

ELLI MAN

REPORT

OCTOBER 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

0.98%

NEW LEASES

Excludes Renewals

5.7%

OP + CONCESSIONS

Market Share

13.0%

MARKETING TIME

Days on Market

15 days

NEGOTIABILITY

Listing Discount

1.1%

- Market share of concessions rose year over year for the 41st consecutive month
- Vacancy rate fell to lowest level for an October in nine years
- Median face rent skewed higher with heavy influx of higher quality rentals

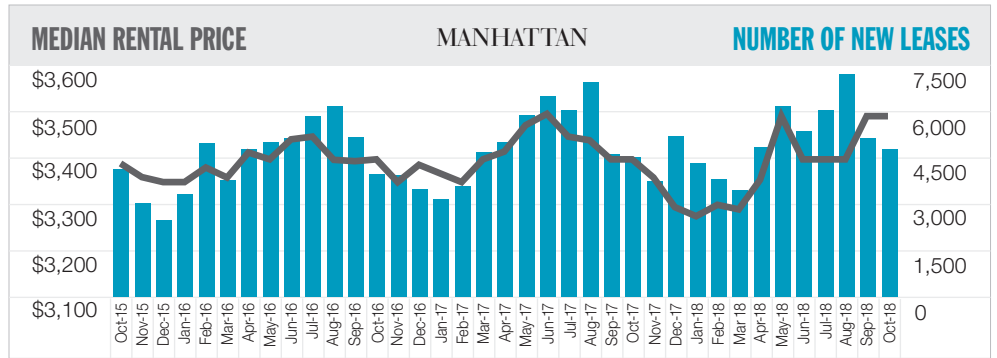
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

Manhattan Rental Market		OCT-18	%Δ (mo)	SEP-18	%Δ (yr)	OCT-17
Average Rental Price		\$4,104	-1.6%	\$4,169	-0.2%	\$4,113
Rental Price per Sq Ft		\$65.67	-2.1%	\$67.11	-0.5%	\$65.97
Median Rental Price		\$3,495	0.0%	\$3,495	2.8%	\$3,400
Number of New Leases		4,842	-7.4%	5,227	5.7%	4,582
Days on Market (From Original List Date)		29	0.0%	29	-34.1%	44
Listing Discount (From Original List Price)		2.1%		1.7%		3.2%
Listing Inventory		5,217	-3.7%	5,420	-28.7%	7,322
Vacancy Rate		1.49%		1.51%		2.47%
Manhattan Rental w/Concessions		OCT-18	%Δ (mo)	SEP-18	%Δ (yr)	OCT-17
Median Rental Price		\$3,386	-0.2%	\$3,394	1.7%	\$3,330
Share of New Leases w/OP + Concessions (%)		41.0%		37.4%		28.0%
Free Rent/Owner Paid (Mos)		1.3	0.0%	1.3	8.3%	1.2
Manhattan Rental Market by Size		OCT-18	%Δ (mo)	SEP-18	%Δ (yr)	OCT-17
Studio -	Average Rental Price	\$2,719	-2.8%	\$2,797	2.7%	\$2,648
	Rental Price per Sq Ft	\$67.97	-6.4%	\$72.63	1.4%	\$67.06
	Median Rental Price	\$2,600	-1.9%	\$2,650	1.2%	\$2,570
	Number of New Leases	1,096	-10.5%	1,225	5.7%	1,037
1-Bedroom -	Average Rental Price	\$3,558	0.3%	\$3,547	2.0%	\$3,488
	Rental Price per Sq Ft	\$63.79	-0.4%	\$64.02	2.2%	\$62.44
	Median Rental Price	\$3,497	-0.1%	\$3,500	2.9%	\$3,400
	Number of New Leases	2,081	-2.7%	2,138	7.6%	1,934
2-Bedroom -	Average Rental Price	\$4,994	0.6%	\$4,963	-0.8%	\$5,033
	Rental Price per Sq Ft	\$65.72	1.4%	\$64.83	1.5%	\$64.76
	Median Rental Price	\$4,500	0.6%	\$4,471	-1.8%	\$4,583
	Number of New Leases	1,173	-9.6%	1,298	3.3%	1,135
3+ Bedroom -	Average Rental Price	\$7,376	-3.8%	\$7,670	-3.6%	\$7,652
	Rental Price per Sq Ft	\$67.40	-6.3%	\$71.97	-7.1%	\$72.57
	Median Rental Price	\$5,500	4.8%	\$5,247	-8.3%	\$5,995
	Number of New Leases	492	-13.1%	566	3.4%	476

