

# Queens Outperforms

January 2024



Rents Continue to Rise

Occupancy Remains Tight

Investment Slows Down

# QUEENS MULTIFAMILY



## Borough Holds On To Solid Fundamentals

The Queens rental market has outperformed a good number of U.S. averages lately. Rents in the borough were up 0.2% on a trailing three-month basis as of November 2023, even as the national rate contracted 0.2%. The average overall Queens rate rose to \$2,945, well above the \$1,713 U.S. figure as of November. What's more, the occupancy rate in the borough remained unchanged over 12 months, a rare feat for 2023, still at a very tight 98.9%.

New York City's employment landscape wasn't all good in the 12 months ending in September 2023, having lost 35,100 positions across several sectors. But overall the metro area gained 161,500 net jobs during the time. Education and health services more than made up for the losses, gaining a whopping 122,500 positions. Meanwhile, plans to repurpose state-owned land continued across New York City. A project led by Empire State Development is set to bring 2,800 residential units to eastern Queens. The master plan outlining the redevelopment will focus on transforming 58 acres of the Creedmoor Psychiatric Center campus.

As of November 2023, Queens had 11,077 units under construction, most of them in upscale projects. Meanwhile, investor activity remained slow. Through November, only two assets of more than 50 units traded in Queens, for a total of \$125.5 million. Considering the small sample size, the low price per unit, under \$150,000, comes as no surprise.

### Recent Queens Transactions

#### Queenswood



City: New York City  
Buyer: Slate Property Group  
Purchase Price: \$39 MM  
Price per Unit: \$132,653

## Market Analysis | January 2024

### Contacts

#### Jeff Adler

Vice President & General  
Manager of Yardi Matrix  
[Jeff.Adler@Yardi.com](mailto:Jeff.Adler@Yardi.com)  
(303) 615-3676

#### Doug Ressler

Media Contact  
[Doug.Ressler@Yardi.com](mailto:Doug.Ressler@Yardi.com)  
(480) 695-3365

### Author

#### Agota Felhazi

Associate Editor

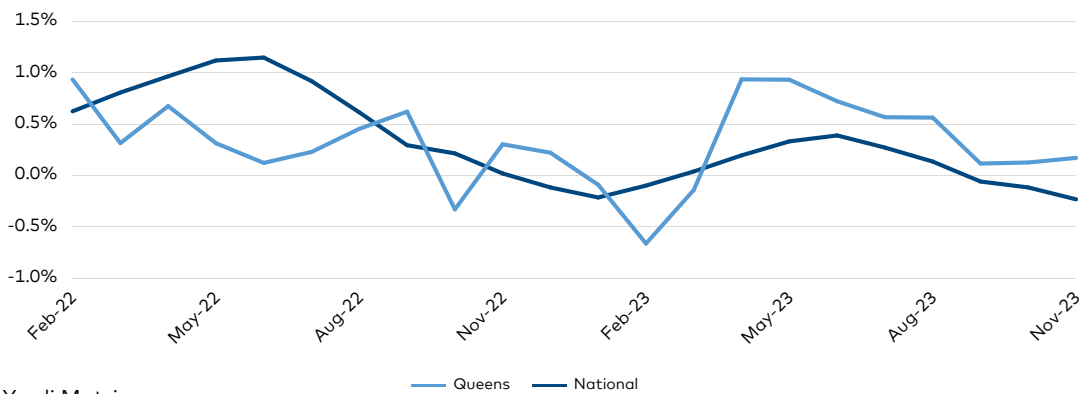
#### Ron Brock, Jr.

