

NYC Rent Guidelines Board

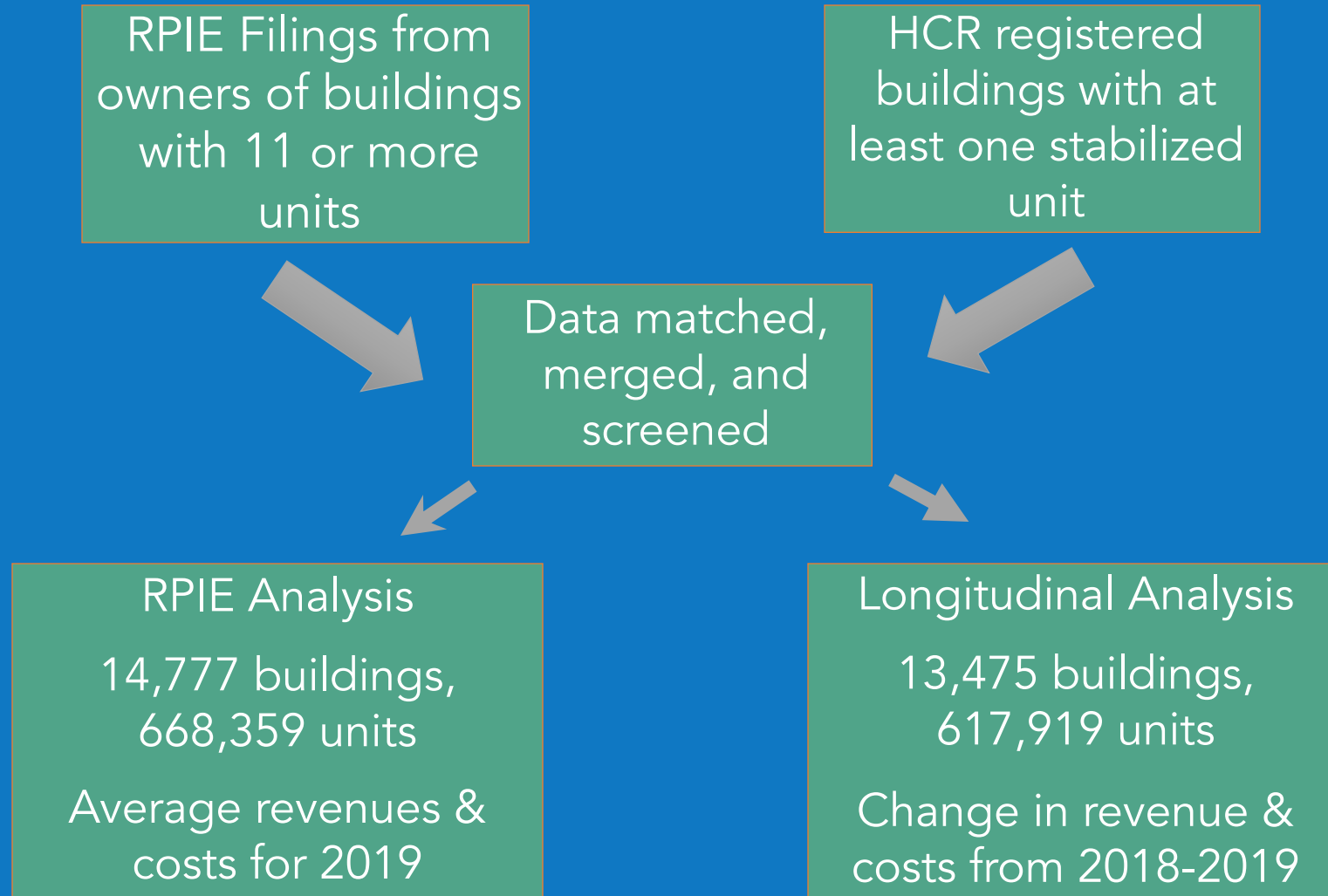
***2021 Income and  
Expense Study***

April 15, 2021

# 2021 *Income & Expense Study*

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 Analysis

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## 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

