

ELLI MAN

REPORT

SEPTEMBER 2017

MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan, Brooklyn and Queens Rentals

MANHATTAN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

0.1%

VACANCY

Vacancy Rate

0.25%

NEW LEASES

Excludes Renewals

10.7%

OP + CONCESSIONS

Market Share

11.4%

MARKETING TIME

Days on Market

1 day

NEGOTIABILITY

Listing Discount

0.2%

- Median net effective rent slipped year over year for tenth month of past twelve
- Number of new leases fell annually for first time since February as affordability pressures rise
- Vacancy rose for second consecutive month after falling since the spring

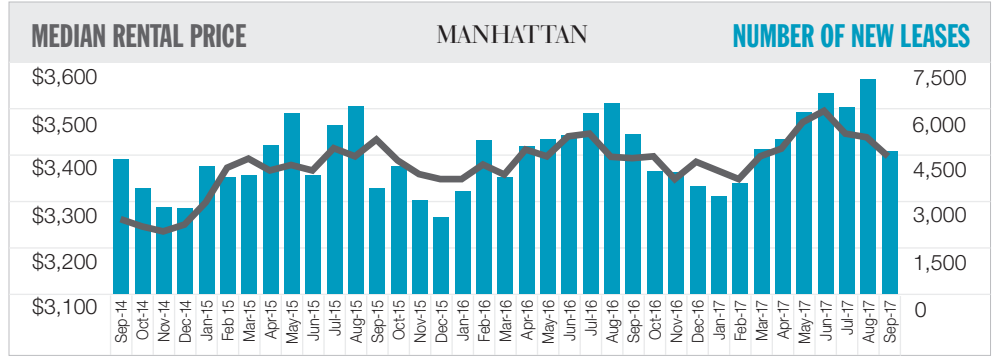
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and provide comprehensive analysis of the results.

Manhattan Rental Market		SEP-17	%Δ (mo)	AUG-17	%Δ (yr)	SEP-16
Average Rental Price		\$4,094	0.1%	\$4,088	-0.6%	\$4,117
Rental Price per Sq Ft		\$65.45	-1.5%	\$66.45	-3.6%	\$67.89
Median Rental Price		\$3,400	-1.2%	\$3,442	0.1%	\$3,396
Number of New Leases		4,684	-33.7%	7,061	-10.7%	5,243
Days on Market (From Original List Date)		43	4.9%	41	-2.3%	44
Listing Discount (From Original List Price)		2.6%		2.0%		2.8%
Listing Inventory		7,363	-1.8%	7,497	-0.4%	7,392
Vacancy Rate		2.63%		2.27%		2.38%
Manhattan Rental w/Concessions		SEP-17	%Δ (mo)	AUG-17	%Δ (yr)	SEP-16
Median Rental Price		\$3,334	-1.3%	\$3,377	-0.4%	\$3,347
Share of New Leases w/OP + Concessions (%)		26.5%		24.1%		15.1%
Free Rent/Owner Paid (Mos)		1.2	-7.7%	1.3	0.0%	1.2
Manhattan Rental Market by Size		SEP-17	%Δ (mo)	AUG-17	%Δ (yr)	SEP-16
Studio -	Average Rental Price	\$2,678	-0.9%	\$2,702	1.6%	\$2,636
	Rental Price per Sq Ft	\$67.52	-3.7%	\$70.13	-1.0%	\$68.17
	Median Rental Price	\$2,600	0.5%	\$2,587	0.6%	\$2,584
	Number of New Leases	1,105	-32.3%	1,631	-11.1%	1,243
1-Bedroom -	Average Rental Price	\$3,468	-1.4%	\$3,519	0.2%	\$3,460
	Rental Price per Sq Ft	\$62.03	-3.0%	\$63.96	-1.7%	\$63.13
	Median Rental Price	\$3,400	-1.8%	\$3,461	0.1%	\$3,396
	Number of New Leases	1,912	-32.5%	2,831	-12.8%	2,192
2-Bedroom -	Average Rental Price	\$5,058	6.7%	\$4,739	-0.7%	\$5,092
	Rental Price per Sq Ft	\$64.52	-1.9%	\$65.76	-4.6%	\$67.64
	Median Rental Price	\$4,500	9.8%	\$4,100	1.6%	\$4,430
	Number of New Leases	1,153	-34.7%	1,765	-9.6%	1,275
3+ Bedroom -	Average Rental Price	\$7,301	-0.8%	\$7,357	-8.1%	\$7,941
	Rental Price per Sq Ft	\$70.90	2.7%	\$69.03	-5.2%	\$74.75
	Median Rental Price	\$5,498	1.3%	\$5,425	-4.5%	\$5,759
	Number of New Leases	514	-38.4%	834	-3.6%	533