Industry Principal, Matrix  
[JR.Brock@Yardi.com](mailto:JR.Brock@Yardi.com)  
(480) 663-1149 x2404

## RENT TRENDS

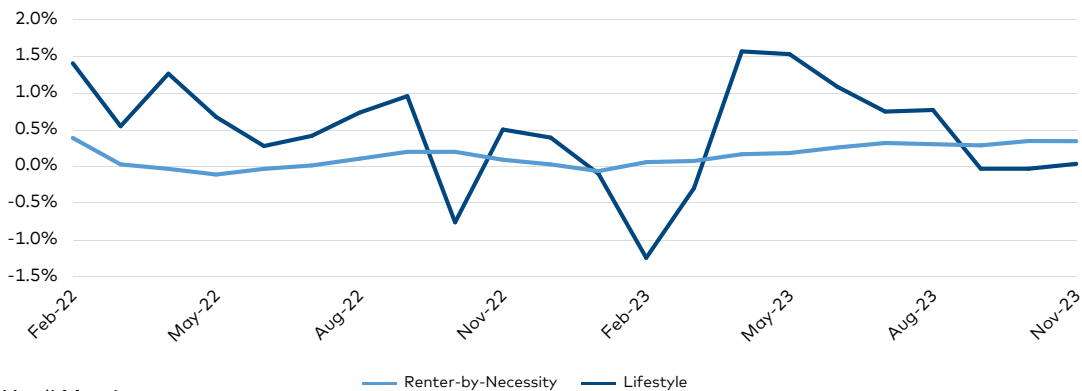
- Bucking national trends, Queens rents continued to grow, expanding 0.2% on a trailing three-month (T3) basis as of November. Meanwhile, the national average dropped 0.2%. The borough's overall average rent reached \$2,945, well above the \$1,713 U.S. figure as of November. Year-over-year, Queens rents were up 3.0%, outperforming the 0.4% national average.
- The working-class Renter-by-Necessity segment drove growth on a T3 basis, as rates increased 0.3%, to \$2,222. Meanwhile, Lifestyle rents continued to stagnate for the third consecutive month on a T3 basis, flat at \$4,001.
- Of the 17 submarkets tracked by Yardi Matrix, rents contracted in only one year-over-year. The average in Forest Hills–Rego Park slid 0.9%, to \$2,994. At the other end, Long Island City had the largest gains, with rates up 5.2%, to \$4,192. This made the submarket on the East River the borough's most expensive by far, followed by Astoria (4.7% to \$3,099).
- As of October, occupancy in stabilized Queens assets remained unchanged over 12 months, staying at a very tight 98.9%. The borough remained well above the national rate, which dropped 50 basis points, to 94.9%. The RBN segment outperformed Lifestyle assets in Queens, with the former unchanged at 99.1%, one of the highest rates in the country. Meanwhile, the occupancy rate in Lifestyle assets stood at a slightly lower 98.5%, Yardi Matrix data shows.

### Queens vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

### Queens Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

## ECONOMIC SNAPSHOT

- New York City gained 161,500 net jobs during the 12 months ending in September 2023. This marked a 2.7% growth rate, 30 basis points above the national figure. Education and health services led employment growth with a staggering 122,500 positions added, for a 7.7% increase. Leisure and hospitality followed, with 37,400 jobs gained (up 5.7%) and mining, logging and construction, with 16,500 positions added (up 6.2%). However, three sectors lost a collective 35,100 positions, led by information (-22,900 jobs).
- Metro New York City's unemployment rate was 5.0% as of October, according to preliminary Bureau of Labor Statistics data. The figure stayed relatively consistent last year, moving in the 4.2% to 5.1% range during the first three quarters. Meanwhile, the state's unemployment rate stood at 4.2% as of October, while the national average was 3.9%.
- Empire State Development is one step closer to transforming 58 acres of the 125-acre Creedmoor Psychiatric Center campus in Eastern Queens. The newly unveiled master plan involves the redevelopment of parking lots, overgrowth-filled areas and vacant buildings, replacing them with 2,800 residential units, part of which will be affordable rentals. The project also includes community spaces and neighborhood retail, among others.

