

ELLI MAN REPORT

FEBRUARY 2019

MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan, Brooklyn and Queens Rentals

MANHATTAN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

3.0%

VACANCY

Vacancy Rate

0.48%

NEW LEASES

Excludes Renewals

11.3%

OP + CONCESSIONS

Market Share

6.0%

MARKETING TIME

Days on Market

2 days

NEGOTIABILITY

Listing Discount

0.2%

- Landlord concession market share falls year over year for the second straight month after rising for forty-three
- Net effective median rent rose for the second consecutive month
- Number of new leases fell year over year for the fourth straight 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.

“ Landlords were better able to retain tenants as the sales market slowdown continued to drive rents higher. ”

Manhattan Rental Market	FEB-2019	%Δ (MO)	JAN-2019	%Δ (YR)	FEB-2018
Average Rental Price	\$4,221	1.0%	\$4,180	5.0%	\$4,019
Rental Price per Sq Ft	\$66.23	-2.0%	\$67.56	3.2%	\$64.16
Median Rental Price	\$3,400	-0.7%	\$3,425	3.0%	\$3,300
Number of New Leases	3,443	-15.1%	4,054	-11.3%	3,881
Days on Market (From Original List Date)	32	-5.9%	34	-5.9%	34
Listing Discount (From Original List Price)	2.2%		2.3%		2.4%
Listing Inventory	5,054	2.6%	4,928	-11.3%	5,696
Vacancy Rate	1.81%		1.65%		2.29%

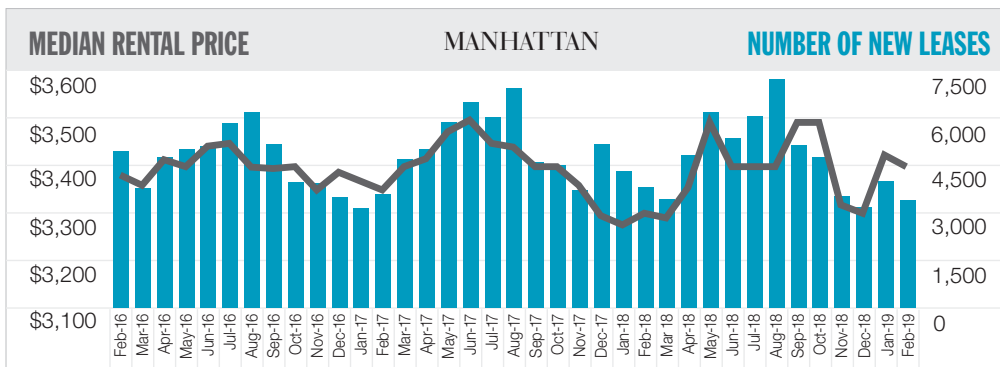
Manhattan Rental w/Concessions	FEB-2019	%Δ (MO)	JAN-2019	%Δ (YR)	FEB-2018
Median Rental Price	\$3,297	-0.7%	\$3,320	4.1%	\$3,168
Share of New Leases w/OP + Concessions (%)	41.6%		44.5%		47.6%
Free Rent/Owner Paid (Mos)	1.2	0.0%	1.2	-14.3%	1.4

Manhattan Rental Market by Size	FEB-2019	%Δ (MO)	JAN-2019	%Δ (YR)	FEB-2018	
Studio -	Average Rental Price	\$2,717	0.8%	\$2,695	3.6%	\$2,623
	Rental Price per Sq Ft	\$64.06	-8.1%	\$69.70	3.1%	\$62.14
	Median Rental Price	\$2,600	0.0%	\$2,600	2.0%	\$2,550
	Number of New Leases	798	-15.0%	939	-9.1%	878
1-Bedroom -	Average Rental Price	\$3,498	-1.0%	\$3,533	0.8%	\$3,471
	Rental Price per Sq Ft	\$62.69	-1.3%	\$63.50	0.3%	\$62.49
	Median Rental Price	\$3,450	0.0%	\$3,450	3.0%	\$3,350
	Number of New Leases	1,522	-14.3%	1,775	-13.1%	1,751
2-Bedroom -	Average Rental Price	\$5,139	1.9%	\$5,041	4.5%	\$4,917
	Rental Price per Sq Ft	\$65.13	1.0%	\$64.51	2.9%	\$63.30
	Median Rental Price	\$4,600	-1.9%	\$4,689	4.5%	\$4,400
	Number of New Leases	809	-16.5%	969	-8.7%	886
3+ Bedroom -	Average Rental Price	\$9,186	4.6%	\$8,785	17.6%	\$7,809
	Rental Price per Sq Ft	\$74.44	-5.0%	\$78.34	7.2%	\$69.47
	Median Rental Price	\$6,500	0.5%	\$6,467	20.9%	\$5,375
	Number of New Leases	314	-15.4%	371	-14.2%	366