The influence of new development rentals continued to skew the Manhattan median net effective rent higher despite the steady rise of landlord concessions. As noted last month, it is anticipated that the rental market will soon benefit from the cooling sales market as some would-be buyers are expected to wait within the rental market until uncertainty wanes. The net effective median rent, defined as face rent less

concessions, was \$3,386, up 1.7% from the same period last year, the second consecutive year over year increase. Despite a modest 6.3% market share of new development rental units during the month, five years of cumulative volume newly embedded into the housing stock is skewing overall price trends higher despite weakening conditions. The market share of landlord concessions rose year over year to

41% from 28% in the prior year. This was the 41st consecutive month with a year over year rise in market share of concessions. The use of concessions has continued to drive the vacancy rate lower. The current vacancy rate was 1.49%, down nearly a full point from 2.47% a year ago and the lowest level for an October in nine years. Market-wide, larger apartments like the 2 and 3+ bedroom markets saw lower prices and less market share unlike the studio and 1-bedroom markets.



PROPERTY TYPE

- 2 and 3+ bedroom median rent were only size categories to see declining rents and market share
- New development median rent declined while existing median rent increased respectively year over year

Manhattan Rental Market By Property Type	OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Doorman Median Rental Price	\$3,995	-0.1%	\$4,000	2.4%	\$3,900
Non-Doorman Median Rental Price	\$2,900	-1.8%	\$2,954	2.1%	\$2,840
Loft Median Rental Price	\$6,000	3.4%	\$5,800	1.3%	\$5,925
New Development Median Rental Price	\$4,565	-0.5%	\$4,587	-2.6%	\$4,688

BY PRICE

- The top 5% of the market saw largest year over year decline in median rent
- Median rent for the Mid Tier segment (\$2,700 - \$3,800) continued to outperform all others
- Luxury rent threshold remained unchanged from the prior year level

Manhattan Rental Market By Price	OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Luxury (Top 10%) - Average Rental Price	\$9,907	-5.3%	\$10,457	-1.8%	\$10,084
Luxury (Top 10%) - Rental Price per Sq Ft	\$76.19	-1.3%	\$77.18	-0.1%	\$76.30
Luxury (Top 10%) - Median Rental Price	\$8,348	1.9%	\$8,191	-0.6%	\$8,400
Luxury (Top 10%) - Number of New Leases	486	-7.3%	524	3.8%	468
Luxury (Top 10%) - Entry Threshold	\$6,500	0.1%	\$6,495	0.0%	\$6,500
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,619	1.5%	\$4,550	0.9%	\$4,580
Mid Tier (2nd 30%) - Median Rental Price	\$3,295	-1.3%	\$3,340	1.4%	\$3,250
Entry Tier (1st 30%) - Median Rental Price	\$2,299	-2.2%	\$2,350	-2.2%	\$2,350

BY LOCATION

DOWNTOWN

- Median rent moved higher
- New leases increased

Downtown Market Matrix	OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Median Rental Price	\$3,785	0.9%	\$3,750	2.7%	\$3,685
Number of New Leases	2,032	-8.9%	2,231	3.0%	1,973
Vacancy Rate	1.66%		1.66%		3.01%

EAST SIDE

- Vacancy rate declined
- Median rent slipped nominally

East Side Market Matrix	OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Median Rental Price	\$3,395	2.9%	\$3,300	-0.1%	\$3,400
Number of New Leases	1,191	-10.5%	1,331	-0.6%	1,198
Vacancy Rate	1.26%		1.31%		1.48%

WEST SIDE

- Number of new leases expanded
- Median rent moved higher

West Side Market Matrix	OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Median Rental Price	\$3,507	-2.3%	\$3,589	3.2%	\$3,398
Number of New Leases	1,082	-6.8%	1,161	9.7%	986
Vacancy Rate	1.57%		1.70%		2.61%

NORTHERN MANHATTAN

- Number of new leases jumped
- Vacancy rate fell sharply

Northern Manhattan Market Matrix	OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Median Rental Price	\$2,250	-8.9%	\$2,470	-2.2%	\$2,300
Number of New Leases	537	6.5%	504	26.4%	425
Vacancy Rate	1.24%		1.15%		2.30%