### New York Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	1721	23.5%
70	Leisure and Hospitality	694	9.5%
15	Mining, Logging and Construction	284	3.9%
90	Government	907	12.4%
80	Other Services	289	3.9%
55	Financial Activities	657	9.0%
30	Manufacturing	194	2.6%
60	Professional and Business Services	1192	16.3%
40	Trade, Transportation and Utilities	1134	15.5%
50	Information	263	3.6%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- Queens lost 64,648 residents in 2023, a 2.7% drop. This was part of the so-called "great migration" in the wake of COVID-19 woes, with many moving to suburbs or smaller metros. However, a growing number of metrics point to a reversal ramping up.

### Queens vs. National Population

	2018	2019	2020	2021
National	326,838,199	328,329,953	331,501,080	331,893,745
Queens	2,275,286	2,253,942	2,395,791	2,331,143

Source: U.S. Census

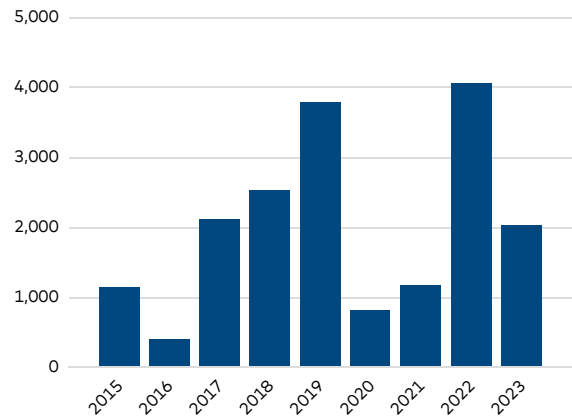
## SUPPLY

- Queens had 11,077 units underway as of November 2023. The under-construction pipeline included more than 70% Lifestyle projects and nearly 17% fully affordable developments. The remaining portion encompassed RBN projects. The borough also had 22,000 units in the planning and permitting stages.
- In 2023 through November, developers completed 2,040 units across the borough, amounting to 1.9% of existing stock, 20 basis points below the national rate. However, the solid pipeline is pointing toward strong deliveries. According to a recent Yardi Matrix forecast, 5,128 units are expected to come online in 2024, marking a decade high for the borough.
- Developers broke ground on six projects encompassing 2,867 units in 2023 through November. That was on par with the same period in 2022, when developers kicked off projects totaling 2,815 units.
- Three submarkets had more than 1,000 units underway each. Long Island City, with its proximity to Manhattan, remained in the lead, with 4,302 units under construction. The area also sports the borough's most expensive rents after also recording the strongest gains year-over-

year. Astoria (1,944 units) and Jamaica (1,633 units) followed.

- Long Island City is also home to the borough's largest developments. The list includes the 824-unit The Orchard, developed by BLDG Management. Some 30% of the 69-story tower's units are marked as affordable. Another large-scale project is 2-10 54th Ave., an 812-unit high-rise developed by TF Cornerstone. Both communities are expected to come online in 2026.

