

ELLI MAN REPORT

JANUARY 2018

MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan,
Brooklyn and Queens Rentals

MANHATTAN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

2.8%

VACANCY

Vacancy Rate

0.37%

NEW LEASES

Excludes Renewals

37.0%

OP + CONCESSIONS

Market Share

18.4%

MARKETING TIME

Days on Market

22 days

NEGOTIABILITY

Listing Discount

0.2%

- Market share of landlord concessions rose to new record for second consecutive quarter
- Median face rent declined across all bedroom sizes
- Median net effective rent saw largest annual decline in more than six years

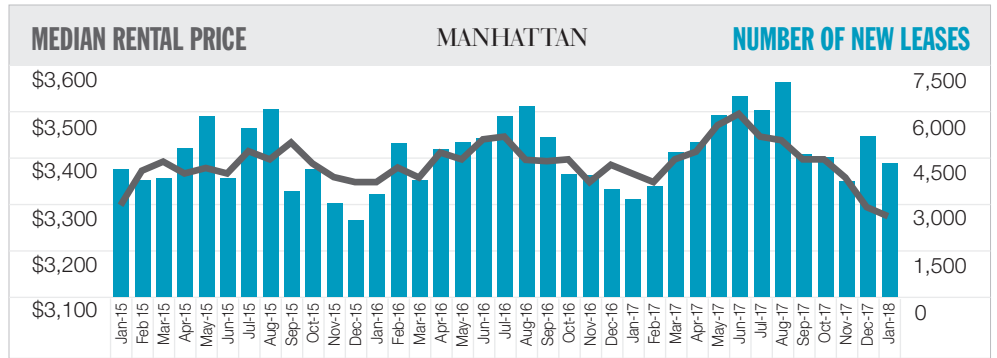
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

Manhattan Rental Market		JAN-18	%Δ (mo)	DEC-17	%Δ (yr)	JAN-17
Average Rental Price		\$3,999	-3.8%	\$4,158	1.7%	\$3,933
Rental Price per Sq Ft		\$65.49	-0.5%	\$65.83	4.4%	\$62.73
Median Rental Price		\$3,275	-0.6%	\$3,295	-2.8%	\$3,369
Number of New Leases		4,401	-16.5%	5,269	37.0%	3,212
Days on Market (From Original List Date)		36	-34.5%	55	-37.9%	58
Listing Discount (From Original List Price)		2.8%		3.1%		3.0%
Listing Inventory		5,688	-5.3%	6,004	-18.3%	6,959
Vacancy Rate		1.98%		1.90%		2.35%
Manhattan Rental w/Concessions		JAN-18	%Δ (mo)	DEC-17	%Δ (yr)	JAN-17
Median Rental Price		\$3,141	-2.1%	\$3,208	-3.6%	\$3,259
Share of New Leases w/OP + Concessions (%)		49.3%		36.2%		30.9%
Free Rent/Owner Paid (Mos)		1.4	7.7%	1.3	7.7%	1.3
Manhattan Rental Market by Size		JAN-18	%Δ (mo)	DEC-17	%Δ (yr)	JAN-17
Studio -	Average Rental Price	\$2,741	2.2%	\$2,681	1.2%	\$2,708
	Rental Price per Sq Ft	\$65.28	0.6%	\$64.92	-1.3%	\$66.11
	Median Rental Price	\$2,515	0.6%	\$2,499	-3.3%	\$2,600
	Number of New Leases	951	-16.2%	1,135	25.0%	761
1-Bedroom -	Average Rental Price	\$3,330	-2.2%	\$3,405	-2.8%	\$3,426
	Rental Price per Sq Ft	\$60.22	-3.5%	\$62.42	-1.5%	\$61.16
	Median Rental Price	\$3,254	0.1%	\$3,250	-4.0%	\$3,391
	Number of New Leases	1,859	-14.7%	2,180	30.4%	1,426
2-Bedroom -	Average Rental Price	\$4,771	-5.3%	\$5,040	-1.3%	\$4,832
	Rental Price per Sq Ft	\$65.62	-0.9%	\$66.20	8.0%	\$60.77
	Median Rental Price	\$4,295	-1.7%	\$4,370	-6.5%	\$4,595
	Number of New Leases	1,112	-15.4%	1,315	44.6%	769
3+ Bedroom -	Average Rental Price	\$7,300	-3.1%	\$7,533	-5.3%	\$7,706
	Rental Price per Sq Ft	\$73.66	4.7%	\$70.32	9.4%	\$67.31
	Median Rental Price	\$4,911	-6.5%	\$5,250	-10.7%	\$5,500
	Number of New Leases	479	-25.0%	639	87.1%	256