After reaching a record high in August, the number of new Manhattan leases fell year over year for the first time since February as the effectiveness of landlord concessions may have reached their limit. There were 4,684 new leases signed, down 10.7% from the same month a year ago. Although the market share of concessions was up sharply to 26.5% from 15.1% a year ago, their use has remained consistent throughout

2017 despite recent gains in the vacancy rate. The vacancy rate expanded year over year to 2.63% for the second consecutive month, after trending lower since the spring. These metrics suggest there is more hesitancy by tenants to sign new leases with higher concessions given concerns of not being able to afford the face rent a year from now. After rising for nearly two years, listing inventory slipped for the second time in

three months, although this appears to be an anomaly. Net effective median rent, face rent less rent equivalent of all concessions, slipped 0.4% to \$3,334 from the same period last year. Median net effective rent has declined year over year for ten of past twelve months. However the “soft at the top” narrative continued with “non-doorman” rentals, comprising half of all transactions, posting more price growth than “doorman” for more than three years.



PROPERTY TYPE

- “Non-doorman” median rent has outperformed “doorman” median rent for more than 3 years
- New development median rent slipped for 5th time in 6 months

Property Type	SEP-17	%Δ (mo)	AUG-17	%Δ (yr)	SEP-16
Doorman Median Rental Price	\$3,875	0.2%	\$3,866	0.9%	\$3,839
Non-Doorman Median Rental Price	\$2,950	-0.8%	\$2,975	1.6%	\$2,904
Loft Median Rental Price	\$6,250	56.3%	\$4,000	22.1%	\$5,119
New Development Median Rental Price	\$4,195	-4.1%	\$4,375	-2.3%	\$4,292

BY PRICE

- All price tiers showed slight gains in median face rent
- Luxury average rent declined
- Luxury entry threshold showed a nominal decline

Price Tier	SEP-17	%Δ (mo)	AUG-17	%Δ (yr)	SEP-16
Luxury (Top 10%) - Average Rental Price	\$10,027	-0.9%	\$10,123	-4.3%	\$10,476
Luxury (Top 10%) - Rental Price per Sq Ft	\$75.52	-2.2%	\$77.24	-7.9%	\$82.00
Luxury (Top 10%) - Median Rental Price	\$8,200	2.5%	\$8,000	1.0%	\$8,121
Luxury (Top 10%) - Number of New Leases	471	-33.5%	708	-10.3%	525
Luxury (Top 10%) - Entry Threshold	\$6,395	2.3%	\$6,250	-0.4%	\$6,418
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,500	0.2%	\$4,490	1.6%	\$4,430
Mid Tier (2nd 30%) - Median Rental Price	\$3,250	-0.8%	\$3,275	0.5%	\$3,234
Entry Tier (1st 30%) - Median Rental Price	\$2,375	1.1%	\$2,350	1.1%	\$2,350

BY LOCATION

DOWNTOWN

- Median rent edged higher
- Vacancy rate expanded

Metric	SEP-17	%Δ (mo)	AUG-17	%Δ (yr)	SEP-16
Median Rental Price	\$3,690	-0.3%	\$3,700	1.3%	\$3,642
Number of New Leases	2,126	-33.0%	3,174	-3.1%	2,195
Vacancy Rate	2.95%		2.58%		2.67%

