

NYC Rent Guidelines Board

2024 Income and Expense Study

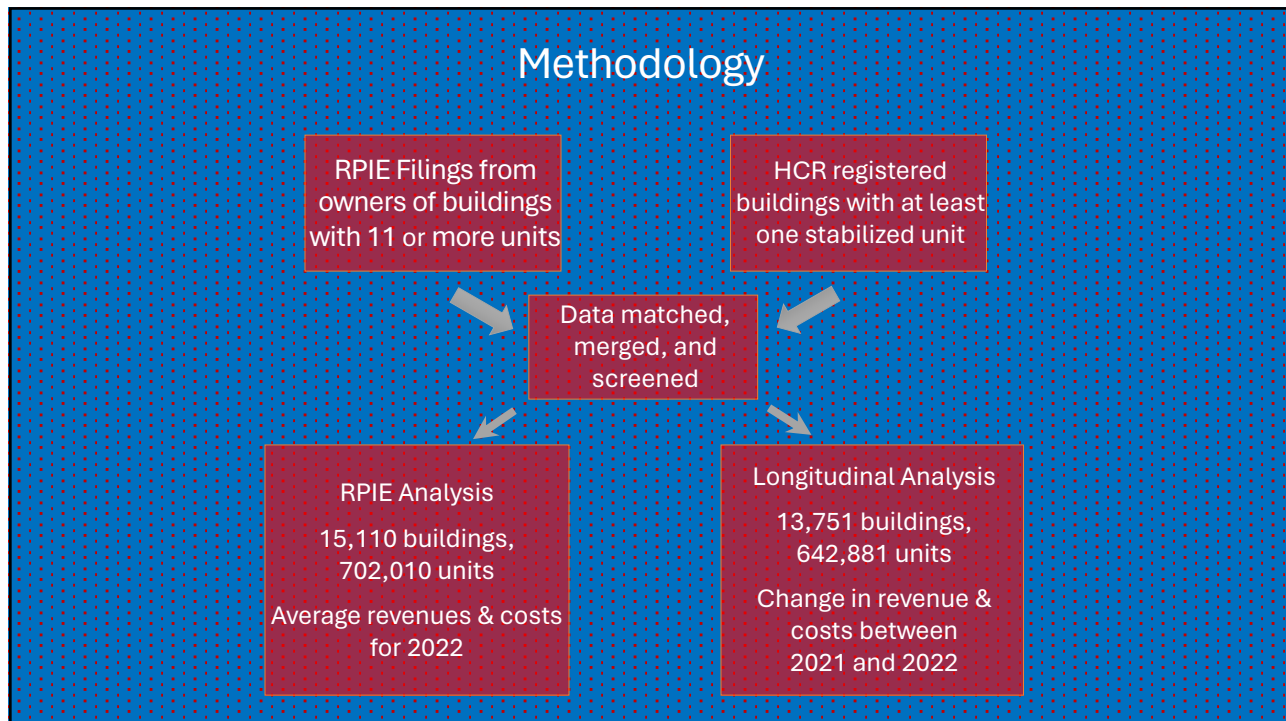
March 28, 2024

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Introduction to I&E Study

- Report examines the conditions that existed in New York's rent stabilized housing market in 2022 and the extent to which these conditions changed from 2021
- Stratifies buildings based on whether they were constructed pre-1974 or post-1973
- Analyzes data based on the proportion of stabilized units in buildings.

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RPIE Analysis

Collected Rents in 2022

- Citywide average collected rent: \$1,578 per unit per month
 - Median monthly rent: \$1,322
 - By building age:
 - \$1,418 in pre-1974 buildings
 - \$2,267 in post-1973 buildings
 - By borough:
 - \$2,135 in Manhattan
 - \$2,677 in Core Manhattan
 - \$1,394 in Upper Manhattan
 - \$1,526 in Brooklyn
 - \$1,502 in Queens
 - \$1,086 in the Bronx
 - \$1,033 in Staten Island
 - \$1,354 NYC excluding Core Manhattan

