

ELLI MAN

REPORT

DECEMBER 2017

MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan,
Brooklyn and Queens Rentals

MANHATTAN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

2.7%

VACANCY

Vacancy Rate

0.79%

NEW LEASES

Excludes Renewals

48.3%

OP + CONCESSIONS

Market Share

9.8%

MARKETING TIME

Days on Market

2 days

NEGOTIABILITY

Listing Discount

0.6%

- Market share of landlord concessions rose to new record
- Median net effective rent saw fourth largest decline recorded in over six years
- Surge in number of new leases with decline in vacancy rate

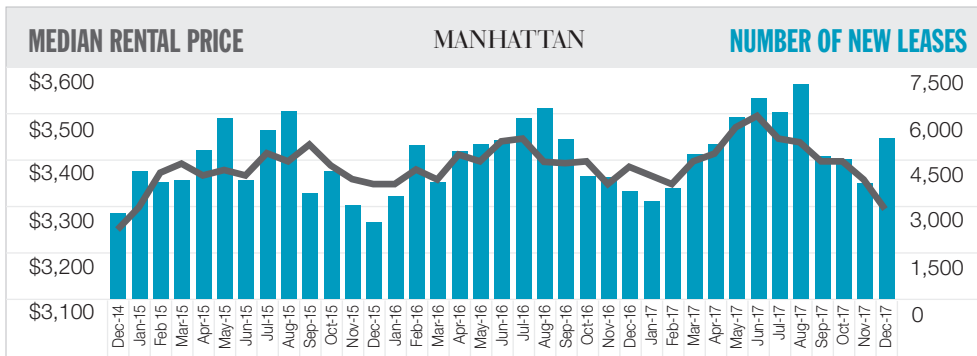
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

Manhattan Rental Market		DEC-17	%Δ (mo)	NOV-17	%Δ (yr)	DEC-16
Average Rental Price		\$4,158	1.6%	\$4,091	2.8%	\$4,044
Rental Price per Sq Ft		\$65.83	1.7%	\$64.73	2.3%	\$64.33
Median Rental Price		\$3,295	-1.9%	\$3,360	-2.7%	\$3,388
Number of New Leases		5,269	39.1%	3,787	48.3%	3,553
Days on Market (From Original List Date)		55	12.2%	49	-3.5%	57
Listing Discount (From Original List Price)		3.1%		3.7%		3.7%
Listing Inventory		6,004	-16.5%	7,189	-15.3%	7,090
Vacancy Rate		1.90%		2.35%		2.69%
Manhattan Rental w/Concessions		DEC-17	%Δ (mo)	NOV-17	%Δ (yr)	DEC-16
Median Rental Price		\$3,208	-2.3%	\$3,284	-2.5%	\$3,291
Share of New Leases w/OP + Concessions (%)		36.2%		29.6%		26.4%
Free Rent/Owner Paid (Mos)		1.3	0.0%	1.3	0.0%	1.3
Manhattan Rental Market by Size		DEC-17	%Δ (mo)	NOV-17	%Δ (yr)	DEC-16
Studio -	Average Rental Price	\$2,681	0.6%	\$2,666	0.1%	\$2,678
	Rental Price per Sq Ft	\$64.92	3.3%	\$62.84	6.2%	\$61.11
	Median Rental Price	\$2,499	-2.0%	\$2,550	-3.0%	\$2,575
	Number of New Leases	1,135	41.5%	802	33.7%	849
1-Bedroom -	Average Rental Price	\$3,405	-0.9%	\$3,435	-1.3%	\$3,451
	Rental Price per Sq Ft	\$62.42	2.7%	\$60.76	1.2%	\$61.65
	Median Rental Price	\$3,250	-3.0%	\$3,350	-4.3%	\$3,395
	Number of New Leases	2,180	32.0%	1,652	44.4%	1,510
2-Bedroom -	Average Rental Price	\$5,040	5.5%	\$4,776	0.7%	\$5,007
	Rental Price per Sq Ft	\$66.20	5.3%	\$62.88	0.9%	\$65.63
	Median Rental Price	\$4,370	3.6%	\$4,220	-4.8%	\$4,588
	Number of New Leases	1,315	37.3%	958	46.4%	898
3+ Bedroom -	Average Rental Price	\$7,533	-9.0%	\$8,275	-6.7%	\$8,075
	Rental Price per Sq Ft	\$70.32	-5.0%	\$74.00	1.0%	\$69.61
	Median Rental Price	\$5,250	-10.1%	\$5,841	-12.5%	\$5,998
	Number of New Leases	639	70.4%	375	115.9%	296

