

# Top Ten Rental Developments & Pricing Trends in New York City

October 2014 - September 2015



**FirstService**  
RESIDENTIAL



# FirstService RESIDENTIAL

## Executive Summary

### TOP TEN LUXURY RENTAL PROPERTIES IN NEW YORK CITY

(Fall 2015)

- 1 **Grand Tier**
- 2 The Corner
- 3 **Hawthorn Park**
- 4 2 Cooper Square
- 5 **Prism at Park Ave South**
- 6 Beatrice
- 7 **New York by Gehry**
- 8 The Larstrand
- 9 **The Caledonia**
- 10 600 Washington Street

Figure 1: Top Ten luxury rentals in New York City in terms of average annualized asking rent per square foot for the Fall 2015 rental season

### FIRSTSERVICE RESIDENTIAL IDENTIFIES NEW YORK CITY'S TOP LUXURY RENTALS

FirstService Residential, North America's largest property management company, has undertaken an extensive effort over the past year to identify New York City's top ten luxury rental developments. This report is the result of formal, meticulous research and rigorous analysis of over 7,400 unique vacancies reported at 119 luxury rental buildings located throughout the city.<sup>1</sup>

The properties listed in Figure 1 represent the very top of the luxury rental market in New York as of Fall 2015. Each commands an average annualized rental rate in excess of \$90 per square foot (see Figure 2). All ten are located in Manhattan and have been developed in the last 15 years.

### ANALYSIS: TOP TEN VS. OTHER LUXURY NEW DEVELOPMENTS

Figure 2 displays the range and median of average annualized asking rent per square foot for New York City's Top Ten luxury rental properties compared to other luxury new developments in different neighborhoods of the city. Each data point labeled on the chart represents a single building's average asking rent per square foot for the period. For example, the building in Williamsburg with the lowest rent for the season is asking, on average, \$50 per square foot; the building with the highest rent is asking \$67 per square foot.

The median average asking rent among the Top Ten properties is \$97 per square foot, an impressively high figure compared to other luxury rentals in the city. This is 30 percent higher than the \$75 median among other luxury rentals in Manhattan, and 55-75 percent higher than the median for luxury rentals in Brooklyn and Long Island City.

Though asking rents at Top Ten properties are high, they are slightly lower than a year ago. During Q3 2015, the average reported annualized asking rent at Top Ten properties was just over \$99 per square foot, approximately 3 percent below the figure of nearly \$103 in Q3 2014 (see Figure 3). This same trend has occurred at other luxury rentals in Manhattan, where asking rents are approximately 2 percent lower than in 2014. In Williamsburg, asking rents are down nearly 2 percent versus a year ago, reflecting a similar pattern. By contrast, asking rents in Downtown Brooklyn and Long Island City are higher than a year ago: More than 3 percent in Downtown Brooklyn and just over 10 percent in Long Island City.

Figure 3 also confirms the general observation that asking rents tend to be lowest in the winter months. The lowest reported rents were in Q4 2014 and Q1 2015 in every location except Long Island City.

### LUXURY ASKING RENT RANGE (NYC Luxury New Developments, October 2014 - September 2015)



Figure 2: Comparison of average annualized asking rents at Top Ten properties to other New York City luxury new developments

### LUXURY ASKING RENT TREND (NYC New Developments)

■ Top Ten ■ Manhattan ■ Williamsburg ■ Downtown Brooklyn ■ Long Island City

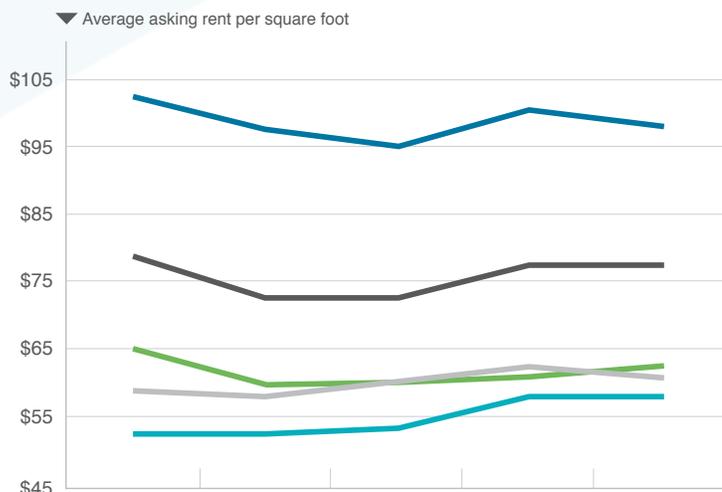


Figure 3: Quarterly time trend in average annualized asking rent per square foot among luxury New York City new developments, segmented by tier and location

