

ELLI MAN

REPORT

MARCH 2017

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

0.16%

NEW LEASES

Excludes Renewals

24.2%

OP + CONCESSIONS

Market Share

14.8%

MARKETING TIME

Days on Market

7 days

NEGOTIABILITY

Listing Discount

0.5%

- Landlord concessions doubled from prior year to second highest on record
- New leases surged from new development and tenant pushback on renewals
- Median rent with concessions increased for first time in eight months

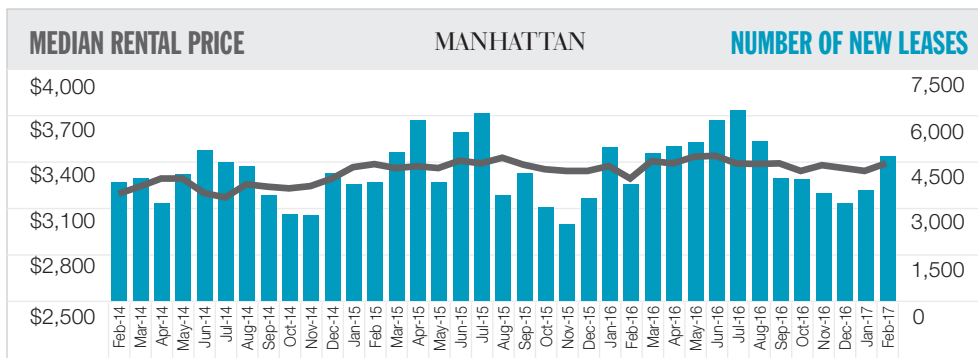
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

Manhattan Rental Market		MAR-17	%Δ (mo)	FEB-16	%Δ (yr)	MAR-16
Average Rental Price		\$4,211	2.3%	\$4,118	5.6%	\$3,989
Rental Price per Sq Ft		\$65.88	2.0%	\$64.59	1.2%	\$65.08
Median Rental Price		\$3,400	1.5%	\$3,350	3.0%	\$3,300
Number of New Leases		4,764	31.1%	3,634	24.2%	3,837
Days on Market (From Original List Date)		55	-3.5%	57	14.6%	48
Listing Discount (From Original List Price)		2.7%		3.3%		2.2%
Listing Inventory		7,212	4.9%	6,872	16.6%	6,186
Vacancy Rate		2.26%		2.44%		2.42%
Manhattan Rental w/Concessions		MAR-17	%Δ (mo)	FEB-16	%Δ (yr)	MAR-16
Median Rental Price		\$3,294	1.0%	\$3,260	1.2%	\$3,256
Share of New Leases w/OP + Concessions (%)		28.4%		26.4%		13.6%
Free Rent/Owner Paid (Mos)		1.3	8.3%	1.2	8.3%	1.2
Manhattan Rental Market by Size		MAR-17	%Δ (mo)	FEB-16	%Δ (yr)	MAR-16
Studio -	Average Rental Price	\$2,731	-3.5%	\$2,829	3.7%	\$2,633
	Rental Price per Sq Ft	\$67.55	4.5%	\$64.66	4.3%	\$64.74
	Median Rental Price	\$2,566	2.6%	\$2,500	1.3%	\$2,533
	Number of New Leases	1,155	43.3%	806	21.7%	949
1-Bedroom -	Average Rental Price	\$3,506	2.5%	\$3,422	1.4%	\$3,458
	Rental Price per Sq Ft	\$62.69	4.0%	\$60.26	3.4%	\$60.64
	Median Rental Price	\$3,395	1.3%	\$3,350	0.2%	\$3,388
	Number of New Leases	2,025	23.9%	1,635	18.4%	1,710
2-Bedroom -	Average Rental Price	\$5,110	5.5%	\$4,843	-0.9%	\$5,156
	Rental Price per Sq Ft	\$63.80	2.4%	\$62.33	-3.9%	\$66.37
	Median Rental Price	\$4,654	3.4%	\$4,500	1.2%	\$4,598
	Number of New Leases	1,151	33.7%	861	29.8%	887
3+ Bedroom -	Average Rental Price	\$9,062	3.1%	\$8,790	13.5%	\$7,981
	Rental Price per Sq Ft	\$73.04	-2.8%	\$75.17	0.6%	\$72.58
	Median Rental Price	\$6,425	6.5%	\$6,031	15.6%	\$5,558
	Number of New Leases	433	30.4%	332	48.8%	291

Despite a modest rise in net effective median rent, the use of concessions by Manhattan landlords more than doubled to the second highest market share on record. Median net effective rental price edged up 1.2% to \$3,294 from the year ago period. Landlord concessions represented 28.4% of all new leases, up from 13.6% in the same period a year ago. Over the

past several months growing use of concessions has been effective at preventing the vacancy rate from expanding on a year over year basis. The vacancy rate was 2.26%, down from 2.42% in the prior year period. One of the reasons for the expansion of face rent was the 72.5% surge in new leases in the new development market to 326 while existing new leases increased 21.7%

to 4,438 respectively from the year ago period, helping skew the market wide price metrics higher. The doorman amenity, which essentially splits the market in half, showed softness in the upper half and more upward price pressure in the lower half respectively in the overall market. The median rental price in a doorman building was \$3,700, down 1.3% and the median rental price in a non-doorman building jumped 5.1% to \$2,895 respectively over the same period.