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RPIE Analysis

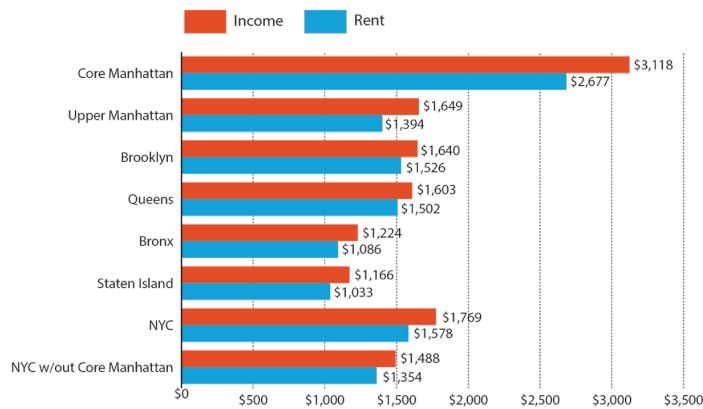
Income in 2022

- Citywide average gross income: \$1,769 per unit per month
 - Median monthly income: \$1,439
- By building age:
 - \$1,587 in pre-1974 buildings
 - \$2,552 in post-1973 buildings
- By borough:
 - \$2,498 in Manhattan
 - \$3,118 in Core Manhattan
 - \$1,649 in Upper Manhattan
 - \$1,640 in Brooklyn
 - \$1,603 in Queens
 - \$1,224 in the Bronx
 - \$1,166 in Staten Island
 - \$1,488 NYC excluding Core Manhattan

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Average Monthly Collected Income/Rent per Dwelling Unit by Borough

Income and Rent Highest in Manhattan in 2022



Source: NYC Department of Finance, 2022 RPIE Data

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RPIE Analysis

Income in 2022

- Sale of services and commercial income: 10.8% of total income
 - Increase from 10.3% in prior year
 - 14.5% in Manhattan
 - 15.5% in Upper Manhattan
 - 14.1% in Core Manhattan
 - 11.4% in Staten Island
 - 11.3% in the Bronx
 - 7.0% in Brooklyn
 - 6.3% in Queens
 - 9.0% in City excluding Core Manhattan

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RPIE Analysis

Expenses in 2022

- Citywide average costs: \$1,164 per unit per month
 - Median monthly costs : \$1,027
- By age:
 - \$1,137 in pre-1974 buildings
 - \$1,282 in post-1973 buildings
- By borough:
 - \$1,636 in Manhattan
 - \$1,977 in Core Manhattan
 - \$1,170 in Upper Manhattan
 - \$1,071 in Queens
 - \$984 in Brooklyn
 - \$892 in the Bronx
 - \$835 in Staten Island
 - \$999 in NYC excluding Core Manhattan

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RPIE Analysis

Expenses in 2022

- I&E cost adjustments reduces expenses by 4.41% in 2022
 - Cost-adjusted average O&M costs: \$1,113 per month
 - Average cost-adjusted O&M costs in residential-only buildings: \$1,045 per month
 - Residential-only buildings have average adjusted costs 10.2% lower than all buildings

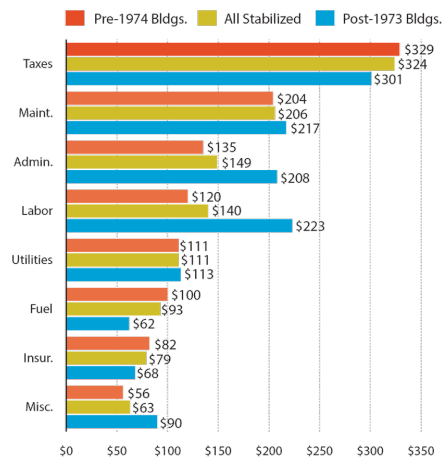
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Average Monthly Expense per Dwelling Unit per Month