The recent growth in the landlord concession market share for the Manhattan rental market continued as net effective rent slipped. Market share of landlord concessions rose to a new record of 49.3% after just setting a new record of 36.2% in December 2017. This was consistent with the sharp decline in the vacancy rate to 1.9% from 2.35% in the same period last year. The combination of the decline in median

face rent and record concessions pushed net effective median rent lower. Median net effective rent fell 3.6% year over year, the largest drop recorded in the more than six years this metric has been tracked, to \$3,141. The decline in median face rent was distributed across bedroom types from studios down 3.3% to 3-bedrooms down 10.7% respectively from the same period last year. As an elevated number of high-end

apartments continued to enter the market, the price mix has been shifted higher, masking price declines at the high-end. This was evidenced by the recent trend change of “doorman” median rent growth outpacing “non-doorman” growth and more rental price gains shown at the high-end. By withdrawing new development rentals from the mix, existing median face rent declined 3% from the same period a year ago.



PROPERTY TYPE

- “Doorman” median annual rent growth outpaced “nondoorman” median rent for fourth consecutive month as luxury skewed market
- Existing median rental price saw second consecutive quarter of annual declines

Property Type	JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Doorman Median Rental Price	\$3,800	-1.3%	\$3,850	1.3%	\$3,750
Non-Doorman Median Rental Price	\$2,700	-3.1%	\$2,785	-3.6%	\$2,800
Loft Median Rental Price	\$5,000	-22.5%	\$6,450	31.8%	\$3,795
New Development Median Rental Price	\$4,750	8.0%	\$4,400	8.4%	\$4,383

BY PRICE

- Heavy volume of high-end apartments continued to enter the market, skewing price trends higher.
- New development continued to mask the price declines experienced at high-end
- Luxury entry threshold moved higher as market skewed toward luxury units

Price Category	JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Luxury (Top 10%) - Average Rental Price	\$10,432	-8.8%	\$11,436	13.1%	\$9,226
Luxury (Top 10%) - Rental Price per Sq Ft	\$79.68	1.5%	\$78.54	9.1%	\$73.05
Luxury (Top 10%) - Median Rental Price	\$8,000	-16.9%	\$9,625	5.3%	\$7,595
Luxury (Top 10%) - Number of New Leases	443	-15.9%	527	35.1%	328
Luxury (Top 10%) - Entry Threshold	\$6,224	-9.2%	\$6,855	3.7%	\$6,000
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,350	-3.3%	\$4,500	-1.1%	\$4,400
Mid Tier (2nd 30%) - Median Rental Price	\$3,100	0.0%	\$3,100	-3.1%	\$3,200
Entry Tier (1st 30%) - Median Rental Price	\$2,200	0.0%	\$2,200	-4.1%	\$2,295

BY LOCATION

- ### DOWNTOWN
- Median rent edged higher
 - New leases surged

Metric	JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Median Rental Price	\$3,613	0.4%	\$3,600	0.5%	\$3,595
Number of New Leases	1,750	-17.8%	2,129	26.9%	1,379
Vacancy Rate	1.87%		1.78%		2.21%

