

ELLI MAN REPORT

JULY 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

0.41%

NEW LEASES

Excludes Renewals

3.4%

OP + CONCESSIONS

Market Share

15.7%

MARKETING TIME

Days on Market

4 days

NEGOTIABILITY

Listing Discount

0.8%

- **First year over year decline in net effective median rent for July in at least 5 years**
- **Vacancy rate and listing inventory slipped from year-ago level**
- **Landlord concession market share more than double the year-ago level**

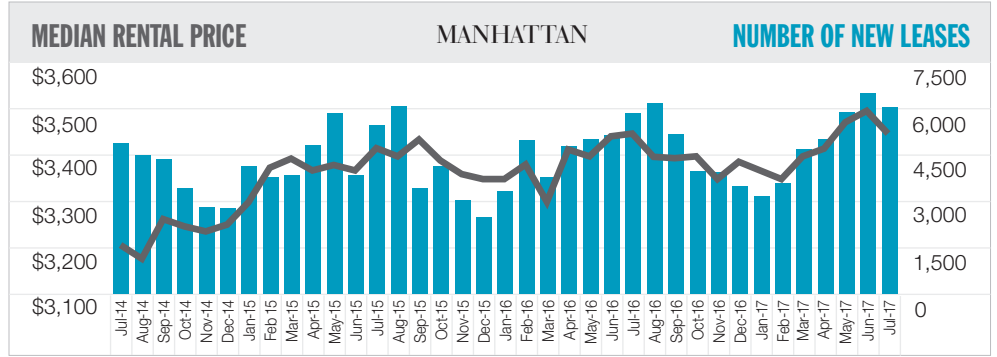
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

Manhattan Rental Market		JUL-17	%Δ (mo)	JUN-17	%Δ (yr)	JUL-16
Average Rental Price		\$4,109	-0.4%	\$4,126	1.0%	\$4,068
Rental Price per Sq Ft		\$66.28	-0.9%	\$66.86	-0.2%	\$66.38
Median Rental Price		\$3,450	-1.4%	\$3,500	0.0%	\$3,450
Number of New Leases		6,133	-7.1%	6,604	3.4%	5,934
Days on Market (From Original List Date)		43	4.9%	41	10.3%	39
Listing Discount (From Original List Price)		2.3%		1.7%		1.5%
Listing Inventory		7,545	-3.6%	7,824	-1.8%	7,681
Vacancy Rate		2.08%		2.21%		2.49%
Manhattan Rental w/Concessions		JUL-17	%Δ (mo)	JUN-17	%Δ (yr)	JUL-16
Median Rental Price		\$3,350	-1.8%	\$3,410	-1.9%	\$3,414
Share of New Leases w/OP + Concessions (%)		26.5%		23.9%		10.8%
Free Rent/Owner Paid (Mos)		1.3	0.0%	1.3	8.3%	1.2
Manhattan Rental Market by Size		JUL-17	%Δ (mo)	JUN-17	%Δ (yr)	JUL-16
Studio -	Average Rental Price	\$2,723	1.4%	\$2,685	1.7%	\$2,678
	Rental Price per Sq Ft	\$69.97	2.3%	\$68.41	1.5%	\$68.94
	Median Rental Price	\$2,600	0.0%	\$2,600	-0.6%	\$2,616
	Number of New Leases	1,348	-14.0%	1,568	-1.5%	1,369
1-Bedroom -	Average Rental Price	\$3,510	-0.8%	\$3,538	0.1%	\$3,507
	Rental Price per Sq Ft	\$63.13	-0.9%	\$63.73	-2.8%	\$64.98
	Median Rental Price	\$3,435	-1.9%	\$3,500	-0.4%	\$3,450
	Number of New Leases	2,463	-8.4%	2,688	2.6%	2,400
2-Bedroom -	Average Rental Price	\$4,754	-3.9%	\$4,947	-2.2%	\$4,862
	Rental Price per Sq Ft	\$65.36	0.6%	\$64.95	2.3%	\$63.90
	Median Rental Price	\$4,200	-2.6%	\$4,312	-1.2%	\$4,250
	Number of New Leases	1,603	-2.3%	1,640	7.7%	1,488
3+ Bedroom -	Average Rental Price	\$7,322	-4.2%	\$7,644	2.8%	\$7,124
	Rental Price per Sq Ft	\$70.69	-4.1%	\$73.72	-0.7%	\$71.18
	Median Rental Price	\$5,475	-2.6%	\$5,620	2.8%	\$5,325
	Number of New Leases	719	1.6%	708	6.2%	677

