

NYC Rent Guidelines Board

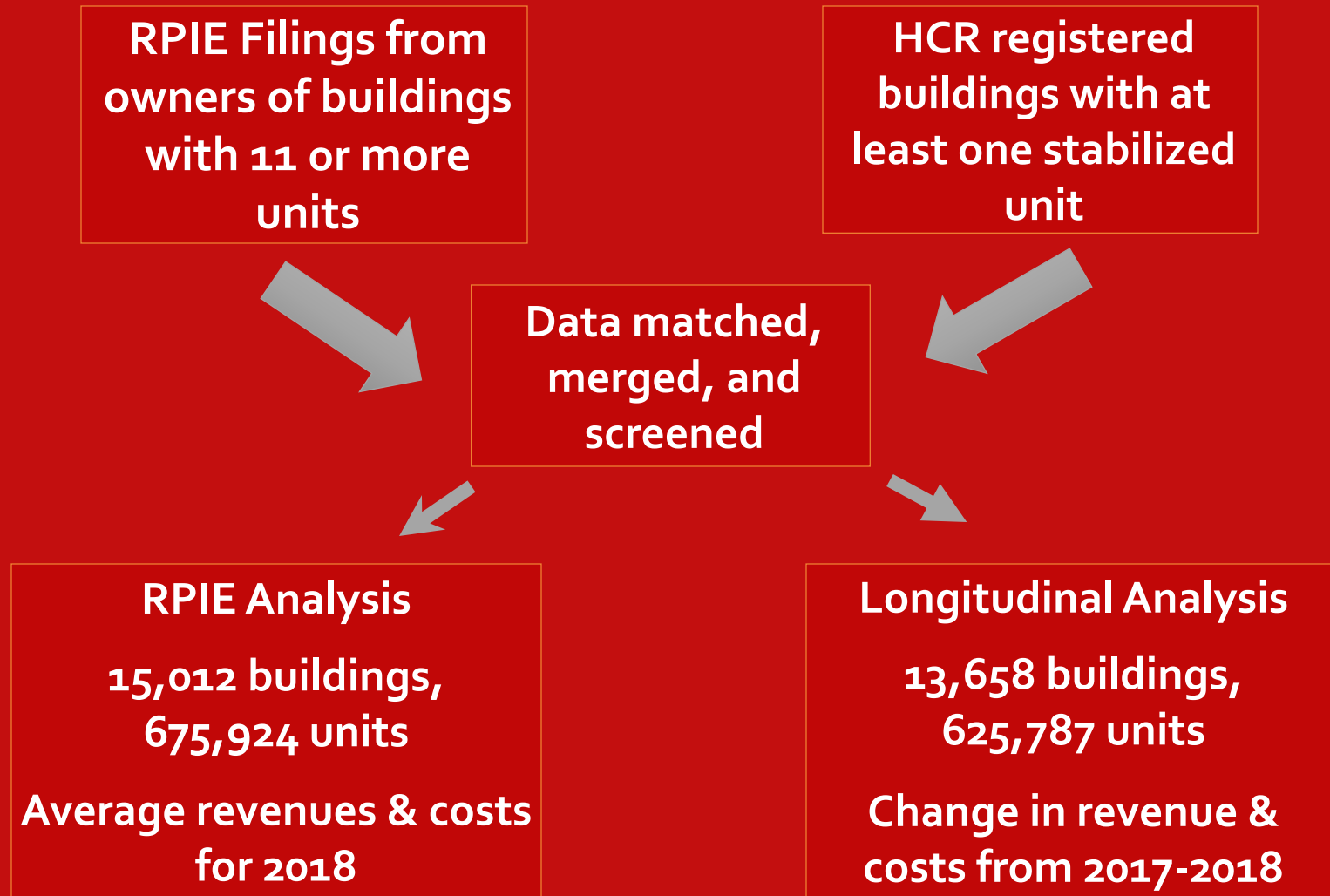
***2020 Income and
Expense Study***

April 23, 2020

2020 Income & Expense Study

This study focuses on data from 2018 and prior years. Due to the as-yet-unknown full impact of the COVID-19 virus, it does not reflect the current economic condition of the New York City rental market and should not be interpreted as such. Future editions of this study will illustrate some of the hardships that our fellow New Yorkers may be experiencing now and in the future.

Methodology



RPIE Analysis

Rents in 2018

- Citywide average rent: **\$1,397**
 - Median monthly rent: **\$1,260**
- By building age:
 - ♦ **\$1,323** in pre-war buildings
 - ♦ **\$1,563** in post-war buildings
- By borough:
 - ♦ **\$1,913** in Manhattan
 - ♦ **\$2,308** in Core Manhattan
 - ♦ **\$1,408** in Upper Manhattan
 - ♦ **\$1,329** in Queens
 - ♦ **\$1,261** in Brooklyn
 - ♦ **\$1,115** in Staten Island
 - ♦ **\$1,044** in the Bronx
 - ♦ **\$1,242** NYC excluding Core Manhattan