Taxes Remain Largest Expense in 2022

Breakdown of operating cost components by building age

Source: NYC Dept. of Finance, 2022 RPIE Data



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RPIE Analysis

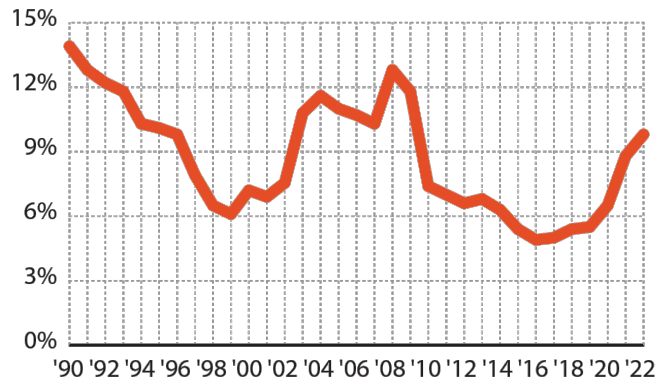
Distressed Properties in 2022

- 9.8% of buildings in survey are distressed
 - One percentage point increase from last year's 8.8%
- By Borough, distressed properties are in:
 - Manhattan: 44.3%
 - Bronx: 27.1%
 - Brooklyn: 17.6%
 - Queens: 10.6%
 - Staten Island: 0.4%

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Percent of Distressed Properties in RPIE Analysis, 1990-2022

Share of Distressed Properties Increases in 2022



Source: NYC Dept. of Finance, 1990-2022 RPIE Data

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RPIE Analysis

Net Operating Income in 2022

- Net Operating Income (NOI) equals the amount of income remaining after O&M expenses
- Citywide, apartments averaged \$605 of net NOI per unit per month
 - \$1,270 in post-1973 units
 - \$450 in pre-1974 units
- NOI in residential-only buildings was \$522
 - 13.7% less than for all buildings

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RPIE Analysis

Net Operating Income in 2022

- NOI by Borough:
- Highest in Manhattan: \$861 per unit per month
 - \$1,141 in Core Manhattan
 - \$479 in Upper Manhattan
- \$657 in Brooklyn
- \$532 in Queens
- \$332 in the Bronx
- \$331 in Staten Island
- \$489 in City excluding Core Manhattan

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RPIE Analysis

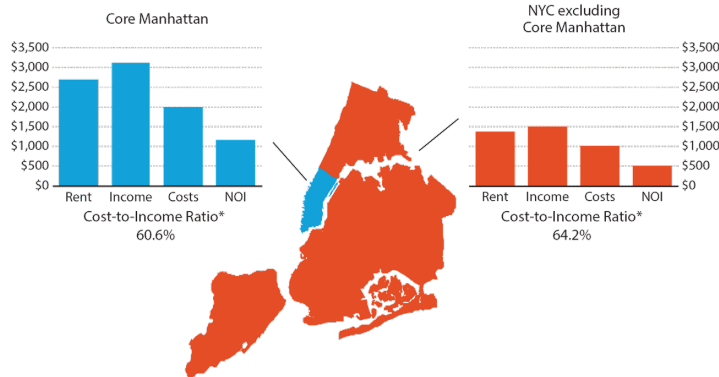
Operating Cost Ratios in 2022

- Expense-adjusted operating costs 62.9% of gross income Citywide
- Unadjusted operating expenses 65.8% of gross income Citywide

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Average Monthly Rent, Income, Operating Costs, NOI, and Cost-to-Income Ratios, Core Manhattan vs. Rest of the City, 2022

Cost-to-Income Ratio Higher in Core Manhattan



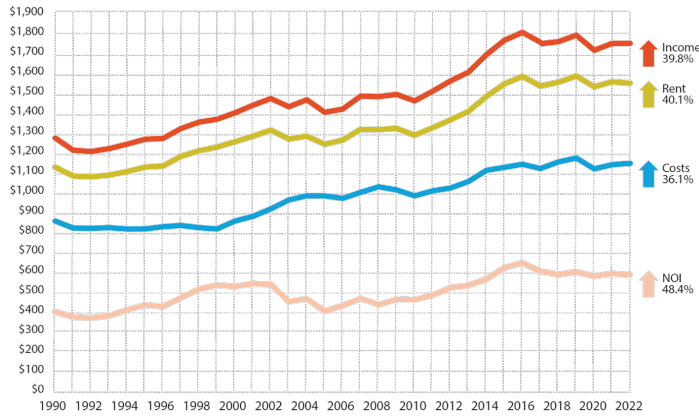
Source: NYC Dept. of Finance, 2022 RPIE Data