- ### EAST SIDE
- Vacancy rate fell sharply
 - New leases surged

Metric	JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Median Rental Price	\$3,295	-0.2%	\$3,300	3.0%	\$3,200
Number of New Leases	1,090	-19.1%	1,347	26.5%	862
Vacancy Rate	1.42%		1.86%		2.41%

- ### WEST SIDE
- Vacancy rate increased
 - New leases edged rose sharply

Metric	JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Median Rental Price	\$3,400	4.1%	\$3,267	1.0%	\$3,365
Number of New Leases	938	-9.8%	1,040	29.4%	725
Vacancy Rate	2.55%		3.07%		1.89%

- ### UPTOWN
- Median rent moved lower
 - Vacancy rate declined

Metric	JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Median Rental Price	\$2,200	-4.3%	\$2,300	-4.1%	\$2,293
Number of New Leases	623	-17.3%	753	153.3%	246
Vacancy Rate	2.39%		0.71%		3.28%

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

0.0%

INVENTORY

Total Inventory

21.4%

NEW LEASES

Excludes Renewals

42.1%

OP + CONCESSIONS

Market Share

29.4%

MARKETING TIME

Days on Market

33 days

NEGOTIABILITY

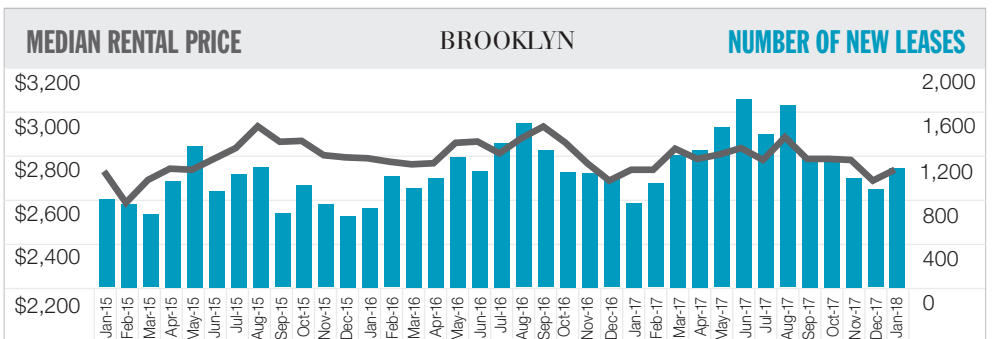
Listing Discount

0.7%

- **Fourth new monthly record landlord concession market share reached since January 2017**
- **Number of new leases surge as new development entered market at rapid pace**
- **Market share of studios and 1-bedrooms declined as larger new units entered market**

