

# ELLI MAN REPORT

## DECEMBER 2018

### MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan, Brooklyn and Queens Rentals

## MANHATTAN RENTALS DASHBOARD

year-over-year

### PRICES

Median Rental Price

0.2%

### VACANCY

Vacancy Rate

0.12%

### NEW LEASES

Excludes Renewals

38.5%

### OP + CONCESSIONS

Market Share

7.8%

### MARKETING TIME

Days on Market

23 days

### NEGOTIABILITY

Listing Discount

0.3%

- Median net effective rent slid year over year for the second consecutive month
- Vacancy rate continued to fall year over year, down for the seventh consecutive month
- Market share of concessions rose year over year for the forty-third 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.

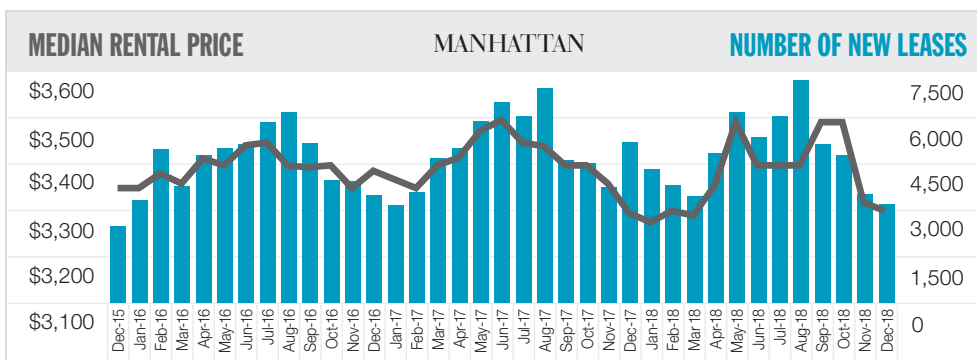
“The Manhattan rental market saw fewer new leases, more concessions, and aggregate prices skewed upward by higher quality rental housing stock.”

Manhattan Rental Market	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Average Rental Price	\$4,145	-0.1%	\$4,151	-0.3%	\$4,158
Rental Price per Sq Ft	\$68.00	0.4%	\$67.75	3.3%	\$65.83
Median Rental Price	\$3,300	-0.5%	\$3,318	0.2%	\$3,295
Number of New Leases	3,240	-9.4%	3,578	-38.5%	5,269
Days on Market (From Original List Date)	32	10.3%	29	-41.8%	55
Listing Discount (From Original List Price)	2.8%		2.8%		3.1%
Listing Inventory	4,956	-4.8%	5,208	-17.5%	6,004
Vacancy Rate	1.78%		1.65%		1.90%
Manhattan Rental w/Concessions	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Median Rental Price	\$3,197	-0.7%	\$3,221	-0.3%	\$3,208
Share of New Leases w/OP + Concessions (%)	44.0%		42.2%		36.2%
Free Rent/Owner Paid (Mos)	1.2	0.0%	1.2	-7.7%	1.3
Manhattan Rental Market by Size	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Studio - Average Rental Price	\$2,687	1.5%	\$2,648	0.2%	\$2,681
Rental Price per Sq Ft	\$68.88	2.8%	\$67.03	6.1%	\$64.92
Median Rental Price	\$2,569	2.8%	\$2,500	2.8%	\$2,499
Number of New Leases	728	-17.2%	879	-35.9%	1,135
1-Bedroom - Average Rental Price	\$3,557	2.2%	\$3,481	4.5%	\$3,405
Rental Price per Sq Ft	\$67.31	6.5%	\$63.22	7.8%	\$62.42
Median Rental Price	\$3,340	-1.8%	\$3,400	2.8%	\$3,250
Number of New Leases	1,384	-5.0%	1,457	-36.5%	2,180
2-Bedroom - Average Rental Price	\$4,943	-1.4%	\$5,015	-1.9%	\$5,040
Rental Price per Sq Ft	\$64.24	-1.9%	\$65.50	-3.0%	\$66.20
Median Rental Price	\$4,348	-3.3%	\$4,495	-0.5%	\$4,370
Number of New Leases	816	-9.8%	905	-37.9%	1,315
3+ Bedroom - Average Rental Price	\$8,066	-6.8%	\$8,652	7.1%	\$7,533
Rental Price per Sq Ft	\$74.01	-4.0%	\$77.07	5.2%	\$70.32
Median Rental Price	\$5,420	-5.8%	\$5,755	3.2%	\$5,250
Number of New Leases	312	-7.4%	337	-51.2%	639

