

# ELLI MAN REPORT

**JUNE** 2017

## MANHATTAN, BROOKLYN & QUEENS RENTALS

Monthly Survey of Manhattan, Brooklyn and Queens Rentals

### MANHATTAN RENTALS DASHBOARD

year-over-year

#### PRICES

Median Rental Price

1.6%

#### VACANCY

Vacancy Rate

0.09%

#### NEW LEASES

Excludes Renewals

26.9%

#### OP + CONCESSIONS

Market Share

14.2%

#### MARKETING TIME

Days on Market

2 days

#### NEGOTIABILITY

Listing Discount

0.3%

- Median net effective rent remained essentially flat as new leases jumped
- Market share of landlord concessions remained more than double the year-ago level
- Vacancy rate remained lower than year ago level as concessions worked

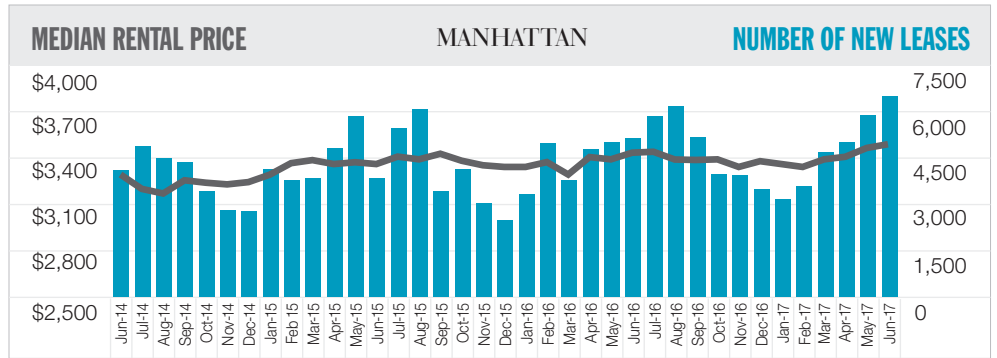
The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and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

| Manhattan Rental Market                     |                        | JUN-17  | %Δ (mo) | MAY-17  | %Δ (yr) | JUN-16  |
|---|------------------------|---------|---------|---------|---------|---------|
| Average Rental Price                        |                        | \$4,126 | -1.9%   | \$4,208 | -0.2%   | \$4,134 |
| Rental Price per Sq Ft                      |                        | \$66.86 | -0.1%   | \$66.94 | -1.3%   | \$67.74 |
| Median Rental Price                         |                        | \$3,500 | 0.7%    | \$3,475 | 1.6%    | \$3,444 |
| Number of New Leases                        |                        | 6,604   | 10.6%   | 5,969   | 26.9%   | 5,203   |
| Days on Market (From Original List Date)    |                        | 41      | -6.8%   | 44      | 5.1%    | 39      |
| Listing Discount (From Original List Price) |                        | 1.7%    |         | 1.9%    |         | 2.0%    |
| Listing Inventory                           |                        | 7,824   | 8.4%    | 7,219   | 5.1%    | 7,442   |
| Vacancy Rate                                |                        | 2.21%   |         | 1.72%   |         | 2.30%   |
| Manhattan Rental w/Concessions              |                        | JUN-17  | %Δ (mo) | MAY-17  | %Δ (yr) | JUN-16  |
| Median Rental Price                         |                        | \$3,410 | 1.0%    | \$3,377 | -0.1%   | \$3,413 |
| Share of New Leases w/OP + Concessions (%)  |                        | 23.9%   |         | 25.1%   |         | 9.7%    |
| Free Rent/Owner Paid (Mos)                  |                        | 1.3     | 0.0%    | 1.3     | 18.2%   | 1.1     |
| Manhattan Rental Market by Size             |                        | JUN-17  | %Δ (mo) | MAY-17  | %Δ (yr) | JUN-16  |
| Studio -                                    | Average Rental Price   | \$2,685 | -3.3%   | \$2,777 | -0.1%   | \$2,688 |
|   | Rental Price per Sq Ft | \$68.41 | 2.6%    | \$66.70 | 2.2%    | \$66.93 |
|   | Median Rental Price    | \$2,600 | -1.9%   | \$2,650 | -0.4%   | \$2,611 |
|   | Number of New Leases   | 1,568   | 14.0%   | 1,376   | 24.4%   | 1,260   |
| 1-Bedroom -                                 | Average Rental Price   | \$3,538 | 1.8%    | \$3,476 | 0.3%    | \$3,528 |
|   | Rental Price per Sq Ft | \$63.73 | 1.3%    | \$62.89 | 0.0%    | \$63.72 |
|   | Median Rental Price    | \$3,500 | 1.4%    | \$3,450 | 1.5%    | \$3,449 |
|   | Number of New Leases   | 2,688   | 9.0%    | 2,467   | 27.3%   | 2,111   |
| 2-Bedroom -                                 | Average Rental Price   | \$4,947 | -0.8%   | \$4,986 | 0.8%    | \$4,908 |
|   | Rental Price per Sq Ft | \$64.95 | -1.4%   | \$65.88 | -3.3%   | \$67.16 |
|   | Median Rental Price    | \$4,312 | -4.2%   | \$4,500 | 4.3%    | \$4,134 |
|   | Number of New Leases   | 1,640   | 10.3%   | 1,487   | 25.9%   | 1,303   |
| 3+ Bedroom -                                | Average Rental Price   | \$7,644 | -7.9%   | \$8,304 | -5.5%   | \$8,087 |
|   | Rental Price per Sq Ft | \$73.72 | -0.5%   | \$74.09 | -2.9%   | \$75.92 |
|   | Median Rental Price    | \$5,620 | -6.3%   | \$6,000 | -3.3%   | \$5,814 |
|   | Number of New Leases   | 708     | 10.8%   | 639     | 33.8%   | 529     |