# RPIE Analysis

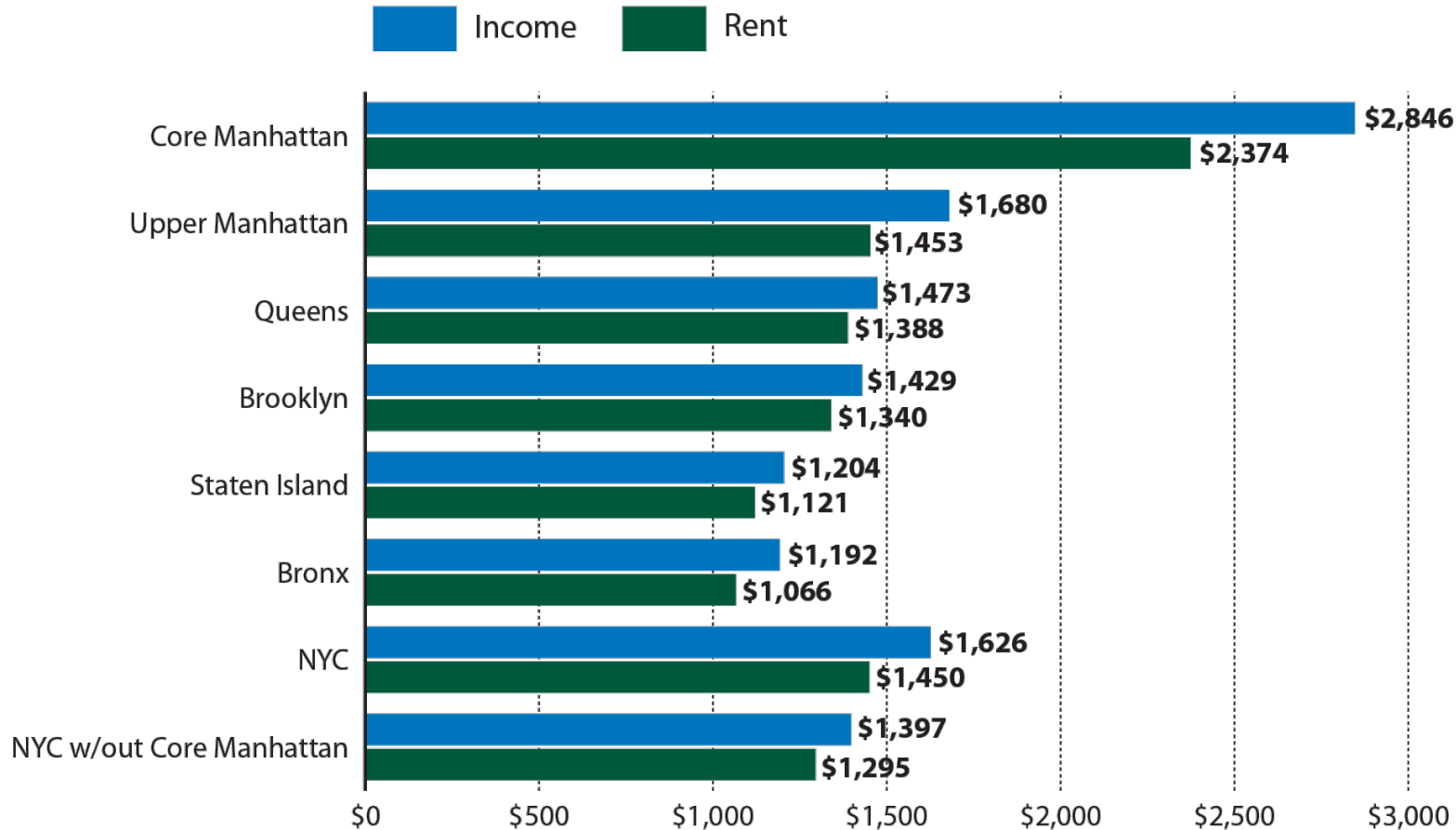
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## Income in 2019

- 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

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## 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

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## 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