Although Manhattan rents remain high and vacancy remains low, price trends are weakening. Landlord concessions have kept vacancy rates from rising but have been unable to keep the face rent from falling. While median face rent was \$3,450, unchanged year over year, it was the first year over year decline in net effective median rent for July in at least 5 years. Median net effective rent, which is the median rent less

the rental equivalent of free rent and brokerage commissions, declined 1.9% to \$3,350. Other face rent metrics showed mixed results with a -0.2% decline in average rental price per square foot and a 1% rise in average rental price respectively. The market share of concessions rose to 26.5%, more than double the year-ago share of 10.8% but has showed stability over the past nine months. The vacancy rate was 2.08%,

down from 2.49% in the same month a year-ago. Consistent with the pattern over the past several years, doorman rents slipped 0.6% while non-doorman rents rose 2.3% respectively over the same period. After several months of large gains in the number new leases that partially represented tenant pushback at lease renewal, the rise for July was a more modest 3.4%. Along with the slide in net effective median rent, this modest increase suggests that landlords are less aggressive at lease renewal.



PROPERTY TYPE

- “Non-doorman” median rent expanded as “doorman” continued to slide
- New development median rent declined

Property Type	JUL-17	%Δ (mo)	JUN-17	%Δ (yr)	JUL-16
Doorman Median Rental Price	\$3,875	1.0%	\$3,835	-0.6%	\$3,899
Non-Doorman Median Rental Price	\$3,000	0.0%	\$3,000	2.3%	\$2,932
Loft Median Rental Price	\$4,200	0.0%	\$4,200	-28.4%	\$5,870
New Development Median Rental Price	\$4,295	-10.4%	\$4,795	-3.3%	\$4,442

BY PRICE

- More price growth observed in the lower priced market segments
- Luxury market was only market to see a decline in price trend
- Upper tier was stable with price gains in Mid and Entry tier

Price Segment	JUL-17	%Δ (mo)	JUN-17	%Δ (yr)	JUL-16
Luxury (Top 10%) - Average Rental Price	\$9,980	-0.6%	\$10,039	1.0%	\$9,881
Luxury (Top 10%) - Rental Price per Sq Ft	\$76.92	-2.2%	\$78.67	-0.4%	\$77.23
Luxury (Top 10%) - Median Rental Price	\$7,875	-0.9%	\$7,949	-0.2%	\$7,889
Luxury (Top 10%) - Number of New Leases	615	-7.0%	661	2.5%	600
Luxury (Top 10%) - Entry Threshold	\$6,290	-1.1%	\$6,362	-1.9%	\$6,411
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,500	0.0%	\$4,500	0.0%	\$4,500
Mid Tier (2nd 30%) - Median Rental Price	\$3,300	0.0%	\$3,300	1.3%	\$3,257
Entry Tier (1st 30%) - Median Rental Price	\$2,400	0.2%	\$2,395	2.4%	\$2,344

BY LOCATION

DOWNTOWN

- Vacancy rate declined
- Median price slipped

Metric	JUL-17	%Δ (mo)	JUN-17	%Δ (yr)	JUL-16
Median Rental Price	\$3,720	-2.0%	\$3,795	-0.8%	\$3,750
Number of New Leases	2,800	-7.1%	3,013	11.2%	2,517
Vacancy Rate	2.49%		2.92%		2.67%