The Manhattan rental market continued to show softer conditions at the top and the effective use of concessions by landlords to keep vacancy in check. The net effective median rent, face rent less the rental equivalent of brokerage commissions and free rent, was virtually flat at \$3,410, down 0.1% from \$3,413 from the same month a year ago. Face rents showed mixed results with 0.2% and 1.3% declines in

average rent and average rent per square foot respectively. The market share of concessions was 23.9%, more than double the year-ago share of 9.7% but well below 30.9% record set back in January. As a result, the vacancy rate was 2.21%, down nominally from 2.30% over the same period. Luxury median rental price, accounting for the top 10% of all rentals, declined 6.2% to \$7,949 from the same period last year.

This pattern continued to be reflected in doorman amenity that represents half of all rentals and has continued to lag the growth in the non-doorman amenity for the past several years. The number of new leases surged 26.9% to 6,604 from the same period last year, the highest monthly total since January 2008 when this series began. The addition of new development product and pushback from tenants at the time of renewal drove the increase.



## PROPERTY TYPE

- New development median rent moved higher as average size increased
- “Non-doorman” median rent continued to outperform higher end “Doorman”

| Property Type                       | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
|-------------------------------------|---------|---------|---------|---------|---------|
| Doorman Median Rental Price         | \$3,835 | 2.1%    | \$3,755 | 0.9%    | \$3,800 |
| Non-Doorman Median Rental Price     | \$3,000 | 0.0%    | \$3,000 | 1.7%    | \$2,951 |
| Loft Median Rental Price            | \$4,200 | 3.7%    | \$4,050 | -25.9%  | \$5,666 |
| New Development Median Rental Price | \$4,795 | 8.1%    | \$4,435 | 11.1%   | \$4,316 |

