

ELLI MAN REPORT

NOVEMBER 2018

MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan,
Brooklyn and Queens Rentals

MANHATTAN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

1.3%

VACANCY

Vacancy Rate

0.70%

NEW LEASES

Excludes Renewals

5.5%

OP + CONCESSIONS

Market Share

12.6%

MARKETING TIME

Days on Market

20 days

NEGOTIABILITY

Listing Discount

0.9%

- Median net effective rent slid year over year for the fourth time in six months
- Vacancy rate fell year over year for the sixth consecutive month
- Market share of concessions rose year over year for the 42nd consecutive month

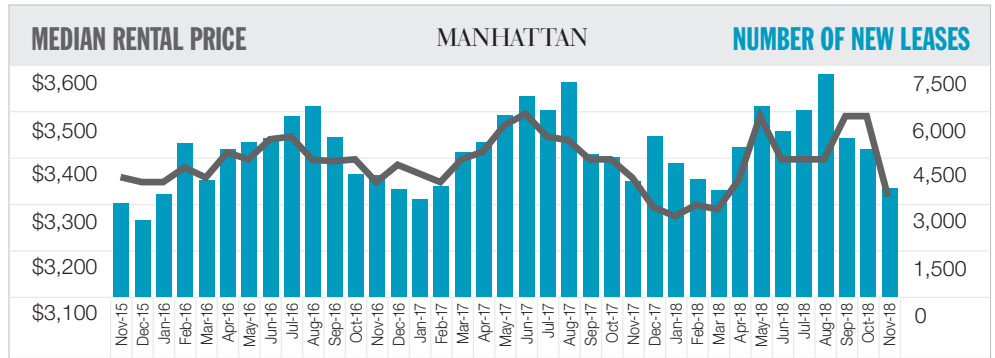
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

Manhattan Rental Market		NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Average Rental Price		\$4,151	1.1%	\$4,104	1.5%	\$4,091
Rental Price per Sq Ft		\$67.75	3.2%	\$65.67	4.7%	\$64.73
Median Rental Price		\$3,318	-5.1%	\$3,495	-1.3%	\$3,360
Number of New Leases		3,578	-26.1%	4,842	-5.5%	3,787
Days on Market (From Original List Date)		29	0.0%	29	-40.8%	49
Listing Discount (From Original List Price)		2.8%		2.1%		3.7%
Listing Inventory		5,208	-0.2%	5,217	-27.6%	7,189
Vacancy Rate		1.65%		1.49%		2.35%
Manhattan Rental w/Concessions		NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Median Rental Price		\$3,221	-4.9%	\$3,386	-1.9%	\$3,284
Share of New Leases w/OP + Concessions (%)		42.2%		41.0%		29.6%
Free Rent/Owner Paid (Mos)		1.2	-7.7%	1.3	-7.7%	1.3
Manhattan Rental Market by Size		NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Studio -	Average Rental Price	\$2,648	-2.6%	\$2,719	-0.7%	\$2,666
	Rental Price per Sq Ft	\$67.03	-1.4%	\$67.97	6.7%	\$62.84
	Median Rental Price	\$2,500	-3.8%	\$2,600	-2.0%	\$2,550
	Number of New Leases	879	-19.8%	1,096	9.6%	802
1-Bedroom -	Average Rental Price	\$3,481	-2.2%	\$3,558	1.3%	\$3,435
	Rental Price per Sq Ft	\$63.22	-0.9%	\$63.79	4.0%	\$60.76
	Median Rental Price	\$3,400	-2.8%	\$3,497	1.5%	\$3,350
	Number of New Leases	1,457	-30.0%	2,081	-11.8%	1,652
2-Bedroom -	Average Rental Price	\$5,015	0.4%	\$4,994	5.0%	\$4,776
	Rental Price per Sq Ft	\$65.50	-0.3%	\$65.72	4.2%	\$62.88
	Median Rental Price	\$4,495	-0.1%	\$4,500	6.5%	\$4,220
	Number of New Leases	905	-22.8%	1,173	-5.5%	958
3+ Bedroom -	Average Rental Price	\$8,652	17.3%	\$7,376	4.6%	\$8,275
	Rental Price per Sq Ft	\$77.07	14.3%	\$67.40	4.1%	\$74.00
	Median Rental Price	\$5,755	4.6%	\$5,500	-1.5%	\$5,841
	Number of New Leases	337	-31.5%	492	-10.1%	375

The Manhattan rental market continued to be characterized by rising concessions, falling vacancy rates and price trends skewed higher by the influx of new development rentals. The market share of landlord concessions rose year over year to 42.2% from 29.6% in the prior year. Concessions have been rising year over year for forty-two consecutive months and have been effective in pressing the vacancy rate lower year

over year during the past six months. In fact, the November vacancy rate of 1.65% is down sharply from the 2.87% record set three years ago and was the lowest November rate in six years. Therefore, the three and a half year trend of rising concessions continued to keep vacancy in check. The net effective median rent was down 1.9% year over year to \$3,221, which is defined as the face rent less concessions. Net

effective rent has slid annually in four of the past six months. Despite weak rental price trends, there is early evidence that would-be buyers are beginning to “camp out” in the rental market until some of the uncertainty facing the sales market eases. The market share of new development rental units was 7.5%, up 2.1% over the past year to the highest share reached since March 2015 which is helping to skew price trends higher.