Brooklyn Rental Market		JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Average Rental Price		\$3,099	3.3%	\$3,001	2.4%	\$3,027
Rental Price per Sq Ft		\$40.95	-6.8%	\$43.93	-12.3%	\$46.70
Median Rental Price		\$2,750	1.9%	\$2,700	0.0%	\$2,750
Number of New Leases		1,090	22.1%	893	42.1%	767
Days on Market (From Original List Date)		35	20.7%	29	-48.5%	68
Listing Discount (From Original List Price)		1.8%		2.3%		2.5%
Listing Inventory		1,933	-15.4%	2,286	-21.4%	2,459
Brooklyn Rental w/Concessions		JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Median Rental Price		\$2,636	0.9%	\$2,613	-2.4%	\$2,702
Share of New Leases w/OP + Concessions (%)		47.5%		46.1%		18.1%
Free Rent/Owner Paid (Mos)		1.5	25.0%	1.2	-6.3%	1.6
Brooklyn Rental Market by Size		JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Studio -	Average Rental Price	\$2,410	3.4%	\$2,331	3.2%	\$2,335
	Rental Price per Sq Ft	\$37.34	-31.0%	\$54.15	-30.0%	\$53.31
	Median Rental Price	\$2,300	-1.6%	\$2,337	0.0%	\$2,300
Number of New Leases		158	18.8%	133	31.7%	120
1-Bedroom -	Average Rental Price	\$2,631	-0.8%	\$2,653	-3.2%	\$2,719
	Rental Price per Sq Ft	\$45.71	1.7%	\$44.93	-4.1%	\$47.67
	Median Rental Price	\$2,650	1.9%	\$2,600	-1.9%	\$2,700
Number of New Leases		417	19.1%	350	39.9%	298
2-Bedroom -	Average Rental Price	\$3,307	1.5%	\$3,258	-0.2%	\$3,315
	Rental Price per Sq Ft	\$39.48	-6.5%	\$42.23	-13.3%	\$45.55
	Median Rental Price	\$3,000	0.8%	\$2,975	-0.8%	\$3,025
Number of New Leases		364	26.0%	289	45.0%	251
3+ Bedroom -	Average Rental Price	\$4,608	11.7%	\$4,127	13.2%	\$4,072
	Rental Price per Sq Ft	\$38.38	-3.9%	\$39.94	-11.1%	\$43.15
	Median Rental Price	\$3,595	2.7%	\$3,499	8.3%	\$3,318
Number of New Leases		151	24.8%	121	54.1%	98
Brooklyn Rental Market by Type		JAN-18	%Δ (MO)	DEC-17	%Δ (YR)	JAN-17
Luxury (Top 10%) - Median Rental Price		\$5,434	8.7%	\$4,998	6.2%	\$5,119
Luxury (Top 10%) - Entry Threshold		\$4,688	8.1%	\$4,335	3.4%	\$4,535
New Development - Median Rental Price		\$3,103	5.2%	\$2,950	-6.2%	\$3,309

The Brooklyn rental market continued to weaken as new supply entered the upper half of the market. The market share of landlord concessions reached a new record for the second consecutive month, rising to 47.5% of all rentals. There have been four new records set for this metric since January 2017. While year over year median rent was unchanged for the second consecutive month, net effective rent fell for the ninth time in twelve quarters. Median net effective rent – median face rent less brokerage commissions and free rent or other incentives – declined 2.4% to \$2,636. By bedroom size, median face rent declined annually for every size category except studios, which showed no change. After two months



of year over year declines, the number of new leases surged with the continued introduction of new housing stock to the market as well as the push back of tenants on terms offered at the time of lease renewal. There were 1,090 new leases signed, up 42.1% from the same period a year ago. Market share of studios and 1-bedrooms declined as larger new units entered the market.

NORTHWEST QUEENS RENTALS

DASHBOARD

year-over-year

PRICES

Median Rental Price

1.9%

INVENTORY

Total Inventory

4.7%

NEW LEASES

Excludes Renewals

43.2%

OP + CONCESSIONS

Market Share

12.3%

MARKETING TIME

Days on Market

11 days

NEGOTIABILITY

Listing Discount

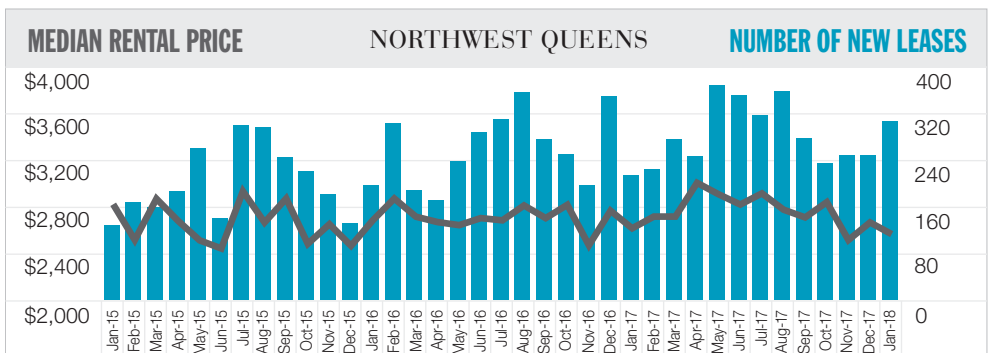
0.3%

- Fourth time concession market share reached new record high
- Fifth year over year decline in net effective rent in six months
- Market share of 2-bedroom and 3-bedroom rose year over year