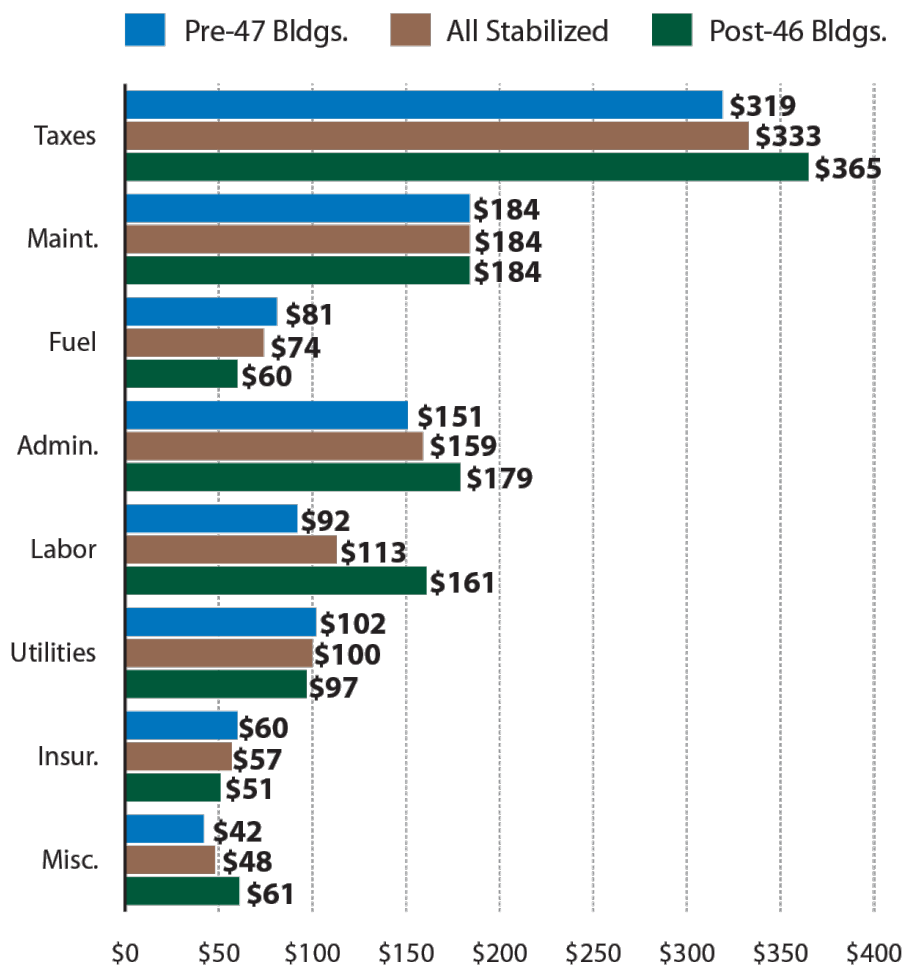


# Average Monthly Expense per Dwelling Unit per Month

## Taxes Remain Largest Expense in 2019

Breakdown of operating cost components by building age

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



# RPIE Analysis

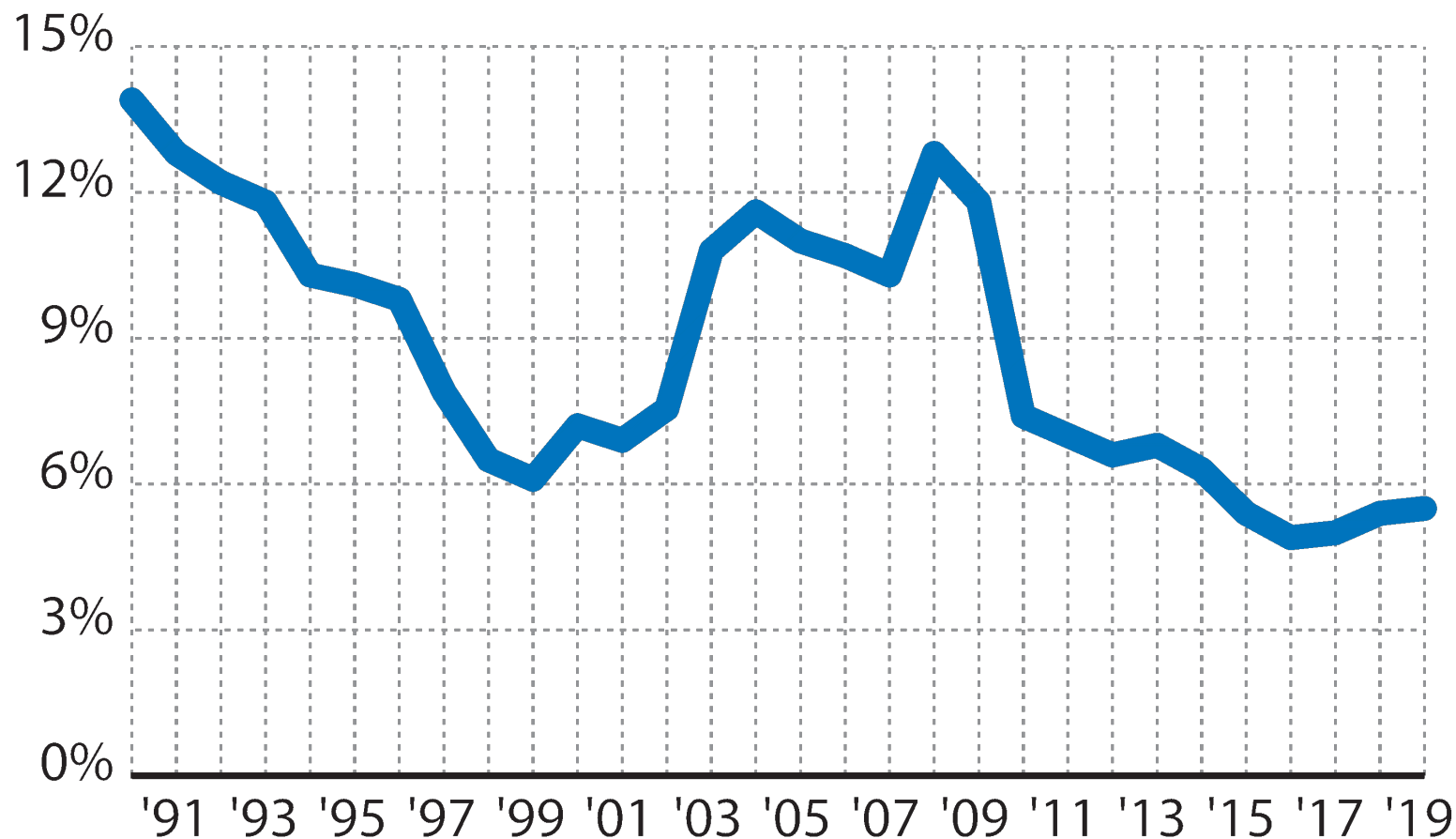
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## Distressed Properties in 2019

- 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

# RPIE Analysis

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## Net Operating Income in 2019

- 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
  - ♦ 10.2% less than for all buildings

# RPIE Analysis

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## Net Operating Income in 2019