EAST SIDE

- New leases declined
- Vacancy rate declined again

Metric	SEP-17	%Δ (mo)	AUG-17	%Δ (yr)	SEP-16
Median Rental Price	\$3,295	0.0%	\$3,295	3.1%	\$3,195
Number of New Leases	1,155	-33.7%	1,742	-14.9%	1,357
Vacancy Rate	1.81%		1.75%		2.14%

WEST SIDE

- Vacancy rate surged
- New leases declined

Metric	SEP-17	%Δ (mo)	AUG-17	%Δ (yr)	SEP-16
Median Rental Price	\$3,498	2.9%	\$3,400	1.4%	\$3,450
Number of New Leases	982	-35.0%	1,511	-18.3%	1,202
Vacancy Rate	2.87%		2.35%		2.02%

UPTOWN

- Median rent declined
- Vacancy rate increased

Metric	SEP-17	%Δ (mo)	AUG-17	%Δ (yr)	SEP-16
Median Rental Price	\$2,425	1.0%	\$2,400	-4.7%	\$2,545
Number of New Leases	421	-33.6%	634	-13.9%	489
Vacancy Rate	2.75%		2.13%		2.39%

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

5.1%

INVENTORY

Total Inventory

1.4%

NEW LEASES

Excludes Renewals

4.1%

OP + CONCESSIONS

Market Share

11.4%

MARKETING TIME

Days on Market

2 days

NEGOTIABILITY

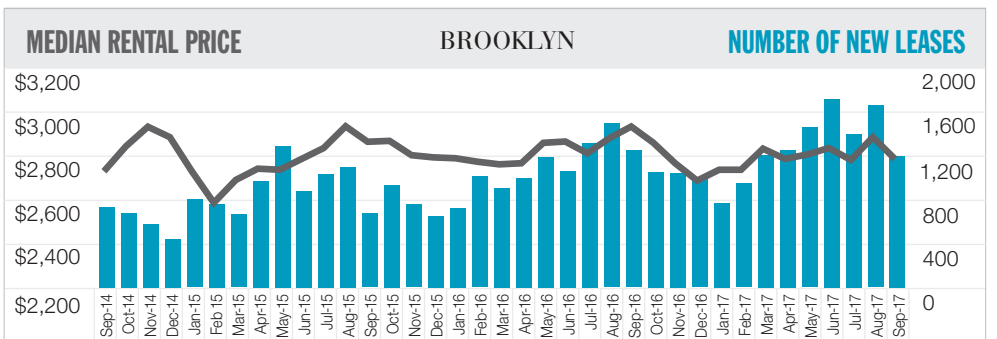
Listing Discount

0.5%

- All market wide price trend indicators declined
- Net effective median rent declined annually for 5th consecutive month
- New leases fell year over year for first time since February

