



Brooklyn's rental market continues to climb: Poised to surpass Manhattan as the toast of New York

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As sale prices continue to soar, and a myriad of development projects in the works, it is no surprise that rental prices have risen dramatically in Brooklyn, bridging the gap between historically high rents in neighboring Manhattan. Labeled as the "trendsetting" borough of New York, Brooklyn has begun to attract greater numbers of young professionals since job growth in the last year has been steady, thereby increasing the demand for housing and, as a result, driving rental prices upward. Average figures show a rise of over 2.5% within one month's time in the second quarter of 2014 from \$2,750 to \$2,800. Several neighborhoods in particular have contributed to the borough's highest jumps seen in one year, closing in on the average median price.

Neighborhoods like Park Slope and Bushwick have seen the largest percentage increases in rent prices for studios and one-bedroom units in Brooklyn's 14-month high mark. Park Slope has seen a 14% hike in average rents due to the disappearance of lower-priced units in the area. Studio and one-bedroom units under \$2,400 have vanished from the area's rental landscape. However, in areas like Boerum Hill and Prospect Lefferts Gardens, rents have decreased for similarly sized apartments. During 2014's second quarter, studio apartments in Boerum Hill were garnering a mere \$1,919 per month, a 9.7% decrease from 2013's average price of \$2,125. One-bedroom units were being rented for \$2,700 in 2013, while this year's prices leveled out there at \$2,625, a 2.7% decrease.

However, the numbers are not all declining. Two-bedroom apartments fetched, on average, over \$425 more per month, and despite drops in some neighborhoods, the overall picture shows that Brooklyn's largest jump in rental prices was for studios, growing by over \$225 more per month, from \$1,980 in 2013 to \$2,230 in 2014.

Percentage-wise, studios enjoyed overall annual gains of 4.9%, while one-bedroom, two-bedroom and three-bedroom units each enjoyed double-digit growth of 12, 13 and 14% (respectively) annually. The quarterly incremental increase for one-bedroom units leveled off at just over 1%, with two-bedroom and studio apartments inching upward by only 0.1 and 0.3%, respectively. Crown Heights and Boerum Hill experienced the most dramatic peaks and valleys in their annual rental-price breakdown. In Crown Heights, rents grew 25.2% from \$1,874 in July 2013 to \$2,347, while rents fell by 2.1% in Boerum Hill from \$2,846 to \$2,785.

And while Brooklyn's rental market has continued to climb, some of the borough's neighborhoods have not experienced the dramatic growth that others have enjoyed. Williamsburg's monthly rental decrease was 0.22% and its yearly increase was just 2%, in line with other areas that have not benefited from gentrification and new developments. Despite some drops, Brooklyn as a whole has experienced positive change across all of its neighborhoods, and the decline that some neighborhoods have seen are too minor to affect the overall qualitative picture. Bushwick has

experienced the highest monthly spike at 17%, with Crown Heights holding its own at a growth of about 11%, as well. As numerous new developments continue to pop up throughout the borough, rents will fluctuate wildly from month to month. As these developments emerge, some neighborhoods will see price-changes reflecting a dramatic influx of new residents, while others will lose numbers based on shifts from older units.

The largest average price increase (based on quarterly comparisons) occurred in Carroll Gardens where prices rose by 1%, while Park Slope enjoyed a dramatic annual comparison increase of 14%. And we can't forget about prime Brooklyn Heights - it continues to best other Brooklyn neighborhoods when it comes to high-ticket rentals. Apartments there command an average rent of \$3,698 per month, up 0.3% in quarterly comparisons, and up 5.4% in annual comparisons. Conversely, Windsor Terrace affords Brooklynites an economic respite in the land of extravagance, with average rentals resting at about \$2,264 per month, down 0.1% from last quarter, and up 3.5% from the first quarter of 2013. Studio apartments are going for an average of \$1,714, and one-bedroom units are also the least expensive, at an average of \$2,045 per month; two-bedroom units in the neighborhood are renting for roughly \$2,303 per month. For those with larger families, Clinton Hill offered the biggest bang for their buck, with three-bedroom units averaging \$2,710 per month; three-bedroom units in Windsor Terrace are also going for under \$3,000 per month.

As Brooklyn continues to reap the benefits of the exodus to the "bridge and tunnel" locales, the rental market will reflect the transformation of the borough's citizenry. The data also shows the diversity of the transplants to the borough: singles, couples and families alike are snapping up Brooklyn apartments. As new developments open and beckon more migrants, Brooklyn maybe poised to surpass Manhattan as the toast of New York.

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