The market share of concessions by landlords fell annually for the second straight month after forty-three months of expansion. Concession market share remained high at 41.6% but declined from 47.6% in the same period last year. Net effective median rent, the rental equivalent of median rent

plus commissions and free rent, rose for the second straight month. Weaker sales conditions are pressing more would-be buyers to “camp-out” in the rental market. Landlords have been more effective winning renewals as the number of new leases fell annually for the fourth straight month.

There were 3,443 leases signed, down 11.3% from the same period a year ago. New development leases rose 15.2% year over year to 250, and new leases for existing rentals fell 12.9% to 3,193 respectively. The vacancy rate has fallen year over year for the thirteenth time in fourteen months as the widespread use of concessions remained effective in keeping occupancy high. The vacancy rate was 1.81% down from 2.29% in the year-ago period which was the lowest February vacancy rate in six years. New development rentals accounted for 7.3% of new leases, the seventh straight monthly rise in market share.



PROPERTY TYPE

- Non-doorman median rent outperformed doorman median rent for the second time in seven months
- New development median rent rose annually for the fourth straight month and outpaced existing median rent gains

Manhattan Rental Market By Property Type	FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Doorman Median Rental Price	\$3,850	-1.2%	\$3,895	1.3%	\$3,800
Non-Doorman Median Rental Price	\$2,800	-1.8%	\$2,850	3.7%	\$2,700
Loft Median Rental Price	\$5,775	0.4%	\$5,750	-1.7%	\$5,873
New Development Median Rental Price	\$5,134	7.6%	\$4,771	7.9%	\$4,757

BY PRICE

- Median rent for all price categories continued to rise year over year
- Top 5% of rental price gains saw the largest year over year increase
- Market share of leases above \$10 thousand was second highest in nearly six and a half years

Manhattan Rental Market By Price	FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Luxury (Top 10%) - Average Rental Price	\$11,478	5.6%	\$10,871	11.1%	\$10,333
Luxury (Top 10%) - Rental Price per Sq Ft	\$76.61	-5.7%	\$81.28	3.1%	\$74.28
Luxury (Top 10%) - Median Rental Price	\$9,000	4.7%	\$8,600	5.9%	\$8,495
Luxury (Top 10%) - Number of New Leases	345	-15.4%	408	-11.3%	389
Luxury (Top 10%) - Entry Threshold	\$6,600	1.5%	\$6,500	3.2%	\$6,395
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,500	-1.9%	\$4,585	2.3%	\$4,400
Mid Tier (2nd 30%) - Median Rental Price	\$3,250	-1.1%	\$3,286	3.7%	\$3,135
Entry Tier (1st 30%) - Median Rental Price	\$2,300	-1.1%	\$2,325	2.2%	\$2,250

BY LOCATION

DOWNTOWN

- Number of new leases fell
- Vacancy rate declined

Downtown Market Matrix	FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Median Rental Price	\$3,695	-1.7%	\$3,757	1.9%	\$3,625
Number of New Leases	1,398	-17.1%	1,686	-14.5%	1,635
Vacancy Rate	1.84%		1.66%		2.61%