PROPERTY TYPE

- “Non-doorman” rents surged as “doorman” rents slipped
- New development median rent rose with shift to larger units

Manhattan Rental Market By Property Type	MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Doorman Median Rental Price	\$3,700	-1.5%	\$3,756	-1.3%	\$3,748
Non-Doorman Median Rental Price	\$2,895	3.6%	\$2,795	5.1%	\$2,754
Loft Median Rental Price	\$4,175	5.7%	\$3,950	-18.4%	\$5,115
New Development Median Rental Price	\$4,602	-7.3%	\$4,963	5.8%	\$4,350

BY PRICE

- Luxury median showed largest gain in contrast to long term patterns
- Entry, mid and upper tiers show similar price gains
- Luxury rent threshold expanded

Manhattan Rental Market By Price	MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Luxury (Top 10%) - Average Rental Price	\$11,217	2.2%	\$10,975	10.3%	\$10,170
Luxury (Top 10%) - Rental Price per Sq Ft	\$78.99	2.2%	\$77.26	1.2%	\$78.03
Luxury (Top 10%) - Median Rental Price	\$8,995	12.7%	\$7,983	9.3%	\$8,228
Luxury (Top 10%) - Number of New Leases	477	31.0%	364	23.9%	385
Luxury (Top 10%) - Entry Threshold	\$6,515	3.9%	\$6,272	5.1%	\$6,200
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,550	1.1%	\$4,500	3.4%	\$4,400
Mid Tier (2nd 30%) - Median Rental Price	\$3,245	1.4%	\$3,200	3.1%	\$3,148
Entry Tier (1st 30%) - Median Rental Price	\$2,350	2.4%	\$2,295	4.1%	\$2,258

BY LOCATION

DOWNTOWN

- New leases surged
- Rent and vacancy edged higher

Downtown Market Matrix	MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Median Rental Price	\$3,685	1.0%	\$3,650	1.4%	\$3,635
Number of New Leases	2,136	34.4%	1,589	32.6%	1,611
Vacancy Rate	2.55%		2.61%		2.49%

EAST SIDE

- Vacancy fell as rent increased
- Number of new leases jumped

East Side Market Matrix	MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Median Rental Price	\$3,305	2.5%	\$3,223	5.2%	\$3,143
Number of New Leases	1,238	35.9%	911	23.6%	1,002
Vacancy Rate	1.42%		1.86%		2.30%

WEST SIDE

- Vacancy rate continued to fall
- New leases moved higher

West Side Market Matrix	MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Median Rental Price	\$3,390	3.0%	\$3,291	2.8%	\$3,297
Number of New Leases	1,005	25.3%	802	16.3%	864
Vacancy Rate	1.83%		1.96%		2.55%

UPTOWN

- Rent and new leased increased
- Vacancy rose sharply

Uptown Market Matrix	MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Median Rental Price	\$2,350	2.2%	\$2,300	3.3%	\$2,275
Number of New Leases	385	16.0%	332	6.9%	360
Vacancy Rate	3.37%		3.55%		2.22%

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

2.6%

INVENTORY

Total Inventory

37.1%

NEW LEASES

Excludes Renewals

33.5%

OP + CONCESSIONS

Market Share

9.4%

MARKETING TIME

Days on Market

3 days

NEGOTIABILITY

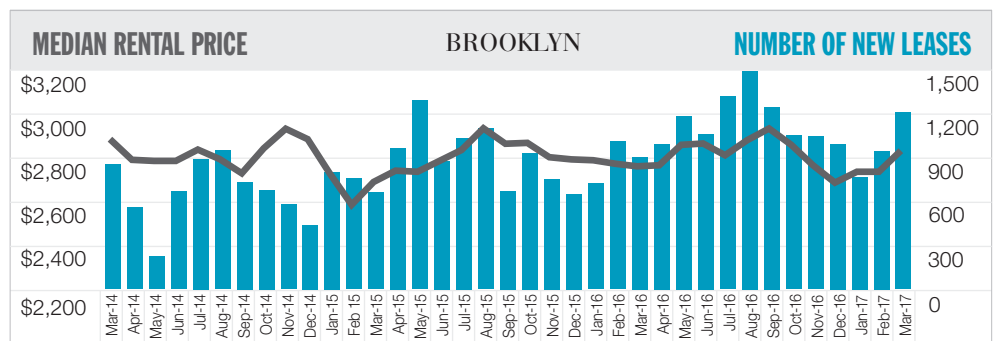
Listing Discount

0.7%

- After 5 months of year over year declines, median face rent rose
- Concessions more than doubled to the second highest share on record
- Brooklyn median rent was \$553 less than Manhattan median rent