PROPERTY TYPE

- 3+ bedroom net effective median rent fell annually for the fifth consecutive month
- New development median rent edged higher as existing median rent respectively year over year

Manhattan Rental Market By Property Type	NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Doorman Median Rental Price	\$3,995	0.0%	\$3,995	5.2%	\$3,796
Non-Doorman Median Rental Price	\$2,700	-6.9%	\$2,900	-2.5%	\$2,770
Loft Median Rental Price	\$6,000	0.0%	\$6,000	0.1%	\$5,995
New Development Median Rental Price	\$4,700	3.0%	\$4,565	0.5%	\$4,675

BY PRICE

- The median rent for the starter, entry and first tier price segments slipped year over year
- Upper tier, luxury and super luxury median rent moved higher
- Luxury rent threshold moved to highest level in 2018 as new development continued to skew overall prices higher

Manhattan Rental Market By Price	NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Luxury (Top 10%) - Average Rental Price	\$11,075	11.8%	\$9,907	5.3%	\$10,517
Luxury (Top 10%) - Rental Price per Sq Ft	\$80.39	5.5%	\$76.19	4.3%	\$77.11
Luxury (Top 10%) - Median Rental Price	\$8,500	1.8%	\$8,348	3.3%	\$8,225
Luxury (Top 10%) - Number of New Leases	363	-25.3%	486	-4.5%	380
Luxury (Top 10%) - Entry Threshold	\$6,700	3.1%	\$6,500	6.0%	\$6,320
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,515	-2.3%	\$4,619	0.4%	\$4,495
Mid Tier (2nd 30%) - Median Rental Price	\$3,175	-3.6%	\$3,295	-0.8%	\$3,200
Entry Tier (1st 30%) - Median Rental Price	\$2,225	-3.2%	\$2,299	-3.2%	\$2,299

BY LOCATION

DOWNTOWN

- Median rental edged higher
- Number of new leases slipped

Downtown Market Matrix	NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Median Rental Price	\$3,724	-1.6%	\$3,785	0.8%	\$3,695
Number of New Leases	1,414	-30.4%	2,032	-6.4%	1,511
Vacancy Rate	1.69%		1.66%		2.64%

EAST SIDE

- Number of new leases declined
- Vacancy rate fell sharply

East Side Market Matrix	NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Median Rental Price	\$3,295	-2.9%	\$3,395	-1.6%	\$3,350
Number of New Leases	943	-20.8%	1,191	-2.7%	969
Vacancy Rate	1.15%		1.26%		1.64%

WEST SIDE

- Median rental price declined
- Vacancy rate continued to fall

West Side Market Matrix	NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Median Rental Price	\$3,350	-4.5%	\$3,507	-2.2%	\$3,425
Number of New Leases	805	-25.6%	1,082	-9.4%	889
Vacancy Rate	1.57%		1.57%		2.55%

UPTOWN

- Median rental price declined
- Vacancy rate edged higher

Uptown Market Matrix	NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Median Rental Price	\$2,200	-2.2%	\$2,250	-3.8%	\$2,288
Number of New Leases	416	-22.5%	537	-0.5%	418
Vacancy Rate	2.48%		1.24%		2.39%

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

2.0%

INVENTORY

Total Inventory

20.0%

NEW LEASES

Excludes Renewals

3.5%

OP + CONCESSIONS

Market Share

27.9%

MARKETING TIME

Days on Market

16 days

NEGOTIABILITY

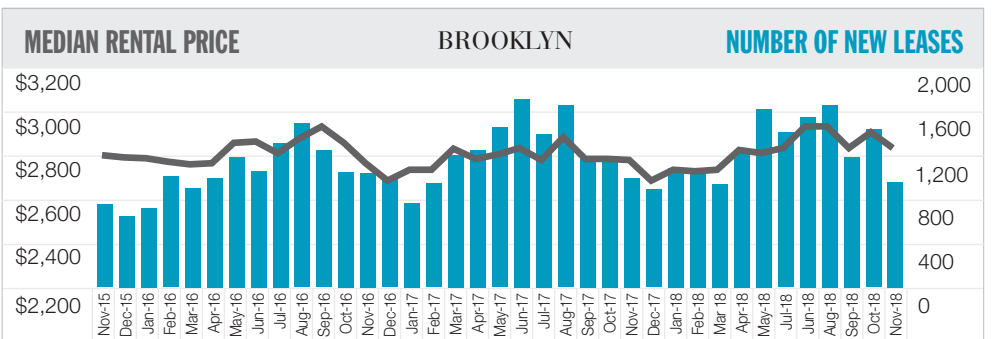
Listing Discount

0.6%

- Median net effective rent slipped year over year for the third time in four months
- Eight out of ten new development rentals had a landlord concession
- Market share of concessions increased year over year for the 34th consecutive month

