

ELLI MAN

REPORT

OCTOBER 2017

MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan, Brooklyn and Queens Rentals

MANHATTAN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

0.0%

VACANCY

Vacancy Rate

0.08%

NEW LEASES

Excludes Renewals

13.2%

OP + CONCESSIONS

Market Share

4.1%

MARKETING TIME

Days on Market

2 day

NEGOTIABILITY

Listing Discount

0.1%

- Median rent remained flat as average and average price per square foot declined
- Market share of landlord concessions edged higher for third consecutive month
- Highest October vacancy rate in at least eleven years

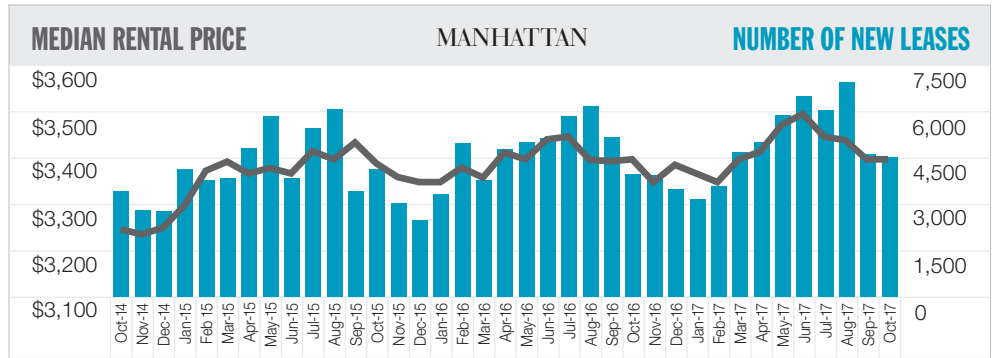
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

Manhattan Rental Market		OCT-17	%Δ (mo)	SEP-17	%Δ (yr)	OCT-16
Average Rental Price		\$4,113	0.5%	\$4,094	-2.6%	\$4,223
Rental Price per Sq Ft		\$65.97	0.8%	\$65.45	-6.5%	\$70.58
Median Rental Price		\$3,400	0.0%	\$3,400	0.0%	\$3,400
Number of New Leases		4,582	-2.2%	4,684	13.2%	4,046
Days on Market (From Original List Date)		44	2.3%	43	-4.3%	46
Listing Discount (From Original List Price)		3.2%		2.6%		3.1%
Listing Inventory		7,322	-0.6%	7,363	2.7%	7,132
Vacancy Rate		2.47%		2.63%		2.39%
Manhattan Rental w/Concessions		OCT-17	%Δ (mo)	SEP-17	%Δ (yr)	OCT-16
Median Rental Price		\$3,330	-0.1%	\$3,334	0.2%	\$3,322
Share of New Leases w/OP + Concessions (%)		28.0%		26.5%		23.9%
Free Rent/Owner Paid (Mos)		1.2	0.0%	1.2	0.0%	1.2
Manhattan Rental Market by Size		OCT-17	%Δ (mo)	SEP-17	%Δ (yr)	OCT-16
Studio -	Average Rental Price	\$2,648	-1.1%	\$2,678	-5.3%	\$2,796
	Rental Price per Sq Ft	\$67.06	-0.7%	\$67.52	-1.6%	\$68.12
	Median Rental Price	\$2,570	-1.2%	\$2,600	-1.2%	\$2,600
	Number of New Leases	1,037	-6.2%	1,105	15.9%	895
1-Bedroom -	Average Rental Price	\$3,488	0.6%	\$3,468	-1.1%	\$3,528
	Rental Price per Sq Ft	\$62.44	0.7%	\$62.03	-3.6%	\$64.78
	Median Rental Price	\$3,400	0.0%	\$3,400	0.0%	\$3,400
	Number of New Leases	1,934	1.2%	1,912	6.3%	1,819
2-Bedroom -	Average Rental Price	\$5,033	-0.5%	\$5,058	2.0%	\$4,935
	Rental Price per Sq Ft	\$64.76	0.4%	\$64.52	-0.1%	\$64.82
	Median Rental Price	\$4,583	1.8%	\$4,500	1.8%	\$4,500
	Number of New Leases	1,135	-1.6%	1,153	19.0%	954
3+ Bedroom -	Average Rental Price	\$7,652	4.8%	\$7,301	-16.3%	\$9,145
	Rental Price per Sq Ft	\$72.57	2.4%	\$70.90	-20.4%	\$91.21
	Median Rental Price	\$5,995	9.0%	\$5,498	2.8%	\$5,832
	Number of New Leases	476	-7.4%	514	25.9%	378