Brooklyn Rental Market		SEP-17	%Δ (MO)	AUG-17	%Δ (YR)	SEP-16
Average Rental Price		\$3,123	-2.5%	\$3,203	-2.3%	\$3,197
Rental Price per Sq Ft		\$44.85	-3.9%	\$46.68	-3.7%	\$46.58
Median Rental Price		\$2,800	-3.4%	\$2,900	-5.1%	\$2,949
Number of New Leases		1,197	-27.9%	1,661	-4.1%	1,248
Days on Market (From Original List Date)		41	2.5%	40	-4.7%	43
Listing Discount (From Original List Price)		2.3%		1.8%		1.8%
Listing Inventory		2,467	-2.4%	2,527	-1.4%	2,501
Brooklyn Rental w/Concessions		SEP-17	%Δ (MO)	AUG-17	%Δ (YR)	SEP-16
Median Rental Price		\$2,757	-3.3%	\$2,851	-5.6%	\$2,922
Share of New Leases w/OP + Concessions (%)		20.3%		20.4%		8.9%
Free Rent/Owner Paid (Mos)		1.3	-7.1%	1.4	8.3%	1.2
Brooklyn Rental Market by Size		SEP-17	%Δ (MO)	AUG-17	%Δ (YR)	SEP-16
Studio -	Average Rental Price	\$2,528	0.9%	\$2,506	6.5%	\$2,373
	Rental Price per Sq Ft	\$53.04	-10.3%	\$59.15	-3.3%	\$54.83
	Median Rental Price	\$2,510	0.4%	\$2,500	3.0%	\$2,437
	Number of New Leases	198	-23.3%	258	15.1%	172
1-Bedroom -	Average Rental Price	\$2,714	-3.6%	\$2,815	-1.8%	\$2,764
	Rental Price per Sq Ft	\$48.04	-3.6%	\$49.82	-2.4%	\$49.23
	Median Rental Price	\$2,645	-5.4%	\$2,795	-2.3%	\$2,708
	Number of New Leases	467	-25.2%	624	0.0%	467
2-Bedroom -	Average Rental Price	\$3,407	-1.6%	\$3,461	0.4%	\$3,394
	Rental Price per Sq Ft	\$43.06	-5.8%	\$45.71	-3.7%	\$44.73
	Median Rental Price	\$3,095	-3.3%	\$3,200	-1.6%	\$3,146
	Number of New Leases	376	-31.5%	549	-9.4%	415
3+ Bedroom -	Average Rental Price	\$4,416	-0.1%	\$4,422	-2.9%	\$4,550
	Rental Price per Sq Ft	\$39.53	-4.1%	\$41.24	-7.7%	\$42.83
	Median Rental Price	\$3,850	4.4%	\$3,688	4.9%	\$3,671
	Number of New Leases	156	-32.2%	230	-19.6%	194
Brooklyn Rental Market by Type		SEP-17	%Δ (MO)	AUG-17	%Δ (YR)	SEP-16
Luxury (Top 10%) - Median Rental Price		\$5,500	0.0%	\$5,500	1.6%	\$5,415
Luxury (Top 10%) - Entry Threshold		\$4,600	-2.1%	\$4,700	1.1%	\$4,550
New Development - Median Rental Price		\$3,150	-2.1%	\$3,216	1.6%	\$3,101

Rental price trend indicators for Brooklyn moved lower as overall conditions continued to soften. Net effective median rent declined year over year for the fifth consecutive month. The September decline of 5.6% to \$2,757 was the largest decrease since March of 2015. Like the other boroughs, the market share of landlord concessions has remained high but relatively stable for the past six months, despite the continued decline in face rents. The market share of concessions was 20.3%, up from 8.9% in the same month a year ago but appear unlikely to rise much further, forcing landlords to look more closely at asking prices. The use of concessions was much more pronounced in new development with a 49.7% market share versus 14.9% for existing rentals. However, new



development rentals account for 16.1% of all rentals versus 83.9% for existing apartments. Within the luxury market representing the top 10%, concessions have a market share of 26.7%

while the non-luxury market was 18.8%. The number of new leases fell 4.1% year over year to 1,197, the first decline since February.

NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

0.2%

INVENTORY

Total Inventory

10.5%

NEW LEASES

Excludes Renewals

0.7%

OP + CONCESSIONS

Market Share

31.1%

MARKETING TIME

Days on Market

7 days

NEGOTIABILITY

Listing Discount

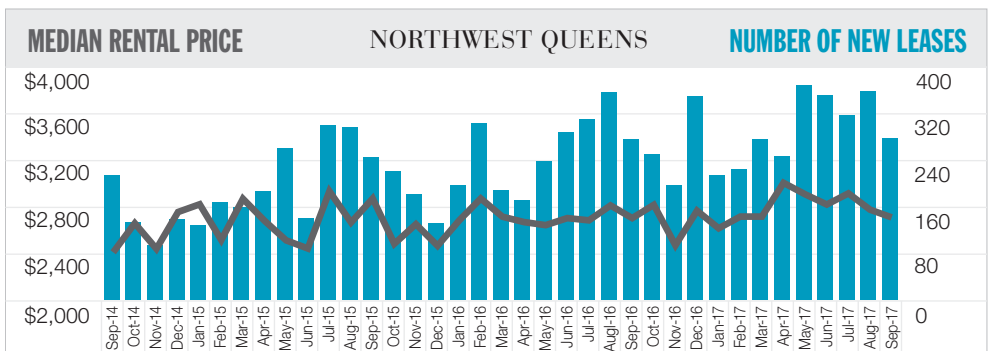
0.4%

- Overall median rent remain essentially flat as other price metrics expanded
- Landlord concessions increased nearly four times
- With high use of concessions, net effective median rent declined

