

April 21, 2010

# A New Crop of Rental Units Hits the Market

By ANTOINETTE MARTIN

ROUGHLY 1,500 rental units are gradually being rolled onto the northern New Jersey market starting this spring. One large new building in Hoboken will start leasing this week; several other apartment complexes in both cities and suburbs have opened or are about to, and two tall rental towers are being readied to open early in 2011.

“It does seem like a lot, coming in a market that has been distressed,” said David Barry, a principal with Ironstate Development, the company behind the 348-unit 225 Grand, in Jersey City, which starts leasing on May 1, and also a 95-unit building that will open by fall at the Shipyard complex, in Hoboken.

“But it’s not a tremendous amount,” Mr. Barry quickly added, “given that there is always a steady stream of demand for new units, even in a down market for other kinds of housing.”

He said he did not sense an impending oversupply of rental units; he and other New Jersey builders have found that the pipeline for future rental units is now being virtually choked off, because of severely tightened standards for granting construction loans. “Lenders are requiring builders to provide major chunks of equity — up to 20 or 30 percent of the cost of a project — before they will consider writing a loan,” Mr. Barry said. “Most companies, even larger ones, can’t proceed on that basis.”

The projects opening in the next six to nine months represent the last housing developments to have been granted construction loans before the housing market “turned” and lending standards tightened, said Debra Tantleff, a vice president for development of the [Roseland Property Company](#).

Ms. Tantleff’s company is building the Jersey City high-rise project — two 50-story buildings, called Monaco Towers, that will house 524 apartments. The development was conceived as condominiums, Ms. Tantleff said. Then, at the time ground was broken in late 2008, Roseland and its partner on the project, Garden State Development, said one tower would be condos, the other probably rental.

Ultimately, as sales slowed to a crawl last year, plans changed again; all units are now rentals.

Roseland began leasing within the last six weeks at two other new rental buildings it has built in concert with different partners: the [Metropolitan at 40 Park in Morristown](#), and [Highlands at Hilltop in Verona](#).

The seven-story Metropolitan, with 130 units set over ground-floor shops, was built adjacent to the new 40 Park condo building, which faces the historic green in Morristown. Both are part of a downtown redevelopment done in partnership with Woodmont Properties.

The Highlands at Hilltop complex in Verona is a more suburban-style rental community: two four-story buildings, containing 95 apartments and a 4,902-square-foot clubhouse, set on 24 acres.

The one- and two-bedroom units at the Metropolitan are larger, and priced higher. Monthly rates are \$1,959 to \$3,438. At the Highlands, one- and two-bedroom units go for \$1,800 to \$3,000.

Both properties are offering two months' free rent with a 14-month lease. "This is the concession we typically offer," Ms. Tantleff said, "and it is the extent of what we've had to do during a more difficult market."

Other developers of projects opening now said they were offering either a month or two in free rent, or — as Mr. Barry said Ironstate had done — lowering rates to suit the times.

Ms. Tantleff said the appetite for rentals remained strong at all Roseland properties in New Jersey, with occupancy at 98 percent. About 10 units per week have been leased at the Highlands at Hilltop since it opened in late March, and also at the Metropolitan since it opened in early April.

At the [Alexan Riverdale](#), a 212-unit apartment complex that will start leasing next week, the marketing agent reported that 500 people had signed up online or in person to express interest.

The Alexan, developed by [Trammell Crow Residential](#), is the first modern "luxury" building to open in the area west of Wayne, said Brian Cheripka, the sales director for the project.

Its design is similar to that of the [Alexan CityView](#) in Bayonne, which opened last year. But the Riverdale building, set in woods rather than on the Hudson riverfront, has about 15 acres, and offers an outdoor pool, a barbecue area and walking trails.

"We think this is actually a very good time to open rentals in this particular area," Mr. Cheripka said. "We think it boils down to specific submarkets, and demand varies from town to town, county to county — and there is pent-up demand right here."

In general, the percentage of people who are homeowners — which climbed to about 70 percent during the boom years — is declining again, he noted. “Many people don’t see homeownership as a way to build equity anymore, especially younger people,” Mr. Cheripka said.

“A lot of empty-nesters come in saying they are ready to trade down to an easier lifestyle,” he added. “Bottom line: We see a lot of people anxious to rent.”

*This article has been revised to reflect the following correction:*

***Correction: May 2, 2010***

The “In the Region” article in New York and New Jersey copies last Sunday, about a surge in new rentals entering the northern New Jersey market, misidentified the city in which one development, 225 Grand, is located. It is Jersey City, not Hoboken.