*Note: Ratios use adjusted costs

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Citywide Income, Rents, Costs, and NOI After Inflation, 1990-2022

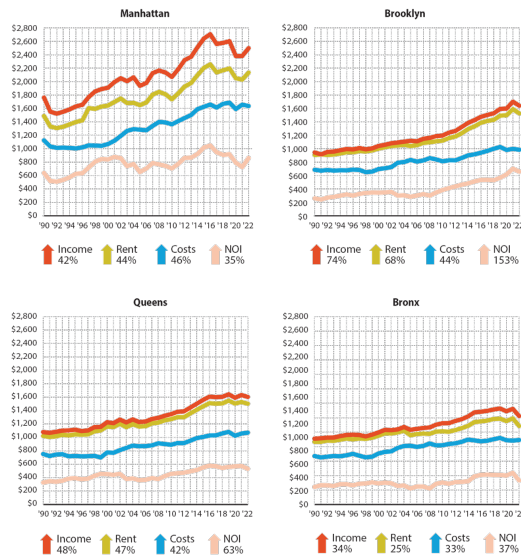
Inflation-Adjusted Net Operating Income Up 48.4% Since 1990
(Average Monthly Income, Rent, Operating Costs, and NOI per Dwelling Unit, in Constant 2022 Dollars)



Source: NYC Dept. of Finance, 1990-2022 RPIE Data

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Income, Rents, Costs, and NOI After Inflation per Borough, 1990-2022



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 2022 Dollars)

Source: NYC Dept. of Finance, 1990-2022 RPIE Data

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Longitudinal Study

Change in Rents from 2021 to 2022

- Longitudinal analysis tracks same set of buildings over two years
- Average monthly rent collections grew by 7.4% Citywide
 - Post-1973 rents rose by 12.6%
 - Pre-1974 rents rose by 5.5%
- Rent collection change by building size
 - Small (11-19 unit) bldgs.: up 6.7%
 - Medium (20-99 unit) bldgs.: up 5.1%
 - Large (100+ unit) bldgs.: up 10.4%

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Longitudinal Study

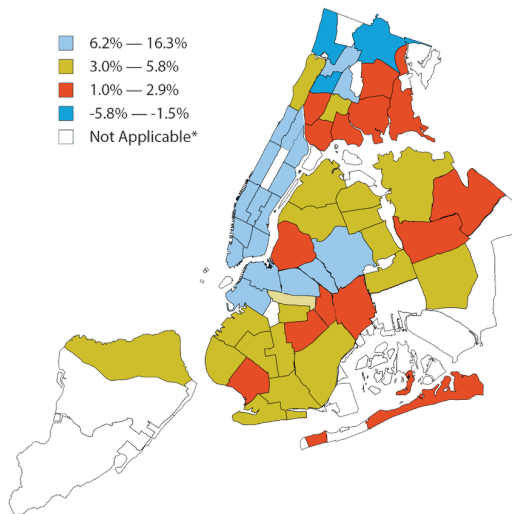
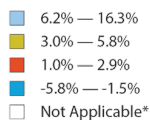
Change in Collected Rents from 2021 to 2022

- Rent growth by borough:
 - Manhattan: up 12.5%
 - Core Manhattan: up 15.0%
 - Upper Manhattan: up 6.4%
 - Brooklyn: up 6.6%
 - Queens: up 5.3%
 - Staten Island: up 3.3%
 - Bronx: up 0.6%
 - City excluding Core Manhattan: up 4.6%
- Median rent increased 4.6% Citywide

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Change in Rent by Community District, 2021-2022

Collected Rents
Increased in All
But Three
Community
Districts



*Community Districts with not enough buildings for reliable data.

