NYC Rent Guidelines Board

2021 Income and Expense Study

April 15, 2021
This study focuses on data from 2019 and prior years. It does not yet illustrate any of the COVID-19 pandemic’s impact on the NYC economy, as the pandemic did not begin to have an economic impact on New York until March 2020. Next year’s edition of the Income and Expense Study is expected to demonstrate the pandemic’s impact on the NYC housing market.
Methodology

RPIE Filings from owners of buildings with 11 or more units

Data matched, merged, and screened

HCR registered buildings with at least one stabilized unit

RPIE Analysis
14,777 buildings, 668,359 units
Average revenues & costs for 2019

Longitudinal Analysis
13,475 buildings, 617,919 units
Change in revenue & costs from 2018-2019
RPIE Analysis

Rents in 2019

• Citywide average rent: $1,450
  • Median monthly rent: $1,300
  • By building age:
    ✦ $1,364 in pre-war buildings
    ✦ $1,645 in post-war buildings
  • By borough:
    ✦ $1,970 in Manhattan
      ✦ $2,374 in Core Manhattan
      ✦ $1,453 in Upper Manhattan
    ✦ $1,388 in Queens
    ✦ $1,340 in Brooklyn
    ✦ $1,121 in Staten Island
    ✦ $1,066 in the Bronx
    ✦ $1,295 NYC excluding Core Manhattan
• Citywide average: $1,626 per unit per month
  • Median monthly income: $1,410
  • By building age:
    ✦ $1,536 in pre-war buildings
    ✦ $1,830 in post-war buildings
  • By borough:
    ✦ $2,334 in Manhattan
      ✦ $2,846 in Core Manhattan
      ✦ $1,680 in Upper Manhattan
    ✦ $1,473 in Queens
    ✦ $1,429 in Brooklyn
    ✦ $1,204 in Staten Island
    ✦ $1,192 in the Bronx
    ✦ $1,397 NYC excluding Core Manhattan
Average Monthly Collected Income/Rent per Dwelling Unit by Borough

Income and Rent Highest in Manhattan in 2019

Source: NYC Department of Finance, 2019 RPIE Data
RPIE Analysis

Income in 2019

• Sale of services and commercial income: 10.8% of total income
  ✦ 15.6% in Manhattan
  ✦ 16.6% in Core Manhattan
  ✦ 13.5% in Upper Manhattan
  ✦ 10.6% in the Bronx
  ✦ 6.9% in Staten Island
  ✦ 6.3% in Brooklyn
  ✦ 5.8% in Queens
  ✦ 7.3% in City excluding Core Manhattan
RPIE Analysis

Expenses in 2019

• Citywide average monthly costs per unit: $1,070
  • Median costs: $958

• By age:
  ✦ $1,030 in pre-war buildings
  ✦ $1,159 in post-war buildings

• By borough:
  ✦ $1,512 in Manhattan
    ✦ $1,791 in Core Manhattan
    ✦ $1,155 in Upper Manhattan
  ✦ $971 in Queens
  ✦ $921 in Brooklyn
  ✦ $830 in Staten Island
  ✦ $826 in the Bronx
  ✦ $934 in NYC excluding Core Manhattan
Average Monthly Expense per Dwelling Unit per Month

Taxes Remain Largest Expense in 2019

Source: NYC Dept. of Finance, 2019 RPIE Data

Breakdown of operating cost components by building age
RPIE Analysis

Distressed Properties in 2019

• 5.5% of buildings in survey are distressed
  ✦ 0.1 percentage point increase from last year
• Distressed = O&M costs exceed gross income (high costs and low rent/income)
• Vast majority of distressed buildings are pre-war (91%)
• By Borough, majority are in Manhattan
  ✦ Manhattan: 52%
  ✦ Bronx: 21%
  ✦ Brooklyn: 16%
  ✦ Queens: 10%
  ✦ Staten Island: 1%
Percent of Distressed Properties in RPIE Analysis, 1990-2019

Share of Distressed Properties Increases Slightly in 2019

Source: NYC Dept. of Finance, 1990-2019 RPIE Data
Net Operating Income (NOI) equals the amount or income remaining after O&M expenses.