EAST SIDE

- Median rent moved higher
- Vacancy rate declined

Metric	JUL-17	%Δ (mo)	JUN-17	%Δ (yr)	JUL-16
Median Rental Price	\$3,349	0.0%	\$3,350	3.0%	\$3,252
Number of New Leases	1,385	-15.2%	1,634	-8.8%	1,519
Vacancy Rate	1.64%		1.64%		2.46%

WEST SIDE

- New leases expanded
- Median rent edged nominally lower

Metric	JUL-17	%Δ (mo)	JUN-17	%Δ (yr)	JUL-16
Median Rental Price	\$3,450	0.7%	\$3,425	-0.1%	\$3,455
Number of New Leases	1,374	-3.0%	1,416	6.8%	1,286
Vacancy Rate	2.29%		2.22%		2.29%

UPTOWN

- New leases declined
- Vacancy rate declined

Metric	JUL-17	%Δ (mo)	JUN-17	%Δ (yr)	JUL-16
Median Rental Price	\$2,500	6.4%	\$2,350	6.7%	\$2,344
Number of New Leases	574	6.1%	541	-6.2%	612
Vacancy Rate	1.33%		1.06%		2.30%

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

1.1%

INVENTORY

Total Inventory

2.7%

NEW LEASES

Excludes Renewals

6.0%

OP + CONCESSIONS

Market Share

12.6%

MARKETING TIME

Days on Market

3 days

NEGOTIABILITY

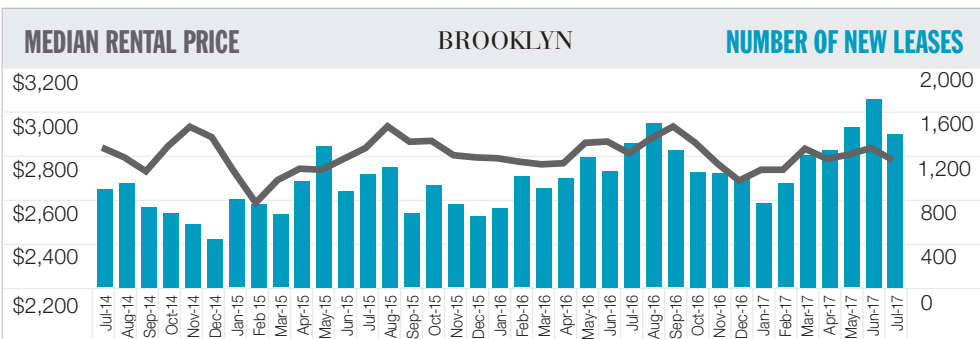
Listing Discount

0.4%

- Landlord concessions more than doubled year-ago level to record share
- Net effective median rent declined for third consecutive month
- Brooklyn median rent was \$655 less than Manhattan median rent