The Manhattan rental market was characterized by a rising vacancy rate and landlord concessions as well more new leases signed. The vacancy rate was 2.47%, up year over year from 2.39% for the third consecutive month from the same period last year and the highest level for an October in eleven years. The market share of landlord concessions rose 4.1% to 28% over

the same period and remained in the mid to high-twenties for 2017 after setting a 30.9% record in January. Such an extended period of stabilization suggests that there is not much room for a significant rise in market share. The new development concession market share was 34.2% while concessions for existing rentals was 27.6%. New leases jumped 13.2% to 4,582 from

the same month last year as new development entered the market and tenants continued to push back at the time of lease renewal. The stabilization of the market share of concessions offered by landlords reflected concern about future affordability if the terms were to change at the end of the lease. Net effective median rent, face rent less the rental equivalent of all concessions, edged up nominally by 0.2% to \$3,330 from the same period last year.



PROPERTY TYPE

- For the first time in approximately 27 months, “doorman” median rent grew faster than “non-doorman” median rent
- New development median rent increased for first time in 4 months

Property Type	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Doorman Median Rental Price	\$3,900	0.6%	\$3,875	1.3%	\$3,850
Non-Doorman Median Rental Price	\$2,840	-3.7%	\$2,950	-1.9%	\$2,895
Loft Median Rental Price	\$5,925	-5.2%	\$6,250	-1.3%	\$6,000
New Development Median Rental Price	\$4,688	11.8%	\$4,195	3.0%	\$4,553

BY PRICE

- Median rent rose more at higher end of the market
- Luxury average rent declined as upper end of luxury weakened
- Luxury entry threshold moved higher

Price Category	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Luxury (Top 10%) - Average Rental Price	\$10,084	0.6%	\$10,027	-11.4%	\$11,380
Luxury (Top 10%) - Rental Price per Sq Ft	\$76.30	1.0%	\$75.52	-18.3%	\$93.41
Luxury (Top 10%) - Median Rental Price	\$8,400	2.4%	\$8,200	7.8%	\$7,792
Luxury (Top 10%) - Number of New Leases	468	-0.6%	471	15.0%	407
Luxury (Top 10%) - Entry Threshold	\$6,500	1.6%	\$6,395	4.0%	\$6,250
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,580	1.8%	\$4,500	1.8%	\$4,500
Mid Tier (2nd 30%) - Median Rental Price	\$3,250	0.0%	\$3,250	0.2%	\$3,244
Entry Tier (1st 30%) - Median Rental Price	\$2,350	-1.1%	\$2,375	0.0%	\$2,350

BY LOCATION

DOWNTOWN

- Median rent slipped
- Vacancy rate expanded

Metric	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Median Rental Price	\$3,685	-0.1%	\$3,690	-0.4%	\$3,700
Number of New Leases	1,973	-7.2%	2,126	12.8%	1,749
Vacancy Rate	3.01%		2.95%		2.43%

EAST SIDE

- New leases expanded
- Median rent increased

Metric	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Median Rental Price	\$3,400	3.2%	\$3,295	6.3%	\$3,200
Number of New Leases	1,198	3.7%	1,155	9.9%	1,090
Vacancy Rate	1.48%		1.81%		2.41%