The Manhattan rental market eased in the final month of 2017 with a record amount of landlord concessions and the fourth largest year over year decline in net effective rent in more than six years. After remaining elevated but stable throughout the year, the market share of landlord concessions rose to a new record of 36.2%, up from then record of 26.4%. Concession market share for new development reached 48.8% and

35.3% for existing apartments. Net effective median rent, defined as face rent less the monthly equivalent of free rent and broker commissions, fell 2.5% to \$3,208. The number of new leases surged 48.3% to 5,269 from the same period last year. The jump was attributable to continuing push back from tenants at time of lease renewal as well as the number of new development units entering the market. The jump in the share of

concessions was consistent with the drop in the vacancy rate to 1.9% from 2.69% from the same month last year. The introduction of large new apartments to the market was evident by the 3.8% annual gain to a 12.1% market share of 3-bedroom apartments, the highest share recorded in more than six years.



PROPERTY TYPE

- “Doorman” median rent continued to rise faster than “non-doorman” median rent for third consecutive month
- Largest market share of 3-bedroom rentals in more than six years of tracking this metric

Property Type	DEC-17	%Δ (mo)	NOV-17	%Δ (yr)	DEC-16
Doorman Median Rental Price	\$3,875	0.2%	\$3,866	0.9%	\$3,839
Non-Doorman Median Rental Price	\$2,785	0.5%	\$2,770	-0.5%	\$2,800
Loft Median Rental Price	\$6,450	7.6%	\$5,995	61.7%	\$3,990
New Development Median Rental Price	\$4,400	-5.9%	\$4,675	8.6%	\$4,050

BY PRICE

- Surge in new leases of high-end apartments entering the market.
- Entry tier – first 30% of market by price – showed large decline in face rent
- Luxury entry threshold expanded from same period a year ago

Price Category	DEC-17	%Δ (mo)	NOV-17	%Δ (yr)	DEC-16
Luxury (Top 10%) - Average Rental Price	\$11,436	8.7%	\$10,517	14.2%	\$10,015
Luxury (Top 10%) - Rental Price per Sq Ft	\$78.54	1.9%	\$77.11	6.6%	\$73.65
Luxury (Top 10%) - Median Rental Price	\$9,625	17.0%	\$8,225	20.3%	\$8,000
Luxury (Top 10%) - Number of New Leases	527	38.7%	380	47.6%	357
Luxury (Top 10%) - Entry Threshold	\$6,855	8.5%	\$6,320	8.8%	\$6,300
Upper Tier (30% below Luxury) - Med. Rental Price	\$4,500	0.1%	\$4,495	1.1%	\$4,450
Mid Tier (2nd 30%) - Median Rental Price	\$3,100	-3.1%	\$3,200	-3.1%	\$3,200
Entry Tier (1st 30%) - Median Rental Price	\$2,200	-4.3%	\$2,299	-4.3%	\$2,300

BY LOCATION

DOWNTOWN

- New leases jumped
- Vacancy rate declined

Metric	DEC-17	%Δ (mo)	NOV-17	%Δ (yr)	DEC-16
Median Rental Price	\$3,600	-2.6%	\$3,695	-2.0%	\$3,675
Number of New Leases	2,129	40.9%	1,511	33.9%	1,590
Vacancy Rate	1.78%		2.64%		2.76%