## BY PRICE

- Luxury median rent declined and remained weakest segment of market
- Median rent trends improved in mid tier and upper tier segments
- Luxury rent threshold edged higher

| Price Segment                                     | JUN-17   | %Δ (MO) | MAY-17   | %Δ (YR) | JUN-16   |
|---|----------|---------|----------|---------|----------|
| Luxury (Top 10%) - Average Rental Price           | \$10,039 | -5.9%   | \$10,668 | -5.5%   | \$10,625 |
| Luxury (Top 10%) - Rental Price per Sq Ft         | \$78.67  | 1.6%    | \$77.42  | -2.8%   | \$80.91  |
| Luxury (Top 10%) - Median Rental Price            | \$7,949  | -0.6%   | \$8,000  | -6.2%   | \$8,475  |
| Luxury (Top 10%) - Number of New Leases           | 661      | 7.8%    | 613      | 25.9%   | 525      |
| Luxury (Top 10%) - Entry Threshold                | \$6,362  | -2.0%   | \$6,495  | 0.9%    | \$6,307  |
| Upper Tier (30% below Luxury) - Med. Rental Price | \$4,500  | -1.3%   | \$4,560  | 1.5%    | \$4,434  |
| Mid Tier (2nd 30%) - Median Rental Price          | \$3,300  | 0.0%    | \$3,300  | 1.5%    | \$3,252  |
| Entry Tier (1st 30%) - Median Rental Price        | \$2,395  | -0.2%   | \$2,399  | 1.5%    | \$2,360  |

## BY LOCATION

### DOWNTOWN

- Vacancy rate jumped
- New leases surged

| Metric               | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
|----------------------|---------|---------|---------|---------|---------|
| Median Rental Price  | \$3,795 | 0.0%    | \$3,795 | 1.5%    | \$3,740 |
| Number of New Leases | 3,013   | 10.2%   | 2,734   | 30.9%   | 2,302   |
| Vacancy Rate         | 2.92%   |         | 1.75%   |         | 2.36%   |

### EAST SIDE

- Median rent increased
- Vacancy rate fell

| Metric               | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
|----------------------|---------|---------|---------|---------|---------|
| Median Rental Price  | \$3,350 | 4.7%    | \$3,200 | 4.6%    | \$3,203 |
| Number of New Leases | 1,634   | 11.8%   | 1,462   | 19.0%   | 1,373   |
| Vacancy Rate         | 1.64%   |         | 1.42%   |         | 2.14%   |

### WEST SIDE

- New leases jumped
- Median rent increased

| Metric               | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
|----------------------|---------|---------|---------|---------|---------|
| Median Rental Price  | \$3,425 | -0.7%   | \$3,450 | 2.4%    | \$3,346 |
| Number of New Leases | 1,416   | 9.3%    | 1,296   | 31.8%   | 1,074   |
| Vacancy Rate         | 2.22%   |         | 2.42%   |         | 2.02%   |

### UPTOWN

- Vacancy rate fell
- New leases increased

| Metric               | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
|----------------------|---------|---------|---------|---------|---------|
| Median Rental Price  | \$2,350 | 0.0%    | \$2,350 | -0.8%   | \$2,370 |
| Number of New Leases | 541     | 13.4%   | 477     | 19.2%   | 454     |
| Vacancy Rate         | 1.06%   |         | 1.15%   |         | 2.75%   |

