

# ELLI MAN

## REPORT

# SEPTEMBER 2018

## MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan, Brooklyn and Queens Rentals

### MANHATTAN RENTALS DASHBOARD

year-over-year

#### PRICES

Median Rental Price

2.8%

#### VACANCY

Vacancy Rate

1.12%

#### NEW LEASES

Excludes Renewals

11.6%

#### OP + CONCESSIONS

Market Share

10.9%

#### MARKETING TIME

Days on Market

14 days

#### NEGOTIABILITY

Listing Discount

0.9%

- Face rent price trend indicators moved from shift in the mix to higher quality rentals
- Market share of concessions rose year over year for the 40th consecutive month
- Vacancy rate fell to lowest level for a September in nine years

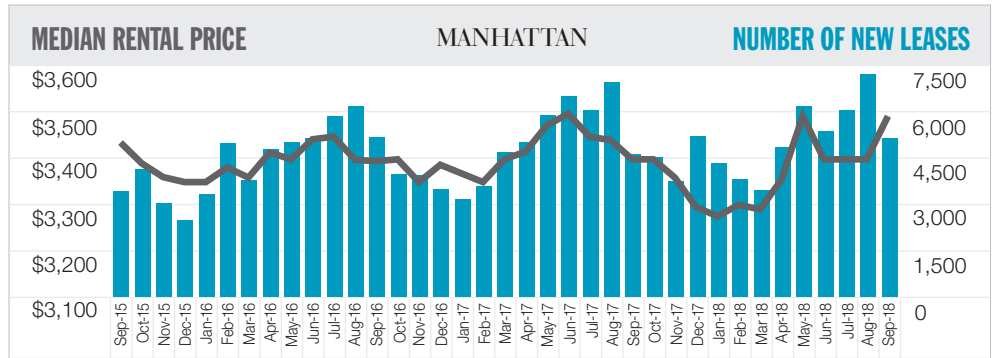
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

Manhattan Rental Market		SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Average Rental Price		\$4,169	3.2%	\$4,039	1.8%	\$4,094
Rental Price per Sq Ft		\$67.11	0.2%	\$66.98	2.5%	\$65.45
Median Rental Price		\$3,495	2.8%	\$3,400	2.8%	\$3,400
Number of New Leases		5,227	-28.7%	7,330	11.6%	4,684
Days on Market (From Original List Date)		29	7.4%	27	-32.6%	43
Listing Discount (From Original List Price)		1.7%		1.5%		2.6%
Listing Inventory		5,420	-3.4%	5,611	-26.4%	7,363
Vacancy Rate		1.51%		1.58%		2.63%
Manhattan Rental w/Concessions		SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Median Rental Price		\$3,394	2.5%	\$3,310	1.8%	\$3,334
Share of New Leases w/OP + Concessions (%)		37.4%		34.7%		26.5%
Free Rent/Owner Paid (Mos)		1.3	0.0%	1.3	8.3%	1.2
Manhattan Rental Market by Size		SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Studio -	Average Rental Price	\$2,797	1.5%	\$2,755	4.4%	\$2,678
	Rental Price per Sq Ft	\$72.63	2.2%	\$71.09	7.6%	\$67.52
	Median Rental Price	\$2,650	0.0%	\$2,650	1.9%	\$2,600
	Number of New Leases	1,225	-30.0%	1,750	10.9%	1,105
1-Bedroom -	Average Rental Price	\$3,547	1.4%	\$3,498	2.3%	\$3,468
	Rental Price per Sq Ft	\$64.02	-1.6%	\$65.04	3.2%	\$62.03
	Median Rental Price	\$3,500	1.4%	\$3,450	2.9%	\$3,400
	Number of New Leases	2,138	-24.3%	2,824	11.8%	1,912
2-Bedroom -	Average Rental Price	\$4,963	4.7%	\$4,739	-1.9%	\$5,058
	Rental Price per Sq Ft	\$64.83	-0.2%	\$64.98	0.5%	\$64.52
	Median Rental Price	\$4,471	11.8%	\$4,000	-0.6%	\$4,500
	Number of New Leases	1,298	-30.8%	1,876	12.6%	1,153
3+ Bedroom -	Average Rental Price	\$7,670	12.2%	\$6,837	5.1%	\$7,301
	Rental Price per Sq Ft	\$71.97	2.3%	\$70.38	1.5%	\$70.90
	Median Rental Price	\$5,247	5.7%	\$4,963	-4.6%	\$5,498
	Number of New Leases	566	-35.7%	880	10.1%	514

The Manhattan rental market continued to enjoy low vacancy rates but with rising concession market share. The market also joined the other boroughs with rising face rents caused by the significant concentration of new development newly embedded into the housing stock. The market share of concessions rose year over year for the fortieth consecutive month. The September share was 37.4%, up from

26.5% from the same period last year. Over the past year the growing reliance on concessions by landlords pulled the market wide vacancy rate lower. The vacancy rate fell by more than one percent to 1.51% from 2.63% in the same period a year ago. The net effective median rent, defined as face rent less concessions was \$3,394, up 1.8% from the prior year results. This was caused by a shift in the mix towards

more recent development projects as it reaches critical mass. This was seen in the trend variation between new development and existing rental price trends. New development median rental price was \$4,587, up 9.8% while existing median rental price was \$3,400, up 1.5% respectively from the same period last year. It is anticipated that the rental market will soon be the beneficiary of the cooling sales market as would-be buyers take temporary refuge in the rental market.



