tight, and buyer confidence uncertain."

But builders of single-family houses are not giving up on buyers in the short term, even though a growing number of people appear to be renting instead these days.

K. Hovnanian, the builder based in Red Bank, N.J., has launched a program to help buyers of its houses sell their current homes.

Once a sales contract is signed, Hovnanian will provide the services of agents, appraisers, stagers, and other professionals to get that buyer's home sold.