**Queens Completions** (as of November 2023)



Source: Yardi Matrix

**Queens vs. National Completions as a Percentage of Total Stock** (as of November 2023)



Source: Yardi Matrix



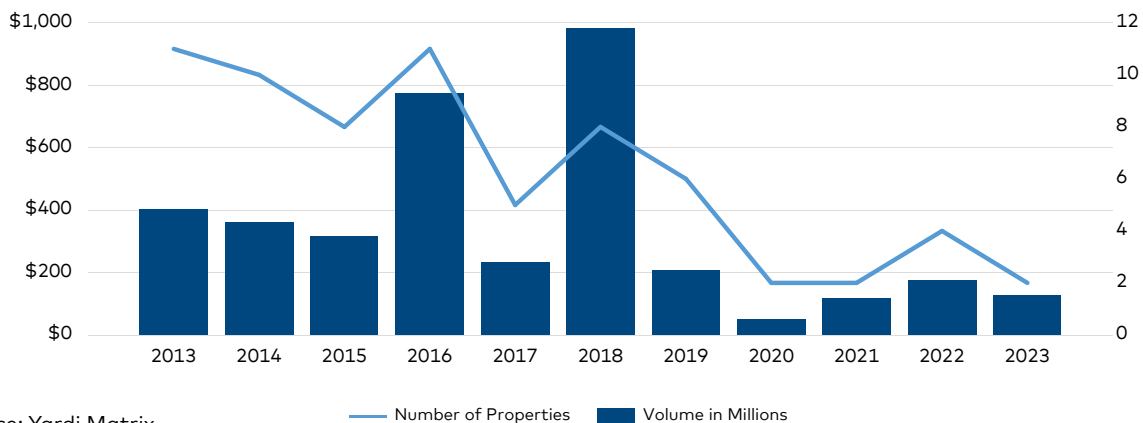
## TRANSACTIONS

- ▶ With one month left in 2023, Queens saw \$126 million in transactions for the year, as only two properties of more than 50 units changed hands. In 2022, the sales volume was slightly higher, amounting to \$175 million. However, both remained below the \$362 million average of the decade ending in 2022. During that time, multifamily investors were most active in 2018, when the volume hit \$984 million.
- ▶ Since 2010, the average per-unit price across the borough fluctuated, highly influenced by the

sample sizes of sales, before reaching \$132,653 in 2023. During the past 10 years, the average Queens per-unit price reached its peak in 2021, clocking in at \$412,281.

- ▶ One of the most recent confirmed deals is Slate Property Group's acquisition of the 294-unit Queenswood in the Corona submarket, marking the sale of a fully affordable asset. Brookfield Properties sold the 1989-built property for \$39 million.

### Queens Sales Volume and Number of Properties Sold (as of November 2023)



Source: Yardi Matrix

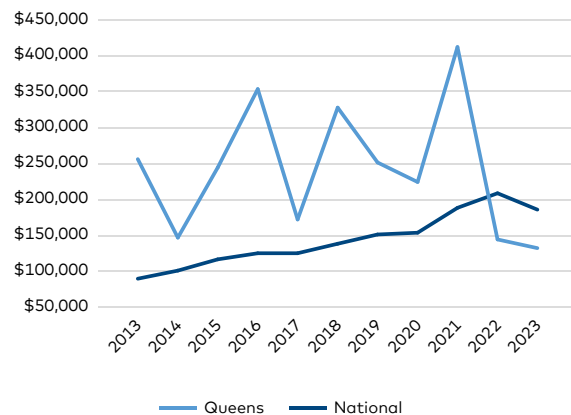
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Flushing	\$87
Corona	\$39