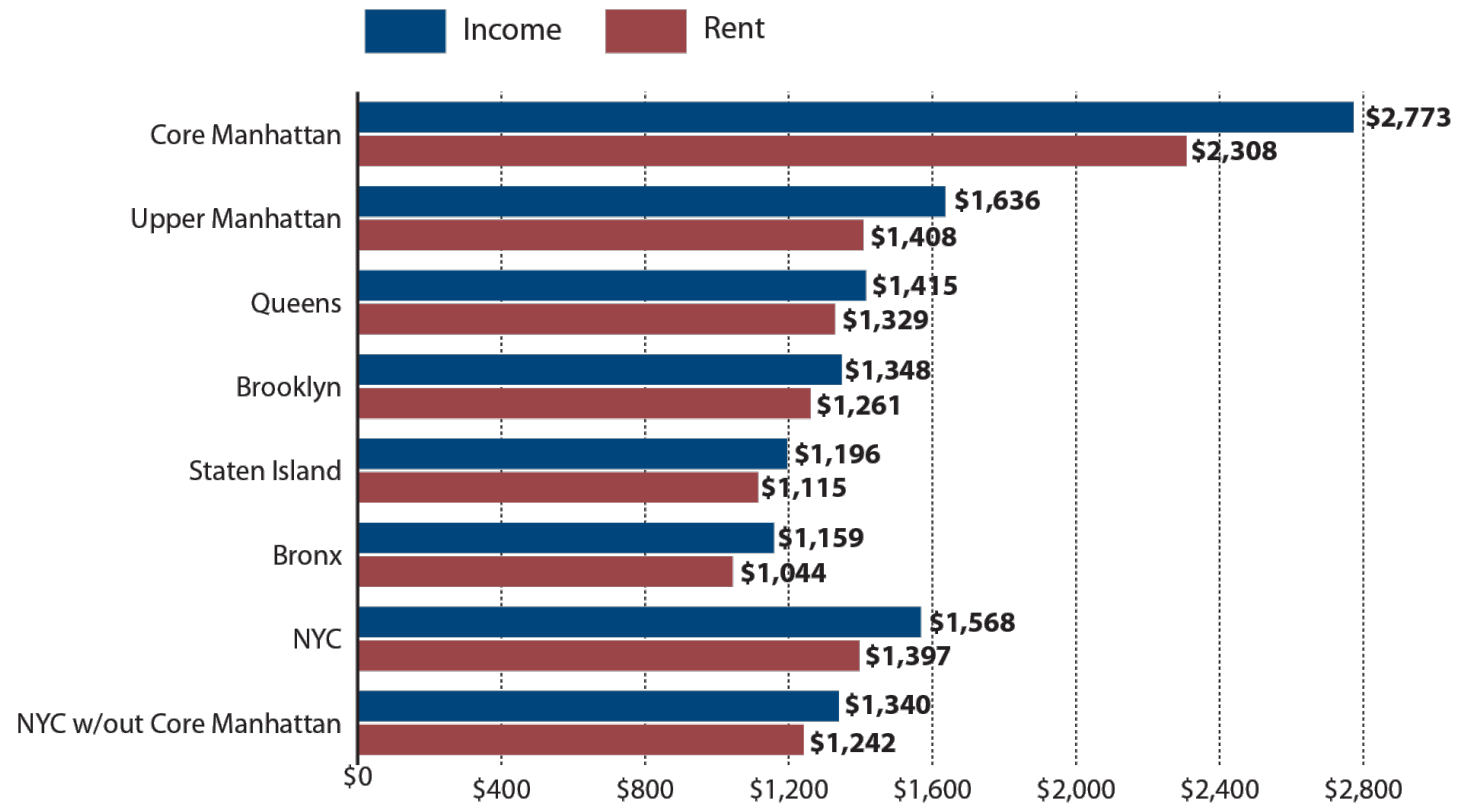
RPIE Analysis

Income in 2018

- Citywide average: **\$1,568** per unit per month
 - Median monthly income: **\$1,359**
- By building age:
 - ♦ **\$1,489** in pre-war buildings
 - ♦ **\$1,748** in post-war buildings
- By borough:
 - ♦ **\$2,274** in Manhattan
 - ♦ **\$2,773** in Core Manhattan
 - ♦ **\$1,636** in Upper Manhattan
 - ♦ **\$1,415** in Queens
 - ♦ **\$1,348** in Brooklyn
 - ♦ **\$1,196** in Staten Island
 - ♦ **\$1,159** in the Bronx
 - ♦ **\$1,340** NYC excluding Core Manhattan

Average Monthly Collected Income/Rent per Dwelling Unit by Borough

Income and Rent Highest in Manhattan in 2018



Source: NYC Department of Finance, 2018 RPIE Data

RPIE Analysis

Income in 2018

- Sale of services and commercial income: **11.0%** of total income
 - ♦ **15.9%** in Manhattan
 - ♦ **16.8%** in Core Manhattan
 - ♦ **13.9%** in Upper Manhattan
 - ♦ **9.9%** in the Bronx
 - ♦ **6.8%** in Staten Island
 - ♦ **6.4%** in Brooklyn
 - ♦ **6.1%** in Queens
 - ♦ **7.3%** in City excluding Core Manhattan