# BROOKLYN RENTALS DASHBOARD

year-over-year

## PRICES

Median Rental Price

**1.0%**

## INVENTORY

Total Inventory

**13.5%**

## NEW LEASES

Excludes Renewals

**61.5%**

## OP + CONCESSIONS

Market Share

**10.9%**

## MARKETING TIME

Days on Market

**5** days

## NEGOTIABILITY

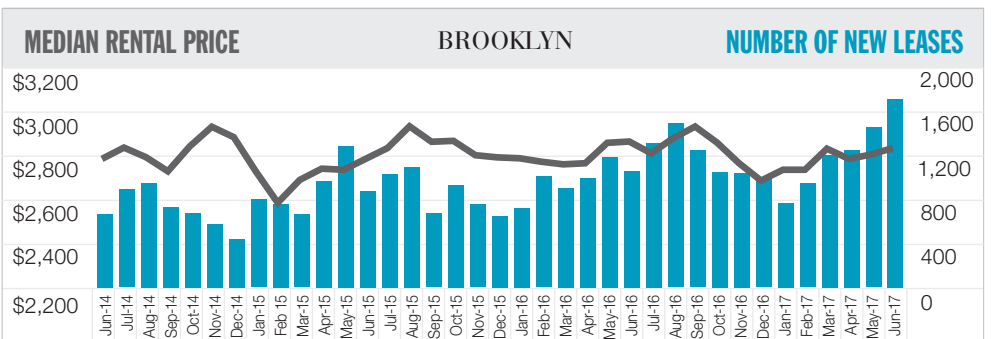
Listing Discount

**0.2%**

- Number of new leases surged as median and average rent declined
- Landlord concessions rise to the second highest on record, nearly triple year ago level
- Brooklyn median rent was \$650 less than Manhattan median rent

| Brooklyn Rental Market                      |                        | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
|---|------------------------|---------|---------|---------|---------|---------|
| Average Rental Price                        |                        | \$3,198 | 1.9%    | \$3,137 | -0.6%   | \$3,218 |
| Rental Price per Sq Ft                      |                        | \$47.36 | 5.4%    | \$44.93 | 1.7%    | \$46.55 |
| Median Rental Price                         |                        | \$2,850 | 1.1%    | \$2,820 | -1.0%   | \$2,880 |
| Number of New Leases                        |                        | 1,717   | 17.6%   | 1,460   | 61.5%   | 1,063   |
| Days on Market (From Original List Date)    |                        | 39      | -11.4%  | 44      | -11.4%  | 44      |
| Listing Discount (From Original List Price) |                        | 1.5%    |         | 1.3%    |         | 1.3%    |
| Listing Inventory                           |                        | 2,620   | 5.2%    | 2,490   | 13.5%   | 2,309   |
| Brooklyn Rental w/Concessions               |                        | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
| Median Rental Price                         |                        | \$2,813 | 1.1%    | \$2,782 | -1.6%   | \$2,858 |
| Share of New Leases w/OP + Concessions (%)  |                        | 17.1%   |         | 15.2%   |         | 6.2%    |
| Free Rent/Owner Paid (Mos)                  |                        | 1.3     | -13.3%  | 1.5     | -13.3%  | 1.5     |
| Brooklyn Rental Market by Size              |                        | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
| Studio -                                    | Average Rental Price   | \$2,415 | -1.8%   | \$2,459 | 4.7%    | \$2,306 |
|   | Rental Price per Sq Ft | \$57.62 | 10.0%   | \$52.37 | 4.7%    | \$55.01 |
|   | Median Rental Price    | \$2,351 | -4.0%   | \$2,450 | -1.1%   | \$2,378 |
|   | Number of New Leases   | 269     | 47.0%   | 183     | 67.1%   | 161     |
| 1-Bedroom -                                 | Average Rental Price   | \$2,727 | 0.9%    | \$2,703 | -1.8%   | \$2,778 |
|   | Rental Price per Sq Ft | \$48.88 | 1.6%    | \$48.10 | 0.0%    | \$48.90 |
|   | Median Rental Price    | \$2,700 | 0.9%    | \$2,676 | -2.7%   | \$2,774 |
|   | Number of New Leases   | 655     | 7.2%    | 611     | 60.5%   | 408     |
| 2-Bedroom -                                 | Average Rental Price   | \$3,495 | 1.2%    | \$3,455 | 0.7%    | \$3,470 |
|   | Rental Price per Sq Ft | \$46.74 | 5.4%    | \$44.35 | 4.9%    | \$44.54 |
|   | Median Rental Price    | \$3,200 | 2.4%    | \$3,125 | -2.1%   | \$3,267 |
|   | Number of New Leases   | 530     | 15.7%   | 458     | 55.9%   | 340     |
| 3+ Bedroom -                                | Average Rental Price   | \$4,573 | 6.2%    | \$4,307 | -4.4%   | \$4,781 |
|   | Rental Price per Sq Ft | \$41.58 | 10.6%   | \$37.58 | -5.0%   | \$43.79 |
|   | Median Rental Price    | \$3,695 | 8.7%    | \$3,400 | -4.4%   | \$3,864 |
|   | Number of New Leases   | 263     | 26.4%   | 208     | 70.8%   | 154     |
| Brooklyn Rental Market by Type              |                        | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
| Luxury (Top 10%) - Median Rental Price      |                        | \$5,755 | 5.6%    | \$5,450 | 0.5%    | \$5,729 |
| Luxury (Top 10%) - Entry Threshold          |                        | \$4,800 | 4.3%    | \$4,600 | 2.1%    | \$4,700 |
| New Development - Median Rental Price       |                        | \$3,363 | -1.1%   | \$3,400 | 1.4%    | \$3,315 |