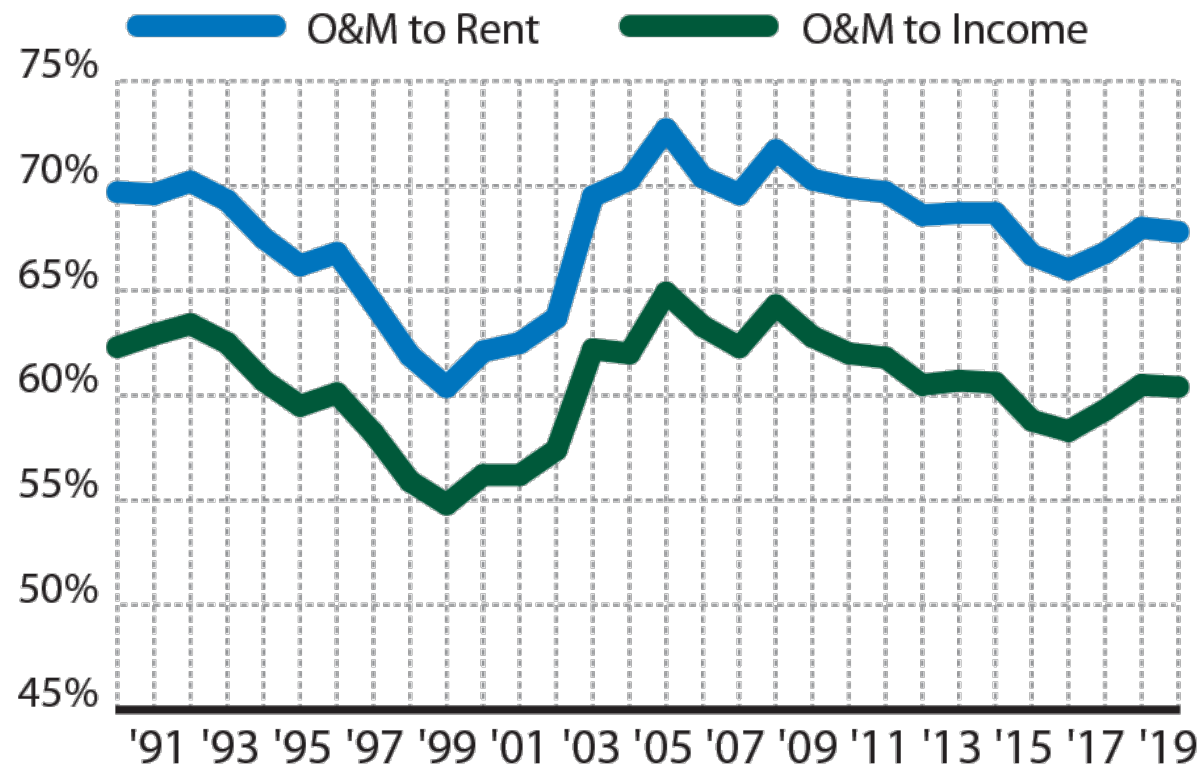
### NOI by Borough:

- 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

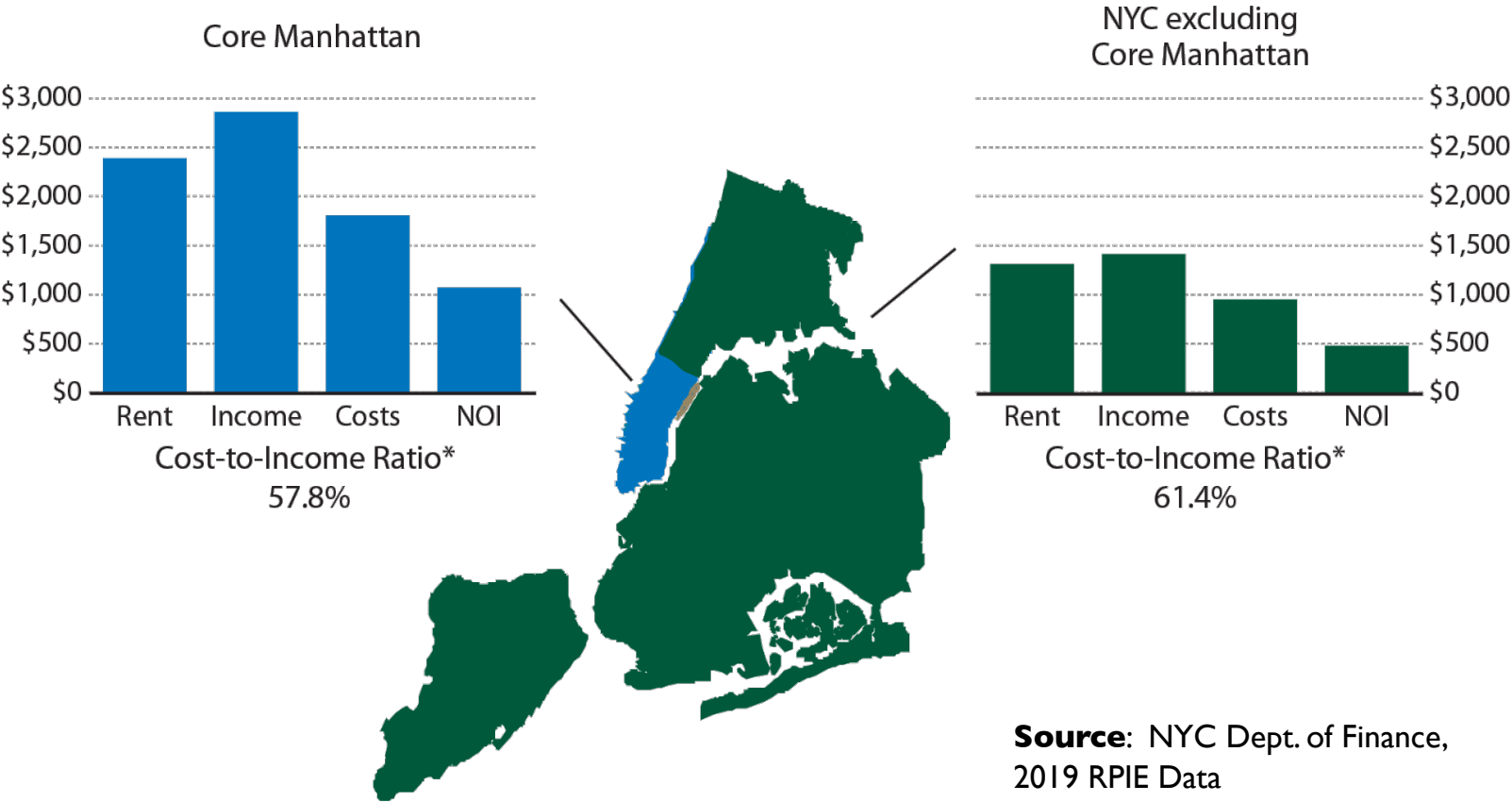
- Operating costs 60.4% of gross income in 2019, a 0.1 percentage point decrease from the prior year
- Operating costs 67.8% of rent revenues in 2019, 0.2 percentage points lower than prior year