WEST SIDE

- Vacancy rate increased
- New leases moved higher

Metric	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Median Rental Price	\$3,398	-2.9%	\$3,498	-0.1%	\$3,400
Number of New Leases	986	0.4%	982	13.1%	872
Vacancy Rate	2.61%		2.87%		2.16%

UPTOWN

- Median rent stabilized
- Vacancy rate declined

Metric	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Median Rental Price	\$2,300	-5.2%	\$2,425	0.0%	\$2,300
Number of New Leases	425	1.0%	421	26.9%	335
Vacancy Rate	2.30%		2.75%		2.57%

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

2.6%

INVENTORY

Total Inventory

11.9%

NEW LEASES

Excludes Renewals

13.6%

OP + CONCESSIONS

Market Share

7.2%

MARKETING TIME

Days on Market

4 days

NEGOTIABILITY

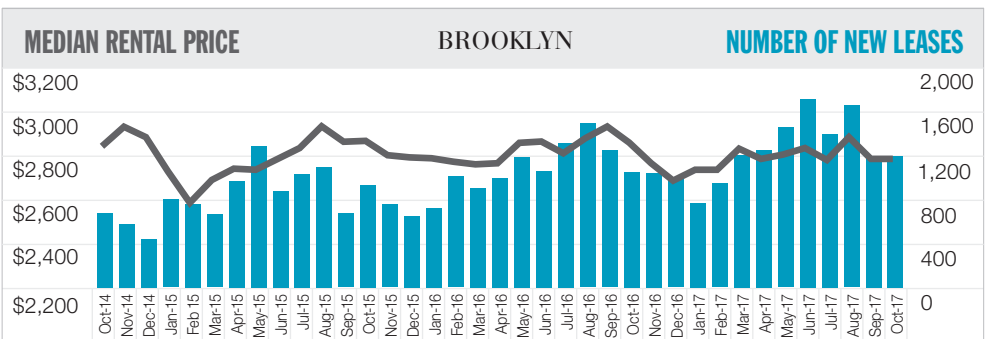
Listing Discount

0.0%

- Net effective median rent declined annually for the 6th consecutive month
- New leases rose for 7th time in 8 months from new development and tenant rent resistance
- Median rent fell year over year across apartment size categories

Brooklyn Rental Market		OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Average Rental Price		\$3,178	1.8%	\$3,123	1.2%	\$3,139
Rental Price per Sq Ft		\$45.15	0.7%	\$44.85	-1.1%	\$45.64
Median Rental Price		\$2,800	0.0%	\$2,800	-2.6%	\$2,875
Number of New Leases		1,196	-0.1%	1,197	13.6%	1,053
Days on Market (From Original List Date)		39	-4.9%	41	-9.3%	43
Listing Discount (From Original List Price)		2.5%		2.3%		2.5%
Listing Inventory		2,258	-8.5%	2,467	-11.9%	2,564
Brooklyn Rental w/Concessions		OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Median Rental Price		\$2,760	0.1%	\$2,757	-2.9%	\$2,841
Share of New Leases w/OP + Concessions (%)		19.3%		20.3%		12.1%
Free Rent/Owner Paid (Mos)		1.2	-7.7%	1.3	0.0%	1.2
Brooklyn Rental Market by Size		OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Studio -	Average Rental Price	\$2,489	-1.5%	\$2,528	-1.3%	\$2,521
	Rental Price per Sq Ft	\$48.44	-8.7%	\$53.04	-13.3%	\$55.84
	Median Rental Price	\$2,400	-4.4%	\$2,510	-3.9%	\$2,498
	Number of New Leases	157	-20.7%	198	-7.6%	170
1-Bedroom -	Average Rental Price	\$2,701	-0.5%	\$2,714	-2.1%	\$2,758
	Rental Price per Sq Ft	\$47.95	-0.2%	\$48.04	-3.8%	\$49.84
	Median Rental Price	\$2,625	-0.8%	\$2,645	-3.4%	\$2,718
	Number of New Leases	462	-1.1%	467	24.2%	372
2-Bedroom -	Average Rental Price	\$3,363	-1.3%	\$3,407	3.0%	\$3,265
	Rental Price per Sq Ft	\$43.93	2.0%	\$43.06	0.9%	\$43.53
	Median Rental Price	\$3,023	-2.3%	\$3,095	-0.9%	\$3,050
	Number of New Leases	410	9.0%	376	17.1%	350
3+ Bedroom -	Average Rental Price	\$4,693	6.3%	\$4,416	6.8%	\$4,395
	Rental Price per Sq Ft	\$42.32	7.1%	\$39.53	7.8%	\$39.25
	Median Rental Price	\$3,850	0.0%	\$3,850	-0.9%	\$3,884
	Number of New Leases	167	7.1%	156	3.7%	161
Brooklyn Rental Market by Type		OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Luxury (Top 10%) - Median Rental Price		\$5,625	2.3%	\$5,500	6.0%	\$5,309
Luxury (Top 10%) - Entry Threshold		\$4,731	2.8%	\$4,600	5.7%	\$4,475
New Development - Median Rental Price		\$3,143	-0.2%	\$3,150	3.3%	\$3,044