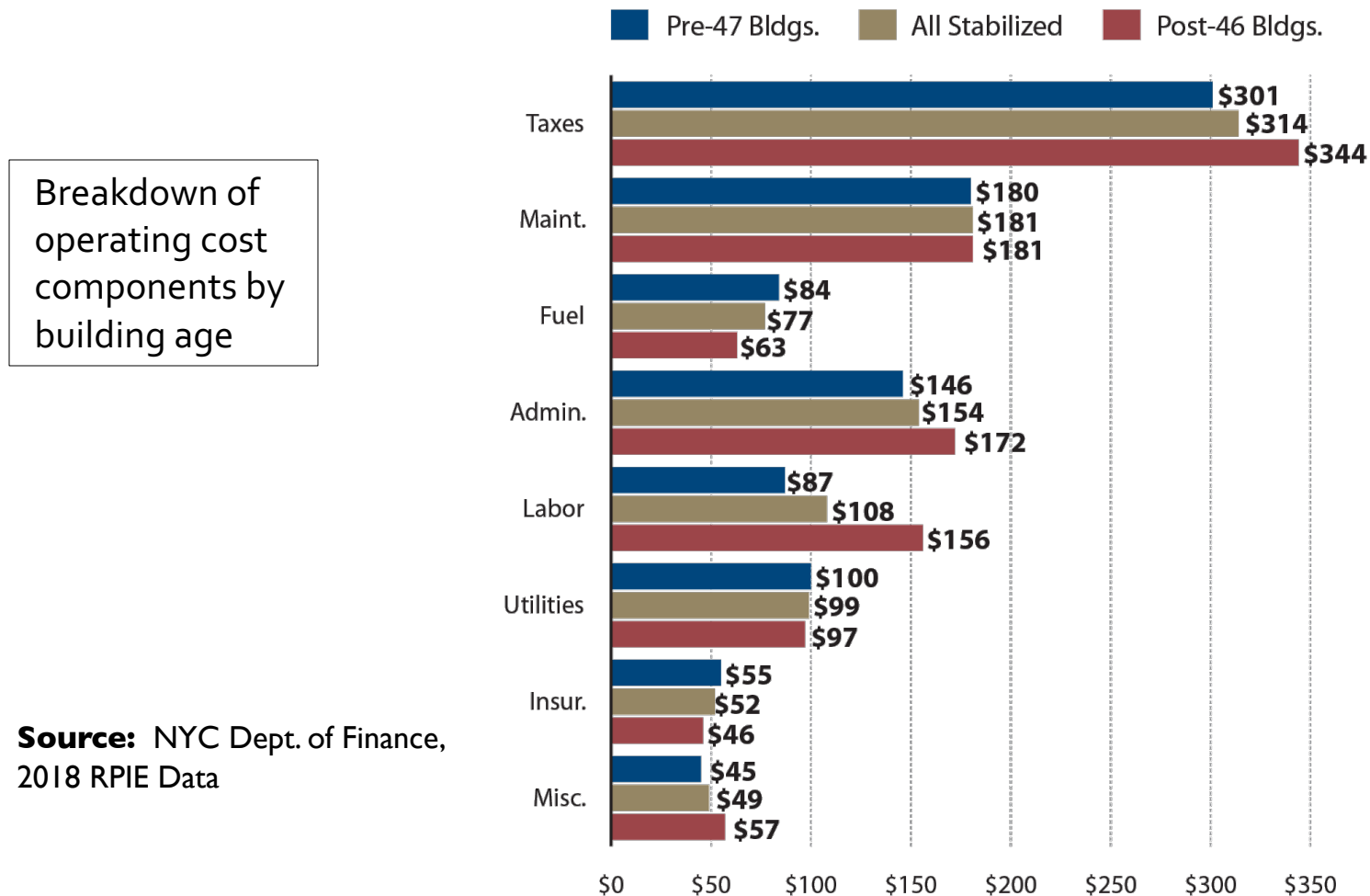
RPIE Analysis

Expenses in 2018

- Citywide average monthly costs per unit: **\$1,034**
 - Median costs : **\$923**
- By age:
 - ♦ **\$998** in pre-war buildings
 - ♦ **\$1,116** in post-war buildings
- By borough:
 - ♦ **\$1,473** in Manhattan
 - ♦ **\$1,745** in Core Manhattan
 - ♦ **\$1,125** in Upper Manhattan
 - ♦ **\$934** in Queens
 - ♦ **\$881** in Brooklyn
 - ♦ **\$797** in the Bronx
 - ♦ **\$796** in Staten Island
 - ♦ **\$900** in NYC excluding Core Manhattan

Average Monthly Expense per Dwelling Unit per Month

Taxes Remain Largest Expense in 2018



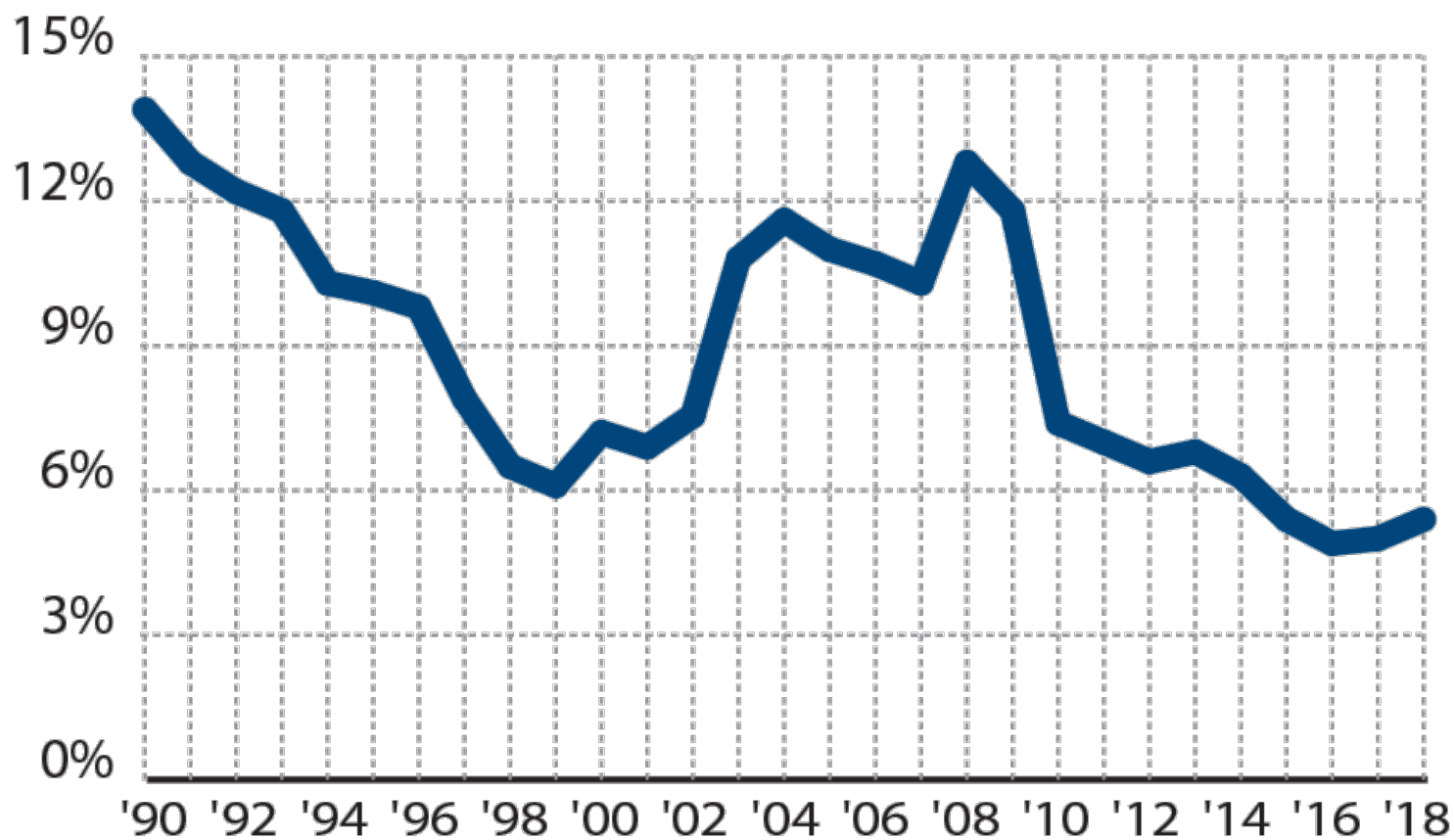
RPIE Analysis

Distressed Properties in 2018

- **5.4%** of buildings in survey are distressed
 - ✦ 0.4 percentage point increase from last year
- Distressed = O&M costs exceed gross income, high costs and low rents and income
- Vast majority of distressed buildings are pre-war (**92%**)
- By Borough:
 - ✦ Manhattan: **56%**
 - ✦ Bronx: **19%**
 - ✦ Brooklyn: **16%**
 - ✦ Queens: **9%**
 - ✦ Staten Island: **Less than 1%**

Percent of Distressed Properties in RPIE Analysis, 1990-2018

Share of Distressed Properties Increases in 2018



Source: NYC Dept. of Finance, 1990-2018 RPIE Data

RPIE Analysis

Net Operating Income in 2018

- Net Operating Income (NOI) equals the amount or income *remaining after* O&M expenses
- Rent stabilized apartments averaged **\$535** of net income per month
 - ♦ **\$632** in post-war units
 - ♦ **\$492** in pre-war units
- NOI in “residential-only” buildings was **\$476**
 - ♦ **10.9%** less than for all buildings