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

# 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

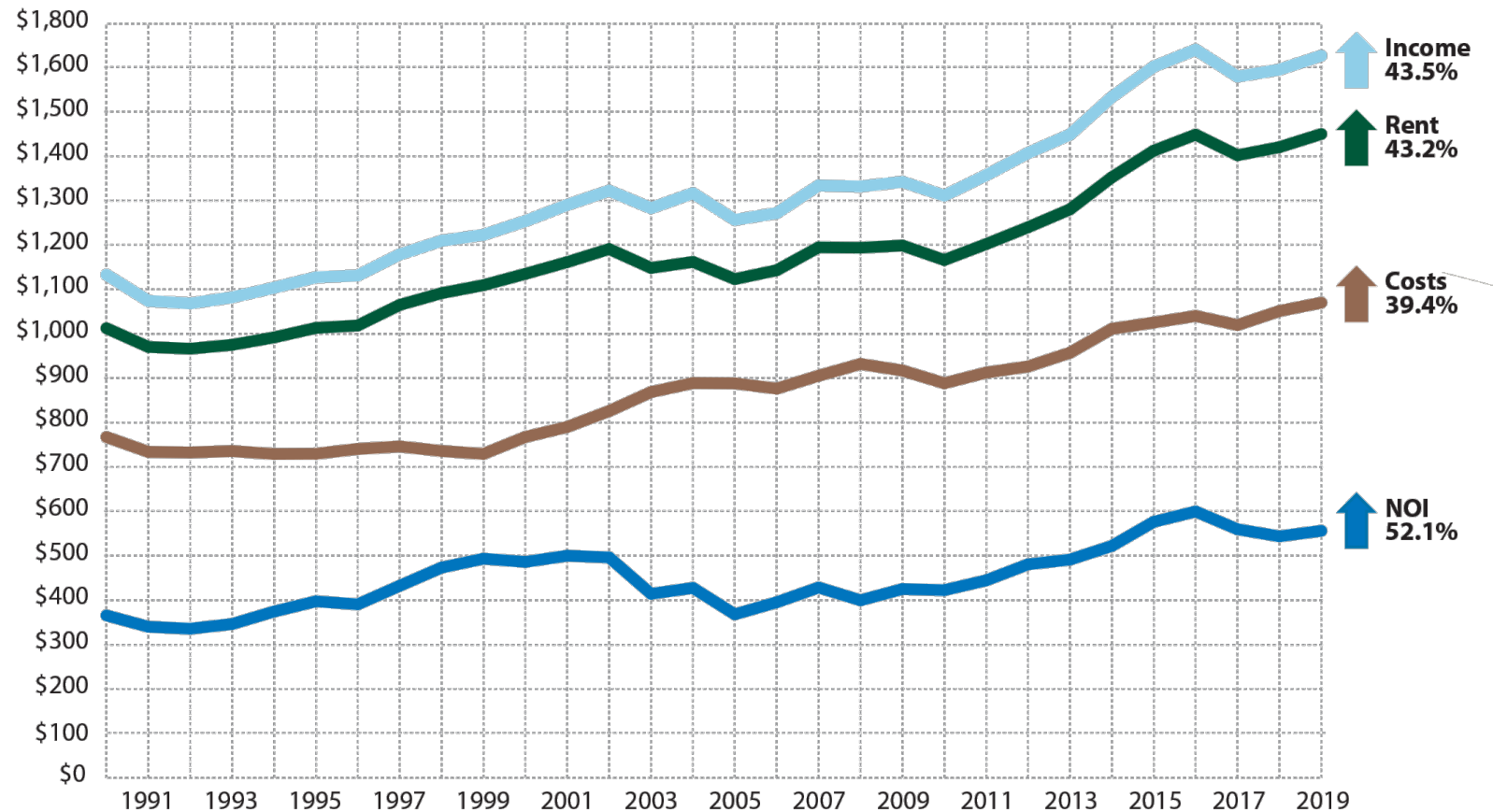


**Source:** NYC Dept. of Finance, 2019 RPIE Data

\*Note: Ratios use audit-adjusted costs

# Citywide Income, Rents, Costs, and NOI After Inflation, 1990-2019

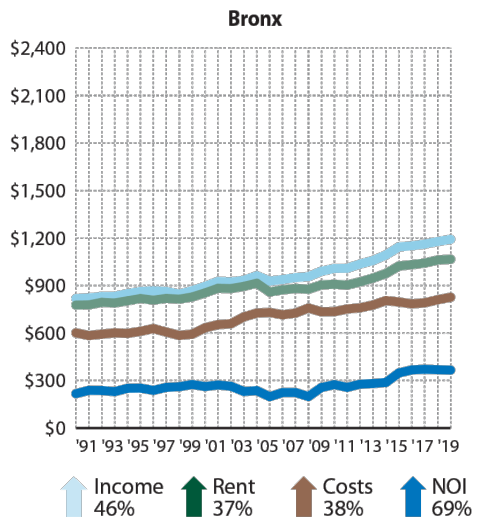
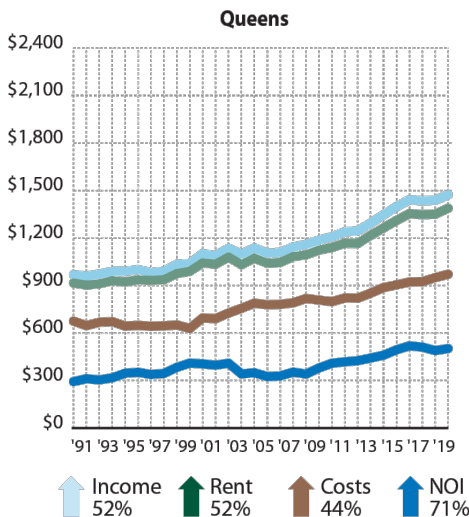
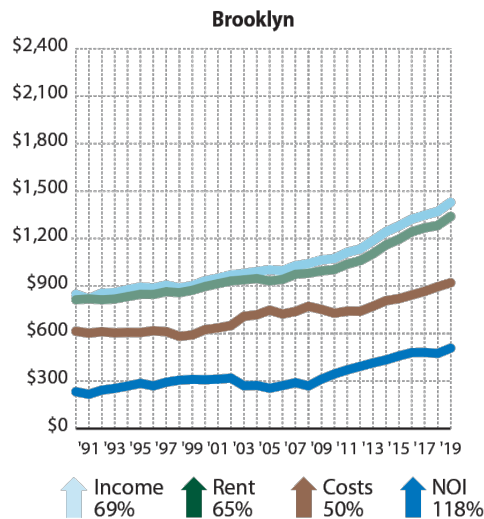
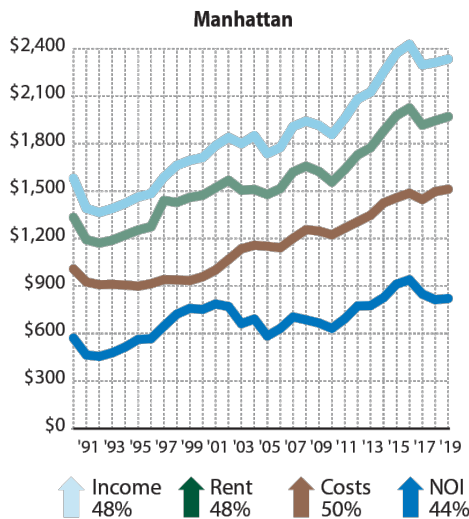
Inflation-Adjusted Net Operating Income Up 52.1% Since 1990  