EAST SIDE

- Median rental price rose sharply
- Number of new leases fell

East Side Market Matrix	FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Median Rental Price	\$3,338	1.8%	\$3,278	4.3%	\$3,200
Number of New Leases	898	-13.9%	1,043	-10.0%	998
Vacancy Rate	1.26%		0.99%		1.53%

WEST SIDE

- Vacancy rate fell sharply
- Number of new leases declined

West Side Market Matrix	FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Median Rental Price	\$3,430	-1.1%	\$3,469	-1.2%	\$3,470
Number of New Leases	787	-15.6%	932	-3.3%	814
Vacancy Rate	1.70%		1.89%		2.48%

NORTHERN MANHATTAN

- Median rental price rose sharply
- Vacancy rate moved higher

Northern Manhattan Market Matrix	FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Median Rental Price	\$2,285	0.4%	\$2,275	5.1%	\$2,175
Number of New Leases	360	-8.4%	393	-17.1%	434
Vacancy Rate	2.75%		2.39%		2.30%

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

5.5%

INVENTORY

Total Inventory

3.5%

NEW LEASES

Excludes Renewals

3.8%

OP + CONCESSIONS

Market Share

2.8%

MARKETING TIME

Days on Market

3 days

NEGOTIABILITY

Listing Discount

0.7%

- Net effective median rent rose year over year for the third straight month
- Concession market share declined year over year for the second consecutive month after thirty-five months of increases
- Upward price pressure remained strong in the starter market

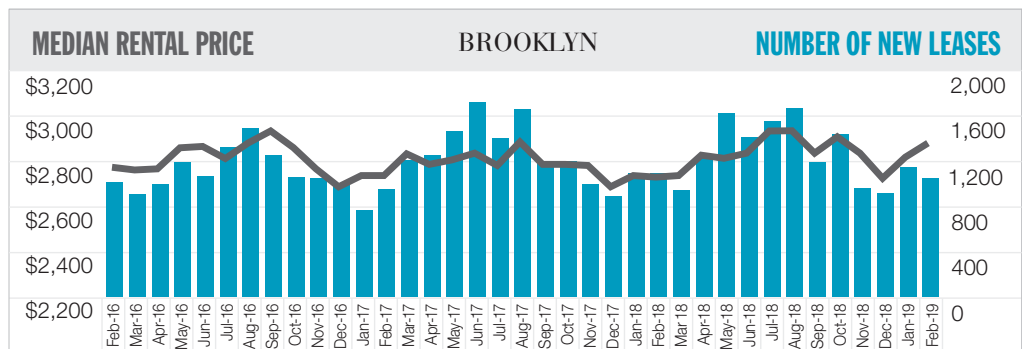


Rising use of the rental market by would-be buyers to ‘camp-out’ until they are comfortable with purchase market conditions.