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

4.4%

INVENTORY

Total Inventory

20.2%

NEW LEASES

Excludes Renewals

20.4%

OP + CONCESSIONS

Market Share

30.9%

MARKETING TIME

Days on Market

2 days

NEGOTIABILITY

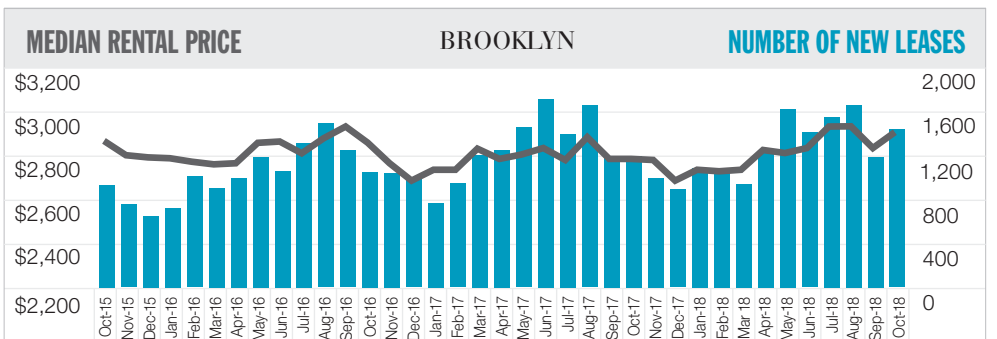
Listing Discount

1.0%

- Market share of concessions rose year over year for the 33rd consecutive month
- Second highest concession market share in more than eight years
- New development prices rose much faster than existing rentals, skewing overall prices higher

Brooklyn Rental Market		OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Average Rental Price		\$3,202	2.3%	\$3,129	0.8%	\$3,178
Rental Price per Sq Ft		\$47.50	1.5%	\$46.81	5.2%	\$45.15
Median Rental Price		\$2,923	2.6%	\$2,850	4.4%	\$2,800
Number of New Leases		1,440	21.1%	1,189	20.4%	1,196
Days on Market (From Original List Date)		37	42.3%	26	-5.1%	39
Listing Discount (From Original List Price)		1.5%		1.2%		2.5%
Listing Inventory		1,802	-4.1%	1,880	-20.2%	2,258
Brooklyn Rental w/Concessions		OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Median Rental Price		\$2,789	1.6%	\$2,744	1.1%	\$2,760
Share of New Leases w/OP + Concessions (%)		50.2%		43.1%		19.3%
Free Rent/Owner Paid (Mos)		1.5	7.1%	1.4	25.0%	1.2
Brooklyn Rental Market by Size		OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Studio -	Average Rental Price	\$2,408	-2.5%	\$2,470	-3.3%	\$2,489
	Rental Price per Sq Ft	\$53.23	-8.2%	\$58.01	9.9%	\$48.44
	Median Rental Price	\$2,500	0.2%	\$2,494	4.2%	\$2,400
	Number of New Leases	189	1.6%	186	20.4%	157
1-Bedroom -	Average Rental Price	\$2,861	4.9%	\$2,728	5.9%	\$2,701
	Rental Price per Sq Ft	\$52.04	8.6%	\$47.93	8.5%	\$47.95
	Median Rental Price	\$2,900	9.4%	\$2,650	10.5%	\$2,625
	Number of New Leases	598	27.2%	470	29.4%	462
2-Bedroom -	Average Rental Price	\$3,492	0.4%	\$3,479	3.8%	\$3,363
	Rental Price per Sq Ft	\$44.67	2.1%	\$43.74	1.7%	\$43.93
	Median Rental Price	\$3,203	-1.4%	\$3,250	6.0%	\$3,023
	Number of New Leases	454	22.4%	371	10.7%	410
3+ Bedroom -	Average Rental Price	\$4,316	1.6%	\$4,246	-8.0%	\$4,693
	Rental Price per Sq Ft	\$42.21	-2.3%	\$43.19	-0.3%	\$42.32
	Median Rental Price	\$3,760	5.4%	\$3,569	-2.3%	\$3,850
	Number of New Leases	199	22.8%	162	19.2%	167
Brooklyn Rental Market by Type		OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
Luxury (Top 10%) - Median Rental Price		\$5,529	2.4%	\$5,400	-1.7%	\$5,625
Luxury (Top 10%) - Entry Threshold		\$4,731	5.1%	\$4,500	0.0%	\$4,731
New Development - Median Rental Price		\$3,383	2.6%	\$3,298	7.6%	\$3,143

The Brooklyn rental market continued to be reconfigured by several years of new development activity added to the housing stock, skewing price trends higher. Dependence on a high concentration of landlord concessions remains embedded in the market, rising year over year for the 33rd consecutive month. Landlord concessions accounted for 50.2% of all rentals, up from 19.3% in the prior year to the second highest level in more than eight years. The amount of the landlord concessions, comprised of free rent and broker commissions, surged 25% to 1.5 months equivalent rent. Net effective median rent edged up 1.1% to \$2,789 from the same period last year, only the second



gain in 2018. Overall face rent indicators skewed higher as new development rents rose faster than existing rentals. New development median rental price was \$3,383, up 7.6% with a 24.9%

share while existing median rental price was \$2,750, up 1.9% with a 75.1% share respectively from the same period last year.

NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

0.2%

INVENTORY

Total Inventory

21.6%

NEW LEASES

Excludes Renewals

35.9%

OP + CONCESSIONS

Market Share

9.9%

MARKETING TIME

Days on Market

6 days

NEGOTIABILITY

Listing Discount

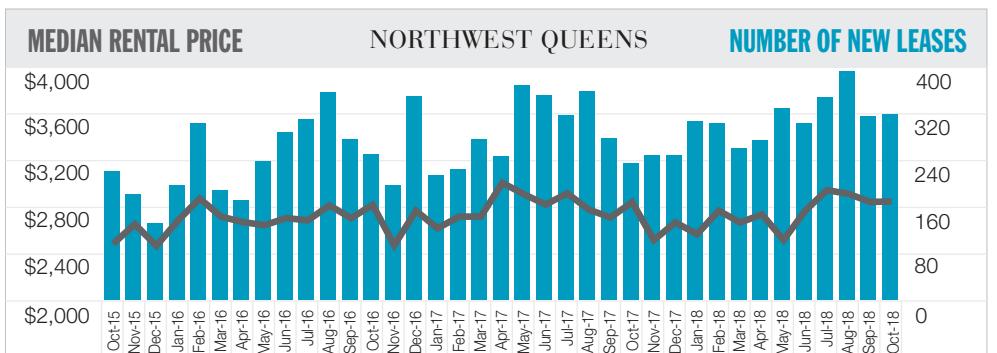
2.4%

- **New development rents accounted for more than 40% of all activity**
- **Face rent indicators continued to rise as new development skewed prices**
- **Fourth consecutive month with large year over year gain in new leases**

Queens Rental Market		OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17	
Average Rental Price		\$3,069	-0.8%	\$3,095	0.3%	\$3,061	
Rental Price per Sq Ft		\$51.86	-1.5%	\$52.67	9.6%	\$47.31	
Median Rental Price		\$2,929	0.1%	\$2,925	0.2%	\$2,923	
Number of New Leases		318	1.6%	313	35.9%	234	
Days on Market (From Original List Date)		24	4.3%	23	-20.0%	30	
Listing Discount (From Original List Price)		0.7%		1.3%		3.1%	
Listing Inventory		451	3.4%	436	-21.6%	575	
Queens Rental w/Concessions		OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17	
Median Rental Price		\$2,786	-0.1%	\$2,788	-1.1%	\$2,817	
Number of New Leases w/OP + Concessions (%)		58.2%		55.6%		48.3%	
Free Rent/Owner Paid (Mos)		1.4	0.0%	1.4	7.7%	1.3	
Queens Rental Market by Size		OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17	
Studio -	Average Rental Price	\$2,420	-5.1%	\$2,551	4.8%	\$2,310	
	Rental Price per Sq Ft	\$59.36	-3.4%	\$61.43	7.9%	\$54.99	
	Median Rental Price	\$2,480	-5.4%	\$2,622	6.5%	\$2,329	
1-Bedroom -	Average Rental Price	\$2,903	-1.2%	\$2,937	5.1%	\$2,762	
	Rental Price per Sq Ft	\$52.40	-1.3%	\$53.11	7.7%	\$48.67	
	Median Rental Price	\$3,001	-4.2%	\$3,133	1.2%	\$2,965	
2-Bedroom -	Average Rental Price	\$4,009	-2.4%	\$4,107	9.3%	\$3,667	
	Rental Price per Sq Ft	\$50.63	-0.1%	\$50.67	10.7%	\$45.73	
	Median Rental Price	\$4,359	0.7%	\$4,330	12.7%	\$3,868	
3+ Bedroom -	Average Rental Price	\$4,263	12.7%	\$3,783	-7.1%	\$4,588	
	Rental Price per Sq Ft	\$42.49	17.0%	\$36.32	11.6%	\$38.07	
	Median Rental Price	\$4,100	13.9%	\$3,600	-17.0%	\$4,938	
Number of New Leases		17	41.7%	12	13.3%	15	
	Queens Rental Market By Type		OCT-18	%Δ (MO)	SEP-18	%Δ (YR)	OCT-17
	Luxury (Top 10%) - Median Rental Price		\$4,875	-0.1%	\$4,881	-2.8%	\$5,013
Luxury (Top 10%) - Entry Threshold		\$4,495	2.3%	\$4,395	-3.7%	\$4,670	
New Development - Median Rental Price		\$3,202	-7.0%	\$3,133	2.0%	\$3,138	
New Development - Market Share		42.8%		39.3%		38.9%	

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

A surge of new leases and more landlord concessions were the critical rental market characteristics of the northwest region of Queens. New development comprised of 42.8% of rental activity, whose cumulative impact over the past several years continued to skew face rents higher. There were 318 new leases, up 35.9% from the same period a year ago. The market share of landlord concessions rose 9.9% to 58.2% over the same period. Net effective median rent, defined as face rent less concessions, slipped 1.1% to \$2,786 over the same period, the first decline in four months.



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Report Methodology:

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

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