(Average Monthly Income, Rent, Operating Costs, and NOI per Dwelling Unit, in Constant 2019 Dollars)



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



# Income, Rents, Costs, and NOI After Inflation per Borough, 1990-2019



*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

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## 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

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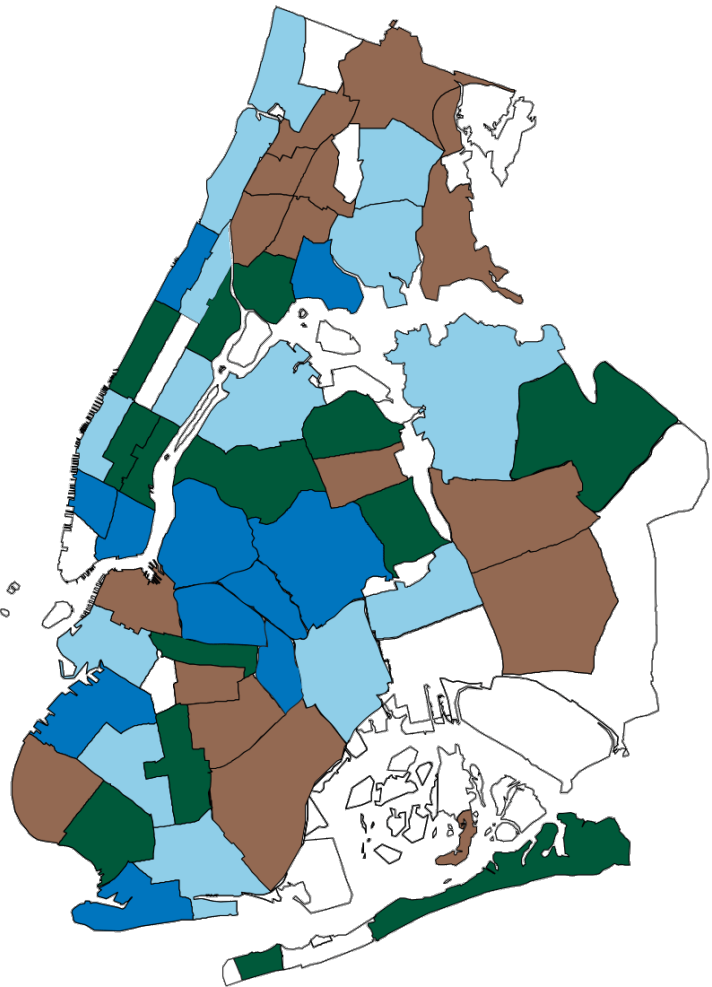
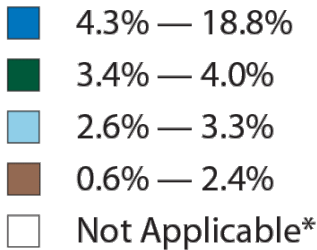
## Change in Rents from 2018 to 2019