Brooklyn Rental Market		JUL-17	%Δ (MO)	JUN-17	%Δ (YR)	JUL-16
Average Rental Price		\$3,141	-1.8%	\$3,198	0.5%	\$3,124
Rental Price per Sq Ft		\$45.73	-3.4%	\$47.36	0.8%	\$45.37
Median Rental Price		\$2,795	-1.9%	\$2,850	-1.1%	\$2,826
Number of New Leases		1,400	-18.5%	1,717	6.0%	1,321
Days on Market (From Original List Date)		43	10.3%	39	7.5%	40
Listing Discount (From Original List Price)		1.5%		1.5%		1.1%
Listing Inventory		2,490	-5.0%	2,620	2.7%	2,424
Brooklyn Rental w/Concessions		JUL-17	%Δ (MO)	JUN-17	%Δ (YR)	JUL-16
Median Rental Price		\$2,745	-2.4%	\$2,813	-1.8%	\$2,796
Share of New Leases w/OP + Concessions (%)		22.1%		17.1%		9.5%
Free Rent/Owner Paid (Mos)		1.4	7.7%	1.3	7.7%	1.3
Brooklyn Rental Market by Size		JUL-17	%Δ (MO)	JUN-17	%Δ (YR)	JUL-16
Studio -	Average Rental Price	\$2,513	4.1%	\$2,415	13.5%	\$2,214
	Rental Price per Sq Ft	\$55.29	-4.0%	\$57.62	3.8%	\$53.28
	Median Rental Price	\$2,493	6.0%	\$2,351	14.3%	\$2,181
	Number of New Leases	234	-13.0%	269	36.0%	172
1-Bedroom -	Average Rental Price	\$2,749	0.8%	\$2,727	1.6%	\$2,707
	Rental Price per Sq Ft	\$46.85	-4.2%	\$48.88	-0.2%	\$46.93
	Median Rental Price	\$2,686	-0.5%	\$2,700	-0.5%	\$2,700
	Number of New Leases	512	-21.8%	655	3.0%	497
2-Bedroom -	Average Rental Price	\$3,463	-0.9%	\$3,495	1.0%	\$3,428
	Rental Price per Sq Ft	\$47.71	2.1%	\$46.74	7.6%	\$44.35
	Median Rental Price	\$3,048	-4.8%	\$3,200	-0.8%	\$3,074
	Number of New Leases	460	-13.2%	530	-1.5%	467
3+ Bedroom -	Average Rental Price	\$4,169	-8.8%	\$4,573	-3.6%	\$4,324
	Rental Price per Sq Ft	\$36.91	-11.2%	\$41.58	-11.7%	\$41.80
	Median Rental Price	\$3,625	-1.9%	\$3,695	-4.5%	\$3,795
	Number of New Leases	194	-26.2%	263	4.9%	185
Brooklyn Rental Market by Type		JUL-17	%Δ (MO)	JUN-17	%Δ (YR)	JUL-16
Luxury (Top 10%) - Median Rental Price		\$5,575	-3.1%	\$5,755	2.2%	\$5,453
Luxury (Top 10%) - Entry Threshold		\$4,700	-2.1%	\$4,800	0.9%	\$4,660
New Development - Median Rental Price		\$3,310	-1.6%	\$3,363	-3.2%	\$3,421

Landlord concessions rose to a record market share as face rents showed mixed results. The market share of concessions more than doubled to a record 22.1%, breaking the 18.1% record reached in January. As a result, the net effective median rent, face rent less the rental equivalent of brokerage commissions and free rent, declined 1.8% to \$2,745 from the same period last year. This was the both the third month with an annual decline and the tenth month of the past twelve months with an annual decline. Median face rent also fell for the third consecutive quarter, so it appears that the use of concessions will not continue to protect the face rent. Studios were the only size category to see a year over year rise in median face rent. While listing inventory rose annually for the 23rd consecutive month,



this was the first month without a double-digit increase after 15 consecutive months. Luxury median face rent, representing the top 10% of all rentals, rose 2.2% from the same month a

year ago as new entrants to the housing stock continued to skew towards the upper end of the market.

NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

8.3%

INVENTORY

Total Inventory

3.9%

NEW LEASES

Excludes Renewals

2.6%

OP + CONCESSIONS

Market Share

33.3%

MARKETING TIME

Days on Market

10 days

NEGOTIABILITY

Listing Discount

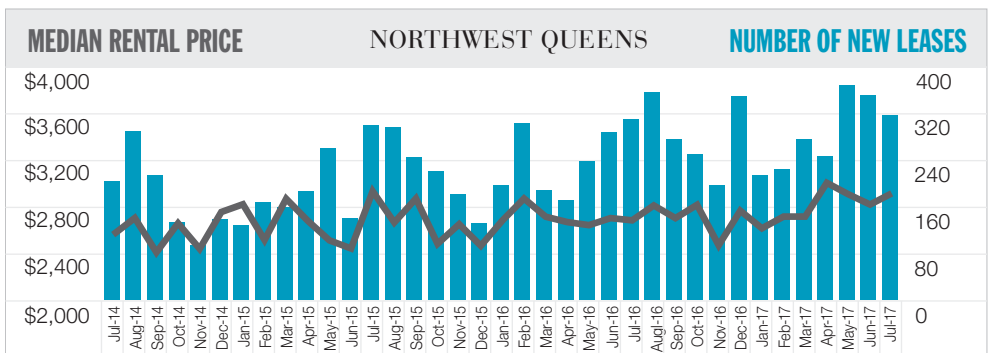
0.6%

- Prices moved higher as new development share of activity remained elevated
- The market share of landlord concessions was five times higher than last year
- Northwest Queens median rent was \$203 more than Brooklyn median rent