RPIE Analysis

Net Operating Income in 2018

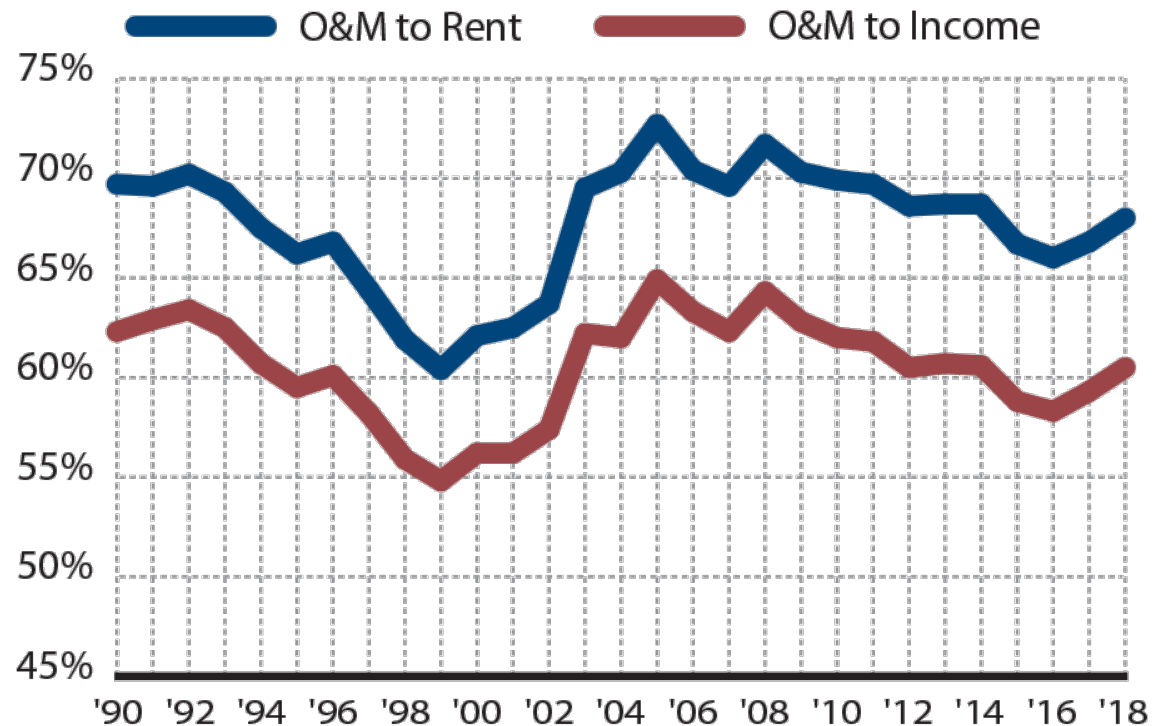
NOI by Borough:

- Highest in Manhattan: **\$801**
 - ♦ **\$1,028** in Core Manhattan
 - ♦ **\$511** in Upper Manhattan
- **\$481** in Queens
- **\$467** in Brooklyn
- **\$400** in Staten Island
- **\$362** in the Bronx
- **\$440** in City excluding Core Manhattan

Ratios of Citywide Average Monthly Audit-Adjusted O&M Costs to Average Monthly Gross Income and Rent, 1990-2018

Cost-to-Income and Cost-to-Rent Ratios Increase in 2018

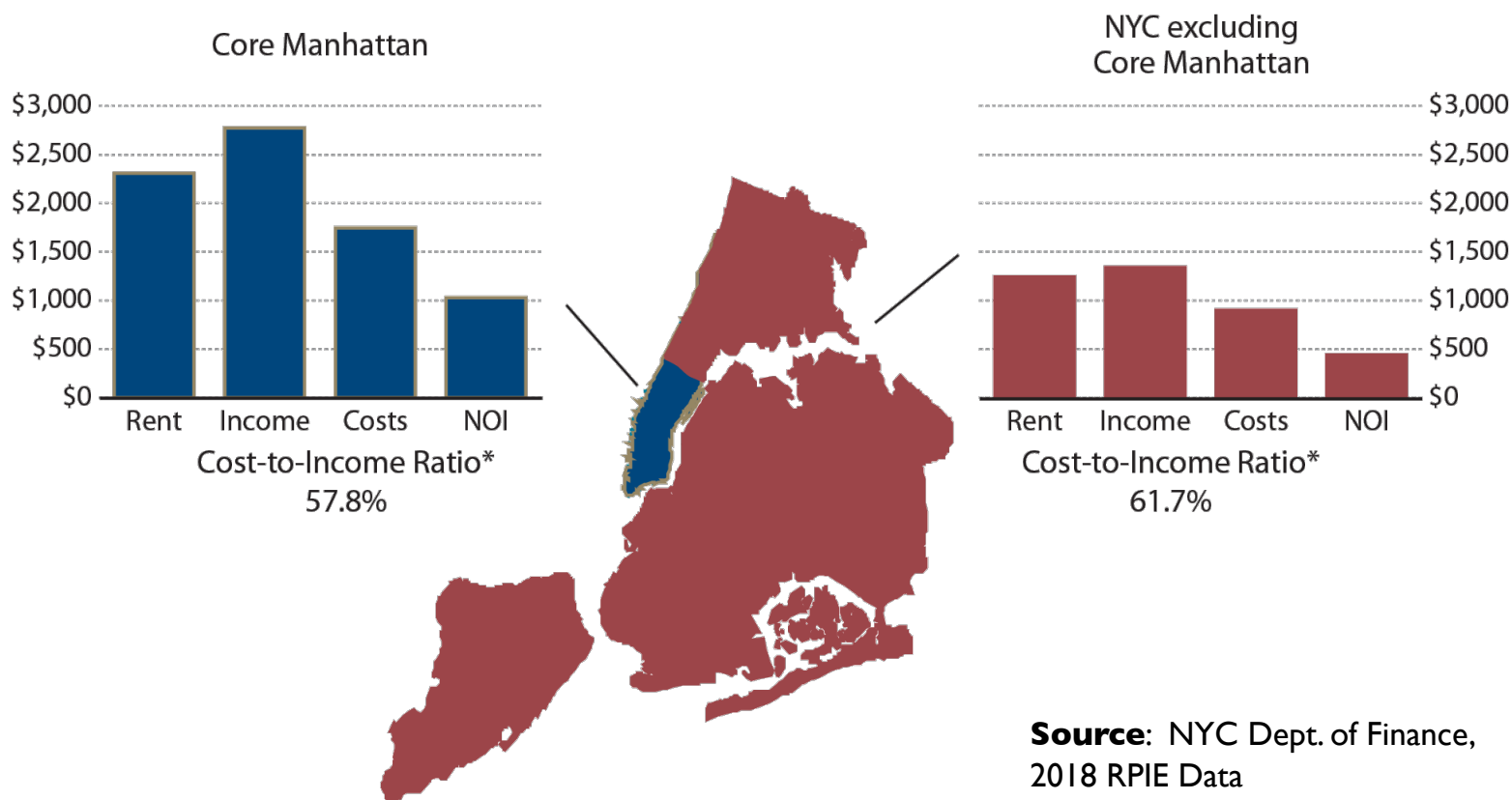
- Operating costs **60.5%** of gross income in 2018, a **1.2** percentage point increase from the prior year
- Operating costs **68.0%** of rent revenues in 2018, **1.2** percentage points higher than prior year