- 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

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*Rents Increase  
in All  
Community  
Districts*



\*Community Districts with not enough buildings for reliable data.

**Source:** NYC Dept. of Finance,  
2018-19 RPIE Data



# Longitudinal Study

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## Change in Income from 2018 to 2019

- 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

# Longitudinal Study

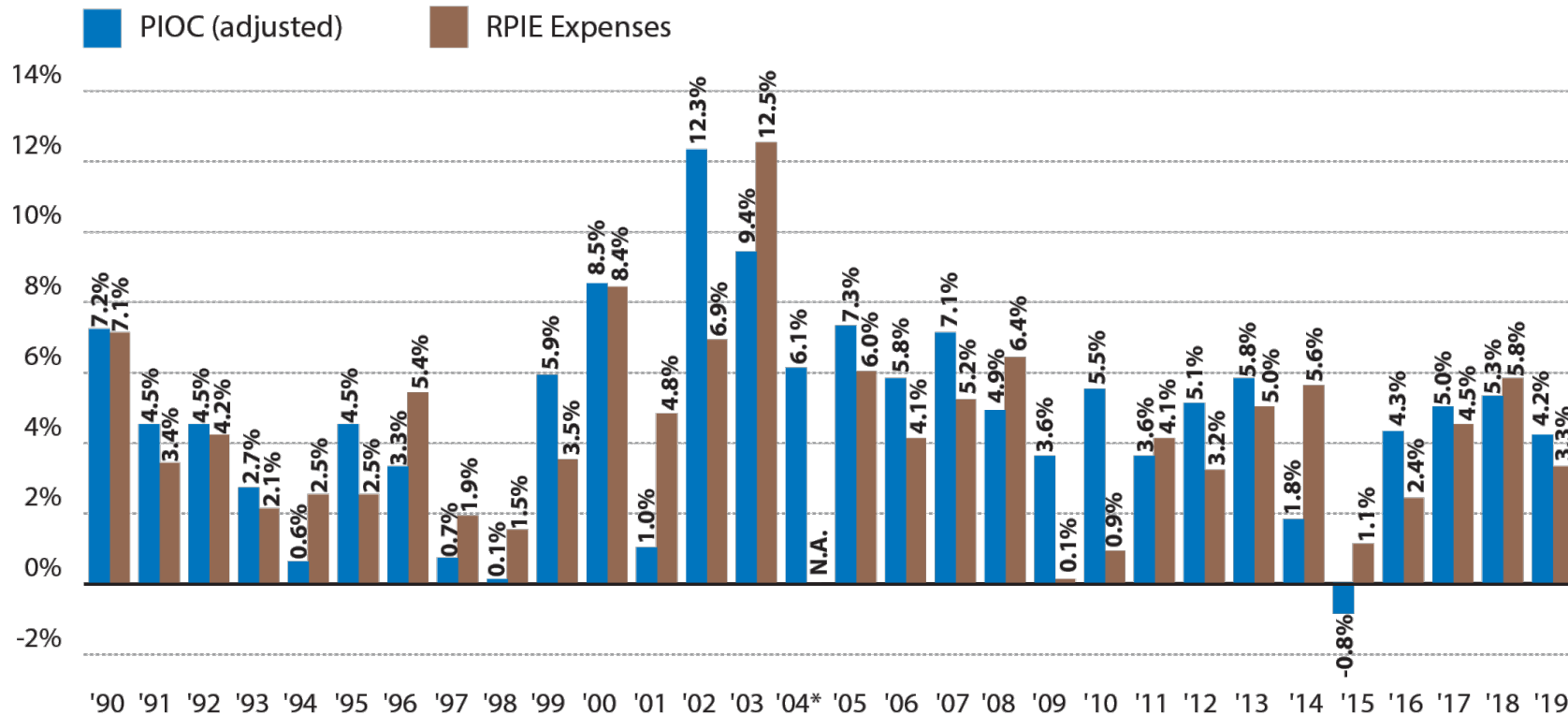
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## Change in Expenses from 2018 to 2019

- 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.

