

The Surprising Hidden Costs Of Renting Luxury Big-City Apartments

Are you in the market for a luxurious big-city apartment? Most renters know to brace for the two big add-on costs that frequently go along with rent: broker fees and security deposits. But many don't realize these are just the start.

With the popularity of rental apartments strong due to a tight credit market and the not-yet-forgotten economic downturn, landlords are in a position to push extra costs onto tenants.

"Those on the apartment hunt would be wise to factor in these extra costs before making a decision," says Dylan Pichulik, chief executive of XL Real Property Management. The New York City-based firm manages over 1,100 apartments. Pichulik thinks even the savviest renters overlook these hidden costs, which can easily amount to thousands of dollars per year, before submitting an offer to lease.

Some of these additional incidentals can be bargained down in advance. But in highly [competitive rental markets](#) like Manhattan and Miami, good apartments get snapped up in days. In a landlord's market, tenants lack the time and bargaining power to make demands.

Still, says Douglas Elliman broker Melanie Lazenby, it never hurts to ask. Lazenby, one of the most prolific brokers in New York, advises renters there to try to find various ways to offset hidden rental costs — including negotiating with brokers over the fee. "Ask if their fee is negotiable, as sometimes it is," she says. "And they'd never tell you unless you checked."



Luxury apartments are lovely, but the hidden costs can send you into a spiral.

Much of Lazenby's advice applies to rental markets in other big cities. For example, she suggests well-off renters try to land a hefty discount by offering to pay six or 12 months of their rent in a lump sum at the onset. "A landlord may offer a free month of rent in exchange," she says. She tells prospective renters to think ahead to their renewal year. "Negotiate the exact increased rent in an 'option to renew for a second year' clause," she says. You may be able to avoid a hefty hike in rent — and a whole new set of fees and moving costs for a new apartment — a year from now. "Even if you don't stay for a second year,

it's good to know up front what your rent would be if you decided to stay," she says. "Oftentimes, it is less expensive to stay in the same place with a 3 to 5 percent increase in rent than it is to move."

And if your landlord doesn't budge, at the very least you'll be a more satisfied lessee if you anticipate these 10 hidden costs prior to move-in:

1. **Killer energy bills.** The downside to great light and high ceilings is the difficulty to maintain a consistent temperature. While the landlord is typically responsible for the natural gas bill, the tenant pays the electricity to cool down those warm summer months. Older, poorly insulated windows can also add enormously to energy costs. According to the U.S. Department of Energy, just 20 percent of homes constructed prior to 1980 have sufficient insulation and air sealing measures. The newest glass technologies — upgrades like multiple panes, selective coatings and inert gas between the panes — can filter summer sun and let in more sunshine in the winter. Other things to be on the lookout for: dirty air filters (replace once per month) and old refrigerators (using up to 50 percent more energy than new units).
2. **Gardening fees.** Did you get lucky and find an apartment in the city with a stunning terrace or yard? Most often your lease will specify that the tenant is responsible for keeping it looking sharp. Permitting the shrubbery to die or proliferate may not be an option. Since plant life is high-maintenance and finding a good gardener in the city isn't cheap, the upkeep can be draining both financially and physically. One hint to save money: Opt for native plants. They're more likely to survive your outdoor conditions.
3. **The super tip.** It is customary to tip the bevy of building staff who provide services to you during holidays and throughout the year. In addition to tipping superintendents or building managers, whose holiday bonuses can average \$100 to \$200 per residence also consider doormen (\$25 to \$150, typically, and up to \$1,000), parking attendants (\$20 to \$100) and elevator operators and porters (\$20 to \$75). The size of the tip will depend on the size of your building (the bigger the staff, the smaller the individual tip), quality of service, staff seniority, length of time you've lived in the building and the personal chemistry you have (or would like to have) with the individual. Pay in cash. Yes, you can moderate your tip based on your financial circumstances and level of frugality. If you skimp on the tip, they won't sue. But be warned: You get what you pay for.
4. **The fee for Fifi.** Owning a dog, cat or even a [ferret](#) in a congested city like New York or San Francisco is already a challenge that brings significant costs (walkers, vets, groomers, kennels). But some rentals also charge fees upwards of \$500 a year, plus an additional month of security deposit.

5. **Pricey amenities.** Luxury living is all about the amenities. You are welcome to [ignore](#) them, but you may have to pay regardless. Many apartment gyms come attached with a monthly fee, which can sometimes rival that of a private health club. Most meeting spaces in luxury rental buildings also require a fee in order for residents to rent out the space — at fairly high prices. There also may be additional charges for the swimming pool and other facilities.
6. **Storage fees.** There's a reason [Public Storage](#) chairman B. Wayne Hughes is worth \$2 billion. Storing your extra stuff is expensive. And even if your luxury building has its own storage closets for residents willing to pay extra for them, there may not be one available to you. The cost to rent a closet-sized space is often a couple of hundred dollars per month. Landlords often have no control over the storage and may not disclose much about the matter until after the start of the lease. So inquire in advance and make the agreement directly with the building management whenever possible.
7. **Move-in fees.** That's right: On top of the cost of paying movers, you may have to shell out a fee to the building for moving in. While this is actually a charge from the homeowners' association to the landlord, the lease may stipulate that payment be made by the tenant. In New York City, new tenants are often required to pay move-in fees to reserve the elevator for the move-in day. "It's frequently seen in condo/coop buildings," says Pichulik. "Between the 'board application fee' and the 'move-in fee,' this could easily add another \$1,000 to the expenses." Make sure the landlord doesn't hit you with these fees again on renewal.
8. **Renter's insurance.** This is especially relevant when renting a furnished apartment, as the landlord can require renter's insurance as per the lease *and* dictate the value of the furnishings. Depending on the estimated value of the insured belongings, the policy can run the tenant anywhere from \$200 to \$2,000 per year. While your landlord should carry insurance protecting the apartment itself, the landlord's policy will almost never cover your personal property.
9. **Improvement costs.** If you want to make improvements to the apartment, you need permission from your landlord. He should have delivered your apartment to you in good working order and has to maintain appliances, plumbing and temperature control. But you'd be surprised at how many other things — chipped paint, warped wooden flooring, broken door handles, aging tiles, mirror cracks, busted cabinets and missing lighting — your landlord will argue are cosmetic improvements, not fixes. Negotiate these items up front. But understand that your landlord may not want to pay for these improvements in a highly competitive market.

10. **The not-so-secure deposit.** In New York City, the [Rent Guidelines Board](#) explains that the landlord must return the security deposit within a reasonable time after the expiration of the lease, and in some cases with interest. Generally, the landlord can make deductions as reimbursement for the reasonable cost of repairs beyond normal wear and tear (if you have damaged the apartment) or as reimbursement for any unpaid rent. But funny how often landlords grab at security deposits for fairly minor damages — even at the high end of the market. A large hole in a wall, Pichulik notes, can cost \$500 to fix. More serious damage can exceed a full month's rent, he says. To avoid battling in small claims court, properly document and photograph all damage and wear and tear during your initial walk-through. Prior to move-out, hire your own handyman or cleanup crew to fix and neaten the apartment. You'll find it's often less expensive and a good way to avoid any ensuing dispute.