Other trends identified in this analysis of luxury New York City rentals include:

- Unlike other luxury rentals, Top Ten properties asked at least as much rent per square foot for one- and two-bedroom apartments as for studio apartments
- Top Ten properties were the most likely to offer some form of lease concession, whether free rent, an owner-paid fee or a combination of both
- The number of units at a property affects asking rents differently depending on tier and location, but has relatively little impact at Top Ten properties and others located in Manhattan
- Asking rents are trending upwards in buildings converted from commercial to luxury residential use within the past 15 years

These findings and more are explored in greater detail on the pages that follow. Contact information is also provided for those seeking answers to additional questions.

<sup>1</sup>A detailed explanation of methodology, including the full building list, selection criteria, data sources, calculation techniques and chart descriptions, is available at [FSResidential.com/New-York](http://FSResidential.com/New-York).

# Additional Analysis

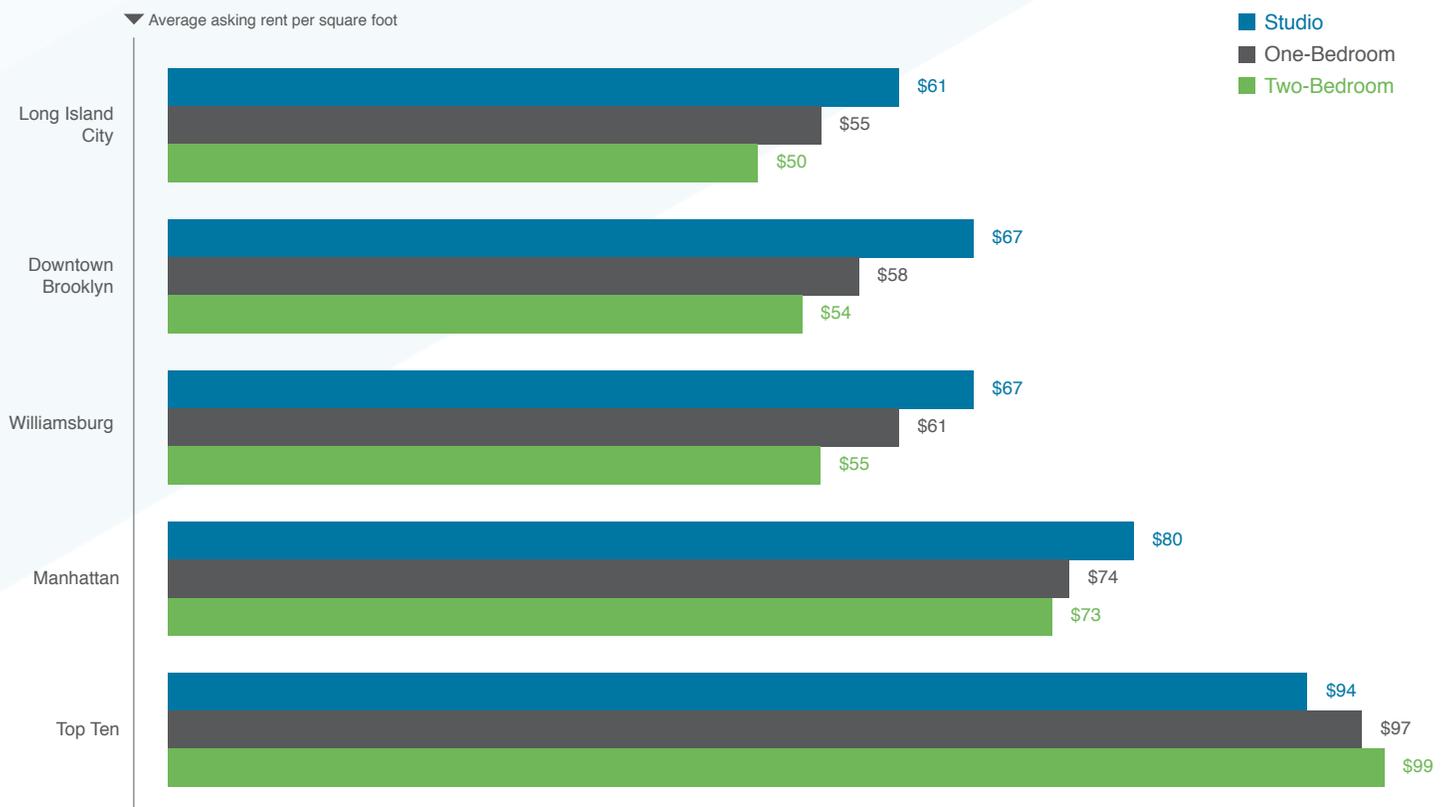
## PROPERTY DEMOGRAPHICS

### APARTMENT TYPE

In general, luxury rentals tracked in this report asked more per square foot for studio apartments than for one- and two-bedroom apartments. The notable exception occurred at Top Ten properties, where reported asking rents per square foot were 3-5 percent lower for studio units. For other Manhattan luxury rentals, asking rents per square foot for studios were 8-9 percent higher than for one- and two-bedroom