The number of new leases which excludes renewals, fell 38.5% to 3,240 from the same period last year. The decline in new leasing activity inferred an increase in renewals, prompted by a large market footprint of landlord concessions to keep vacancy low. Median net effective rent was \$3,197, down 0.3% from the

same period last year for the second consecutive month. The market share of landlord concessions covered 44% of all leasing, up from 36.2% a year ago and the forty-third straight increase. The monthly vacancy rate was 1.78%, down from 1.9% over the same period for the seventh consecutive month and

was the lowest December vacancy rate in six years. The average square footage of a new development rental was 1,317, up 2.2% while the average square footage of an existing rental was 866, down 8.3% respectively from the same period last year. The market share of new development rental units was 7%, up year over year for the fifth consecutive month helping skew aggregated rents higher. This disparity is one of the reasons why new development median rent has seen more recent growth than existing median rent.



## PROPERTY TYPE

- Doorman median rent on a year over year basis has outperformed non-doorman rent for past five months
- New development median rent edged higher as existing median rent respectively year over year

Manhattan Rental Market By Property Type	DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Doorman Median Rental Price	\$3,870	-3.1%	\$3,995	0.5%	\$3,850
Non-Doorman Median Rental Price	\$2,700	0.0%	\$2,700	-3.1%	\$2,785
Loft Median Rental Price	\$6,950	15.8%	\$6,000	7.8%	\$6,450
New Development Median Rental Price	\$4,794	2.0%	\$4,700	9.0%	\$4,400

## BY PRICE

- Median rent for the super luxury, luxury and upper tier price segments declined year over year
- Mid-tier, entry tier and starter median rent moved higher year over year
- Luxury median rent fell year over year for the fifth time in the past six months

Manhattan Rental Market By Price	DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Luxury (Top 10%) - Average Rental Price	\$11,238	1.5%	\$11,075	-1.7%	\$11,436
Luxury (Top 10%) - Rental Price per Sq Ft	\$85.47	6.3%	\$80.39	8.8%	\$78.54
Luxury (Top 10%) - Median Rental Price	\$8,500	0.0%	\$8,500	-11.7%	\$9,625
Luxury (Top 10%) - Number of New Leases	333	-8.3%	363	-36.8%	527
Luxury (Top 10%) - Entry Threshold	\$6,495	-3.1%	\$6,700	-5.3%	\$6,855
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,495	-0.4%	\$4,515	-0.1%	\$4,500
Mid Tier (2nd 30%) - Median Rental Price	\$3,138	-1.2%	\$3,175	1.2%	\$3,100
Entry Tier (1st 30%) - Median Rental Price	\$2,218	-0.3%	\$2,225	0.8%	\$2,200

## BY LOCATION

### DOWNTOWN

- Median rental moved higher
- Number of new leases fell sharply

Downtown Market Matrix	DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Median Rental Price	\$3,750	0.7%	\$3,724	4.2%	\$3,600
Number of New Leases	1,291	-8.7%	1,414	-39.4%	2,129
Vacancy Rate	1.75%		1.69%		1.78%

### EAST SIDE

- Number of new leases declined
- Vacancy rate dropped sharply

East Side Market Matrix	DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Median Rental Price	\$3,350	1.7%	\$3,295	1.5%	\$3,300
Number of New Leases	803	-14.8%	943	-40.4%	1,347
Vacancy Rate	1.26%		1.15%		1.86%