EAST SIDE

- Median rent edged higher
- New leases surged

Metric	DEC-17	%Δ (mo)	NOV-17	%Δ (yr)	DEC-16
Median Rental Price	\$3,300	-1.5%	\$3,350	1.7%	\$3,245
Number of New Leases	1,347	39.0%	969	45.5%	926
Vacancy Rate	1.86%		1.64%		2.85%

WEST SIDE

- Vacancy rate jumped
- New leases rose sharply

Metric	DEC-17	%Δ (mo)	NOV-17	%Δ (yr)	DEC-16
Median Rental Price	\$3,267	-4.6%	\$3,425	-1.0%	\$3,300
Number of New Leases	1,040	17.0%	889	34.9%	771
Vacancy Rate	3.07%		2.55%		2.16%

UPTOWN

- Vacancy rate dropped
- New leases tripled

Metric	DEC-17	%Δ (mo)	NOV-17	%Δ (yr)	DEC-16
Median Rental Price	\$2,300	0.5%	\$2,288	2.2%	\$2,250
Number of New Leases	753	80.1%	418	183.1%	266
Vacancy Rate	0.71%		2.39%		2.93%

BROOKLYN RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

0.0%

INVENTORY

Total Inventory

11.3%

NEW LEASES

Excludes Renewals

10.1%

OP + CONCESSIONS

Market Share

32.4%

MARKETING TIME

Days on Market

23 days

NEGOTIABILITY

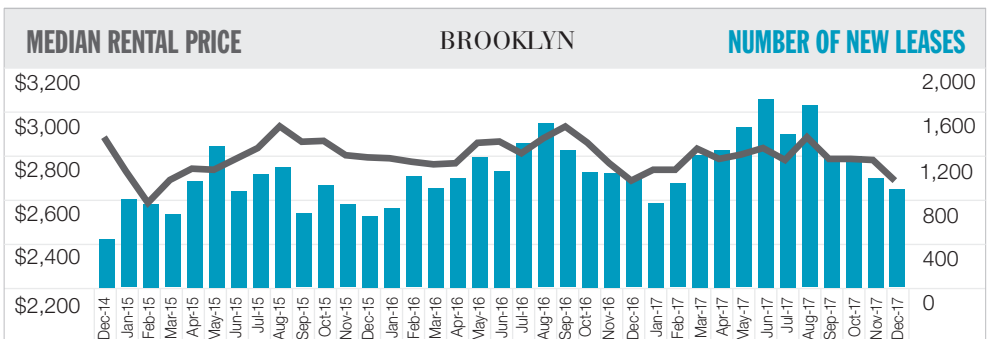
Listing Discount

0.7%

- Net effective median rent declined year over year in 9 of 12 months
- Market share of landlord concessions more than tripled to new record
- Price erosion in smaller apartments and within the luxury market