**Source:** NYC Dept. of Finance, 1990-2019 RPIE Data; NYC Rent Guidelines Board PIOC 1990-2019

# Longitudinal Study

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Change in NOI from 2018 to 2019

- Average NOI in rent stabilized buildings grew by 2.9% Citywide
  - ◆ 14<sup>th</sup> Increase in the Last 15 Years
  - ◆ Up 4.3% in post-war buildings
  - ◆ Up 2.2% in pre-war buildings



# Longitudinal Study

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Change in NOI from 2018 to 2019

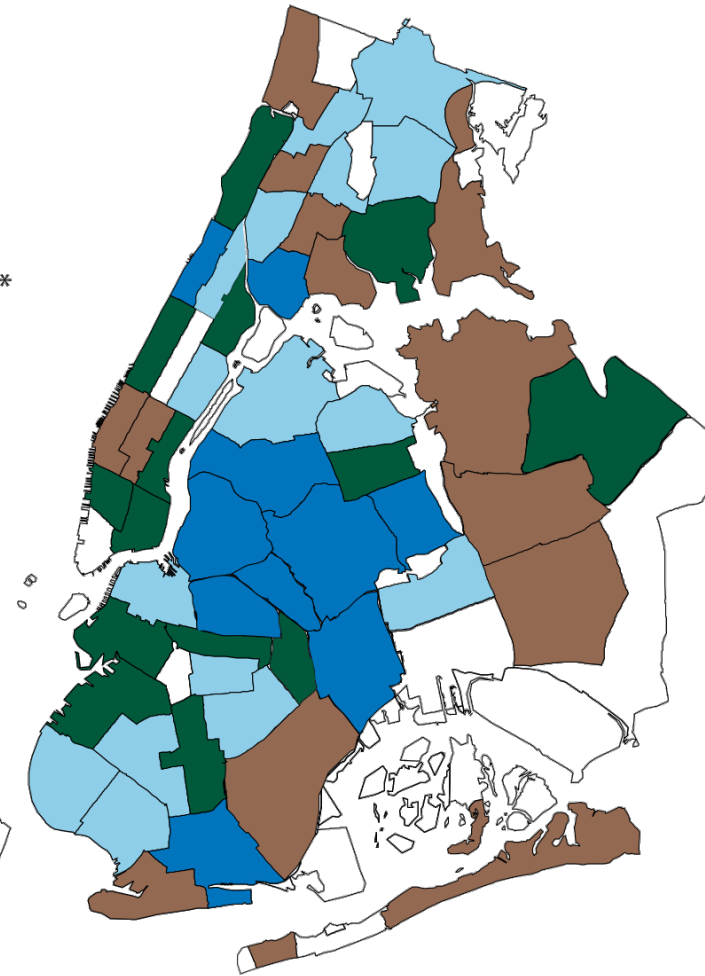
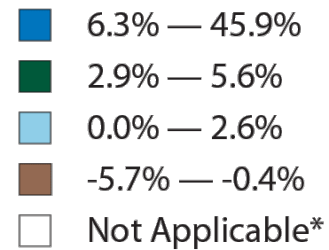
- Change in Net Operating Income (NOI) around NYC:

- ◆ 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%

# Change in NOI by Community District, 2018-19

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*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

*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.

	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%
<b>2018-19</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.3%</b>	<b>2.9%</b>

# Location of Buildings by Stabilized Proportion

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

Source: NYC Department of Finance, RPIE Filings.

# Cost-to-Income Ratios: Core Manhattan vs. City w/o Core

	All Buildings Containing Stabilized Units	20%+ Stabilized	50%+ Stabilized	80%+ Stabilized
<b>Audited Cost-to-Income Ratios</b>				
<b>Citywide</b>	<b>60.7%</b>	<b>61.1%</b>	<b>62.0%</b>	<b>62.2%</b>
<i>Core Manhattan</i>	58.2%	58.6%	59.5%	59.6%
<i>City w/o Core Manhattan</i>	62.2%	62.3%	62.5%	62.5%
<b>Unaudited Cost-to-Income Ratios</b>				
<b>Citywide</b>	<b>66.1%</b>	<b>66.6%</b>	<b>67.5%</b>	<b>67.7%</b>
<b>Core Manhattan</b>	<b>63.4%</b>	63.8%	64.7%	<b>64.8%</b>
<b>City w/o Core Manhattan</b>	<b>67.7%</b>	67.9%	68.1%	<b>68.1%</b>

Source: NYC Department of Finance, RPIE Filings.

# Average Growth in Rent, Income, Costs, and NOI: Core Manhattan vs. City w/o Core

	All Buildings Containing Stabilized Units	20%+ Stabilized	50%+ Stabilized	80%+ Stabilized
<b>Rent Growth</b>				
Citywide	2.9%	2.9%	2.7%	2.5%
Core Manhattan	3.3%	3.5%	3.2%	2.9%
City w/o Core Manhattan	2.7%	2.7%	2.6%	2.5%
<b>Income Growth</b>				
Citywide	2.8%	2.8%	2.7%	2.6%
Core Manhattan	2.7%	2.7%	2.3%	1.9%
City w/o Core Manhattan	2.9%	2.9%	2.8%	2.6%
<b>Cost Growth</b>				
Citywide	3.3%	3.2%	3.1%	3.1%
Core Manhattan	3.4%	3.5%	2.7%	2.2%
City w/o Core Manhattan	3.2%	3.1%	3.2%	3.2%
<b>NOI Growth</b>				
Citywide	1.9%	2.1%	2.0%	1.5%
Core Manhattan	1.5%	1.4%	1.7%	1.5%
City w/o Core Manhattan	2.2%	2.5%	2.1%	1.5%

Source: NYC Department of Finance, RPIE Filings.

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