units. A similar and stronger pattern held in Williamsburg, Downtown Brooklyn and Long Island City, where studios commanded asking rents per square foot 8-20 percent higher than one- and two-bedroom units.

Note: Three-bedroom units have been excluded from this analysis because of limited reported availability. A qualitative review of the limited data suggests that three-bedroom units command higher rents per square foot than smaller units. This may be because the largest units tend to be located on higher floors. Similarly, studio units at Top Ten buildings may garner slightly lower rents per square foot because they tend to be clustered on lower floors in these buildings.

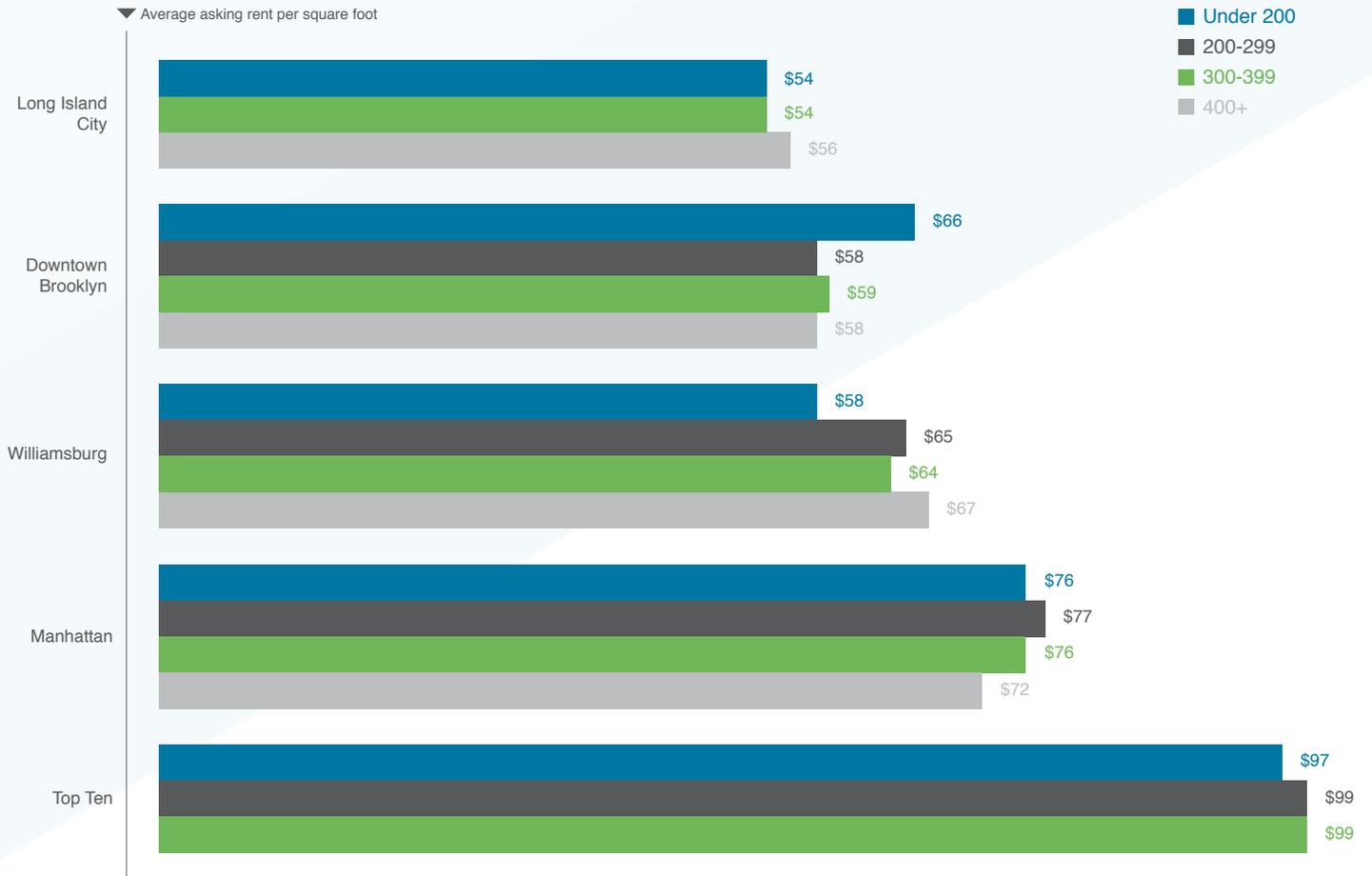
### LUXURY ASKING RENT BY APARTMENT TYPE (NYC New Developments, October 2014 - September 2015)



