

ELLI MAN

REPORT

DECEMBER 2017

MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan,
Brooklyn and Queens Rentals

MANHATTAN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

2.7%

VACANCY

Vacancy Rate

0.79%

NEW LEASES

Excludes Renewals

48.3%

OP + CONCESSIONS

Market Share

9.8%

MARKETING TIME

Days on Market

2 days

NEGOTIABILITY

Listing Discount

0.6%

- Market share of landlord concessions rose to new record
- Median net effective rent saw fourth largest decline recorded in over six years
- Surge in number of new leases with decline in vacancy rate

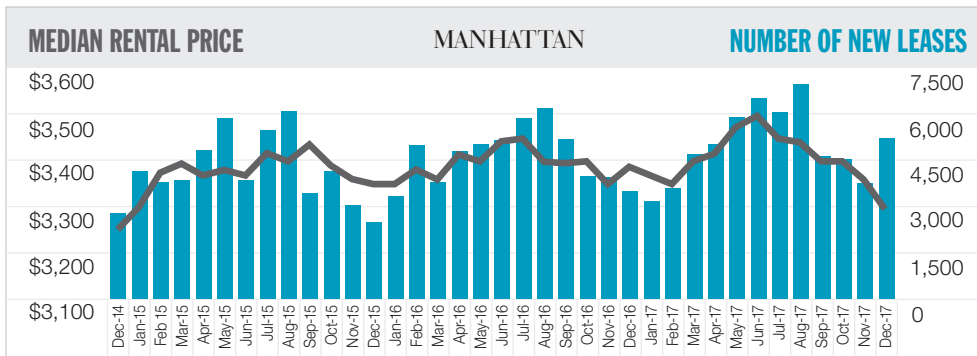
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

| Manhattan Rental Market | | DEC-17 | %Δ (mo) | NOV-17 | %Δ (yr) | DEC-16 |
|---|------------------------|---------|---------|---------|---------|---------|
| Average Rental Price | | \$4,158 | 1.6% | \$4,091 | 2.8% | \$4,044 |
| Rental Price per Sq Ft | | \$65.83 | 1.7% | \$64.73 | 2.3% | \$64.33 |
| Median Rental Price | | \$3,295 | -1.9% | \$3,360 | -2.7% | \$3,388 |
| Number of New Leases | | 5,269 | 39.1% | 3,787 | 48.3% | 3,553 |
| Days on Market (From Original List Date) | | 55 | 12.2% | 49 | -3.5% | 57 |
| Listing Discount (From Original List Price) | | 3.1% | | 3.7% | | 3.7% |
| Listing Inventory | | 6,004 | -16.5% | 7,189 | -15.3% | 7,090 |
| Vacancy Rate | | 1.90% | | 2.35% | | 2.69% |
| Manhattan Rental w/Concessions | | DEC-17 | %Δ (mo) | NOV-17 | %Δ (yr) | DEC-16 |
| Median Rental Price | | \$3,208 | -2.3% | \$3,284 | -2.5% | \$3,291 |
| Share of New Leases w/OP + Concessions (%) | | 36.2% | | 29.6% | | 26.4% |
| Free Rent/Owner Paid (Mos) | | 1.3 | 0.0% | 1.3 | 0.0% | 1.3 |
| Manhattan Rental Market by Size | | DEC-17 | %Δ (mo) | NOV-17 | %Δ (yr) | DEC-16 |
| Studio - | Average Rental Price | \$2,681 | 0.6% | \$2,666 | 0.1% | \$2,678 |
| | Rental Price per Sq Ft | \$64.92 | 3.3% | \$62.84 | 6.2% | \$61.11 |
| | Median Rental Price | \$2,499 | -2.0% | \$2,550 | -3.0% | \$2,575 |
| | Number of New Leases | 1,135 | 41.5% | 802 | 33.7% | 849 |
| 1-Bedroom - | Average Rental Price | \$3,405 | -0.9% | \$3,435 | -1.3% | \$3,451 |
| | Rental Price per Sq Ft | \$62.42 | 2.7% | \$60.76 | 1.2% | \$61.65 |
| | Median Rental Price | \$3,250 | -3.0% | \$3,350 | -4.3% | \$3,395 |
| | Number of New Leases | 2,180 | 32.0% | 1,652 | 44.4% | 1,510 |
| 2-Bedroom - | Average Rental Price | \$5,040 | 5.5% | \$4,776 | 0.7% | \$5,007 |
| | Rental Price per Sq Ft | \$66.20 | 5.3% | \$62.88 | 0.9% | \$65.63 |
| | Median Rental Price | \$4,370 | 3.6% | \$4,220 | -4.8% | \$4,588 |
| | Number of New Leases | 1,315 | 37.3% | 958 | 46.4% | 898 |
| 3+ Bedroom - | Average Rental Price | \$7,533 | -9.0% | \$8,275 | -6.7% | \$8,075 |
| | Rental Price per Sq Ft | \$70.32 | -5.0% | \$74.00 | 1.0% | \$69.61 |
| | Median Rental Price | \$5,250 | -10.1% | \$5,841 | -12.5% | \$5,998 |
| | Number of New Leases | 639 | 70.4% | 375 | 115.9% | 296 |