Overall rental market price trends in Brooklyn are slipping as landlord concessions expand. The median net effective rent was \$2,760, down 2.9% year over year for the sixth consecutive month. By the number of bedrooms, all size categories reflected a year over year decline in median face rent. The market share of concessions provided by landlords was 19.3%, up from 12.1% over the same period. Within the new development market that accounted for 16.1% of all new leases, the share of concessions was 52.6% while the remainder of the market was a more modest 12.4% share. The number of new leases rose 13.6% year over year to 1,196, the 32nd rise in 36 months. The influx of new development product into the



housing stock skewed high-end aggregate rents upward. Median luxury rent, representing the top 10% of the overall market, rose 6% to \$5,625 and the median super luxury rent, representing

the top 5%, rose 7% to \$6,954 respectively from the same period last year. The number of new development leases was up 10.3% over the same period.

NORTHWEST QUEENS RENTALS

DASHBOARD

year-over-year

PRICES

Median Rental Price

0.8%

INVENTORY

Total Inventory

1.5%

NEW LEASES

Excludes Renewals

6.0%

OP + CONCESSIONS

Market Share

30.2%

MARKETING TIME

Days on Market

3 days

NEGOTIABILITY

Listing Discount

2.3%

- Market share of landlord concessions reached highest level since tracked in early 2016
- Net effective median rent declined year over year for 3rd consecutive month
- Landlord concessions increased nearly three times since the same period a year ago

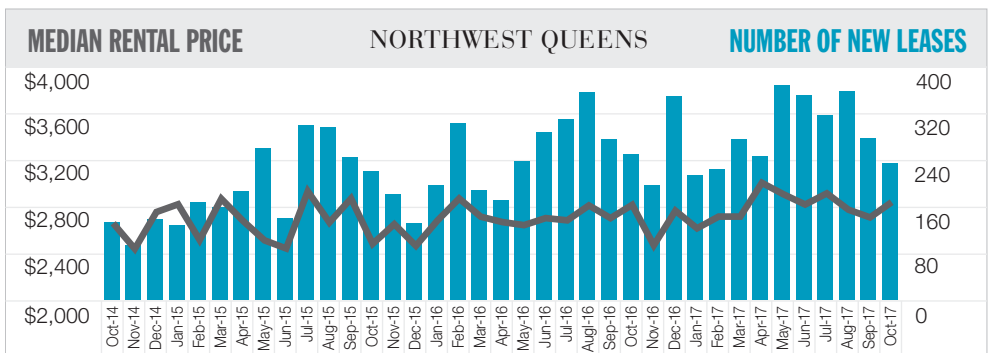
Queens Rental Market	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Average Rental Price	\$3,061	2.6%	\$2,982	2.5%	\$2,986
Rental Price per Sq Ft	\$47.31	-5.2%	\$49.92	1.3%	\$46.72
Median Rental Price	\$2,923	4.7%	\$2,793	0.8%	\$2,900
Number of New Leases	234	-15.2%	276	-6.0%	249
Days on Market (From Original List Date)	30	0.0%	30	11.1%	27
Listing Discount (From Original List Price)	3.1%		1.3%		0.8%
Listing Inventory	575	11.4%	516	-1.5%	584