Source: NYC Dept. of Finance, 1990-2018 RPIE Data

Average Monthly Rent, Income, Operating Costs and Net Operating Income per Dwelling Unit and Cost-to-Income Ratios, Core Manhattan and the Rest of the City, 2018

Cost-to-Income Ratio Remains Lower in Core Manhattan



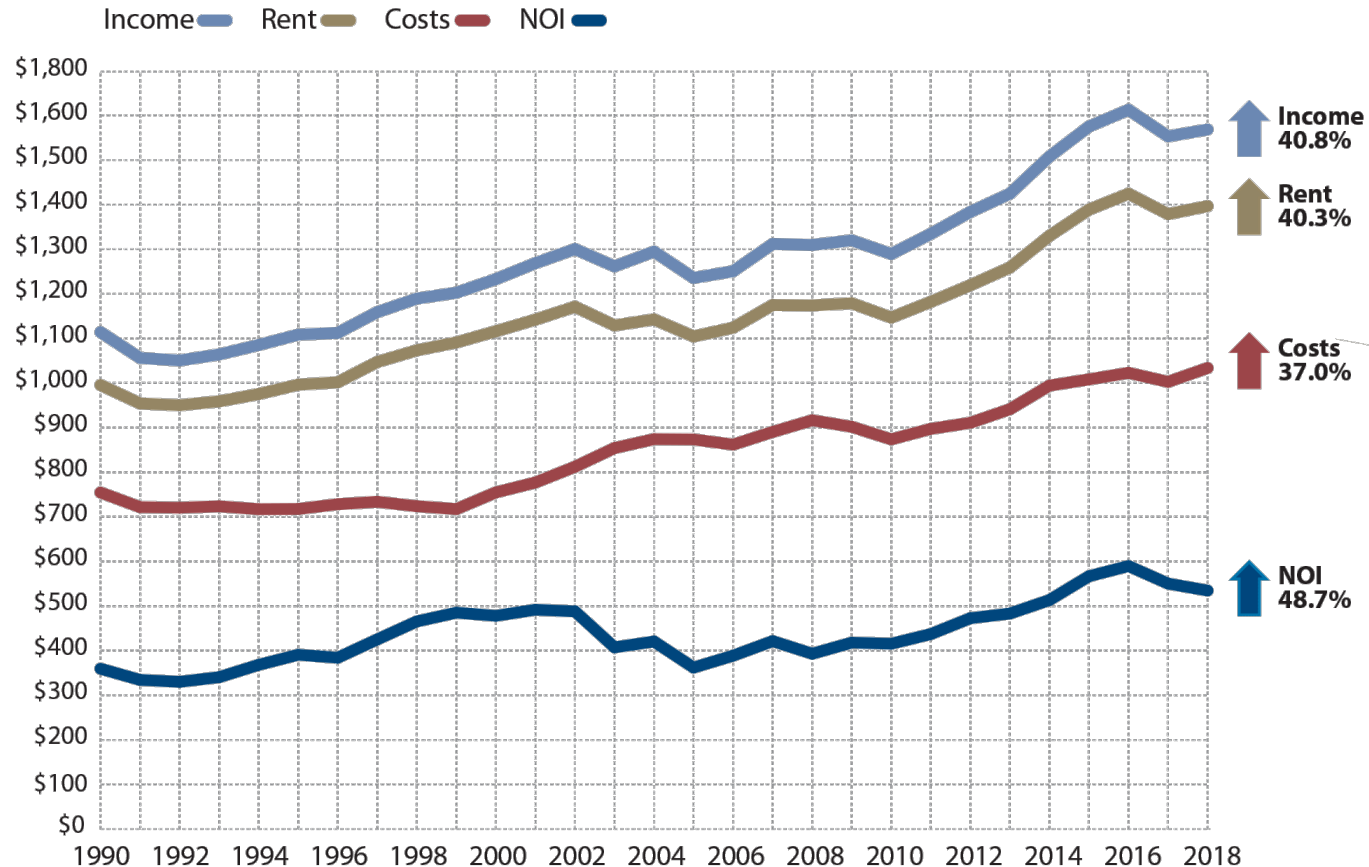
Source: NYC Dept. of Finance, 2018 RPIE Data

*Note: Ratios use audit-adjusted costs

Citywide Income, Rents, Costs and NOI After Inflation, 1990-2018

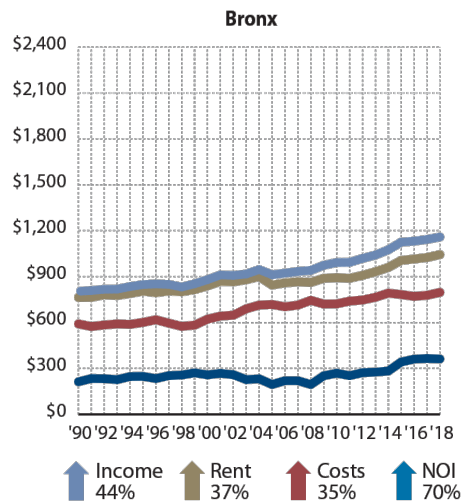
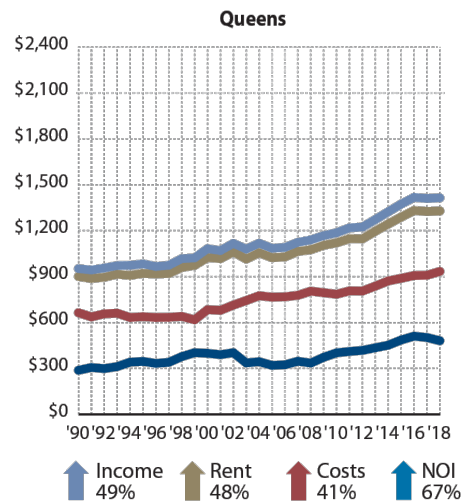
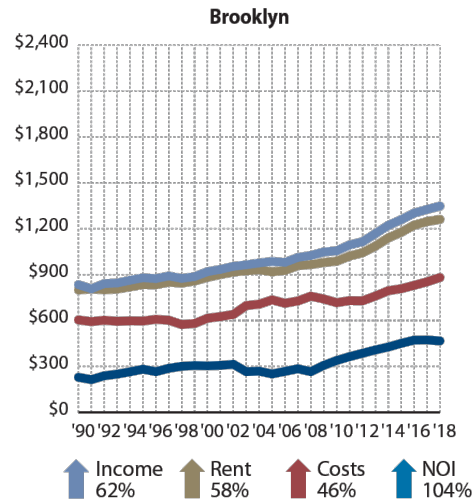
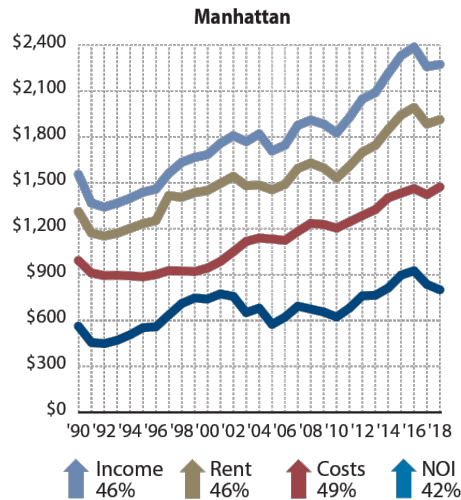
Inflation-Adjusted Net Operating Income Up **48.7%** Since 1990