## NUMBER OF UNITS IN THE BUILDING

There was no consistent relationship between building size and rent per square foot among luxury rentals. None of the Top Ten buildings have more than 400 units, though those with unit counts in the 300s commanded slightly higher average asking rents. At other Manhattan buildings, however, the largest buildings asked lower rents than those with fewer than 300 units. This did not hold in other locations, though the smaller number of buildings in Williamsburg, Downtown Brooklyn and Long Island City make it more difficult to draw conclusions based on building size.

### LUXURY ASKING RENT BY NUMBER OF UNITS (NYC New Developments, October 2014 - September 2015)



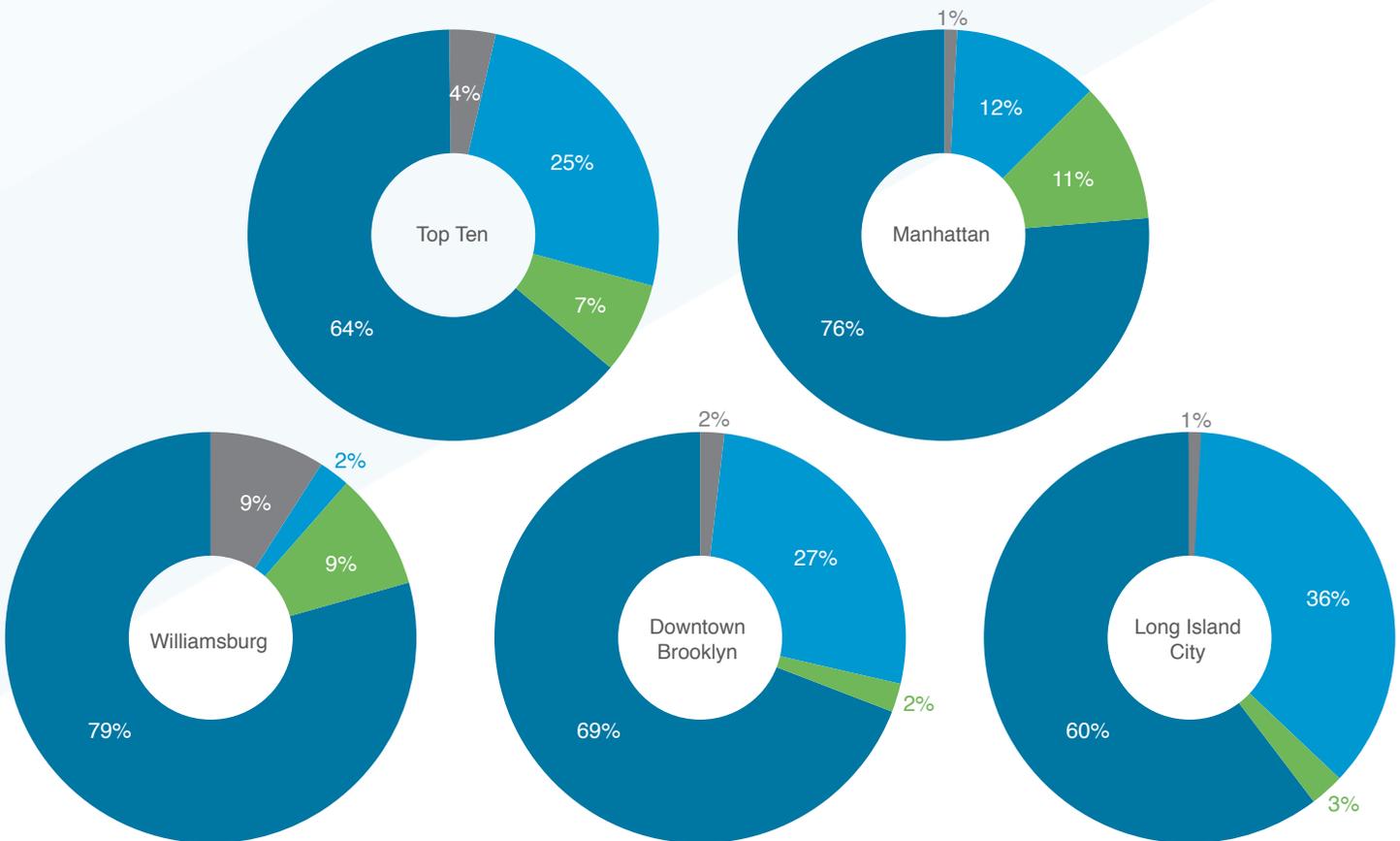
## CONCESSIONS

Lease concessions at luxury rentals varied by location within the city. 25 percent of units at Top Ten properties offered an owner-paid fee, with 4 percent offering one month's free rent and another 7 percent offering both. These percentages were lower at other Manhattan buildings: 12 percent offered an owner-paid fee with only 1 percent offering free rent and 11 percent offering both. In Williamsburg, only 2 percent offered an owner-paid fee alone, with 9 percent offering free rent and another 9 percent offering both. Higher proportions of availabilities in Downtown Brooklyn and Long Island City (29 percent and 39 percent, respectively) included owner-paid fees in the listing.

Note: Several tracked buildings, including two of the Top Ten, opened only in 2014. Since incentives are particularly common during a building's initial lease-up phase, this may account for some of the differences reflected in the figures above.