Rent stabilized apartments averaged $556 of net income per month:
- $671 in post-war units
- $506 in pre-war units

NOI in residential-only buildings was $499, which is 10.2% less than for all buildings.
RPIE Analysis

Net Operating Income in 2019

NOI by Borough:

• Highest in Manhattan: $822
  ✦ $1,055 in Core Manhattan
  ✦ $525 in Upper Manhattan

• $508 in Brooklyn
• $502 in Queens
• $373 in Staten Island
• $366 in the Bronx
• $463 in City excluding Core Manhattan
Ratios of Citywide Average Monthly Audit-Adjusted O&M Costs to Average Monthly Gross Income and Rent, 1990-2019

Cost-to-Income and Cost-to-Rent Ratios Decrease Slightly in 2019

Source: NYC Dept. of Finance, 1990-2019 RPIE Data

- Operating costs 60.4% of gross income in 2019, a 0.1 percentage point decrease from the prior year
- Operating costs 67.8% of rent revenues in 2019, 0.2 percentage points lower than prior year
Average Monthly Rent, Income, Operating Costs, NOI, and Cost-to-Income Ratios, Core Manhattan vs. Rest of the City, 2019

Cost-to-Income Ratio Remains Lower in Core Manhattan

**Source:** NYC Dept. of Finance, 2019 R PIE Data

*Note: Ratios use audit-adjusted costs*
Citywide Income, Rents, Costs, and NOI After Inflation, 1990-2019

Inflation-Adjusted Net Operating Income Up 52.1% Since 1990
(Average Monthly Income, Rent, Operating Costs, and NOI per Dwelling Unit, in Constant 2019 Dollars)

Source: NYC Dept. of Finance, 1990-2019 RPIE Data
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 2019 Dollars)

Source: NYC Dept. of Finance, 1990-2019 RPIE Data
Longitudinal Study
Change in Rents from 2018 to 2019

- Longitudinal analysis tracks same set of buildings over two years
- Average monthly rent collections in stabilized units grew by 3.3% Citywide
  - Post-war rents grew by 3.7%
  - Pre-war rents grew by 3.1%
- Rent collection growth by building size
  - Large (100+ unit) bldgs.: 3.5%
  - Medium (20-99 unit) bldgs.: 3.3%
  - Small (11-19 unit) bldgs.: 3.0%
Longitudinal Study
Change in Rents from 2018 to 2019

• Rent growth by borough:
  ✦ Staten Island: 3.9%
  ✦ Manhattan: 3.8%
    ✦ Core Manhattan: 4.0%
    ✦ Upper Manhattan: 3.5%
  ✦ Brooklyn: 3.6%
  ✦ Queens: 2.9%
  ✦ Bronx: 2.2%
  ✦ City excluding Core Manhattan: 3.0%

• Median rent grew by 3.0% Citywide
Change in Rent by Community District, 2018-2019

Rents Increase in All Community Districts

*Community Districts with not enough buildings for reliable data.

Source: NYC Dept. of Finance, 2018-19 RPIE Data
• Average gross income in rent stabilized units rose by 3.2% Citywide
  ✦ 3.5% in post-war buildings
  ✦ 3.0% in pre-war buildings

• Income growth by borough:
  ✦ Brooklyn: 3.7%
  ✦ Manhattan: 3.4%
    ✦ Core Manhattan: 3.4%
    ✦ Upper Manhattan: 3.3%
  ✦ Staten Island: 3.1%
  ✦ Bronx & Queens: 2.7%
  ✦ City excluding Core Manhattan: 3.1%

• Median income grew by 3.1% Citywide
Monthly expenses in rent stabilized buildings rose by 3.3% Citywide
  ✦ 3.5% in pre-war buildings
  ✦ 3.1% in post-war buildings

By borough:
  ✦ Staten Island: 5.2%
  ✦ Bronx: 3.9%
  ✦ Brooklyn: 3.5%
  ✦ Queens: 3.1%
  ✦ Manhattan: 3.0%
    ✦ Core Manhattan: 3.1%
    ✦ Upper Manhattan: 2.7%
  ✦ City excluding Core Manhattan: 3.4%

Median costs rose 3.6% Citywide
Change in Operating & Maintenance Costs, RPIE and the PIOC, 1990 to 2019

In 2019, PIOC Costs Grew More Than Owner-Reported RPIE Expenses

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

Longitudinal Study

Change in NOI from 2018 to 2019

- Average NOI in rent stabilized buildings grew by 2.9% Citywide
  - 14th Increase in the Last 15 Years
  - Up 4.3% in post-war buildings
  - Up 2.2% in pre-war buildings
Longitudinal Study
Change in NOI from 2018 to 2019

• Change in Net Operating Income (NOI) around NYC:
  ✦ Brooklyn: up 4.2%
  ✦ Manhattan: up 4.1%
    ✦ Upper Manhattan: up 4.6%
    ✦ Core Manhattan: up 3.9%
  ✦ Queens: up 1.9%
  ✦ Bronx: down 0.1%
  ✦ Staten Island: down 1.1%
  ✦ City excluding Core Manhattan: up 2.5%
Net Operating Income Grows in Almost Three-Quarters of Community Districts and Declines in Remaining Quarter

*Community Districts with not enough buildings for reliable data.