Brooklyn Rental Market		FEB-2019	%Δ (MO)	JAN-2019	%Δ (YR)	FEB-2018
Average Rental Price		\$3,191	2.1%	\$3,125	2.6%	\$3,109
Rental Price per Sq Ft		\$45.64	4.2%	\$43.79	2.7%	\$44.42
Median Rental Price		\$2,895	2.2%	\$2,832	5.5%	\$2,743
Number of New Leases		1,050	-8.7%	1,150	-3.8%	1,091
Days on Market (From Original List Date)		28	-9.7%	31	-9.7%	31
Listing Discount (From Original List Price)		1.0%		2.1%		1.7%
Listing Inventory		1,787	-5.4%	1,889	-3.5%	1,852
Brooklyn Rental w/Concessions		FEB-2019	%Δ (MO)	JAN-2019	%Δ (YR)	FEB-2018
Median Rental Price		\$2,784	2.8%	\$2,708	5.8%	\$2,632
Share of New Leases w/OP + Concessions (%)		44.7%		47.0%		47.5%
Free Rent/Owner Paid (Mos)		1.4	-12.5%	1.6	0.0%	1.4
Brooklyn Rental Market by Size		FEB-2019	%Δ (MO)	JAN-2019	%Δ (YR)	FEB-2018
Studio -	Average Rental Price	\$2,627	5.9%	\$2,481	15.4%	\$2,276
	Rental Price per Sq Ft	\$53.22	0.6%	\$52.89	-1.0%	\$53.77
	Median Rental Price	\$2,500	0.0%	\$2,500	9.3%	\$2,288
	Number of New Leases	129	-7.2%	139	-21.3%	164
1-Bedroom -	Average Rental Price	\$2,788	-1.2%	\$2,822	2.2%	\$2,727
	Rental Price per Sq Ft	\$47.50	0.0%	\$47.52	4.7%	\$45.35
	Median Rental Price	\$2,750	-1.8%	\$2,800	2.0%	\$2,695
	Number of New Leases	452	-8.7%	495	1.8%	444
2-Bedroom -	Average Rental Price	\$3,448	4.0%	\$3,316	0.1%	\$3,443
	Rental Price per Sq Ft	\$43.76	0.1%	\$43.72	0.8%	\$43.40
	Median Rental Price	\$3,200	6.7%	\$3,000	0.0%	\$3,200
	Number of New Leases	311	-16.2%	371	-11.6%	352
3+ Bedroom -	Average Rental Price	\$4,303	0.4%	\$4,285	-5.5%	\$4,552
	Rental Price per Sq Ft	\$42.31	16.2%	\$36.42	0.7%	\$42.03
	Median Rental Price	\$3,525	-4.7%	\$3,700	-6.4%	\$3,765
	Number of New Leases	158	9.0%	145	20.6%	131
Brooklyn Rental Market by Type		FEB-2019	%Δ (MO)	JAN-2019	%Δ (YR)	FEB-2018
Luxury (Top 10%) - Median Rental Price		\$5,671	3.9%	\$5,459	5.3%	\$5,385
Luxury (Top 10%) - Entry Threshold		\$4,600	2.2%	\$4,500	-1.6%	\$4,675
New Development - Median Rental Price		\$3,290	0.9%	\$3,260	1.8%	\$3,233

Net effective median rent, the rental equivalent of median rent plus commissions and free rent, rose for the third straight month, up 5.8% to \$2,784. The sharp rise in rent was partially attributable to the decline in market share of landlord concessions. Concession market share covered 44.7% of the market, down from 47.5% from the year-ago period and the second decline after rising for thirty-five consecutive months. By construction type, new development rentals comprised 16.6% of the overall activity with a concession market share of 73% while existing rentals comprised 83.4% of activity and a concession market share of 37.8%. New development median rent was 17.5% existing median rent, down from a 24.3% new development premium in the same period a year ago. Median rental price gains were seen in the studio and 1-bedroom markets with year over year increases of 9.3% and 2% respectively.



NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

1.8%

INVENTORY

Total Inventory

21.4%

NEW LEASES

Excludes Renewals

7.0%

OP + CONCESSIONS

Market Share

0.5%

MARKETING TIME

Days on Market

1 day

NEGOTIABILITY

Listing Discount

0.2%

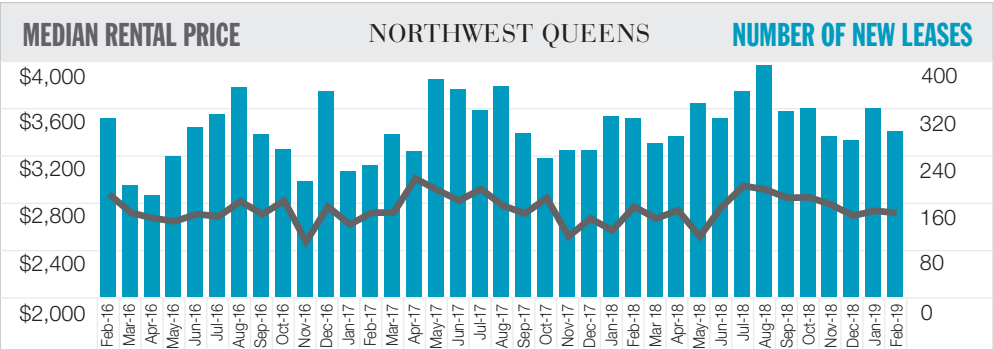
- Net effective median rent fell year over year for the first time in four months
- Market share of concessions rose year over year at a diminishing rate for the past six months
- New leases fell year over year for the first time in seven months