(Average Monthly Income, Rent, Operating Costs and NOI per Dwelling Unit, in Constant 2018 Dollars)



Source: NYC Dept. of Finance, 1990-2018 RPIE Data

Income, Rents, Costs and NOI After Inflation per Borough, 1990-2018



Since 1990 ,
Inflation-
Adjusted NOI
Rises Citywide
and in Each
Borough

(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2018 Dollars)

Source: NYC
Dept. of
Finance, 1990-
2018 RPIE Data

Longitudinal Study

Change in Rents from 2017 to 2018

- Longitudinal analysis tracks same set of buildings over two years
- Average monthly rent collections in stabilized units grew by **3.7%** Citywide
 - ◆ Pre-war rents grew by **4.0%**
 - ◆ Post-war rents grew by **3.2%**
- Rent collection growth by building size
 - ◆ Small (11-19 unit) bldgs.: **3.6%**
 - ◆ Medium (20-99 unit) bldgs.: **3.8%**
 - ◆ Large (100+ unit) bldgs.: **3.6%**

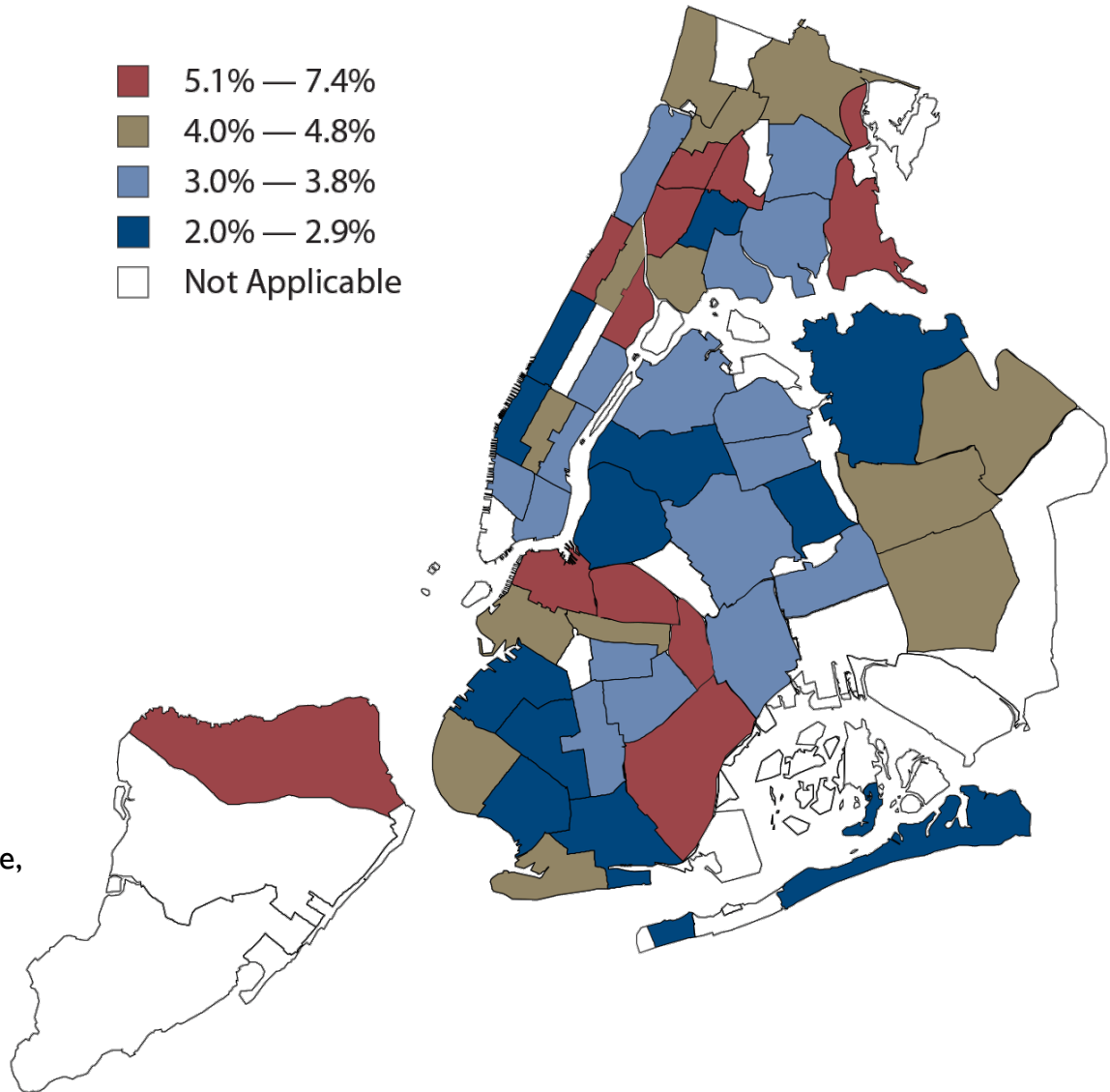
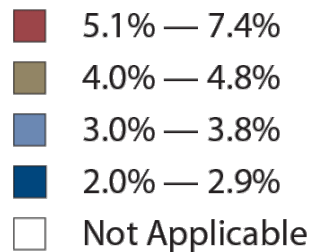
Longitudinal Study