The Manhattan rental market eased in the final month of 2017 with a record amount of landlord concessions and the fourth largest year over year decline in net effective rent in more than six years. After remaining elevated but stable throughout the year, the market share of landlord concessions rose to a new record of 36.2%, up from then record of 26.4%. Concession market share for new development reached 48.8% and

35.3% for existing apartments. Net effective median rent, defined as face rent less the monthly equivalent of free rent and broker commissions, fell 2.5% to \$3,208. The number of new leases surged 48.3% to 5,269 from the same period last year. The jump was attributable to continuing push back from tenants at time of lease renewal as well as the number of new development units entering the market. The jump in the share of

concessions was consistent with the drop in the vacancy rate to 1.9% from 2.69% from the same month last year. The introduction of large new apartments to the market was evident by the 3.8% annual gain to a 12.1% market share of 3-bedroom apartments, the highest share recorded in more than six years.



PROPERTY TYPE

- “Doorman” median rent continued to rise faster than “non-doorman” median rent for third consecutive month
- Largest market share of 3-bedroom rentals in more than six years of tracking this metric

| Property Type | DEC-17 | %Δ (mo) | NOV-17 | %Δ (yr) | DEC-16 |
|-------------------------------------|---------|---------|---------|---------|---------|
| Doorman Median Rental Price | \$3,875 | 0.2% | \$3,866 | 0.9% | \$3,839 |
| Non-Doorman Median Rental Price | \$2,785 | 0.5% | \$2,770 | -0.5% | \$2,800 |
| Loft Median Rental Price | \$6,450 | 7.6% | \$5,995 | 61.7% | \$3,990 |
| New Development Median Rental Price | \$4,400 | -5.9% | \$4,675 | 8.6% | \$4,050 |

BY PRICE

- Surge in new leases of high-end apartments entering the market.
- Entry tier – first 30% of market by price – showed large decline in face rent
- Luxury entry threshold expanded from same period a year ago

| Price Category | DEC-17 | %Δ (mo) | NOV-17 | %Δ (yr) | DEC-16 |
|---|----------|---------|----------|---------|----------|
| Luxury (Top 10%) - Average Rental Price | \$11,436 | 8.7% | \$10,517 | 14.2% | \$10,015 |
| Luxury (Top 10%) - Rental Price per Sq Ft | \$78.54 | 1.9% | \$77.11 | 6.6% | \$73.65 |
| Luxury (Top 10%) - Median Rental Price | \$9,625 | 17.0% | \$8,225 | 20.3% | \$8,000 |
| Luxury (Top 10%) - Number of New Leases | 527 | 38.7% | 380 | 47.6% | 357 |
| Luxury (Top 10%) - Entry Threshold | \$6,855 | 8.5% | \$6,320 | 8.8% | \$6,300 |
| Upper Tier (30% below Luxury) - Med. Rental Price | \$4,500 | 0.1% | \$4,495 | 1.1% | \$4,450 |
| Mid Tier (2nd 30%) - Median Rental Price | \$3,100 | -3.1% | \$3,200 | -3.1% | \$3,200 |
| Entry Tier (1st 30%) - Median Rental Price | \$2,200 | -4.3% | \$2,299 | -4.3% | \$2,300 |

BY LOCATION

DOWNTOWN

- New leases jumped
- Vacancy rate declined

| Metric | DEC-17 | %Δ (mo) | NOV-17 | %Δ (yr) | DEC-16 |
|----------------------|---------|---------|---------|---------|---------|
| Median Rental Price | \$3,600 | -2.6% | \$3,695 | -2.0% | \$3,675 |
| Number of New Leases | 2,129 | 40.9% | 1,511 | 33.9% | 1,590 |
| Vacancy Rate | 1.78% | | 2.64% | | 2.76% |