Source: NYC Dept. of Finance, 2021-22 RPIE Data

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Longitudinal Study

Change in Income from 2021 to 2022

- Average gross income grew by 7.6% Citywide
 - 12.4% increase in post-1973 buildings
 - 5.8% increase in pre-1974 buildings
- Income growth by borough:
 - Manhattan: up 12.3%
 - Core Manhattan: up 15.0%
 - Upper Manhattan: up 6.1%
 - Brooklyn: up 6.8%
 - Queens: up 5.2%
 - Staten Island: up 2.7%
 - Bronx: up 1.3%
 - City excluding Core Manhattan: up 4.8%
- Median income rose 5.0% Citywide

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Longitudinal Study

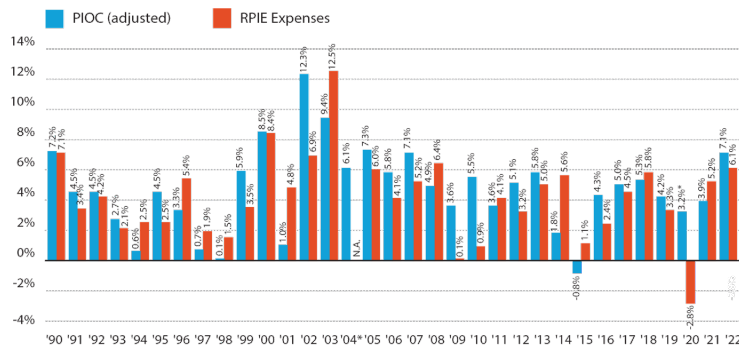
Change in Expenses from 2021 to 2022

- Monthly expenses increased 6.1% Citywide
 - 6.6% increase in pre-1974 buildings
 - 4.4% increase in post-1973 buildings
- By borough:
 - Bronx: 8.9% increase
 - Staten Island: 8.3% increase
 - Queens: 7.7% increase
 - Brooklyn: 5.7% increase
 - Manhattan: 4.4% increase
 - Upper Manhattan: 6.8% increase
 - Core Manhattan: 3.3% increase
 - City excluding Core Manhattan: 7.3% increase
- Median costs rose 7.1% Citywide

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Change in Operating & Maintenance Costs, RPIE and the PIOC, 1990 to 2022

In 2022, PIOC Costs Grew More Than Owner-Reported RPIE Expenses



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

Source: NYC Dept. of Finance, 1990-2022 RPIE Data; NYC Rent Guidelines Board PIOC 1990-2022

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Longitudinal Study

Change in NOI from 2021 to 2022

- Average Net Operating Income grew by 10.4% Citywide
 - Reversal from prior year's 9.1% decline
 - Up 20.9% in post-1973 buildings
 - Up 4.1% in pre-1974 buildings

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Longitudinal Study

Change in NOI from 2021 to 2022

- Change in Net Operating Income (NOI) around NYC:
 - Manhattan: up 30.6%
 - Core Manhattan: up 42.3%
 - Upper Manhattan: up 4.6%
 - Brooklyn: up 8.3%
 - Queens: up 0.6%
 - Bronx: down 14.0%
 - Staten Island: down 9.3%
 - City excluding Core Manhattan: up 0.3%

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Longitudinal Study

Change in NOI from 2021 to 2022

• Change in Net Operating Income (NOI) among Pre-1974 Buildings:

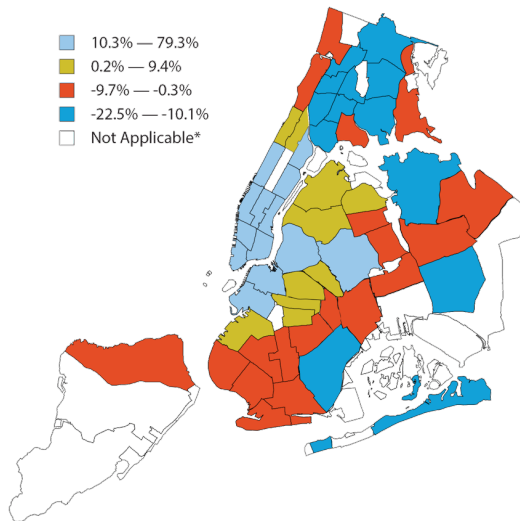
- Citywide: up 4.1%
- Manhattan: up 29.4%
 - Core Manhattan: up 48.2%
 - Upper Manhattan: down 0.7%
- Staten Island: up 1.6%
- Brooklyn: down 0.8%
- Queens: down 5.5%
- Bronx: down 18.5%
- City excluding Core Manhattan: down 7.0%

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Change in NOI by Community District, 2021-22