### WEST SIDE

- Median rental price slipped
- Vacancy rate continued to decline

West Side Market Matrix	DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Median Rental Price	\$3,240	-3.3%	\$3,350	-0.8%	\$3,267
Number of New Leases	721	-10.4%	805	-30.7%	1,040
Vacancy Rate	1.76%		1.57%		3.07%

### UPTOWN

- Median rental price declined
- Vacancy rate rose sharply

Uptown Market Matrix	DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Median Rental Price	\$2,199	0.0%	\$2,200	-4.4%	\$2,300
Number of New Leases	425	2.2%	416	-43.6%	753
Vacancy Rate	2.75%		2.48%		0.71%

# BROOKLYN RENTALS DASHBOARD

year-over-year

## PRICES

Median Rental Price

1.4%

## INVENTORY

Total Inventory

13.8%

## NEW LEASES

Excludes Renewals

2.5%

## OP + CONCESSIONS

Market Share

3.1%

## MARKETING TIME

Days on Market

2 days

## NEGOTIABILITY

Listing Discount

0.2%

- Market share of 2-bedroom and 3-bedroom rentals rose 1.8%, skewing overall price trends higher
- Median net effective rent rose year over year for the second time in five months
- Market share of concessions increased year over year for the 35th consecutive month

“ The Brooklyn rental market continued its trend of rising rents skewed higher by the influx of higher quality new development rentals. ”

Brooklyn Rental Market	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Average Rental Price	\$3,113	-1.1%	\$3,149	3.7%	\$3,001
Rental Price per Sq Ft	\$44.88	-0.7%	\$45.21	2.2%	\$43.93
Median Rental Price	\$2,738	-3.9%	\$2,850	1.4%	\$2,700
Number of New Leases	915	-4.8%	961	2.5%	893
Days on Market (From Original List Date)	31	14.8%	27	6.9%	29
Listing Discount (From Original List Price)	2.1%		2.0%		2.3%
Listing Inventory	1,971	12.3%	1,755	-13.8%	2,286

Brooklyn Rental w/Concessions	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Median Rental Price	\$2,628	-3.9%	\$2,736	0.6%	\$2,613
Share of New Leases w/OP + Concessions (%)	49.2%		46.5%		46.1%
Free Rent/Owner Paid (Mos)	1.4	-6.7%	1.5	16.7%	1.2

Brooklyn Rental Market by Size	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Studio - Average Rental Price	\$2,611	4.8%	\$2,492	12.0%	\$2,331
Rental Price per Sq Ft	\$49.33	-8.4%	\$53.86	-8.9%	\$54.15
Median Rental Price	\$2,409	-4.1%	\$2,512	3.1%	\$2,337
Number of New Leases	126	-4.5%	132	-5.3%	133

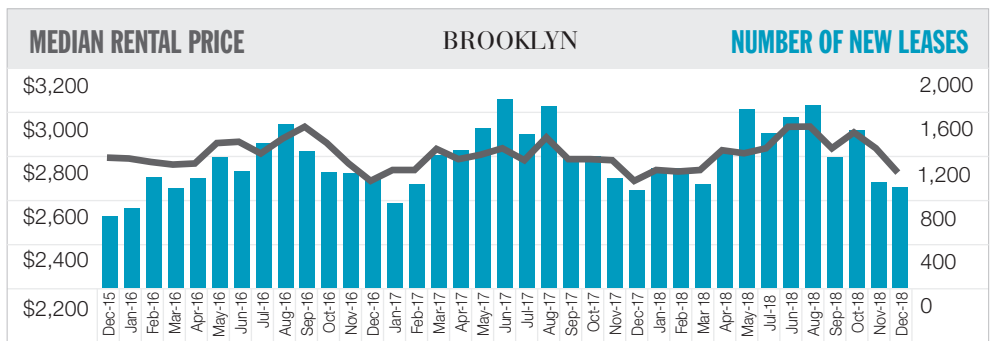
1-Bedroom - Average Rental Price	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Average Rental Price	\$2,671	-4.7%	\$2,802	0.7%	\$2,653
Rental Price per Sq Ft	\$45.71	-4.4%	\$47.82	1.7%	\$44.93
Median Rental Price	\$2,650	-3.6%	\$2,750	1.9%	\$2,600
Number of New Leases	352	-14.1%	410	0.6%	350