Queens Rental Market		JAN-18	%Δ (mo)	DEC-17	%Δ (YR)	JAN-17	
Average Rental Price		\$2,689	-5.0%	\$2,831	-5.8%	\$2,854	
Rental Price per Sq Ft		\$45.62	-0.1%	\$45.68	-2.5%	\$46.79	
Median Rental Price		\$2,650	-3.6%	\$2,750	-1.9%	\$2,700	
Number of New Leases		305	23.5%	247	43.2%	213	
Days on Market (From Original List Date)		31	-3.1%	32	-26.2%	42	
Listing Discount (From Original List Price)		2.1%		2.4%		2.4%	
Listing Inventory		576	-1.2%	583	4.7%	550	
Queens Rental w/Concessions		JAN-18	%Δ (mo)	DEC-17	%Δ (YR)	JAN-17	
Median Rental Price		\$2,507	-5.4%	\$2,649	-4.7%	\$2,631	
Number of New Leases w/OP + Concessions (%)		50.8%		50.2%		38.5%	
Free Rent/Owner Paid (Mos)		1.8	50.0%	1.2	63.6%	1.1	
Queens Rental Market by Size		JAN-18	%Δ (mo)	DEC-17	%Δ (YR)	JAN-17	
Studio -	Average Rental Price	\$2,168	-0.7%	\$2,183	-0.1%	\$2,171	
	Rental Price per Sq Ft	\$57.27	15.1%	\$49.76	17.0%	\$48.95	
	Median Rental Price	\$2,210	0.0%	\$2,210	1.1%	\$2,186	
1-Bedroom -	Average Rental Price	\$2,565	-6.8%	\$2,751	-3.6%	\$2,662	
	Rental Price per Sq Ft	\$45.83	-4.3%	\$47.88	-5.1%	\$48.27	
	Median Rental Price	\$2,686	-6.0%	\$2,857	-2.8%	\$2,764	
2-Bedroom -	Average Rental Price	\$3,447	-4.5%	\$3,608	-1.1%	\$3,486	
	Rental Price per Sq Ft	\$41.50	-10.4%	\$46.34	-10.1%	\$46.16	
	Median Rental Price	\$3,800	1.2%	\$3,756	4.8%	\$3,625	
3+ Bedroom -	Average Rental Price	\$4,009	9.2%	\$3,671	-7.4%	\$4,328	
	Rental Price per Sq Ft	\$31.84	-10.0%	\$35.37	-21.3%	\$40.45	
	Median Rental Price	\$3,417	7.6%	\$3,175	-10.1%	\$3,800	
Number of New Leases		6	-50.0%	12	-33.3%	9	
	Queens Rental Market By Type		JAN-18	%Δ (mo)	DEC-17	%Δ (YR)	JAN-17
	Luxury (Top 10%) - Median Rental Price		\$4,237	-4.8%	\$4,450	-6.9%	\$4,553
Luxury (Top 10%) - Entry Threshold		\$3,815	-1.5%	\$3,872	-8.0%	\$4,145	
New Development - Median Rental Price		\$2,765	-7.0%	\$2,857	-13.5%	\$3,195	
New Development - Market Share		30.5%		40.9%		33.8%	

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

The market share of landlord concessions continued to reach new highs in the northwest region of Queens, comprised of the neighborhoods of Long Island City, Astoria, Sunnyside, and Woodside as rental price trend indicators slipped. The market share of landlord concessions reached a record in three of the past six months, rising to 50.8% from 38.5% in the same period a year ago. Listing inventory expanded 4.7% to 576 as the number of new leases surged 43.2% to 305 respectively over the same period. The growth in new leases was a combination of new units entering the market – new development represented 30.8% of all rentals – as well as tenant pushback at time of lease renewal.



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Report Methodology:

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

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