NEW YORK CITY REAL ESTATE NEWS

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Editor's note: Landlords behind bars

By Stuart Elliott | July 01, 2017 01:00PM

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A push toward looser business regulation might be the trend these days in Washington, D.C., but in New York City, it's been a little different, especially when it comes to rental landlords.

In our cover story this month, we look at the recent crackdown on tenant harassment and how property owners fear a heightened level of scrutiny.

Much of the tumult is a result of a prominent landlord heading to jail, which doesn't happen too often in New York real estate. Steve Croman built the largest multifamily portfolio in the fast-gentrifying East Village and allegedly used strong-arm tactics to clear out rent-stabilized apartments as property values skyrocketed. But he was ultimately nabbed for his bank dealings rather than for aggressively targeting tenants — and that could have implications for real estate enforcement going forward.

While most agree that Croman's actions toward tenants were at the very least dubious and at the worst criminal, there is less consensus about the broader clampdown against multifamily owners. See the story here.

Meanwhile, the real estate industry is facing immense pressure from a very different source: the primary website that consumers use to look at property sale and rental listings. StreetEasy has long aggregated the city's residential listings in one place — something the brokerages themselves have been unable to band together to do. And now the site is tightening its grip, aggressively monetizing its platform by charging more money to host listings. Most of the city's biggest brokerages are planning to fight back through an exclusive syndication deal with REBNY, but is it too late?

Residential brokers are also facing pressure when it comes to commissions. Home prices have risen overall in recent years, and that, coupled with a softening market in which sellers are looking to save money, is resulting in commission levels heading down in New York. Five percent, and in some cases even 4 percent, has become the new norm rather than the traditional 6 percent commission for a real estate sale. See the story here.

In other not-great news, we take a glance at the first foreclosures cropping up along the much-touted Billionaires' Row, an ominous (though hopefully limited) sign for the market.

And developer Aby Rosen gets the close-up treatment in a profile on page 54. With Donald Trump in the White House, is Rosen the only celebrity developer left in town? That's debatable in a city full of big egos, but there certainly has been a lot of drama (what's not debatable is that he has a lot more class than Trump). As reporter Konrad Putzier writes, since the beginning of last year, Rosen has "paid a $7 million fine to settle a tax-evasion probe, booted the storied Four Seasons restaurant from the Seagram Building, defaulted on the ground lease mortgage on Lever House and almost saw his Upper East Side rental home hit the foreclosure auction block." And that's not including erecting anti-Trump billboards. A drama-filled year indeed.

Finally, we turn our attention to the outer boroughs with a story ranking residential brokerages, a look at the most active single-family home builders and a piece on how the 6.9 million square feet of office projects currently being developed in Brooklyn might be too much for the market. That story, on page 74, sheds light on how the Manhattan companies that were highly expected to relocate to hip Brooklyn to be closer to their workers aren't doing so en masse.

Well, at least the stock market is at record levels, with the Dow hitting an all-time high last month. Of course, to listen to some pundits, that also raises concerns. Nobel Prize-winning economist Robert Shiller pointed out last month that

How that could impact New York City real estate remains to be seen. But stay tuned and enjoy the issue.