

## BROOKLYN RESIDENTIAL RENTAL MARKET REPORT - SEPTEMBER 2017

Welcome to the newest New York Real Estate Market Update. Here we dig into the latest data and trends to find out what is really happening in the local Brooklyn rental market to help landlords, real estate investors, and developers make the smartest financial moves.

SO, WHAT'S NEW IN NEW YORK REAL ESTATE? LET'S TAKE A LOOK AT THE NUMBERS...

## Month over month

Brooklyn is seeing a seasonal price correction continue. Rents are down an average of just over 1% since last month. The best performers still include Cobble Hill, and Bay Ridge.

Brooklyn Heights and Clinton Hill have moved up with strong performances.

DUMBO holds the title for most expensive apartments in Brooklyn, thanks to new luxury units.

The most affordable rental apartments are being found in Bay Ridge.

DUMBO studio prices rose 8.7% in the last month, or an average of \$253.

However, 1 and 2 bedroom apartment prices in DUMBO fell by almost as much.

## Month over month

Overall Brooklyn rents have fallen to an average of \$2,751.80 per month. Still, price per square foot is up slightly, inventory is down, and days on market have dipped to just 39.

## Year over year

Brooklyn rental prices may be softer, and there may be more concessions, but there are positive trends too.

## Overall

- New leases are up by 13.6%
  - OP + Concessions are up 7.2%
  - Negotiability is now flat
  - Inventory levels are down 11.9%
  - And marketing time has dropped by 4 days
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- If you look at this trending data on the graph charts, landlords should note that this is likely to be the one of the best moments to sign new leases. At least until mid-2018. This is due to seasonal rental price dips and peaks.
  - If you have vacant units, it is time to fill them.
  - If leases are signed in Oct through Feb, consider signing 15 to 19 month leases to get the units back during the best rental months to get the highest possible rent due to high seasonal demand.



## The RATNER Team Market Report

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## NOW LET'S TAKE A LOOK AT RENTALS BY UNIT TYPE:

## For studios

- Average price per foot is down to \$52
- average unit size is 623 square feet
- Average Days on the market is 31 days
- 33 studios are No Fee, and 121 are Fee apartments
- Month over month changes saw rents down 1.5%
- And year over year rents are down 1.3%

Renters can currently expect to pay almost \$543 more per month for no fee studio rentals, than those with fees.

- 1 bathrooms are currently renting for around \$7 more per square foot than those with an extra half bath.
- Having on-site laundry facilities in the building can increase rents by over \$200 a month.
- Units with private outdoor space, rent for around \$300 more per month
- Units with elevators are averaging around \$230 more per month than walk-up units.
- Gyms are still one of the top amenities tenants are looking for. They can add an average of \$500 per month to rents.
- Tenants are now paying around \$500 more per month in buildings which have a full-time lobby attendant. A substantial increase over last month.
- In all, we are seeing a big premium being put on gyms, attended lobbies, and outdoor space.

## For 1 bedrooms

- Average price per foot is up to \$48
- The average unit size is down to 695 square feet
- Average Days on the market is up to 53
- Just 37 1 beds were No Fee, versus 207 Fee apartments
- Month over month change rents are, down 0.5%
- year over year rents are down 2.1%

- No fee 1 bedrooms rented for \$1 per square foot than fee apartments last month.
- Having a laundry in the building saw 1 beds renting for \$5 more per square foot
- Units with NO private outdoor space actually rented for slightly more per last month too
- The difference in rents for elevator versus walk-up units is \$7 per square foot
- Units with gyms rented for \$5 more per square foot last month.
- Buildings with full time lobby attendants are renting for \$509 more per month



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**Now on to 2 bedroom rentals** ➤

- The average 2 bedroom apartment in Brooklyn now rents for \$3,063.
- Average price per foot is \$38
- average unit size is 1,031 square feet
- Average Days on the market is 48 days
- Just 9, 2 bedroom apartments for No Fee rentals, versus 240 Fee rentals
- Month over month rents are down 1.3%
- But year over year they are up 3%

- Units with an extra bath or half bath rented for \$600 to \$900 more month than 1 bath units
- Having a laundry in the building can add \$10 per month to the rent.
- Those with private outdoor spaces rented for \$3 more per square foot
- A 2 bedroom with a gym in the building is getting \$13 more per square foot
- Those with full time doorman are renting for over \$600 more per month.
- There is around a \$400 premium for elevator versus walk-up apartments.
- There is very little difference between 2 bedroom fee or no fee apartments, pet friendly ones, or short or long term rentals.

**For 3 bedroom apartments** ➤

- The average price per foot is \$39
- The average unit size is 1,254 square foot
- Average Days on the market sits at 51 days
- Just 12, 3 bedroom rentals were No Fee, versus 84 rentals with Fee
- Month over month rents are UP 6.3%
- year over year rents are UP 6.8%

- No FEE apartments rented for \$2 more per square foot than fee apartments last month.
- Those with gyms rented for \$11 more per square foot.
- 1.5 bath units actually rented for \$7 per square foot less than 1 bath units last month! Though expect to get \$9 to \$17 more per square foot if you go all the way up to a 3 or 3.5 bath unit.
- Having a laundry in the building can make a \$5 difference per rent per square foot
- Expect to get \$3 more per month for units with private outdoor space
- Elevator apartments rented for almost \$5 more per square foot last month
- Having a full time lobby attendant made almost a \$11 per square foot difference, with total monthly rent almost over \$1,000 more for 3 bedroom units in these buildings

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## IN SUMMARY

- What the break down in this data shows Brooklyn landlords, is that there is a notable seasonal correction in play. Certain features offer little benefit, but others are commanding even bigger premiums. Consider these adjustments when renovating buildings, or developing new ones, so that you are maximizing ROI at every level.
- As we go through these seasonal changes, and look at how some property types are accelerating, while others have cooled off, some investors may find this the opportune moment to restructure portfolios to capitalize on the best yields and growth ahead. Though it appears many are being more realistic about the overall market and how competitive it is today, and are pricing that in to their asking prices.
- Find out more about the current market, competing listings, and where to get the best help in leasing your rental units by contacting The Ratner Team.