## PROPERTY TYPE

- Overall rents skewed higher as new development prices rose much faster than existing rentals
- Studio and 1-bedroom rentals were only size category to see gain in year over year median rent

Property Type	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Doorman Median Rental Price	\$4,000	1.9%	\$3,925	3.2%	\$3,875
Non-Doorman Median Rental Price	\$2,954	0.1%	\$2,950	0.1%	\$2,950
Loft Median Rental Price	\$5,800	16.0%	\$5,000	-7.2%	\$6,250
New Development Median Rental Price	\$4,587	-5.9%	\$4,873	9.3%	\$4,195

## BY PRICE

- The Entry Tier and Luxury markets were the only segments to see year over year price declines
- The Mid Tier segment saw the highest year over year price growth
- Luxury rent threshold edged higher after two consecutive declines

Price Segment	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Luxury (Top 10%) - Average Rental Price	\$10,457	6.3%	\$9,836	4.3%	\$10,027
Luxury (Top 10%) - Rental Price per Sq Ft	\$77.18	0.9%	\$76.46	2.2%	\$75.52
Luxury (Top 10%) - Median Rental Price	\$8,191	6.4%	\$7,700	-0.1%	\$8,200
Luxury (Top 10%) - Number of New Leases	524	-28.6%	734	11.3%	471
Luxury (Top 10%) - Entry Threshold	\$6,495	4.8%	\$6,195	1.6%	\$6,395
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,550	1.1%	\$4,500	1.1%	\$4,500
Mid Tier (2nd 30%) - Median Rental Price	\$3,340	3.6%	\$3,225	2.8%	\$3,250
Entry Tier (1st 30%) - Median Rental Price	\$2,350	0.3%	\$2,344	-1.1%	\$2,375

## BY LOCATION

- ### DOWNTOWN
- Median rent edged upward
  - Vacancy rate fell sharply

Metric	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Median Rental Price	\$3,750	-0.2%	\$3,756	1.6%	\$3,690
Number of New Leases	2,231	-29.4%	3,160	4.9%	2,126
Vacancy Rate	1.66%		1.50%		2.95%

- ### EAST SIDE
- Number of new leases moved higher
  - Vacancy rate declined

Metric	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Median Rental Price	\$3,300	1.6%	\$3,248	0.2%	\$3,295
Number of New Leases	1,331	-21.6%	1,698	15.2%	1,155
Vacancy Rate	1.31%		0.88%		1.81%

- ### WEST SIDE
- Median rent moved higher
  - Number of new leases expanded

Metric	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Median Rental Price	\$3,589	4.5%	\$3,435	2.6%	\$3,498
Number of New Leases	1,161	-28.8%	1,631	18.2%	982
Vacancy Rate	1.70%		1.89%		2.87%

- ### UPTOWN
- Median rent increased
  - Vacancy rate saw significant decline

Metric	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Median Rental Price	\$2,470	2.9%	\$2,400	1.9%	\$2,425
Number of New Leases	504	-40.1%	841	19.7%	421
Vacancy Rate	1.15%		2.48%		2.75%

# BROOKLYN RENTALS DASHBOARD

year-over-year

## PRICES

Median Rental Price

1.8%

## INVENTORY

Total Inventory

23.8%

## NEW LEASES

Excludes Renewals

0.7%

## OP + CONCESSIONS

Market Share

22.8%

## MARKETING TIME

Days on Market

15 days

## NEGOTIABILITY

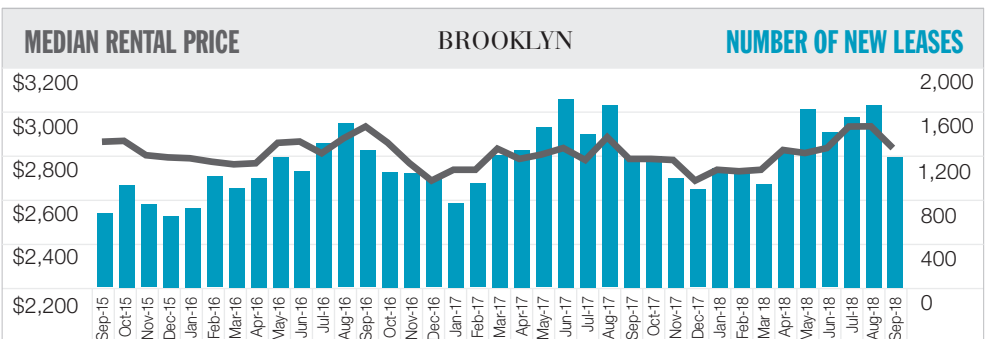
Listing Discount

1.1%

- Net effective median rent slipped for the ninth time in the past ten months
- Market share of concessions rose year over year for the 32nd consecutive month
- Overall rents skewed higher as new development prices rose much faster than existing rentals