Brooklyn Rental Market		MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Average Rental Price		\$3,153	2.4%	\$3,078	2.9%	\$3,065
Rental Price per Sq Ft		\$47.79	5.1%	\$45.49	10.3%	\$43.31
Median Rental Price		\$2,847	3.5%	\$2,750	2.6%	\$2,775
Number of New Leases		1,211	27.7%	948	33.5%	907
Days on Market (From Original List Date)		52	-1.9%	53	6.1%	49
Listing Discount (From Original List Price)		1.8%		2.3%		1.1%
Listing Inventory		2,580	9.6%	2,354	37.1%	1,882
Brooklyn Rental w/Concessions		MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Median Rental Price		\$2,806	3.4%	\$2,715	2.0%	\$2,752
Share of New Leases w/OP + Concessions (%)		16.0%		15.7%		6.6%
Free Rent/Owner Paid (Mos)		1.5	7.1%	1.4	0.0%	1.5
Brooklyn Rental Market by Size		MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Studio -	Average Rental Price	\$2,627	14.4%	\$2,296	15.5%	\$2,275
	Rental Price per Sq Ft	\$55.55	7.7%	\$51.59	3.5%	\$53.68
	Median Rental Price	\$2,496	5.6%	\$2,363	9.3%	\$2,284
Number of New Leases		182	40.0%	130	65.5%	110
1-Bedroom -	Average Rental Price	\$2,754	-0.3%	\$2,763	3.2%	\$2,668
	Rental Price per Sq Ft	\$49.61	3.1%	\$48.13	7.8%	\$46.02
	Median Rental Price	\$2,795	7.5%	\$2,600	6.9%	\$2,614
Number of New Leases		497	32.2%	376	41.2%	352
2-Bedroom -	Average Rental Price	\$3,505	1.7%	\$3,448	2.8%	\$3,411
	Rental Price per Sq Ft	\$47.37	2.8%	\$46.07	11.4%	\$42.52
	Median Rental Price	\$3,200	6.7%	\$3,000	0.0%	\$3,200
Number of New Leases		383	18.9%	322	17.8%	325
3+ Bedroom -	Average Rental Price	\$4,227	7.8%	\$3,921	5.3%	\$4,014
	Rental Price per Sq Ft	\$39.92	6.7%	\$37.43	3.8%	\$38.45
	Median Rental Price	\$3,686	5.7%	\$3,488	3.1%	\$3,575
Number of New Leases		149	24.2%	120	24.2%	120
Brooklyn Rental Market by Type		MAR-17	%Δ (MO)	FEB-16	%Δ (YR)	MAR-16
Luxury (Top 10%) - Median Rental Price		\$5,596	3.4%	\$5,411	7.1%	\$5,227
Luxury (Top 10%) - Entry Threshold		\$4,725	2.7%	\$4,600	4.4%	\$4,527
New Development - Median Rental Price		\$3,204	-2.4%	\$3,284	-4.2%	\$3,343

Median face rent moved 2.6% higher to \$2,847 above year ago levels with the rise attributed to sharp gains in price and market share in the lower half of the market. The market share of studio and 1-bedroom new leases jumped 5.1%. At the same time, the median rental price of a studio jumped 9.3% and the median rental price of a 1-bedroom rose 6.9%. The market share of rentals with landlord concessions jumped to 16% from 6.6% in the same period last year, the second highest share on record. The number of new leases rose 33.5% to 1,211 from the combination of a sharp rise in new development entering the market and tenant resistance to elevated rent levels. The market share of new development rentals jumped 9.5% to 22.1% from



the same period a year ago. Days on market, the number of days from the original list date to the lease date, expanded by 3 days to an average of 52 days from the same period a year ago. Listing

discount, the percentage difference between the original list date and the lease date, expanded to 1.8% from 1.1% over the same period.

NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

0.0%

INVENTORY

Total Inventory

31.2%

NEW LEASES

Excludes Renewals

45.7%

OP + CONCESSIONS

Market Share

23.0%

MARKETING TIME

Days on Market

1 days

NEGOTIABILITY

Listing Discount

1.7%

- Median face rent was unchanged as new leases surged
- Concessions more than doubled as listing inventory expanded
- Northwest Queens median rent was \$47 less than Brooklyn median rent

Queens Rental Market	MAR-17	%Δ (mo)	FEB-16	%Δ (yr)	MAR-16
Average Rental Price	\$2,850	-2.0%	\$2,909	-2.6%	\$2,927
Rental Price per Sq Ft	\$48.65	2.7%	\$47.35	3.0%	\$47.23
Median Rental Price	\$2,800	0.0%	\$2,800	0.0%	\$2,799
Number of New Leases	274	22.9%	223	45.7%	188
Days on Market (From Original List Date)	41	7.9%	38	-2.4%	42
Listing Discount (From Original List Price)	0.5%		1.7%		2.2%
Listing Inventory	576	3.6%	556	31.2%	439

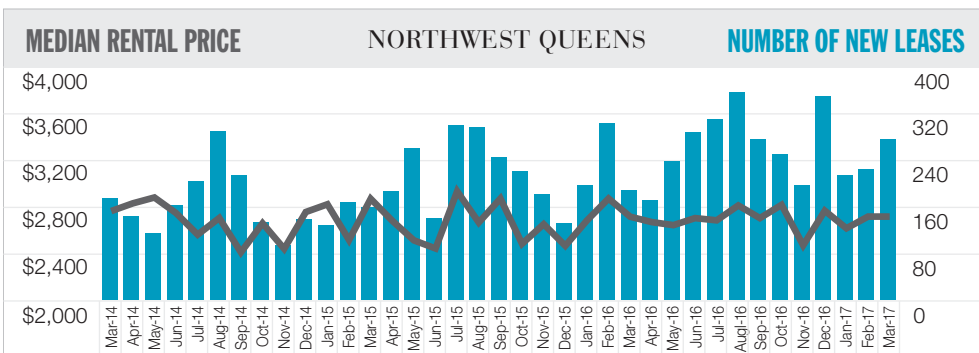
Queens Rental w/Concessions	MAR-17	%Δ (mo)	FEB-16	%Δ (yr)	MAR-16
Median Rental Price	\$2,734	-0.4%	\$2,746	-0.5%	\$2,748
Number of New Leases w/OP + Concessions (%)	42.7%		39.5%		19.7%
Free Rent/Owner Paid (Mos)	0.9	12.5%	0.8	-18.2%	1.1

Queens Rental Market by Size	MAR-17	%Δ (mo)	FEB-16	%Δ (yr)	MAR-16	
Studio -	Average Rental Price	\$2,356	3.1%	\$2,286	-1.3%	\$2,388
	Rental Price per Sq Ft	\$59.96	25.8%	\$47.68	1.8%	\$58.88
	Median Rental Price	\$2,473	2.0%	\$2,425	2.4%	\$2,415
1-Bedroom -	Average Rental Price	\$2,763	7.1%	\$2,581	4.5%	\$2,643
	Rental Price per Sq Ft	\$50.48	3.7%	\$48.68	10.8%	\$45.55
	Median Rental Price	\$3,050	8.2%	\$2,820	11.9%	\$2,725
2-Bedroom -	Average Rental Price	\$3,320	-8.3%	\$3,620	-5.7%	\$3,520
	Rental Price per Sq Ft	\$42.53	-13.0%	\$48.90	-10.3%	\$47.43
	Median Rental Price	\$3,000	-16.7%	\$3,600	-16.7%	\$3,600
3+ Bedroom -	Average Rental Price	\$3,234	-33.3%	\$4,849	-23.0%	\$4,202
	Rental Price per Sq Ft	\$33.58	-11.8%	\$38.09	-26.1%	\$45.44
	Median Rental Price	\$2,900	-42.0%	\$5,000	-27.8%	\$4,019
Number of New Leases		12	9.1%	11	20.0%	10

Queens Rental Market By Type	MAR-17	%Δ (mo)	FEB-16	%Δ (yr)	MAR-16
Luxury (Top 10%) - Median Rental Price	\$4,568	-7.2%	\$4,925	4.8%	\$4,357
Luxury (Top 10%) - Entry Threshold	\$4,025	-9.2%	\$4,435	11.8%	\$3,600
New Development - Median Rental Price	\$3,106	-7.0%	\$3,155	2.9%	\$3,017
New Development - Market Share	42.7%		33.6%		25.5%

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

Median face rent for northwest Queens, an area comprised of the neighborhoods of Long Island City, Astoria, Sunnyside and Woodside, was unchanged at \$2,800 compared to the same period last year. After considering the 42.7% market share of OP and concessions, the net effective median rent declined 0.5% to \$2,734 over the same period. Landlord concession market share had more than doubled from 19.7% in the same month last year. Studio and 1-bedroom rents increased and large unit rents fell. Despite that pattern, median rent in the luxury market increased 4.8% to \$4,568.



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Report Methodology:

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

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