Brooklyn Rental Market		DEC-17	%Δ (MO)	NOV-17	%Δ (YR)	DEC-16
Average Rental Price		\$3,001	-2.6%	\$3,080	-1.4%	\$3,045
Rental Price per Sq Ft		\$43.93	-1.1%	\$44.43	-1.7%	\$44.70
Median Rental Price		\$2,700	-3.4%	\$2,795	0.0%	\$2,700
Number of New Leases		893	-10.3%	996	-10.1%	993
Days on Market (From Original List Date)		29	-32.6%	43	-44.2%	52
Listing Discount (From Original List Price)		2.3%		2.6%		3.0%
Listing Inventory		2,286	4.2%	2,194	-11.3%	2,578
Brooklyn Rental w/Concessions		DEC-17	%Δ (MO)	NOV-17	%Δ (YR)	DEC-16
Median Rental Price		\$2,613	-5.2%	\$2,755	-1.8%	\$2,662
Share of New Leases w/OP + Concessions (%)		46.1%		18.6%		13.7%
Free Rent/Owner Paid (Mos)		1.2	-7.7%	1.3	-29.4%	1.7
Brooklyn Rental Market by Size		DEC-17	%Δ (MO)	NOV-17	%Δ (YR)	DEC-16
Studio -	Average Rental Price	\$2,331	-2.7%	\$2,395	-15.1%	\$2,745
	Rental Price per Sq Ft	\$54.15	-3.1%	\$55.87	5.5%	\$51.33
	Median Rental Price	\$2,337	1.2%	\$2,309	-3.0%	\$2,409
	Number of New Leases	133	-11.3%	150	-7.0%	143
1-Bedroom -	Average Rental Price	\$2,653	-2.0%	\$2,707	-1.7%	\$2,700
	Rental Price per Sq Ft	\$44.93	-2.0%	\$45.87	-3.8%	\$46.72
	Median Rental Price	\$2,600	-5.5%	\$2,750	-2.1%	\$2,656
	Number of New Leases	350	-6.9%	376	-16.3%	418
2-Bedroom -	Average Rental Price	\$3,258	-3.4%	\$3,373	0.4%	\$3,246
	Rental Price per Sq Ft	\$42.23	-3.1%	\$43.57	-4.3%	\$44.13
	Median Rental Price	\$2,975	-0.8%	\$3,000	0.8%	\$2,950
	Number of New Leases	289	-15.2%	341	-1.7%	294
3+ Bedroom -	Average Rental Price	\$4,127	-1.6%	\$4,193	3.9%	\$3,972
	Rental Price per Sq Ft	\$39.94	0.0%	\$39.94	10.1%	\$36.29
	Median Rental Price	\$3,499	-2.7%	\$3,595	0.0%	\$3,498
	Number of New Leases	121	-6.2%	129	-12.3%	138
Brooklyn Rental Market by Type		DEC-17	%Δ (MO)	NOV-17	%Δ (YR)	DEC-16
Luxury (Top 10%) - Median Rental Price		\$4,998	-7.1%	\$5,378	-5.7%	\$5,300
Luxury (Top 10%) - Entry Threshold		\$4,335	-8.2%	\$4,720	0.1%	\$4,330
New Development - Median Rental Price		\$2,950	-4.7%	\$3,095	-1.4%	\$2,993

Brooklyn rental price trends continued to show weaker trends with more concessions and fewer new lease signings. The market share of landlord concessions jumped to 46.1%, more than triple the prior year share and a new record. Concession market share for new developments reached 69.2% and 35% for existing apartments. While median face rent was unchanged at \$2,700 from the same month a year ago, the rise in concessions pressed the net effective median rent down 1.8% to \$2,613. This decline was the ninth of the past twelve months. This is consistent with the decline in listing discount – the percent change from the original list price to the rental price. The number of new leases declined fell 10.1% to 893 year-over-year with downward



patterns seen across all size categories. The declines were partly attributable to the higher use of concessions at time of renewal. In the luxury market, representing the top 10% of the

market with an entry threshold of \$4,335, luxury median rental price declined 5.7% to \$4,998.

NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

PRICES

Median Rental Price

3.5%

INVENTORY

Total Inventory

13.9%

NEW LEASES

Excludes Renewals

29.0%

OP + CONCESSIONS

Market Share

19.4%

MARKETING TIME

Days on Market

12 days

NEGOTIABILITY

Listing Discount

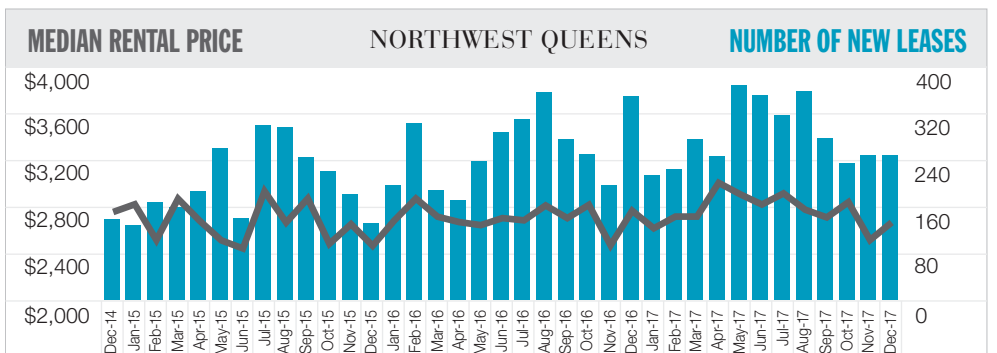
0.6%

- Landlord concession market share reached new record
- All apartment size categories saw declines in median sales price
- Two-bedrooms only size category to lose market share

