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Landlords get perkier when it comes to luxury rentals

Boston Business Journal - by [Eric Conway](#)

Lease-signing incentives for apartments are as old as loud neighbors and grumpy doormen. But even by traditional standards, operators of luxury buildings are tossing about sweeteners these days as even the best locations duke it out for good tenants as the economy sputters toward recovery.

At The Devonshire, an apartment listed at \$8,500 a month is available with a month's free rent, according to an advertisement for a unit in the high-end building, which offers unsurpassed proximity to the towers of the Financial District.

Irina Constantin, a Boston Homes Real Estate agent marketing the unit, said giving deals to new tenants is commonplace right now.

"Many of the bigger luxury buildings are offering such incentives. They compete against each other," she said. It's still an owner's market, Constantin said, but "the market is slower than it used to be a few years ago."

Incentives also are more common in the winter and spring, she added.

At the Archstone Avenir, a luxury building near North Station that was planned as condominiums before the market tanked, a banner advertises that new tenants can get a full two months off leases.

On West Broadway in South Boston, a two-bedroom that lists for \$3,295 a month is being offered with a month of free rent. Rodney Scott, a **Boston Realty Advisors** broker handling the property, said that owners are still giving incentives, though some are scaling back.

"The market seems a little better than it was last year. Last year was a very tough year," he said.

This year, he said, "rents are stabilizing." And unlike this time in 2009, people seem to be moving back to the city rather than fleeing for cheaper addresses in the suburbs, he said.

Jack Englert, a principal at **Criterion Development Partners** in Bedford, which has done a number of high-end residential projects, said that in communities such as Cambridge and Medford "the rents in better luxury apartment developments are holding."

"But there are concessions in the market," he said, especially in places where there are medium-priced and high-end buildings.

The owners of less expensive properties give a month or two of free rent, he said, "and everybody seems to jump on board." It's unfortunate, he said, because "I'm not sure a concession in the high end is necessary ... if a concession's in the market, it's hard to be the one guy who doesn't give it."

For owners that do offer breaks, a key question is whether charge rent for a month or two or whether to reduce monthly rents for a year by a percentage that adds up to a free month's rent.

For developers that want to sell properties, Englert said, it's better to give the breaks all at once so cash flow is higher immediately after that discount. But for owners who want to hold on to their properties, spreading the discount out can improve cash-flow in the short term.

There's another advantage to giving outright free months at the beginning of a lease, Englert said: "Get them used to paying the full amount."