Source: NYC Dept. of Finance, 2018-19 RPIE Data
Changes in Average Monthly Rents, Income, Operating Costs, and Net Operating Income per Dwelling Unit, 1990-2019

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<thead>
<tr>
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<tbody>
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<td>2004-05</td>
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<td>2009-10</td>
<td>0.7%</td>
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<td>2011-12</td>
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<td>2013-14</td>
<td>4.8%</td>
<td>4.9%</td>
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<td>1.1%</td>
<td>10.8%</td>
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<td>4.4%</td>
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<td>4.5%</td>
<td>0.4%</td>
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<td>2017-18</td>
<td>3.7%</td>
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<td>5.8%</td>
<td>-0.6%</td>
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<td><strong>2018-19</strong></td>
<td><strong>3.3%</strong></td>
<td><strong>3.2%</strong></td>
<td><strong>3.3%</strong></td>
<td><strong>2.9%</strong></td>
</tr>
</tbody>
</table>

Net Operating Income (NOI) Grows from 2018 to 2019, the 25th Increase in the Last 29 Years

**Source:** NYC Dept. of Finance, 1990-2019 RPIE Data

**Note:** 2003-04 data was unavailable.
## Location of Buildings by Stabilized Proportion

<table>
<thead>
<tr>
<th>Percentage of Buildings, by Stabilized Proportion</th>
<th>All Buildings Containing Stabilized Units</th>
<th>20%+ Stabilized</th>
<th>50%+ Stabilized</th>
<th>80%+ Stabilized</th>
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<tbody>
<tr>
<td>Citywide</td>
<td>100%</td>
<td>89%</td>
<td>78%</td>
<td>70%</td>
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<tr>
<td>Manhattan</td>
<td>100%</td>
<td>81%</td>
<td>55%</td>
<td>44%</td>
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<tr>
<td>Bronx</td>
<td>100%</td>
<td>95%</td>
<td>95%</td>
<td>93%</td>
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<td>Brooklyn</td>
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<td>92%</td>
<td>89%</td>
<td>84%</td>
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<tr>
<td>Queens</td>
<td>100%</td>
<td>92%</td>
<td>88%</td>
<td>75%</td>
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<tr>
<td>Staten Island</td>
<td>100%</td>
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<td>84%</td>
<td>80%</td>
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<td><strong>Core Manhattan</strong></td>
<td><strong>100%</strong></td>
<td><strong>73%</strong></td>
<td><strong>38%</strong></td>
<td><strong>28%</strong></td>
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<td>Upper Manhattan</td>
<td>100%</td>
<td>95%</td>
<td>86%</td>
<td>71%</td>
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<tr>
<td>City w/o Core Manhattan</td>
<td>100%</td>
<td>94%</td>
<td>90%</td>
<td>82%</td>
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</tbody>
</table>

Source: NYC Department of Finance, RPIE Filings.
Cost-to-Income Ratios: Core Manhattan vs. City w/o Core

<table>
<thead>
<tr>
<th></th>
<th>All Buildings Containing Stabilized Units</th>
<th>20%+ Stabilized</th>
<th>50%+ Stabilized</th>
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<tr>
<td><strong>Audited Cost-to-Income Ratios</strong></td>
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<tr>
<td>Citywide</td>
<td>60.7%</td>
<td>61.1%</td>
<td>62.0%</td>
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<tr>
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<td>58.2%</td>
<td>58.6%</td>
<td>59.5%</td>
<td>59.6%</td>
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<tr>
<td>City w/o Core Manhattan</td>
<td>62.2%</td>
<td>62.3%</td>
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<tr>
<td><strong>Unaudited Cost-to-Income Ratios</strong></td>
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<tr>
<td>Citywide</td>
<td>66.1%</td>
<td>66.6%</td>
<td>67.5%</td>
<td>67.7%</td>
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<tr>
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<td>63.8%</td>
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<tr>
<td>City w/o Core Manhattan</td>
<td>67.7%</td>
<td>67.9%</td>
<td>68.1%</td>
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</tbody>
</table>

Source: NYC Department of Finance, RPIE Filings.
## Average Growth in Rent, Income, Costs, and NOI: Core Manhattan vs. City w/o Core

<table>
<thead>
<tr>
<th></th>
<th>All Buildings Containing Stabilized Units</th>
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<tr>
<td><strong>Rent Growth</strong></td>
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<tr>
<td>Citywide</td>
<td>2.9%</td>
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<td>3.3%</td>
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<td>City w/o Core Manhattan</td>
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<td><strong>Income Growth</strong></td>
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<td>Citywide</td>
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<td>City w/o Core Manhattan</td>
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<td>Citywide</td>
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<td><strong>NOI Growth</strong></td>
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<td>Citywide</td>
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<td>City w/o Core Manhattan</td>
<td>2.2%</td>
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