EAST SIDE

- Median rent edged higher
- New leases surged

| Metric | DEC-17 | %Δ (mo) | NOV-17 | %Δ (yr) | DEC-16 |
|----------------------|---------|---------|---------|---------|---------|
| Median Rental Price | \$3,300 | -1.5% | \$3,350 | 1.7% | \$3,245 |
| Number of New Leases | 1,347 | 39.0% | 969 | 45.5% | 926 |
| Vacancy Rate | 1.86% | | 1.64% | | 2.85% |

WEST SIDE

- Vacancy rate jumped
- New leases rose sharply

| Metric | DEC-17 | %Δ (mo) | NOV-17 | %Δ (yr) | DEC-16 |
|----------------------|---------|---------|---------|---------|---------|
| Median Rental Price | \$3,267 | -4.6% | \$3,425 | -1.0% | \$3,300 |
| Number of New Leases | 1,040 | 17.0% | 889 | 34.9% | 771 |
| Vacancy Rate | 3.07% | | 2.55% | | 2.16% |

UPTOWN

- Vacancy rate dropped
- New leases tripled

| Metric | DEC-17 | %Δ (mo) | NOV-17 | %Δ (yr) | DEC-16 |
|----------------------|---------|---------|---------|---------|---------|
| Median Rental Price | \$2,300 | 0.5% | \$2,288 | 2.2% | \$2,250 |
| Number of New Leases | 753 | 80.1% | 418 | 183.1% | 266 |
| Vacancy Rate | 0.71% | | 2.39% | | 2.93% |

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

0.0%

INVENTORY

Total Inventory

11.3%

NEW LEASES

Excludes Renewals

10.1%

OP + CONCESSIONS

Market Share

32.4%

MARKETING TIME

Days on Market

23 days

NEGOTIABILITY

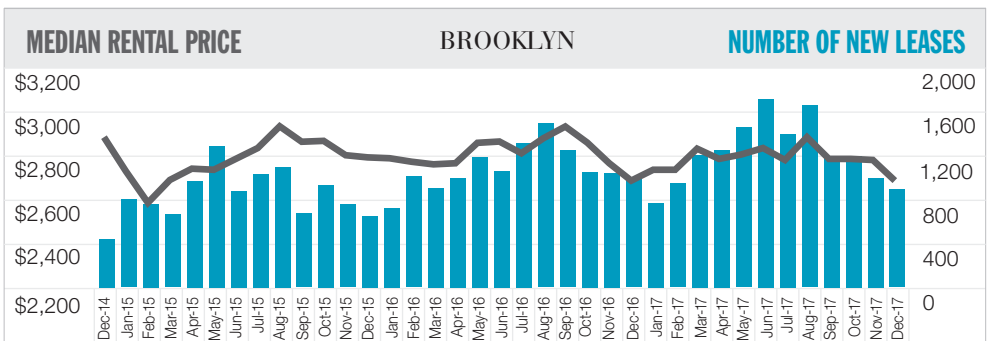
Listing Discount

0.7%

- Net effective median rent declined year over year in 9 of 12 months
- Market share of landlord concessions more than tripled to new record
- Price erosion in smaller apartments and within the luxury market