### LEASE CONCESSIONS (NYC Luxury New Developments, October 2014 - September 2015)

■ Free rent ■ Owner-paid fee ■ Both ■ Neither

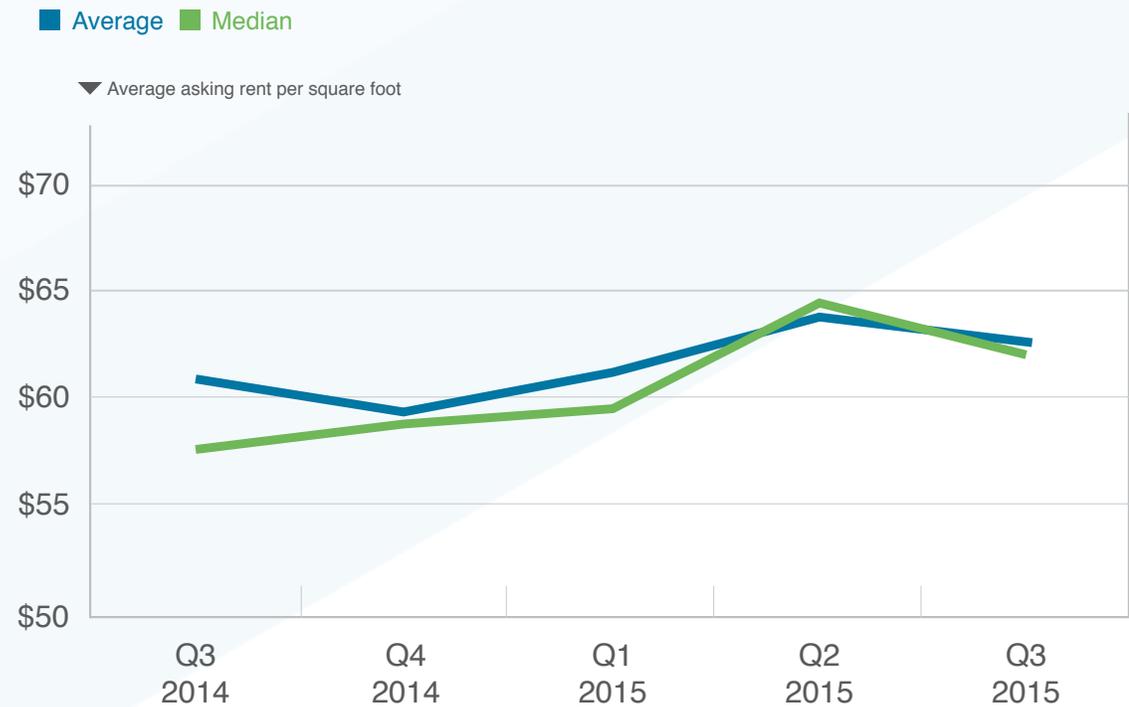


## CONVERSIONS

Note: In addition to luxury new developments, FirstService Residential has also tracked a group of 14 properties converted from commercial to residential use within the last 15 years. These converted properties reflect many of the characteristics of the new developments, though their units tend to be slightly larger. (See the detailed explanation of methodology for details.)

These properties are not included in most analyses in this report; however, as the chart below displays, asking rents are trending upward in them. The average asking rent across the group was nearly 3 percent higher in Q3 2015 than in Q3 2014, and the median building's average asking rent was nearly 10 percent higher. As more properties are converted, this trend will bear observing in the coming years.

### LUXURY ASKING RENT TREND (Conversions)



# About FirstService Residential

As North America's largest manager of residential communities, FirstService Residential oversees more than 7,000 properties and 1.5 million residential units across 21 U.S. states and three provinces in Canada. FirstService Residential operates in every major real estate market in the U.S. and Canada, including New York, Dallas, Los Angeles, Miami, Chicago, Atlanta, Houston, San Francisco, Philadelphia, Charlotte, Minneapolis, Washington, DC and Toronto. The company manages more luxury high-rises than any other property management company in North America.

In New York City, FirstService Residential's management portfolio comprises more than 500 rental, condominium, and cooperative properties with an aggregate value of more than \$6 billion. This includes more than 70,000 residences that are home to over 200,000 people in properties ranging from luxury towers and new developments to prewar landmark buildings and apartment complexes.

FirstService Residential works closely with local and national developers in an advisory capacity in planning their communities and operating budgets and also provides leasing expertise and marketing strategies during the opening of a property through move-ins and eventual transition from developer. By providing property management to more than a million homes, FirstService Residential thoroughly understands the complexities of developing communities and works closely with partners across the industry – land planners and developers, architects, engineers, and attorneys – in each phase of development.

With an unmatched combination of deep industry experience, local market expertise and personalized attention, FirstService Residential delivers proven solutions and exceptional service that add value, enhance lifestyles and make a difference, every day, for every resident and community it manages. FirstService Residential is a subsidiary of FirstService Corporation, a North American leader in the property services sector. For more information, visit [www.fsresidential.com](http://www.fsresidential.com).

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## About Koine Communications

Koine Communications is a research, consulting and content strategy firm focused on the commercial real estate industry. We help clients create, validate and articulate their brand using clear, precise, accessible language.

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