Overall rents in Brooklyn continued to slip as inventory expanded and landlord concessions reached their second highest level recorded for this series. The net effective median rent, face rent less the rental equivalent of brokerage commissions and free rent, was \$2,813, down 1.6% from the same period last year. The average and median face rents also reflected year over year declines. The market share of landlord concessions was 17.1%, the second highest on record and nearly triple the 6.2% market share in the same period a year ago. The median face rent declined annually for all apartment sizes but showed a general trend of greater weakness at the high end. However, the luxury median face rent, representing the top 10% of all rentals, edged up 0.5% over the same



period. The rental housing stock in the borough continued to rise, as noted by the year over year 13.5% rise in listing inventory to 2,620. Listing discount, the percentage difference between

the original and lease dates, continued to show nominal expansion of negotiability, up to 1.5% from 1.3% over the same period.

## NORTHWEST QUEENS RENTALS DASHBOARD

year-over-year

### PRICES

Median Rental Price

4.2%

### INVENTORY

Total Inventory

3.3%

### NEW LEASES

Excludes Renewals

22.0%

### OP + CONCESSIONS

Market Share

28.9%

### MARKETING TIME

Days on Market

0 days

### NEGOTIABILITY

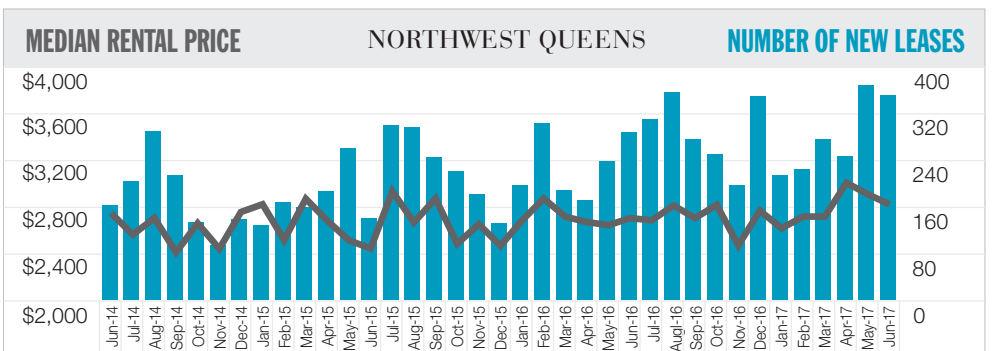
Listing Discount

1.0%

- Prices moved higher as new development exceeded one-third of rental activity
- Landlord concession market share was four times higher than last year
- Northwest Queens median rent was \$53 more than Brooklyn median rent