Queens Rental w/Concessions	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Median Rental Price	\$2,817	3.7%	\$2,717	-0.5%	\$2,832
Number of New Leases w/OP + Concessions (%)	48.3%		42.8%		18.1%
Free Rent/Owner Paid (Mos)	1.3	18.2%	1.1	-18.8%	1.6

Queens Rental Market by Size	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16	
Studio -	Average Rental Price	\$2,310	-6.4%	\$2,467	-2.4%	\$2,368
	Rental Price per Sq Ft	\$54.99	-9.0%	\$60.40	-3.7%	\$57.11
	Median Rental Price	\$2,329	-9.0%	\$2,560	-6.5%	\$2,490
	Number of New Leases	48	-22.6%	62	-18.6%	59
1-Bedroom -	Average Rental Price	\$2,762	-0.7%	\$2,781	-0.9%	\$2,788
	Rental Price per Sq Ft	\$48.67	-2.1%	\$49.69	6.4%	\$45.73
	Median Rental Price	\$2,965	-0.3%	\$2,975	1.0%	\$2,935
	Number of New Leases	100	-23.7%	131	-21.3%	127
2-Bedroom -	Average Rental Price	\$3,667	-0.5%	\$3,687	-3.7%	\$3,808
	Rental Price per Sq Ft	\$45.73	-0.2%	\$45.80	1.5%	\$45.05
	Median Rental Price	\$3,868	-0.2%	\$3,877	1.8%	\$3,800
	Number of New Leases	71	-2.7%	73	36.5%	52
3+ Bedroom -	Average Rental Price	\$4,588	24.8%	\$3,675	-2.6%	\$4,709
	Rental Price per Sq Ft	\$38.07	2.9%	\$37.01	-16.1%	\$45.39
	Median Rental Price	\$4,938	59.3%	\$3,100	-7.6%	\$5,345
	Number of New Leases	15	50.0%	10	36.4%	11

Queens Rental Market By Type	OCT-17	%Δ (MO)	SEP-17	%Δ (YR)	OCT-16
Luxury (Top 10%) - Median Rental Price	\$5,013	5.0%	\$4,775	3.4%	\$4,850
Luxury (Top 10%) - Entry Threshold	\$4,670	6.6%	\$4,380	9.6%	\$4,260
New Development - Median Rental Price	\$3,138	-7.0%	\$3,150	2.4%	\$3,065
New Development - Market Share	38.9%		37.7%		54.2%

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



The rental market in the northwest region of Queens was defined by record landlord concessions and an expanding pattern of declining rents. Comprised of the neighborhoods of Long Island City, Astoria, Sunnyside, and Woodside, the northwest rental market of Queens experienced a 48.3% overall market share of landlord concessions due to the 38.9% market share of new development rentals. The new development market share of concessions was 86.8% while the market share of concessions for existing rentals was 23.8%. The net effective median rent, defined as face rent less the rental equivalent of brokerage commissions and free rent, was down 0.5% to \$2,817 over the same period for the third consecutive month as the market remains challenged by incoming supply.

For more information or electronic copies of this report please visit elliman.com/marketreports. Email report author Jonathan Miller at jmiller@millersamuel.com with questions or comments.

Report Methodology:

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

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