Net Operating Income
Increases in 43%
and Declines in
57% of
Community
Districts

- 10.3% — 79.3%
- 0.2% — 9.4%
- -9.7% — -0.3%
- -22.5% — -10.1%
- Not Applicable*



*Community Districts with not enough buildings for reliable data.
Source: NYC Dept. of Finance, 2021-22 RPIE Data

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Proportional Stabilized Unit Analysis

- Location of buildings by stabilized proportion
 - Half of buildings with at least one stabilized unit are 100% stabilized
 - In the City outside Core Manhattan, 61% of buildings are 100% stabilized
 - In Core Manhattan, 16% are 100% stabilized

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Proportional Stabilized Unit Analysis

- Average Rent, Income, Costs and NOI:
Citywide and by Borough
 - NOI in 100% stabilized buildings in Core Manhattan
 - Pre-1974 buildings: \$810
 - Post-1973 buildings: \$1,335
 - NOI in 100% stabilized buildings in the rest of the City
 - Pre-1974 buildings: \$343
 - Post-1973 buildings: \$1,048

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Proportional Stabilized Unit Analysis

Adjusted Cost-to-Income Ratios						
	All Buildings (All Years)	Pre-74 All Buildings	Pre-74 50%+ Stabilized	Pre-74 80%+ Stabilized	Pre-74 100% Stabilized	100% Stabilized (All Years)
Citywide	62.9%	68.5%	68.6%	68.2%	69.0%	62.5%
Core Manhattan	60.6%	64.8%	62.1%	56.1%	58.5%	55.7%
City w/o Core Manhattan	64.2%	70.1%	70.1%	69.8%	70.3%	63.6%

Source: NYC Department of Finance, 2022 RPIE Data

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Proportional Stabilized Unit Analysis

- Longitudinal Change in NOI Among 100% Stabilized Buildings of All Ages
 - NOI up 1.8% Citywide
 - NOI up 34.1% in Core Manhattan
 - NOI fell 1.4% in City excluding Core
- Longitudinal Change in NOI Among Pre-1974 100% Stabilized Buildings
 - NOI fell 4.5% Citywide
 - NOI up 50.2% in Core Manhattan
 - NOI fell 8.0% in City excluding Core

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Proportional Stabilized Unit Analysis

- Distressed Proportion Among Pre-1974 Buildings
 - 50%+ Stabilized
 - 11.3% in Core Manhattan
 - 9.3% in City excluding Core
 - 80%+ Stabilized
 - 12.1% in Core Manhattan
 - 9.6% in City excluding Core
 - 100% Stabilized
 - 12.2% in Core Manhattan
 - 9.6% in City excluding Core

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Summary

- In 2022:
 - Citywide average monthly collected rent: \$1,578
 - Citywide average income: \$1,769
 - Citywide average operating cost: \$1,164
 - Citywide average NOI: \$605 per unit per month
 - Proportion of distressed properties rose to 9.9%
 - Citywide adjusted Cost-to-Income ratio: 62.9%
 - In Core Manhattan: 60.6%
 - City excluding Core Manhattan: 64.2%
 - Pre-1974 Citywide adjusted Cost-to-Income ratio: 68.5%
 - In Core Manhattan: 64.8%
 - City excluding Core Manhattan: 70.1%

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Summary

- Longitudinal change from 2021 to 2022:
 - Citywide rental income up 7.4%
 - Citywide total income increased 7.6%
 - Citywide expenses rose 6.1%
 - Citywide NOI grew by 10.4%
 - NOI in Core Manhattan rose 42.3%
 - NOI in the remainder of the City rose 0.3%
 - NOI in pre-1974 buildings rose 4.1%
 - NOI in Core Manhattan rose 48.2%
 - NOI in the remainder of the City fell 7.0%

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Summary

- Among 100% Stabilized Buildings:
 - Pre-1974 adjusted cost-to-income ratio Citywide: 69.0%
 - 58.5% in Core Manhattan
 - 70.3% in the remainder of the City
 - Pre-1974 distressed proportion Citywide: 9.8%
 - Core Manhattan: 12.2%
 - City excluding Core: 9.6%
 - NOI Citywide: Up 1.8%
 - NOI In Core Manhattan: up 34.1%
 - NOI in the remainder of the City: fell 1.4%

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