| Queens Rental Market                        |  | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |         |
|---|--|---------|---------|---------|---------|---------|---------|
| Average Rental Price                        |  | \$2,975 | -0.4%   | \$2,988 | 0.6%    | \$2,957 |         |
| Rental Price per Sq Ft                      |  | \$48.56 | -4.7%   | \$50.93 | 5.9%    | \$45.86 |         |
| Median Rental Price                         |  | \$2,903 | -2.9%   | \$2,990 | 4.2%    | \$2,787 |         |
| Number of New Leases                        |  | 350     | -4.6%   | 367     | 22.0%   | 287     |         |
| Days on Market (From Original List Date)    |  | 34      | -26.1%  | 46      | 0.0%    | 34      |         |
| Listing Discount (From Original List Price) |  | 0.8%    |         | 0.5%    |         | -0.2%   |         |
| Listing Inventory                           |  | 501     | -3.1%   | 517     | -3.3%   | 518     |         |
| Queens Rental w/Concessions                 |  | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |         |
| Median Rental Price                         |  | \$2,822 | -2.8%   | \$2,902 | 2.5%    | \$2,754 |         |
| Number of New Leases w/OP + Concessions (%) |  | 38.3%   |         | 37.9%   |         | 9.4%    |         |
| Free Rent/Owner Paid (Mos)                  |  | 1.2     | -7.7%   | 1.3     | -20.0%  | 1.5     |         |
| Queens Rental Market by Size                |  | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |         |
| Studio -                                    | Average Rental Price                   | \$2,445 | 0.1%    | \$2,443 | 2.8%    | \$2,378 |         |
|   | Rental Price per Sq Ft                 | \$54.15 | -8.0%   | \$58.88 | -1.7%   | \$55.06 |         |
|   | Median Rental Price                    | \$2,590 | 1.8%    | \$2,545 | 4.6%    | \$2,476 |         |
| 1-Bedroom -                                 | Average Rental Price                   | \$2,838 | -3.5%   | \$2,941 | 1.8%    | \$2,787 |         |
|   | Rental Price per Sq Ft                 | \$49.31 | -3.6%   | \$51.14 | 5.6%    | \$46.71 |         |
|   | Median Rental Price                    | \$3,093 | -1.3%   | \$3,133 | 3.6%    | \$2,986 |         |
| 2-Bedroom -                                 | Average Rental Price                   | \$3,688 | -0.4%   | \$3,703 | 3.3%    | \$3,570 |         |
|   | Rental Price per Sq Ft                 | \$47.78 | 3.0%    | \$46.41 | 10.5%   | \$43.25 |         |
|   | Median Rental Price                    | \$4,256 | 5.1%    | \$4,049 | 25.2%   | \$3,400 |         |
| 3+ Bedroom -                                | Average Rental Price                   | \$3,755 | -18.2%  | \$4,588 | -19.5%  | \$4,662 |         |
|   | Rental Price per Sq Ft                 | \$38.06 | -11.3%  | \$42.89 | -4.7%   | \$39.92 |         |
|   | Median Rental Price                    | \$3,276 | -18.0%  | \$3,995 | -11.5%  | \$3,700 |         |
|   | Number of New Leases                   | 15      | 66.7%   | 9       | 66.7%   | 9       |         |
|   | Queens Rental Market By Type           |         | JUN-17  | %Δ (MO) | MAY-17  | %Δ (YR) | JUN-16  |
|   | Luxury (Top 10%) - Median Rental Price |         | \$4,650 | 3.2%    | \$4,505 | 3.7%    | \$4,482 |
| Luxury (Top 10%) - Entry Threshold          |  | \$4,330 | 8.4%    | \$3,995 | 22.3%   | \$3,540 |         |
| New Development - Median Rental Price       |  | \$3,210 | -7.0%   | \$3,210 | 2.2%    | \$3,141 |         |
| New Development - Market Share              |  | 34.6%   |         | 38.7%   |         | 28.2%   |         |

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



The northwest Queens rental market comprised of the neighborhoods of Long Island City, Astoria, Sunnyside, and Woodside, remained significantly influenced by new development activity, accounting for 34.6% of new leases signed during the month. Consistent with this characteristic, new leases jumped 22% from the same period last year. This growth outpaced the 3.3% decline in listing inventory, over the same period and the first annual decline in 22 months. Consistent with the introduction of new rental units to the market, the net effective median rent rose 2.5% to \$2,822, despite the 38.3% market share of landlord concessions.

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#### Report Methodology:

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