| Brooklyn Rental Market | | DEC-17 | %Δ (MO) | NOV-17 | %Δ (YR) | DEC-16 |
|---|------------------------|---------|---------|---------|---------|---------|
| Average Rental Price | | \$3,001 | -2.6% | \$3,080 | -1.4% | \$3,045 |
| Rental Price per Sq Ft | | \$43.93 | -1.1% | \$44.43 | -1.7% | \$44.70 |
| Median Rental Price | | \$2,700 | -3.4% | \$2,795 | 0.0% | \$2,700 |
| Number of New Leases | | 893 | -10.3% | 996 | -10.1% | 993 |
| Days on Market (From Original List Date) | | 29 | -32.6% | 43 | -44.2% | 52 |
| Listing Discount (From Original List Price) | | 2.3% | | 2.6% | | 3.0% |
| Listing Inventory | | 2,286 | 4.2% | 2,194 | -11.3% | 2,578 |
| Brooklyn Rental w/Concessions | | DEC-17 | %Δ (MO) | NOV-17 | %Δ (YR) | DEC-16 |
| Median Rental Price | | \$2,613 | -5.2% | \$2,755 | -1.8% | \$2,662 |
| Share of New Leases w/OP + Concessions (%) | | 46.1% | | 18.6% | | 13.7% |
| Free Rent/Owner Paid (Mos) | | 1.2 | -7.7% | 1.3 | -29.4% | 1.7 |
| Brooklyn Rental Market by Size | | DEC-17 | %Δ (MO) | NOV-17 | %Δ (YR) | DEC-16 |
| Studio - | Average Rental Price | \$2,331 | -2.7% | \$2,395 | -15.1% | \$2,745 |
| | Rental Price per Sq Ft | \$54.15 | -3.1% | \$55.87 | 5.5% | \$51.33 |
| | Median Rental Price | \$2,337 | 1.2% | \$2,309 | -3.0% | \$2,409 |
| | Number of New Leases | 133 | -11.3% | 150 | -7.0% | 143 |
| 1-Bedroom - | Average Rental Price | \$2,653 | -2.0% | \$2,707 | -1.7% | \$2,700 |
| | Rental Price per Sq Ft | \$44.93 | -2.0% | \$45.87 | -3.8% | \$46.72 |
| | Median Rental Price | \$2,600 | -5.5% | \$2,750 | -2.1% | \$2,656 |
| | Number of New Leases | 350 | -6.9% | 376 | -16.3% | 418 |
| 2-Bedroom - | Average Rental Price | \$3,258 | -3.4% | \$3,373 | 0.4% | \$3,246 |
| | Rental Price per Sq Ft | \$42.23 | -3.1% | \$43.57 | -4.3% | \$44.13 |
| | Median Rental Price | \$2,975 | -0.8% | \$3,000 | 0.8% | \$2,950 |
| | Number of New Leases | 289 | -15.2% | 341 | -1.7% | 294 |
| 3+ Bedroom - | Average Rental Price | \$4,127 | -1.6% | \$4,193 | 3.9% | \$3,972 |
| | Rental Price per Sq Ft | \$39.94 | 0.0% | \$39.94 | 10.1% | \$36.29 |
| | Median Rental Price | \$3,499 | -2.7% | \$3,595 | 0.0% | \$3,498 |
| | Number of New Leases | 121 | -6.2% | 129 | -12.3% | 138 |
| Brooklyn Rental Market by Type | | SEP-17 | %Δ (MO) | AUG-17 | %Δ (YR) | SEP-16 |
| Luxury (Top 10%) - Median Rental Price | | \$4,998 | -7.1% | \$5,378 | -5.7% | \$5,300 |
| Luxury (Top 10%) - Entry Threshold | | \$4,335 | -8.2% | \$4,720 | 0.1% | \$4,330 |
| New Development - Median Rental Price | | \$2,950 | -4.7% | \$3,095 | -1.4% | \$2,993 |

Brooklyn rental price trends continued to show weaker trends with more concessions and fewer new lease signings. The market share of landlord concessions jumped to 46.1%, more than triple the prior year share and a new record. Concession market share for new developments reached 69.2% and 35% for existing apartments. While median face rent was unchanged at \$2,700 from the same month a year ago, the rise in concessions pressed the net effective median rent down 1.8% to \$2,613. This decline was the ninth of the past twelve months. This is consistent with the decline in listing discount – the percent change from the original list price to the rental price. The number of new leases declined fell 10.1% to 893 year-over-year with downward



patterns seen across all size categories. The declines were partly attributable to the higher use of concessions at time of renewal. In the luxury market, representing the top 10% of the

market with an entry threshold of \$4,335, luxury median rental price declined 5.7% to \$4,998.

NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

3.5%

INVENTORY

Total Inventory

13.9%

NEW LEASES

Excludes Renewals

29.0%

OP + CONCESSIONS

Market Share

19.4%

MARKETING TIME

Days on Market

12 days

NEGOTIABILITY

Listing Discount

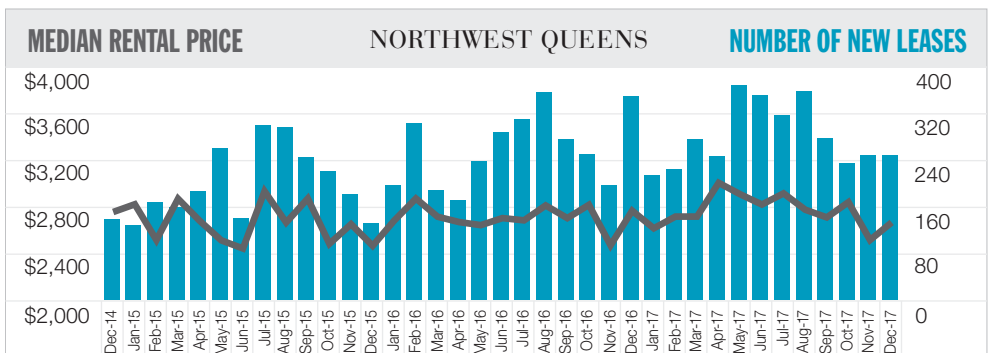
0.6%

- Landlord concession market share reached new record
- All apartment size categories saw declines in median sales price
- Two-bedrooms only size category to lose market share

