



MULTIFAMILY REPORT

Queens' Resilience On Display

January 2025

Rent Development Strong

Completions Remain Healthy

Transaction Volume Limited

QUEENS MULTIFAMILY



Rent Growth Among Nation's Highest

The Queens multifamily market approached the end of 2024 with good momentum. Average advertised asking rents were up 0.7% on a trailing three-month basis through November, to \$3,130, 90 basis points higher than the U.S. figure. Year-over-year, rents were up 5.9%, which was one of the highest rates in the nation. The figure was above the 0.9% U.S. rate, as well as New York City's 5.0%, which in turn ranked first among Yardi Matrix's top 30 major metros. This performance was mirrored in occupancy. Although the rate was down 20 basis points year-over-year, it remained at a whopping 98.8% in October.

New York City's unemployment rate reached 4.4% as of October, according to preliminary data from the Bureau of Labor Statistics, down 20 basis points year-over-year and 30 basis points higher than the U.S. rate. Year-over-year job growth stood at 1.7% as of September. NYC gained 106,700 net jobs over a 12-month period ending in September, with education and health services (114,700 jobs) accounting for most of that.

Supply growth remained somewhat healthy, with developers bringing 2,337 units online year-to-date through November, about 600 units short of 2023's total. Queens had 11,671 units under construction, along with an additional 24,000 units in the planning and permitting stages.

Market Analysis | January 2025

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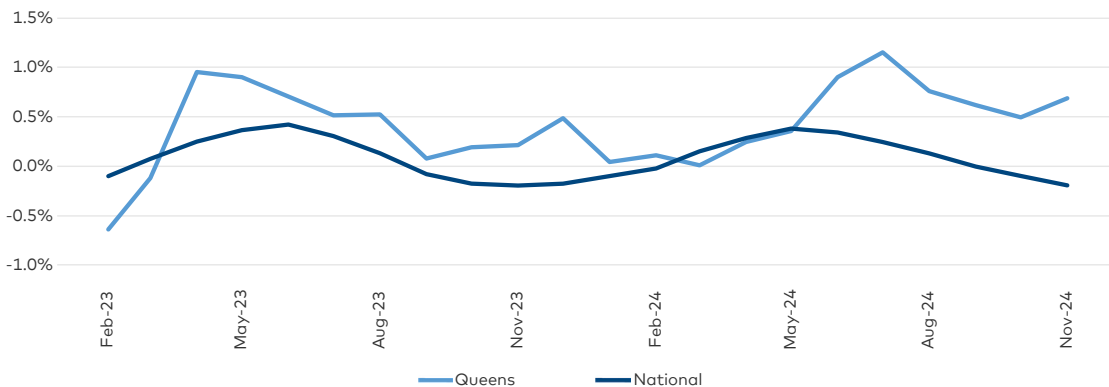
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RENT TRENDS

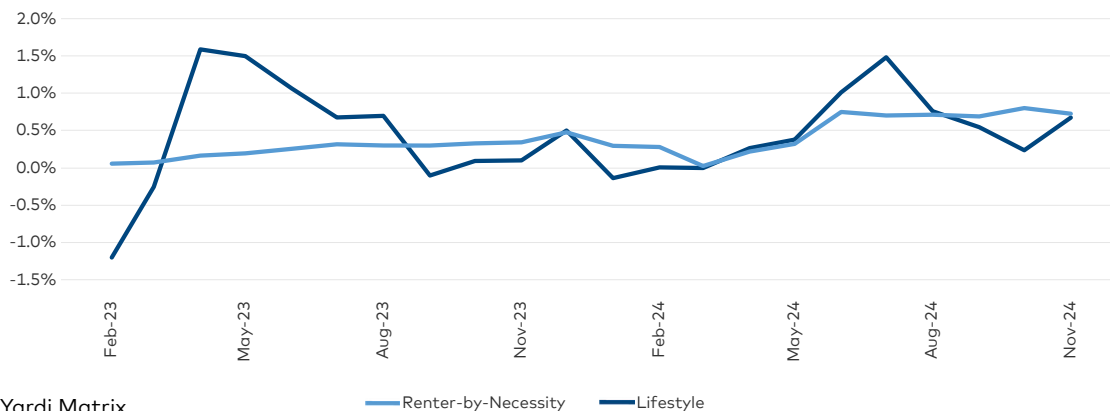
- ▶ Queens' average advertised asking rents were up 0.7% on a trailing three-month (T3) basis through November, to \$3,130. The rate was 90 basis points above the U.S. figure, as the borough's performance remained solid through fall and winter. Rents grew 5.9% year-over-year through November, registering one of the highest rates in the nation. The borough exceeded the national figure (0.9%), as well as Manhattan's 5.1% and New York City's 5.0%.
- ▶ T3 advertised asking rent growth was equal for both quality segments, at 0.7%. The working-class Renter-by-Necessity average reached \$2,363, and the figure for upscale Lifestyle assets climbed to \$4,236. While the RBN figure remained somewhat consistent throughout the year, the Lifestyle rate fluctuated significantly.
- ▶ Overall occupancy for stabilized assets in Queens was down just 20 basis points year-over-year, to 98.8%, as of October, 400 basis points above the 94.8% national figure. RBN occupancy dropped 20 basis points, to 99.1%, while the Lifestyle rate was down the same amount, to 98.0%.
- ▶ Of the borough's 17 submarkets tracked by Yardi Matrix, nine recorded significant year-over-year gains for advertised asking rents. The top four were Elmhurst (up 7.0% to \$2,365), Long Island City (up 6.4% to \$4,498), Jamaica (up 6.2% to \$2,252) and Corona (up 6.0% to \$2,415).