“ The market optimism that developed before the Amazon HQ2 decision to withdraw mid-month was largely offset in the second half of the month. ”

Queens Rental Market		FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Average Rental Price		\$2,894	0.3%	\$2,886	-0.1%	\$2,898
Rental Price per Sq Ft		\$49.09	0.8%	\$48.71	5.0%	\$46.77
Median Rental Price		\$2,798	-0.6%	\$2,815	-1.8%	\$2,850
Number of New Leases		280	-12.2%	319	-7.0%	301
Days on Market (From Original List Date)		28	-12.5%	32	-3.4%	29
Listing Discount (From Original List Price)		0.8%		2.2%		0.6%
Listing Inventory		442	-4.5%	463	-21.4%	562
Queens Rental w/Concessions		FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Median Rental Price		\$2,685	-0.3%	\$2,694	-1.1%	\$2,714
Number of New Leases w/OP + Concessions (%)		49.3%		58.0%		48.8%
Free Rent/Owner Paid (Mos)		1.4	16.7%	1.2	-12.5%	1.6
Queens Rental Market by Size		FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Studio -	Average Rental Price	\$2,370	0.6%	\$2,355	9.6%	\$2,162
	Rental Price per Sq Ft	\$54.87	-4.8%	\$57.66	7.9%	\$50.85
	Median Rental Price	\$2,429	0.4%	\$2,419	9.8%	\$2,213
	Number of New Leases	70	-12.5%	80	20.7%	58
1-Bedroom -	Average Rental Price	\$2,776	-1.3%	\$2,812	-0.4%	\$2,786
	Rental Price per Sq Ft	\$49.30	1.1%	\$48.74	-0.4%	\$49.50
	Median Rental Price	\$2,931	-0.6%	\$2,948	-0.1%	\$2,934
	Number of New Leases	157	-8.7%	172	-10.8%	176
2-Bedroom -	Average Rental Price	\$3,936	6.4%	\$3,700	8.0%	\$3,645
	Rental Price per Sq Ft	\$48.02	8.4%	\$44.29	16.8%	\$41.13
	Median Rental Price	\$4,155	4.8%	\$3,966	9.9%	\$3,781
	Number of New Leases	45	-21.1%	57	-19.6%	56
3+ Bedroom -	Average Rental Price	\$3,921	4.1%	\$3,766	-17.7%	\$4,763
	Rental Price per Sq Ft	\$43.03	13.0%	\$38.08	1.5%	\$42.38
	Median Rental Price	\$3,698	13.9%	\$3,248	-28.9%	\$5,200
	Number of New Leases	8	-20.0%	10	-27.3%	11
Queens Rental Market By Type		FEB-2019	%Δ (mo)	JAN-2019	%Δ (yr)	FEB-2018
Luxury (Top 10%) - Median Rental Price		\$4,500	-0.5%	\$4,523	-6.3%	\$4,800
Luxury (Top 10%) - Entry Threshold		\$4,079	-4.0%	\$4,250	-0.4%	\$4,094
New Development - Median Rental Price		\$2,840	-2.4%	\$2,909	-3.4%	\$2,940
New Development - Market Share		43.6%		33.2%		30.2%

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

The number of new leases for the month slipped 7% to 280 from the same period a year ago after seven consecutive months of gains. Net effective median rent slipped 1.1% to \$2,685 over the same period, the first decline after three months of gains. The market share of new development rentals edged up 0.5% 13.4% year over year to 43.6%. The market share of landlord concessions rose year over year for the sixth consecutive month to 49.3% of all leases. By property type, new development leases saw concessions in at least 69.7% of all leases and existing properties saw concessions in at least 33.5% of all leases.



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Report Methodology:

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

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