Source: Yardi Matrix

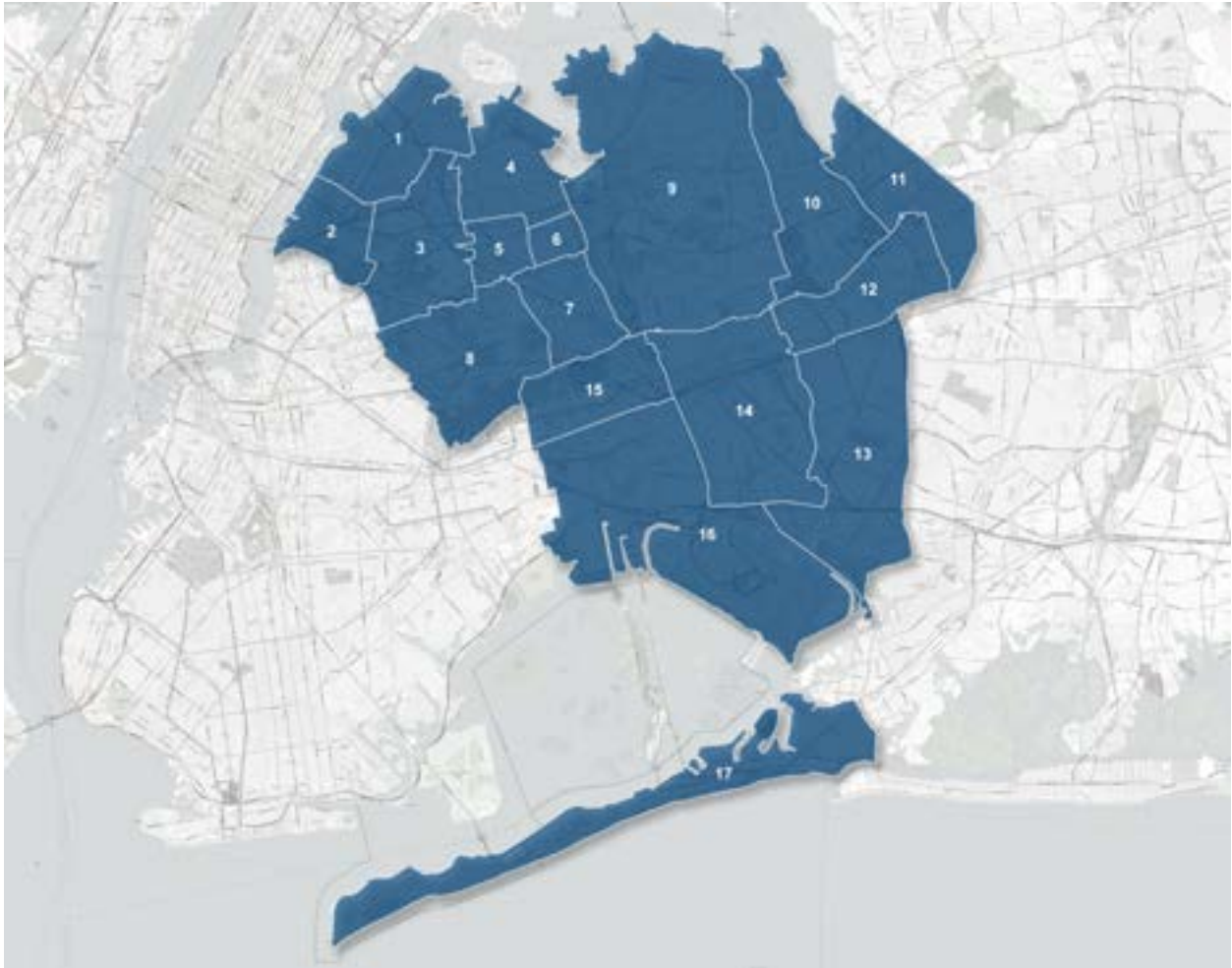
<sup>1</sup> From December 2022 to November 2023

### Queens vs. National Sales Price per Unit



Source: Yardi Matrix

## QUEENS SUBMARKETS



Area No.	Submarket
1	Astoria
2	Long Island City
3	Woodside
4	Jackson Heights
5	Elmhurst
6	Corona
7	Forest Hill-Rego Park
8	Middle Village
9	Flushing

Area No.	Submarket
10	Bayside
11	Little Neck
12	Queens Village
13	St. Albans
14	Jamaica
15	Kew Gardens
16	Ozone Park-JFK
17	Rockaway

## DEFINITIONS

**Lifestyle households (renters by choice)** have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

**Renter-by-Necessity households** span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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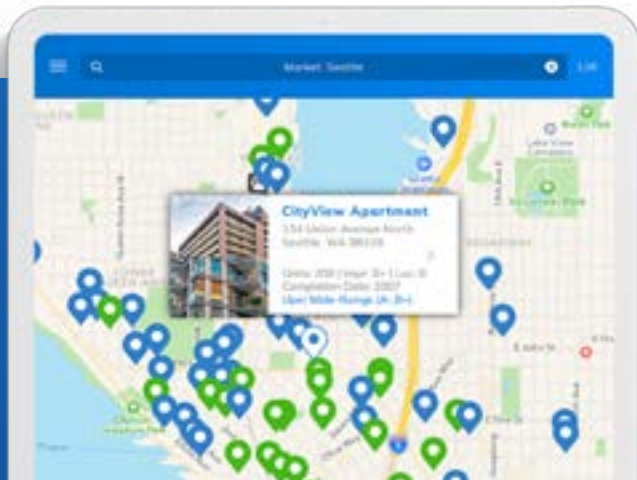
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