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's employment grew 1.7% year-over-year through September, 30 basis points above the national figure. The metro's rate continued its positive momentum despite economic headwinds and was 40 basis points higher than the rate recorded in January. The U.S. figure saw a 10-basis-point decrease since the start of the year.
- Unemployment in metro New York was 4.4% as of October, according to preliminary BLS data, down 20 basis points year-over-year and 30 basis points above the U.S. The city saw some improvements in the first half of 2024, but the rate began climbing again in July. The metro's figure was on par with the state's.
- In the 12 months ending in September, NYC added 106,700 net jobs. Education and health services was the main contributor to this growth, with 114,700 positions gained, followed by leisure and hospitality, which added 14,700 jobs. Two sectors lost jobs—professional and business services (-17,200) and construction (-12,000).
- According to NYC's Economic Development Corp., the city is projected to reach 400,000 green-collar jobs by 2040. As part of its Green Economy Action Plan, authorities advanced on the East River Energy Storage Project, located in Astoria, Queens. Upon full build-out, the facility will be one of the largest in the state, capable of powering tens of thousands of homes.

Queens Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	1798.8	24.2%
70	Leisure and Hospitality	705.8	9.5%
90	Government	920.6	12.4%
80	Other Services	294.5	4.0%
55	Financial Activities	670.2	9.0%
30	Manufacturing	193.2	2.6%
40	Trade, Transportation and Utilities	1144.2	15.4%
50	Information	253.8	3.4%
15	Mining, Logging and Construction	257	3.5%
60	Professional and Business Services	1188.6	16.0%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- New York City lost 103,217 residents in 2022, a 0.5% contraction year-over-year and in line with most major metros. The overall trend was still positive, however, as its population added nearly 1 million over the past 10 years. The U.S. population grew 0.4% in 2022.

Queens vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
NYC Metro	19,294,236	19,261,570	20,011,812	19,908,595

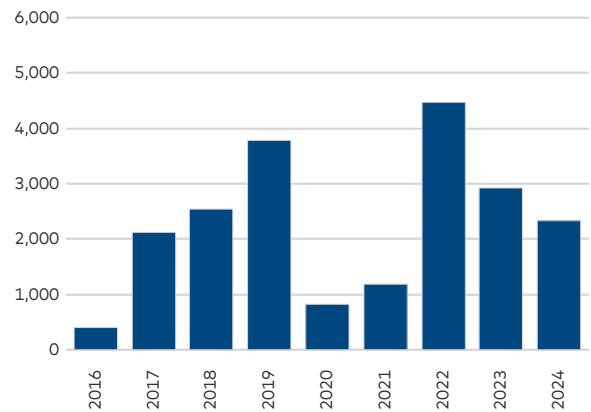
Source: U.S. Census

SUPPLY

- Queens developers completed 2,337 units year-to-date through November, accounting for 2.1% of existing inventory—60 basis points below the U.S. figure. Completions were only about 600 units short of 2023's total, signaling that activity in the borough remained healthy through economic headwinds. Deliveries were right in line with the annual average recorded since 2016—2,287 units.
- Queens had 11,671 units under construction as of November, along with an additional 24,000 units in the planning and permitting stages. Roughly three-quarters of these units were in Lifestyle assets, in line with national trends. Queens still had a sizable RBN pipeline—in contrast with nearly all metros tracked by Yardi Matrix—totaling more than 15% of units underway. Units in fully affordable developments comprised just under 10% of the total.
- Five properties encompassing 762 units broke ground in Queens year-to-date through November. This was a sharp decline from the 4,519 units across 14 properties that started construction in the same period last year, signaling that developers are keeping the risk of oversupply and high capital costs in mind.