2-Bedroom - Average Rental Price	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Average Rental Price	\$3,437	-0.8%	\$3,466	5.5%	\$3,258
Rental Price per Sq Ft	\$46.16	4.4%	\$44.21	9.3%	\$42.23
Median Rental Price	\$2,988	-3.6%	\$3,100	0.4%	\$2,975
Number of New Leases	306	3.4%	296	5.9%	289

3+ Bedroom - Average Rental Price	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Average Rental Price	\$4,028	-5.2%	\$4,250	-2.4%	\$4,127
Rental Price per Sq Ft	\$39.80	2.0%	\$39.02	-0.4%	\$39.94
Median Rental Price	\$3,595	-5.4%	\$3,800	2.7%	\$3,499
Number of New Leases	131	6.5%	123	8.3%	121

Brooklyn Rental Market by Type	DEC-18	%Δ (MO)	NOV-18	%Δ (YR)	DEC-17
Luxury (Top 10%) - Median Rental Price	\$5,760	4.6%	\$5,507	15.2%	\$4,998
Luxury (Top 10%) - Entry Threshold	\$4,695	5.5%	\$4,450	8.3%	\$4,335
New Development - Median Rental Price	\$3,329	6.4%	\$3,128	12.8%	\$2,950

In the past year, new development has achieved critical mass, skewing rental price trends higher even with rising concession market share. The market share of landlord concessions is closing in on three years of increases. December marks the thirty-fifth month of year over year increases in the market share of landlord concessions. Concession market share rose year over year to 49.2% from 46.1%, the 34th consecutive month with an annual increase. There was a 1.4% year over year increase in median face rent to \$2,738, and a 0.6% rise in median net effective rent to \$2,628, comprised of the reduction of free rent and brokerage commissions. Median face rent for new development was \$3,326, 25.6% higher than existing median face rent of \$2,650 and nearly double the 13.5% difference in the same period a year ago. The concession market share of new development rentals was 85.6% and was 40% for existing rentals.



## NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

### PRICES

Median Rental Price

0.9%

### INVENTORY

Total Inventory

24.9%

### NEW LEASES

Excludes Renewals

7.3%

### OP + CONCESSIONS

Market Share

2.6%

### MARKETING TIME

Days on Market

5 days

### NEGOTIABILITY

Listing Discount

0.6%

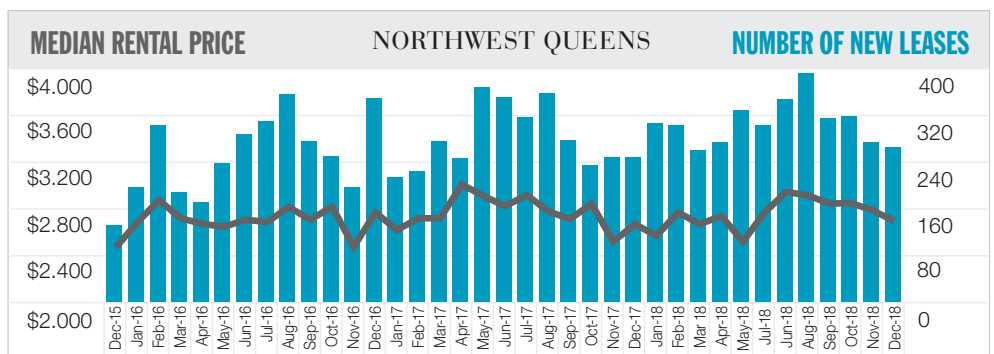
- Rental price trend indicators skewed higher by an influx of new development product
- Market share of concessions increased year over year for the 4th consecutive month
- Only 2-bedrooms saw a year over year rise in rental market share

“The Amazon ‘HQ2’ announcement has led to speculation that the market will tighten soon if not already. It hasn’t.”