Brooklyn Rental Market		NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Average Rental Price		\$3,149	-1.7%	\$3,202	2.2%	\$3,080
Rental Price per Sq Ft		\$45.21	-4.8%	\$47.50	1.8%	\$44.43
Median Rental Price		\$2,850	-2.5%	\$2,923	2.0%	\$2,795
Number of New Leases		961	-33.3%	1,440	-3.5%	996
Days on Market (From Original List Date)		27	-27.0%	37	-37.2%	43
Listing Discount (From Original List Price)		2.0%		1.5%		2.6%
Listing Inventory		1,755	-2.6%	1,802	-20.0%	2,194
Brooklyn Rental w/Concessions		NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Median Rental Price		\$2,736	-1.9%	\$2,789	-0.7%	\$2,755
Share of New Leases w/OP + Concessions (%)		46.5%		50.2%		18.6%
Free Rent/Owner Paid (Mos)		1.5	0.0%	1.5	15.4%	1.3
Brooklyn Rental Market by Size		NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Studio -	Average Rental Price	\$2,492	3.5%	\$2,408	4.1%	\$2,395
	Rental Price per Sq Ft	\$53.86	1.2%	\$53.23	-3.6%	\$55.87
	Median Rental Price	\$2,512	0.5%	\$2,500	8.8%	\$2,309
	Number of New Leases	132	-30.2%	189	-12.0%	150
1-Bedroom -	Average Rental Price	\$2,802	-2.1%	\$2,861	3.5%	\$2,707
	Rental Price per Sq Ft	\$47.82	-8.1%	\$52.04	4.3%	\$45.87
	Median Rental Price	\$2,750	-5.2%	\$2,900	0.0%	\$2,750
	Number of New Leases	410	-31.4%	598	9.0%	376
2-Bedroom -	Average Rental Price	\$3,466	-0.7%	\$3,492	2.8%	\$3,373
	Rental Price per Sq Ft	\$44.21	-1.0%	\$44.67	1.5%	\$43.57
	Median Rental Price	\$3,100	-3.2%	\$3,203	3.3%	\$3,000
	Number of New Leases	296	-34.8%	454	-13.2%	341
3+ Bedroom -	Average Rental Price	\$4,250	-1.5%	\$4,316	1.4%	\$4,193
	Rental Price per Sq Ft	\$39.02	-7.6%	\$42.21	-2.3%	\$39.94
	Median Rental Price	\$3,800	1.1%	\$3,760	5.7%	\$3,595
	Number of New Leases	123	-38.2%	199	-4.7%	129
Brooklyn Rental Market by Type		NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Luxury (Top 10%) - Median Rental Price		\$5,507	-0.4%	\$5,529	2.4%	\$5,378
Luxury (Top 10%) - Entry Threshold		\$4,450	-5.9%	\$4,731	-5.7%	\$4,720
New Development - Median Rental Price		\$3,128	-7.5%	\$3,383	1.1%	\$3,095

Landlord concessions continued to dominate the Brooklyn rental market as incoming new development skewed face rents higher, despite weakening conditions. Eight out of ten new development rentals had some sort of landlord concession. Concession market share rose year over year to 46.5% from 18.6%, the 34th consecutive month with an annual increase. Despite the 2% annual increase in median face rent, the rising market share of concessions resulted in a 0.7% decline in median net effective rent, comprised of free rent less brokerage commissions, to \$2,736 for the third time in four months. More than one in five rentals were in new developments. The overall median rent within new developments was 11.8% higher than



existing rentals in November which continued to help skew overall price trends higher. New development median rental price was \$3,128, up 1.1% with a 20.7% share, up 3.3% while existing

median rental price was \$2,798, up 3.6% with a 79.3% share respectively from the same period last year.

