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# New Kids Paying Manhattan Rents

By LAURA KUSISTO



Associated Press

A view of the Manhattan skyline behind the Brooklyn Bridge.

After years of dominating the Manhattan rental market, Wall Street dynamos are starting to make way for bloggers and tech geeks.

Media and technology workers are rapidly gaining ground as a percentage of the borough's renters —while the numbers of finance workers in the pool shrink, according to a new report by Nancy Packes, a consultant to some of the city's biggest residential developers.

Developers have taken note. Wealthy young bankers in the 1980s sought a prestigious pre-war building with a Park Avenue address, and more recently, they were on the hunt for a flashy financial district bachelor pad. A new generation of renters is looking for something different.

"The demographic they seemed to have in mind was mostly single men, who were living high on the hog and had money to blow," said David Sigman, a senior vice president at LCOR, which is

involved in downtown's 25 Broad St., a condo-turned-rental.

"We recognize now that it's a broader market," Mr. Sigman said.

Young media and tech workers flock to neighborhoods such as Williamsburg in Brooklyn and Chelsea, where many of their employers are also moving their offices. These tenants also demand high-tech amenities such as ubiquitous wireless internet access, movie screening rooms and, in one case, a Wii room.

"The kids that are coming to live today in New York, they want to live with accommodation like they are in a W Hotel," said Ofer Yardeni, managing partner of Stonehenge Partners, which owns and manages trendy buildings such as Stonehenge Gardens on West 15th Street near Sixth Avenue.

The demographic shift is also changing how developers market those buildings.

"Old media is taking second place to the Internet as a medium of advertising. Renters and buyers are almost exclusively finding us through the Internet," said Jeffrey Levine, chairman of Douglaston Development, which has developed the Ohm in West Chelsea and the Edge in Williamsburg. The Ohm has a retro arcade room, while the Edge has a fire pit and a plunge pool with a waterfall.

Ms. Packes used trend data from 700,000 Manhattan rental transactions processed since 2005 through On-Site.com, a provider of electronic tenant screening and lease processing services for landlords.

Until now, her report was released only to residential developers, such as Durst Fetner Residential, Douglaston Development and Stonehenge Partners Inc., which use it to strategize about the location, amenities and marketing of their new buildings.

Ms. Packes provided the most recent version, which is current through mid-year 2011, to The Wall Street Journal. It shows a five-year trend toward more Manhattan renters working in technology and creative sectors, with fewer working in finance.

That held true even prior to the collapse of Lehman Brothers and Bear Stearns in 2008.

In 2005, finance workers made up just over 58% of Manhattan renters, while they now comprise 45%, according to Ms. Packes's report. The proportion of creative workers who make up the market has nearly doubled to 17% from 8.6% in 2005.

The proportion of renters employed in the technology sector has also risen to 11.6% from 7.2%, partly because Google, Facebook and Twitter have all expanded their Manhattan offices in the last five years.

Young media and tech workers generally aren't raking in the same salaries as young bankers and can't pay as much for housing, which some believe could drive rents down in the city over the long haul.

Ms. Packes says that fear hasn't yet proved true. Rents have surged in the past six months especially, she said. Moreover, she said she anticipates an upward trend over the next couple of years, based on the percentage of their incomes that people are currently putting toward rent.

In early 2007, when confidence in the economy was at its peak, renters spent the highest

percentage of their income on rent, according to Ms. Packes's report. As the economy hit bottom they spent 20% less of their income on rent. The number now sits at a five-year average, suggesting there is room for significant growth.

"We are nowhere near the limit of what people are willing to pay based on their monthly income," Ms. Packes said.

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