Change in Rents from 2017 to 2018

- Rent growth by borough:
 - ♦ Staten Island: 6.0%
 - ♦ Bronx: 4.4%
 - ♦ Brooklyn: 3.8%
 - ♦ Manhattan: 3.5%
 - ♦ Upper Manhattan: 3.9%
 - ♦ Core Manhattan: 3.3%
 - ♦ Queens: 3.1%
 - ♦ City excluding Core Manhattan: 3.9%
- Median rent grew by 4.1% Citywide

Change in Rent by Community District, 2017-2018

*Average Rents
Increase in Every
Community
District*



Source: NYC Dept. of Finance,
2017-18 RPIE Data

Longitudinal Study

Change in Income from 2017 to 2018

- Average gross income in rent stabilized units rose by **3.6% Citywide**
 - ♦ **3.8%** in pre-war buildings
 - ♦ **3.1%** in post-war buildings
- Income growth by borough:
 - ♦ Staten Island: **5.8%**
 - ♦ Bronx: **4.1%**
 - ♦ Brooklyn: **4.0%**
 - ♦ Queens: **3.3%**
 - ♦ Manhattan: **3.1%**
 - ♦ Upper Manhattan: **3.7%**
 - ♦ Core Manhattan: **2.9%**
 - ♦ City excluding Core Manhattan: **3.8%**
- Median income grew by **3.9% Citywide**

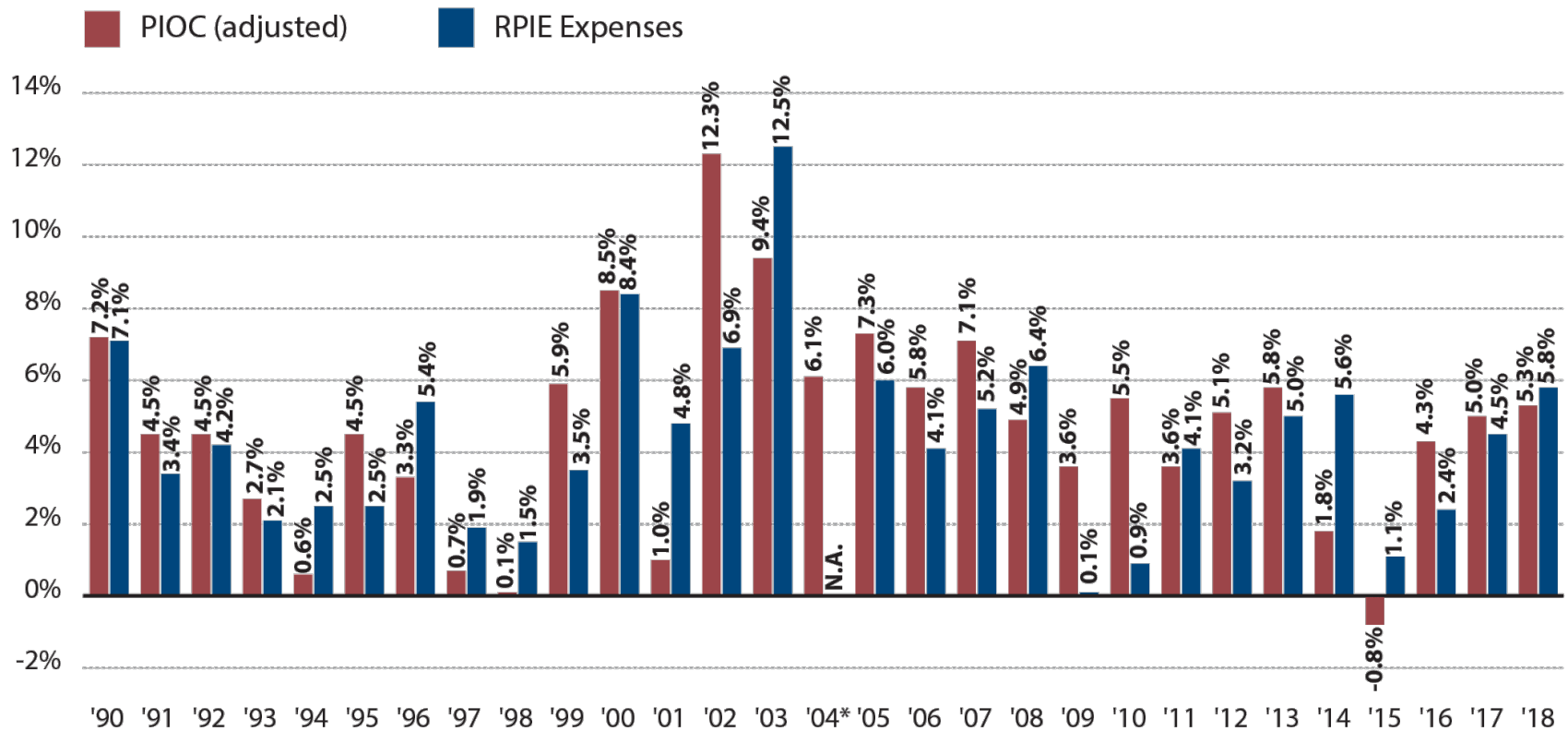
Longitudinal Study

Change in Expenses from 2017 to 2018

- Monthly expenses in rent stabilized buildings rose by **5.8% Citywide**
 - ♦ **6.2%** in pre-war buildings
 - ♦ **5.1%** in post-war buildings
- By borough:
 - ♦ **Manhattan: 6.1%**
 - ♦ **Upper Manhattan: 7.2%**
 - ♦ **Core Manhattan: 5.6%**
 - ♦ **Bronx & Staten Island: 5.8%**
 - ♦ **Brooklyn: 5.6%**
 - ♦ **Queens: 5.5%**
 - ♦ **City excluding Core Manhattan: 5.9%**
- Median costs rose **6.4% Citywide**

Change in Operating & Maintenance Costs, RPIE and the PIOC, 1990 to 2018

In 2018, PIOC Costs Grew Less Than Owner-Reported RPIE Expenses



***Note:** Longitudinal I&E Data for 2003-04 unavailable.

Source: NYC Dept. of Finance, 1990-2018 RPIE Data; NYC Rent Guidelines Board PIOC 1990-2018

Longitudinal Study

Change in NOI from 2017 to 2018

- Average NOI in rent stabilized buildings fell by **0.6%** Citywide
 - ◆ First decline in NOI since 2002-2003
 - ◆ Follows 13 consecutive years of NOI increases
 - ◆ Down **0.7%** in pre-war buildings
 - ◆ Down **0.3%** in post-war buildings