NORTHWEST QUEENS RENTALS

DASHBOARD

year-over-year

PRICES

Median Rental Price

10.3%

INVENTORY

Total Inventory

21.6%

NEW LEASES

Excludes Renewals

10.1%

OP + CONCESSIONS

Market Share

14.7%

MARKETING TIME

Days on Market

12 days

NEGOTIABILITY

Listing Discount

1.6%

- Heavy new development market share continued to skew face rents higher
- Fifth consecutive month with large year over year gain in new leases
- Rising leasing levels prodded by rising concession market share

Queens Rental Market	NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Average Rental Price	\$2,985	-2.7%	\$3,069	6.6%	\$2,801
Rental Price per Sq Ft	\$52.97	2.1%	\$51.86	10.1%	\$48.10
Median Rental Price	\$2,868	-2.1%	\$2,929	10.3%	\$2,600
Number of New Leases	272	-14.5%	318	10.1%	247
Days on Market (From Original List Date)	22	-8.3%	24	-35.3%	34
Listing Discount (From Original List Price)	1.3%		0.7%		2.9%
Listing Inventory	460	2.0%	451	-21.6%	587

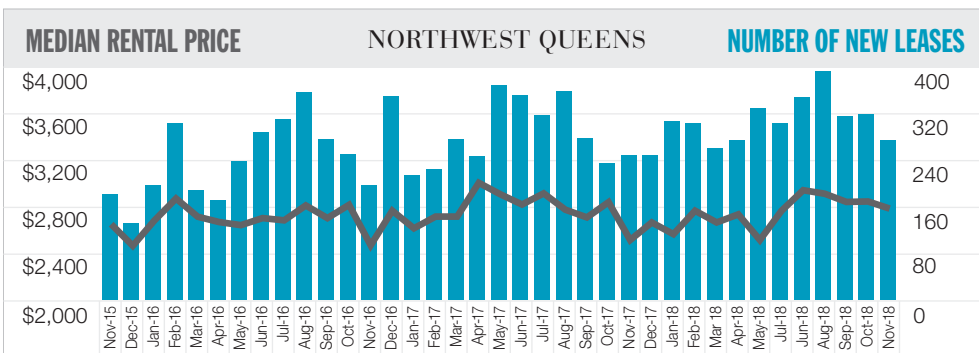
Queens Rental w/Concessions	NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Median Rental Price	\$2,751	-1.3%	\$2,786	9.3%	\$2,517
Number of New Leases w/OP + Concessions (%)	59.2%		58.2%		44.5%
Free Rent/Owner Paid (Mos)	1.2	-14.3%	1.4	0.0%	1.2

Queens Rental Market by Size		NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Studio -	Average Rental Price	\$2,479	2.4%	\$2,420	8.9%	\$2,276
	Rental Price per Sq Ft	\$60.50	1.9%	\$59.36	9.5%	\$55.26
	Median Rental Price	\$2,562	3.3%	\$2,480	11.0%	\$2,308
	Number of New Leases	69	-6.8%	74	9.5%	63
1-Bedroom -	Average Rental Price	\$2,805	-3.4%	\$2,903	5.7%	\$2,654
	Rental Price per Sq Ft	\$52.09	-0.6%	\$52.40	9.3%	\$47.66
	Median Rental Price	\$2,942	-2.0%	\$3,001	3.0%	\$2,857
	Number of New Leases	137	-18.5%	168	20.2%	114
2-Bedroom -	Average Rental Price	\$3,817	-4.8%	\$4,009	14.7%	\$3,328
	Rental Price per Sq Ft	\$51.09	0.9%	\$50.63	11.8%	\$45.71
	Median Rental Price	\$4,037	-7.4%	\$4,359	6.9%	\$3,775
	Number of New Leases	56	-5.1%	59	-9.7%	62
3+ Bedroom -	Average Rental Price	\$4,276	0.3%	\$4,263	-13.3%	\$4,932
	Rental Price per Sq Ft	\$37.14	-12.6%	\$42.49	-15.4%	\$43.90
	Median Rental Price	\$4,075	-0.6%	\$4,100	-19.7%	\$5,072
	Number of New Leases	10	-41.2%	17	25.0%	8

Queens Rental Market By Type	NOV-18	%Δ (MO)	OCT-18	%Δ (YR)	NOV-17
Luxury (Top 10%) - Median Rental Price	\$4,838	-0.8%	\$4,875	10.8%	\$4,366
Luxury (Top 10%) - Entry Threshold	\$4,395	-2.2%	\$4,495	8.8%	\$4,040
New Development - Median Rental Price	\$3,125	-2.4%	\$3,202	9.4%	\$2,857
New Development - Market Share	46.0%		42.8%		34.0%

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

The large influx of new rental developments, most skewed towards luxury, have continued to press market wide rental price trends higher. Face rents were up sharply year over year across the overall price trend indicators. The recent decision by Amazon to locate their "HQ2" in Long Island City has not had any apparent impact on the local rental market, likely due to the ramp up period for its headquarters. In the meantime, newly built rentals accounted for 46% of all rental volume and landlord concessions for those new units saw an 80.8% market share. Despite the heavy use of concessions, the shift towards new development in the housing stock skewed even the net effective median rent, comprised of face rents less concessions, up 9.3% to \$2,751.



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Report Methodology:

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

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