Queens Rental Market		SEP-17	%Δ (MO)	AUG-17	%Δ (YR)	SEP-16	
Average Rental Price		\$2,982	-1.2%	\$3,017	3.5%	\$2,881	
Rental Price per Sq Ft		\$49.92	0.4%	\$49.74	3.6%	\$48.20	
Median Rental Price		\$2,793	-2.3%	\$2,859	0.2%	\$2,787	
Number of New Leases		276	-22.5%	356	0.7%	274	
Days on Market (From Original List Date)		30	3.4%	29	-18.9%	37	
Listing Discount (From Original List Price)		1.3%		1.0%		0.9%	
Listing Inventory		516	-1.7%	525	10.5%	467	
Queens Rental w/Concessions		SEP-17	%Δ (MO)	AUG-17	%Δ (YR)	SEP-16	
Median Rental Price		\$2,717	-1.7%	\$2,764	-1.3%	\$2,752	
Number of New Leases w/OP + Concessions (%)		42.8%		44.7%		11.7%	
Free Rent/Owner Paid (Mos)		1.1	-8.3%	1.2	-15.4%	1.3	
Queens Rental Market by Size		SEP-17	%Δ (MO)	AUG-17	%Δ (YR)	SEP-16	
Studio -	Average Rental Price	\$2,467	2.7%	\$2,402	1.1%	\$2,439	
	Rental Price per Sq Ft	\$60.40	-3.7%	\$62.73	6.6%	\$56.65	
	Median Rental Price	\$2,560	0.4%	\$2,550	2.5%	\$2,497	
1-Bedroom -	Average Rental Price	\$2,781	-1.5%	\$2,822	-0.4%	\$2,791	
	Rental Price per Sq Ft	\$49.69	-0.3%	\$49.84	0.1%	\$49.66	
	Median Rental Price	\$2,975	-3.4%	\$3,080	0.6%	\$2,957	
2-Bedroom -	Average Rental Price	\$3,687	-3.5%	\$3,820	4.7%	\$3,520	
	Rental Price per Sq Ft	\$45.80	-2.0%	\$46.72	7.9%	\$42.44	
	Median Rental Price	\$3,877	-7.7%	\$4,200	12.0%	\$3,462	
3+ Bedroom -	Average Rental Price	\$3,675	2.5%	\$3,585	-5.6%	\$3,894	
	Rental Price per Sq Ft	\$37.01	-4.0%	\$38.54	24.4%	\$29.76	
	Median Rental Price	\$3,100	-0.8%	\$3,125	-9.5%	\$3,427	
Number of New Leases		10	-50.0%	20	0.0%	10	
	Queens Rental Market By Type		SEP-17	%Δ (MO)	AUG-17	%Δ (YR)	SEP-16
	Luxury (Top 10%) - Median Rental Price		\$4,775	-1.1%	\$4,830	20.1%	\$3,976
Luxury (Top 10%) - Entry Threshold		\$4,380	-2.2%	\$4,480	28.7%	\$3,402	
New Development - Median Rental Price		\$3,150	-7.0%	\$3,295	6.3%	\$2,962	
New Development - Market Share		37.7%		43.0%		47.1%	

Note: The Northwest Queens rental market analysis is comprised of transactions in the neighborhoods of Long Island City, Astoria, Sunnyside and Woodside.

Long Island City, Astoria, Sunnyside, and Woodside comprise the northwest rental market of Queens with 37.7% of the transactions this month are within new developments. As a result, the reliance on concessions has been higher than the other boroughs, rising to 42.8% from 11.7% in the same month last year. The market share within new development was 82.7% and 18% within existing rentals. The net effective median rent, defined as face rent less the rental equivalent of brokerage commissions and free rent, down 1.3% to \$2,717 over the same period. The number of new leases was 276, up nominally from the same month last year.



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Report Methodology:
<http://www.millersamuel.com/research-reports/methodology>

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