Queens Rental Market		JUL-17	%Δ (MO)	JUN-17	%Δ (YR)	JUL-16	
Average Rental Price		\$3,059	2.8%	\$2,975	5.2%	\$2,909	
Rental Price per Sq Ft		\$52.47	8.1%	\$48.56	10.4%	\$47.54	
Median Rental Price		\$2,998	3.3%	\$2,903	8.3%	\$2,768	
Number of New Leases		316	-9.7%	350	2.6%	308	
Days on Market (From Original List Date)		26	-23.5%	34	-27.8%	36	
Listing Discount (From Original List Price)		0.4%		0.8%		1.0%	
Listing Inventory		513	2.4%	501	-3.9%	534	
Queens Rental w/Concessions		JUL-17	%Δ (MO)	JUN-17	%Δ (YR)	JUL-16	
Median Rental Price		\$2,901	2.8%	\$2,822	5.8%	\$2,742	
Number of New Leases w/OP + Concessions (%)		40.8%		38.3%		7.5%	
Free Rent/Owner Paid (Mos)		1.3	8.3%	1.2	-13.3%	1.5	
Queens Rental Market by Size		JUL-17	%Δ (MO)	JUN-17	%Δ (YR)	JUL-16	
Studio -	Average Rental Price	\$2,370	-3.1%	\$2,445	2.7%	\$2,307	
	Rental Price per Sq Ft	\$60.26	11.3%	\$54.15	6.7%	\$56.45	
	Median Rental Price	\$2,600	0.4%	\$2,590	5.9%	\$2,456	
1-Bedroom -	Average Rental Price	\$2,900	2.2%	\$2,838	4.6%	\$2,772	
	Rental Price per Sq Ft	\$53.68	8.9%	\$49.31	9.3%	\$49.13	
	Median Rental Price	\$3,145	1.7%	\$3,093	4.7%	\$3,003	
2-Bedroom -	Average Rental Price	\$3,662	-0.7%	\$3,688	0.5%	\$3,642	
	Rental Price per Sq Ft	\$49.73	4.1%	\$47.78	11.5%	\$44.59	
	Median Rental Price	\$3,975	-6.6%	\$4,256	-1.7%	\$4,045	
3+ Bedroom -	Average Rental Price	\$4,931	31.3%	\$3,755	33.0%	\$3,708	
	Rental Price per Sq Ft	\$41.70	9.6%	\$38.06	7.1%	\$38.94	
	Median Rental Price	\$4,875	48.8%	\$3,276	62.5%	\$3,000	
Number of New Leases		8	-46.7%	15	-46.7%	15	
	Queens Rental Market By Type		JUL-17	%Δ (MO)	JUN-17	%Δ (YR)	JUL-16
	Luxury (Top 10%) - Median Rental Price		\$4,748	2.1%	\$4,650	7.5%	\$4,418
Luxury (Top 10%) - Entry Threshold		\$4,565	5.4%	\$4,330	26.3%	\$3,613	
New Development - Median Rental Price		\$3,365	-7.0%	\$3,210	10.0%	\$3,059	
New Development - Market Share		36.4%		34.6%		29.9%	

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

The neighborhoods of Long Island City, Astoria, Sunnyside, and Woodside form the northwest region of Queens and once again, posted large gains in face rent despite the high market share of concessions. The market share of new development activity was 36.4%, up from 29.9% a year ago and the continued activity continued to skew face rents higher as higher quality housing stock entered the market. The market share of landlord concessions increased nearly five fold from the same period last year, reaching 40.8%. The net effective median rent, face rent less the rental equivalent of brokerage commissions and free rent, rose 5.8% to \$2,901 from the same period a year ago.



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Report Methodology:

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

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