Longitudinal Study

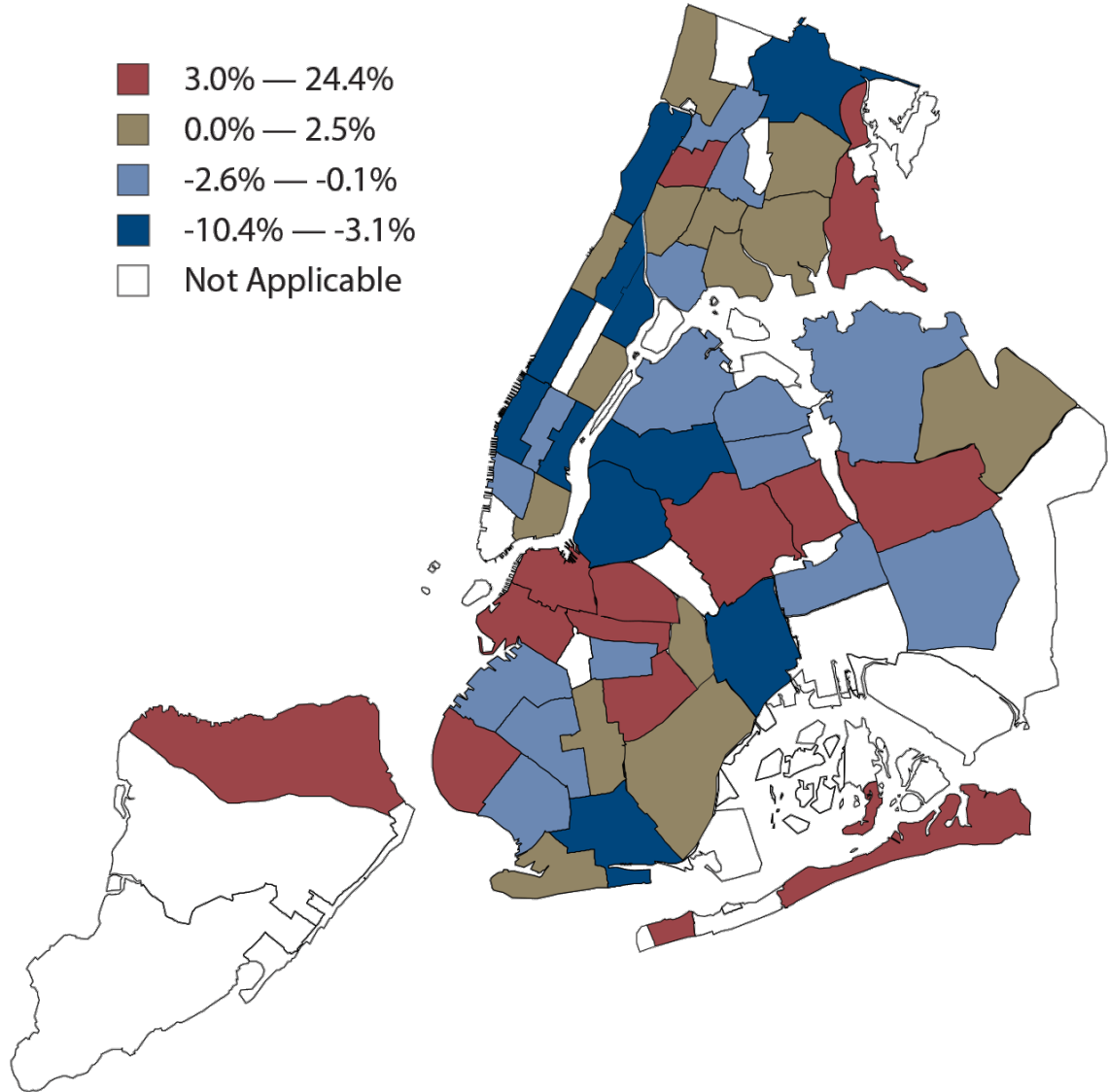
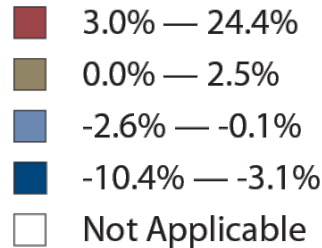
Change in NOI from 2017 to 2018

- Change in Net Operating Income (NOI) around NYC:

- ◆ Staten Island: **up 5.8%**
- ◆ Brooklyn: **up 1.0%**
- ◆ Bronx: **up 0.6%**
- ◆ Queens: **down 0.5%**
- ◆ Manhattan: **down 1.9%**
 - ◆ Upper Manhattan: **down 3.3%**
 - ◆ Core Manhattan: **down 1.4%**
- ◆ City excluding Core Manhattan: **down 0.2%**

Change in NOI by Community District, 2017-18

Net Operating Income Grows in Half the Community Districts and Declines in Remaining Half



Source: NYC Dept. of Finance, 2017-18 RPIE Data

Changes in Average Monthly Rents, Income, Operating Costs and Net Operating Income per Dwelling Unit, 1990-2018

Net Operating Income (NOI) Declines in 2017-18, After Increasing for 13 Years

Source: NYC Dept. of Finance, 1990-2018 RPIE Data

Note: 2003-04 data was unavailable.

	Avg. Rent Growth	Avg. Income Growth	Avg. Cost Growth	Avg. NOI Growth
1990-91	3.4%	3.2%	3.4%	2.8%
1991-92	3.5%	3.1%	4.2%	1.2%
1992-93	3.8%	3.4%	2.1%	6.3%
1993-94	4.5%	4.7%	2.5%	9.3%
1994-95	4.3%	4.4%	2.5%	8.0%
1995-96	4.1%	4.3%	5.4%	2.3%
1996-97	5.4%	5.2%	1.9%	11.4%
1997-98	5.5%	5.3%	1.5%	11.8%
1998-99	5.5%	5.5%	3.5%	8.7%
1999-00	6.2%	6.5%	8.4%	3.5%
2000-01	4.9%	5.2%	4.8%	5.9%
2001-02	4.0%	4.1%	6.9%	-0.1%
2002-03	3.6%	4.5%	12.5%	-8.7%
2003-04	-	-	-	-
2004-05	4.6%	4.7%	6.0%	1.6%
2005-06	5.6%	5.5%	4.1%	8.8%
2006-07	6.5%	6.5%	5.2%	9.3%
2007-08	5.8%	6.2%	6.4%	5.8%
2008-09	1.4%	1.8%	0.1%	5.8%
2009-10	0.7%	1.2%	0.9%	1.8%
2010-11	4.4%	4.5%	4.1%	5.6%
2011-12	5.0%	5.3%	3.2%	9.6%
2012-13	4.5%	4.5%	5.0%	3.4%
2013-14	4.8%	4.9%	5.6%	3.5%
2014-15	4.4%	4.4%	1.1%	10.8%
2015-16	3.1%	3.1%	2.4%	4.4%
2016-17	3.0%	3.0%	4.5%	0.4%
2017-18	3.7%	3.6%	5.8%	-0.6%

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