Queens Rental Market		DEC-17	%Δ (MO)	NOV-17	%Δ (YR)	DEC-16	
Average Rental Price		\$2,831	1.1%	\$2,801	-5.4%	\$2,992	
Rental Price per Sq Ft		\$45.68	-5.0%	\$48.10	0.0%	\$45.67	
Median Rental Price		\$2,750	5.8%	\$2,600	-3.5%	\$2,850	
Number of New Leases		247	0.0%	247	-29.0%	348	
Days on Market (From Original List Date)		32	-5.9%	34	-27.3%	44	
Listing Discount (From Original List Price)		2.4%		2.9%		1.8%	
Listing Inventory		583	-0.7%	587	13.9%	512	
Queens Rental w/Concessions		DEC-17	%Δ (MO)	NOV-17	%Δ (YR)	DEC-16	
Median Rental Price		\$2,649	5.2%	\$2,517	-5.6%	\$2,807	
Number of New Leases w/OP + Concessions (%)		50.2%		44.5%		30.8%	
Free Rent/Owner Paid (Mos)		1.2	0.0%	1.2	33.3%	0.9	
Queens Rental Market by Size		DEC-17	%Δ (MO)	NOV-17	%Δ (YR)	DEC-16	
Studio -	Average Rental Price	\$2,183	-4.1%	\$2,276	-2.5%	\$2,239	
	Rental Price per Sq Ft	\$49.76	-10.0%	\$55.26	-5.1%	\$52.42	
	Median Rental Price	\$2,210	-4.2%	\$2,308	-9.6%	\$2,445	
1-Bedroom -	Average Rental Price	\$2,751	3.7%	\$2,654	0.3%	\$2,742	
	Rental Price per Sq Ft	\$47.88	0.5%	\$47.66	11.2%	\$43.07	
	Median Rental Price	\$2,857	0.0%	\$2,857	-0.2%	\$2,862	
2-Bedroom -	Average Rental Price	\$3,608	8.4%	\$3,328	-5.6%	\$3,822	
	Rental Price per Sq Ft	\$46.34	1.4%	\$45.71	-2.0%	\$47.29	
	Median Rental Price	\$3,756	-0.5%	\$3,775	-9.2%	\$4,137	
3+ Bedroom -	Average Rental Price	\$3,671	-25.6%	\$4,932	-13.7%	\$4,253	
	Rental Price per Sq Ft	\$35.37	-19.4%	\$43.90	-21.8%	\$45.25	
	Median Rental Price	\$3,175	-37.4%	\$5,072	-5.6%	\$3,365	
	Number of New Leases	12	50.0%	8	-25.0%	16	
	Queens Rental Market By Type		DEC-17	%Δ (MO)	NOV-17	%Δ (YR)	DEC-16
	Luxury (Top 10%) - Median Rental Price		\$4,450	1.9%	\$4,366	-8.0%	\$4,838
Luxury (Top 10%) - Entry Threshold		\$3,872	-4.2%	\$4,040	-14.3%	\$4,520	
New Development - Median Rental Price		\$2,857	-7.0%	\$2,857	-3.9%	\$2,973	
New Development - Market Share		40.9%		34.0%		25.3%	

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

The northwest region of Queens, comprised of the neighborhoods of Long Island City, Astoria, Sunnyside, and Woodside set a new record for the market share of landlord concessions with softer rental prices. The market share of landlord concessions rose to a new record of 50.2% from 30.8% in the same month a year ago. As a result, the net effective median rent declined 5.6% to \$2,649 over the same period. The market share of concessions for new developments reached 86.1% and 25.3% for existing apartments. New development rentals expanded to a 40.9% market share from 25.3% in the same month last year. Listing inventory expanded 13.9% to 583 over the same period.



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Report Methodology:

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

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