Queens Rental Market		DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Average Rental Price		\$2,910	-2.5%	\$2,985	2.8%	\$2,831
Rental Price per Sq Ft		\$49.95	-5.7%	\$52.97	9.3%	\$45.68
Median Rental Price		\$2,774	-3.3%	\$2,868	0.9%	\$2,750
Number of New Leases		265	-2.6%	272	7.3%	247
Days on Market (From Original List Date)		27	22.7%	22	-15.6%	32
Listing Discount (From Original List Price)		1.8%		1.3%		2.4%
Listing Inventory		438	-4.8%	460	-24.9%	583
Queens Rental w/Concessions		DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Median Rental Price		\$2,680	-2.6%	\$2,751	1.2%	\$2,649
Number of New Leases w/OP + Concessions (%)		52.8%		59.2%		50.2%
Free Rent/Owner Paid (Mos)		1.1	-8.3%	1.2	-8.3%	1.2
Queens Rental Market by Size		DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Studio -	Average Rental Price	\$2,311	-6.8%	\$2,479	5.9%	\$2,183
	Rental Price per Sq Ft	\$57.24	-5.4%	\$60.50	15.0%	\$49.76
	Median Rental Price	\$2,382	-7.0%	\$2,562	7.8%	\$2,210
	Number of New Leases	55	-20.3%	69	-3.5%	57
1-Bedroom -	Average Rental Price	\$2,687	-4.2%	\$2,805	-2.3%	\$2,751
	Rental Price per Sq Ft	\$48.64	-6.6%	\$52.09	1.6%	\$47.88
	Median Rental Price	\$2,800	-4.8%	\$2,942	-2.0%	\$2,857
	Number of New Leases	137	0.0%	137	5.4%	130
2-Bedroom -	Average Rental Price	\$3,699	-3.1%	\$3,817	2.5%	\$3,608
	Rental Price per Sq Ft	\$49.78	-2.6%	\$51.09	7.4%	\$46.34
	Median Rental Price	\$3,916	-3.0%	\$4,037	4.3%	\$3,756
	Number of New Leases	66	17.9%	56	37.5%	48
3+ Bedroom -	Average Rental Price	\$4,563	6.7%	\$4,276	24.3%	\$3,671
	Rental Price per Sq Ft	\$48.10	29.5%	\$37.14	36.0%	\$35.37
	Median Rental Price	\$4,796	17.7%	\$4,075	51.1%	\$3,175
	Number of New Leases	7	-30.0%	10	-41.7%	12
Queens Rental Market By Type		DEC-18	%Δ (mo)	NOV-18	%Δ (yr)	DEC-17
Luxury (Top 10%) - Median Rental Price		\$4,800	-0.8%	\$4,838	7.9%	\$4,450
Luxury (Top 10%) - Entry Threshold		\$4,350	-1.0%	\$4,395	12.3%	\$3,872
New Development - Median Rental Price		\$3,000	-4.0%	\$3,125	5.0%	\$2,857
New Development - Market Share		38.9%		46.0%		40.9%

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

While Amazon ‘HQ2’ bodes well for the future, there is no credible empirical evidence of market impact in December. The market share of landlord concessions was 52.8%, up 2.6% year over year and concessions for existing rentals, surged 16.1% to a share of 41.4%. While the median net effective rent rose 1.2% to \$2,680 over the same period, the increases in the market were skewed by a shift in the mix. The average square footage of a new development rental, comprising 38.9% of all December activity, rose 4.6% to 746. The average square footage of an existing rental comprising 61.1% of all rentals, fell 10.2% to 783 square feet.



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#### Report Methodology:

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

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