Brooklyn Rental Market		SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Average Rental Price		\$3,129	-3.3%	\$3,236	0.2%	\$3,123
Rental Price per Sq Ft		\$46.81	-0.2%	\$46.89	4.4%	\$44.85
Median Rental Price		\$2,850	-3.4%	\$2,950	1.8%	\$2,800
Number of New Leases		1,189	-28.6%	1,666	-0.7%	1,197
Days on Market (From Original List Date)		26	0.0%	26	-36.6%	41
Listing Discount (From Original List Price)		1.2%		1.0%		2.3%
Listing Inventory		1,880	-1.9%	1,916	-23.8%	2,467
Brooklyn Rental w/Concessions		SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Median Rental Price		\$2,744	-3.7%	\$2,849	-0.5%	\$2,757
Share of New Leases w/OP + Concessions (%)		43.1%		42.1%		20.3%
Free Rent/Owner Paid (Mos)		1.4	0.0%	1.4	7.7%	1.3
Brooklyn Rental Market by Size		SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Studio -	Average Rental Price	\$2,470	-0.5%	\$2,482	-2.3%	\$2,528
	Rental Price per Sq Ft	\$58.01	3.6%	\$55.97	9.4%	\$53.04
	Median Rental Price	\$2,494	-0.2%	\$2,500	-0.6%	\$2,510
	Number of New Leases	186	-25.0%	248	-6.1%	198
1-Bedroom -	Average Rental Price	\$2,728	-4.3%	\$2,850	0.5%	\$2,714
	Rental Price per Sq Ft	\$47.93	-2.0%	\$48.92	-0.2%	\$48.04
	Median Rental Price	\$2,650	-7.8%	\$2,875	0.2%	\$2,645
	Number of New Leases	470	-24.8%	625	0.6%	467
2-Bedroom -	Average Rental Price	\$3,479	-2.1%	\$3,552	2.1%	\$3,407
	Rental Price per Sq Ft	\$43.74	-3.9%	\$45.53	1.6%	\$43.06
	Median Rental Price	\$3,250	2.6%	\$3,167	5.0%	\$3,095
	Number of New Leases	371	-31.5%	542	-1.3%	376
3+ Bedroom -	Average Rental Price	\$4,246	-0.3%	\$4,257	-3.8%	\$4,416
	Rental Price per Sq Ft	\$43.19	1.4%	\$42.60	9.3%	\$39.53
	Median Rental Price	\$3,569	-0.9%	\$3,600	-7.3%	\$3,850
	Number of New Leases	162	-35.5%	251	3.8%	156
Brooklyn Rental Market by Type		SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Luxury (Top 10%) - Median Rental Price		\$5,400	-6.4%	\$5,770	-1.8%	\$5,500
Luxury (Top 10%) - Entry Threshold		\$4,500	-9.1%	\$4,950	-2.2%	\$4,600
New Development - Median Rental Price		\$3,298	3.1%	\$3,200	4.7%	\$3,150

While Brooklyn face rents trended higher due to the critical mass of new development introduced to the housing stock over an extended period, the landlord concession market share continued to rise. The market share of rentals with landlord concessions was 43.1%, up by more than double from the same period last year and the thirty-second consecutive month with a year over year increase. Net effective rent, defined as median face rent less concessions, declined year over year for the ninth time in the past ten months. Median net effective rent slipped 0.5% to \$2,744 from the same month a year ago. Overall face rents skewed higher as new development property introduced to the housing stock moved up more than existing rentals. New development



median rental price was \$3,298, up 4.7% while existing median rental price was \$2,700, down 0.9% respectively from the same period last year. After factoring in the 84.3% concession share for new development and the 30.1% concession for existing rentals, the pattern was the same.

## NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

### PRICES

Median Rental Price

4.7%

### INVENTORY

Total Inventory

15.5%

### NEW LEASES

Excludes Renewals

13.4%

### OP + CONCESSIONS

Market Share

12.8%

### MARKETING TIME

Days on Market

7 days

### NEGOTIABILITY

Listing Discount

0.0%

- Median face rent has not shown a year over year decline in three months as new development skews prices higher
- Year over year growth in concessions returned after the two prior months showed declines.
- The number of new leases surged for the third consecutive month

Queens Rental Market	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Average Rental Price	\$3,095	0.6%	\$3,076	3.8%	\$2,982
Rental Price per Sq Ft	\$52.67	3.3%	\$51.01	5.5%	\$49.92
Median Rental Price	\$2,925	-2.3%	\$2,995	4.7%	\$2,793
Number of New Leases	313	-19.9%	391	13.4%	276
Days on Market (From Original List Date)	23	4.5%	22	-23.3%	30
Listing Discount (From Original List Price)	1.3%		0.4%		1.3%
Listing Inventory	436	3.3%	422	-15.5%	516

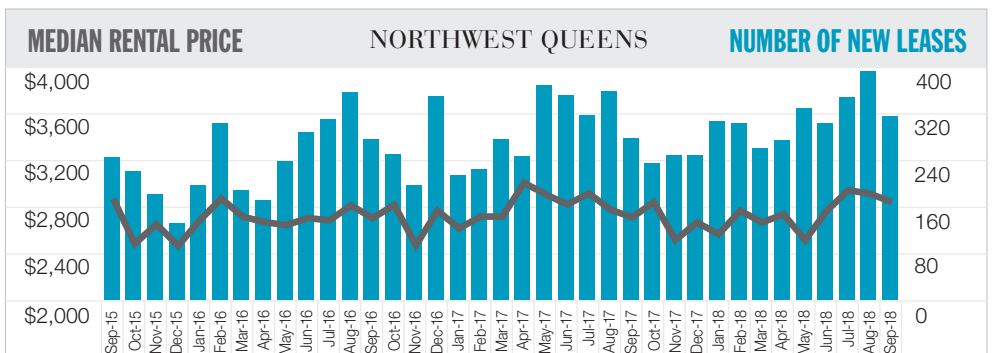
Queens Rental w/Concessions	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Median Rental Price	\$2,788	-4.6%	\$2,921	2.6%	\$2,717
Number of New Leases w/OP + Concessions (%)	55.6%		38.6%		42.8%
Free Rent/Owner Paid (Mos)	1.4	27.3%	1.1	27.3%	1.1

Queens Rental Market by Size	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17	
Studio -	Average Rental Price	\$2,551	6.7%	\$2,391	3.4%	\$2,467
	Rental Price per Sq Ft	\$61.43	4.4%	\$58.82	1.7%	\$60.40
	Median Rental Price	\$2,622	1.2%	\$2,591	2.4%	\$2,560
	Number of New Leases	83	7.8%	77	33.9%	62
1-Bedroom -	Average Rental Price	\$2,937	0.2%	\$2,932	5.6%	\$2,781
	Rental Price per Sq Ft	\$53.11	0.6%	\$52.77	6.9%	\$49.69
	Median Rental Price	\$3,133	-1.9%	\$3,195	5.3%	\$2,975
	Number of New Leases	157	-24.2%	207	19.8%	131
2-Bedroom -	Average Rental Price	\$4,107	8.3%	\$3,791	11.4%	\$3,687
	Rental Price per Sq Ft	\$50.67	5.8%	\$47.88	10.6%	\$45.80
	Median Rental Price	\$4,330	5.0%	\$4,125	11.7%	\$3,877
	Number of New Leases	61	-33.0%	91	-16.4%	73
3+ Bedroom -	Average Rental Price	\$3,783	-9.2%	\$4,165	2.9%	\$3,675
	Rental Price per Sq Ft	\$36.32	-10.1%	\$40.38	-1.9%	\$37.01
	Median Rental Price	\$3,600	8.3%	\$3,323	16.1%	\$3,100
	Number of New Leases	12	-25.0%	16	20.0%	10

Queens Rental Market By Type	SEP-18	%Δ (MO)	AUG-18	%Δ (YR)	SEP-17
Luxury (Top 10%) - Median Rental Price	\$4,881	2.5%	\$4,760	2.2%	\$4,775
Luxury (Top 10%) - Entry Threshold	\$4,395	-3.4%	\$4,550	0.3%	\$4,380
New Development - Median Rental Price	\$3,133	-7.0%	\$3,292	-0.5%	\$3,150
New Development - Market Share	39.3%		23.5%		37.7%

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 continued to see a significant influx of high-end new development rentals to the housing stock, skewing price trends higher. New development rentals accounted for 39.3% of the market in September, up 1.6% from the same period a year ago. Even with an overall concession market share of 55.6%, the net effective median rent of \$2,788 was 2.6% above the year-ago level. Also, median face rent moved higher for three consecutive months on a year over year basis. The new development concession market share was 85.4%, and existing rental share with concessions was 36.3% from the year-ago period.



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#### Report Methodology:

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

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