| Queens Rental Market | | DEC-17 | %Δ (MO) | NOV-17 | %Δ (YR) | DEC-16 | |
|---|--|---------|---------|---------|---------|---------|---------|
| Average Rental Price | | \$2,831 | 1.1% | \$2,801 | -5.4% | \$2,992 | |
| Rental Price per Sq Ft | | \$45.68 | -5.0% | \$48.10 | 0.0% | \$45.67 | |
| Median Rental Price | | \$2,750 | 5.8% | \$2,600 | -3.5% | \$2,850 | |
| Number of New Leases | | 247 | 0.0% | 247 | -29.0% | 348 | |
| Days on Market (From Original List Date) | | 32 | -5.9% | 34 | -27.3% | 44 | |
| Listing Discount (From Original List Price) | | 2.4% | | 2.9% | | 1.8% | |
| Listing Inventory | | 583 | -0.7% | 587 | 13.9% | 512 | |
| Queens Rental w/Concessions | | DEC-17 | %Δ (MO) | NOV-17 | %Δ (YR) | DEC-16 | |
| Median Rental Price | | \$2,649 | 5.2% | \$2,517 | -5.6% | \$2,807 | |
| Number of New Leases w/OP + Concessions (%) | | 50.2% | | 44.5% | | 30.8% | |
| Free Rent/Owner Paid (Mos) | | 1.2 | 0.0% | 1.2 | 33.3% | 0.9 | |
| Queens Rental Market by Size | | DEC-17 | %Δ (MO) | NOV-17 | %Δ (YR) | DEC-16 | |
| Studio - | Average Rental Price | \$2,183 | -4.1% | \$2,276 | -2.5% | \$2,239 | |
| | Rental Price per Sq Ft | \$49.76 | -10.0% | \$55.26 | -5.1% | \$52.42 | |
| | Median Rental Price | \$2,210 | -4.2% | \$2,308 | -9.6% | \$2,445 | |
| 1-Bedroom - | Average Rental Price | \$2,751 | 3.7% | \$2,654 | 0.3% | \$2,742 | |
| | Rental Price per Sq Ft | \$47.88 | 0.5% | \$47.66 | 11.2% | \$43.07 | |
| | Median Rental Price | \$2,857 | 0.0% | \$2,857 | -0.2% | \$2,862 | |
| 2-Bedroom - | Average Rental Price | \$3,608 | 8.4% | \$3,328 | -5.6% | \$3,822 | |
| | Rental Price per Sq Ft | \$46.34 | 1.4% | \$45.71 | -2.0% | \$47.29 | |
| | Median Rental Price | \$3,756 | -0.5% | \$3,775 | -9.2% | \$4,137 | |
| 3+ Bedroom - | Average Rental Price | \$3,671 | -25.6% | \$4,932 | -13.7% | \$4,253 | |
| | Rental Price per Sq Ft | \$35.37 | -19.4% | \$43.90 | -21.8% | \$45.25 | |
| | Median Rental Price | \$3,175 | -37.4% | \$5,072 | -5.6% | \$3,365 | |
| Number of New Leases | | 12 | 50.0% | 8 | -25.0% | 16 | |
| | Queens Rental Market By Type | | SEP-17 | %Δ (MO) | AUG-17 | %Δ (YR) | SEP-16 |
| | Luxury (Top 10%) - Median Rental Price | | \$4,450 | 1.9% | \$4,366 | -8.0% | \$4,838 |
| Luxury (Top 10%) - Entry Threshold | | \$3,872 | -4.2% | \$4,040 | -14.3% | \$4,520 | |
| New Development - Median Rental Price | | \$2,857 | -7.0% | \$2,857 | -3.9% | \$2,973 | |
| New Development - Market Share | | 40.9% | | 34.0% | | 25.3% | |

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

The northwest region of Queens, comprised of the neighborhoods of Long Island City, Astoria, Sunnyside, and Woodside set a new record for the market share of landlord concessions with softer rental prices. The market share of landlord concessions rose to a new record of 50.2% from 30.8% in the same month a year ago. As a result, the net effective median rent declined 5.6% to \$2,649 over the same period. The market share of concessions for new developments reached 86.1% and 25.3% for existing apartments. New development rentals expanded to a 40.9% market share from 25.3% in the same month last year. Listing inventory expanded 13.9% to 583 over the same period.



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Report Methodology:

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

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