

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

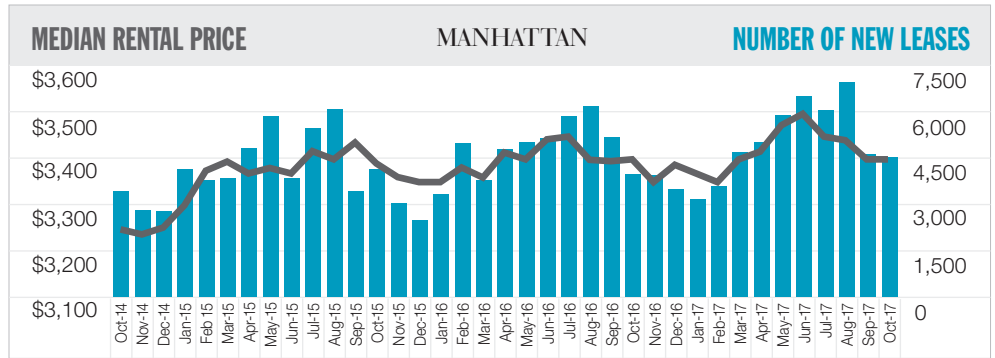
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

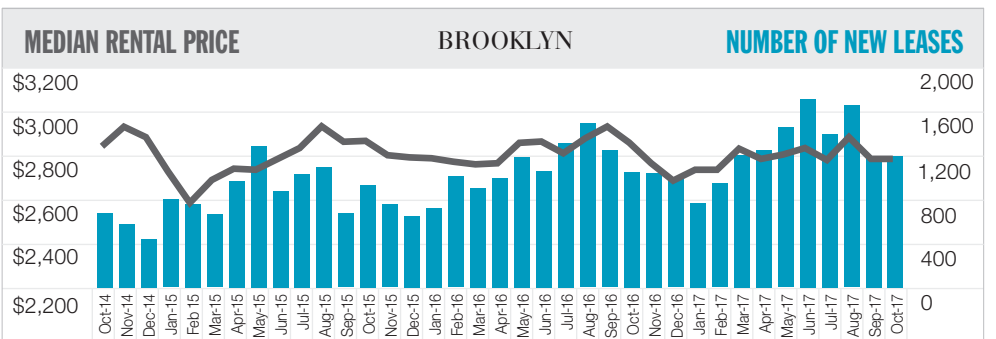
Listing Discount

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

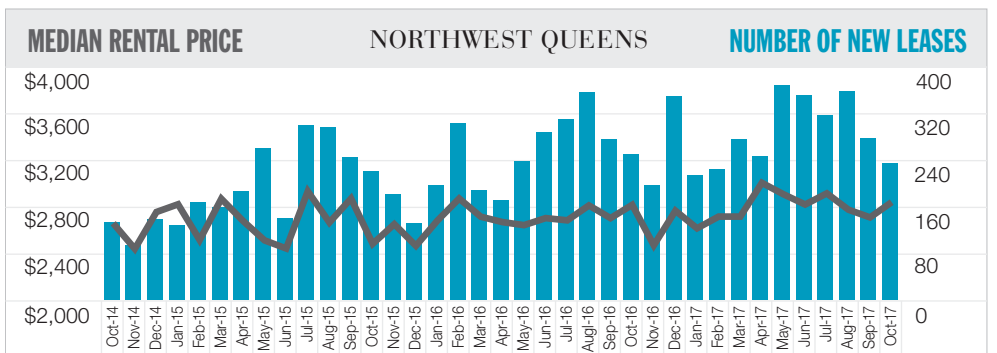
Listing Discount

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 | |
| 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 | |
| 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 | |
| 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.

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Report Methodology:

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

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