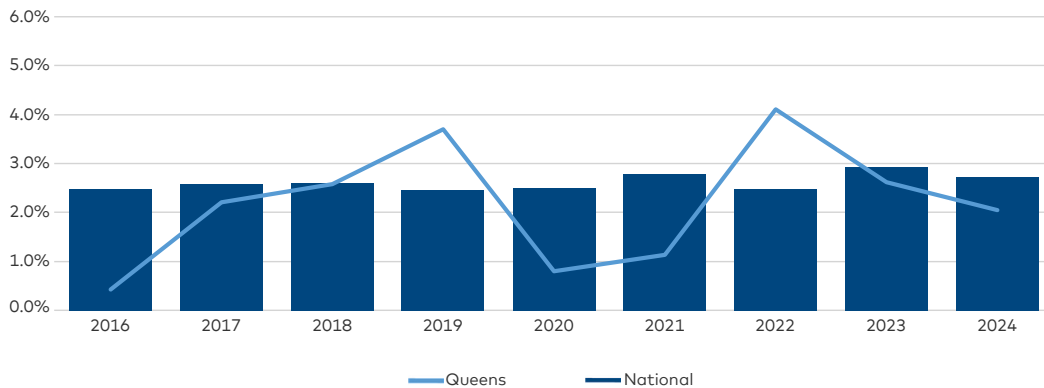
- Long Island City led activity with 5,216 units under construction—nearly half of the market's total. Jamaica (2,349 units) and Astoria (1,143 units) rounded out the top three.
- The largest project that was still underway in November was TF Cornerstone's 1,386-unit community at 2-20 and 2-21 Malt Drive in Long Island City. About 30 percent of units are designated as affordable housing and the property also includes 25,000 square feet of retail.

Queens Completions (as of November 2024)



Source: Yardi Matrix

Queens vs. National Completions as a Percentage of Total Stock (as of November 2024)

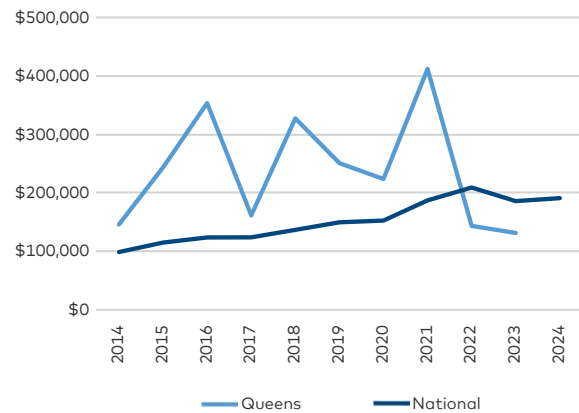


Source: Yardi Matrix

TRANSACTIONS

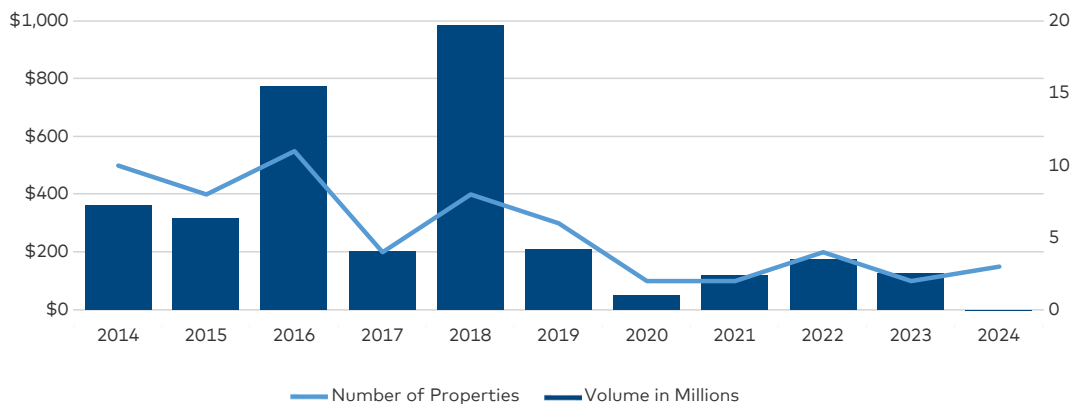
- ▶ Multifamily sales activity remained very limited in Queens, as no single-asset transactions were recorded for properties of 50 units or more year-to-date through November. Activity in the borough has been oscillating since 2014 and was on a clear downward trend since 2019. Over the past decade, investments reached a high point in 2018, when \$984 million in assets traded. Last year, volume totaled \$126 million across only two transactions. An average of \$331 million in assets has traded annually since 2014.
- ▶ In 2023, investors traded multifamily assets for an average of \$132,653 per unit, significantly below the \$186,935 national figure. Since 2014, the average has fluctuated significantly, as vastly different sales compositions and sample sizes have impacted averages. It reached a high point in 2021, at \$412,281.
- ▶ A single, \$47 million portfolio deal closed in the market during the first 11 months of 2024. Benedict Realty Group bought 427 units across the Elmhurst and Jackson Heights submarkets.

Queens vs. National Sales Price per Unit



Source: Yardi Matrix

Queens Sales Volume and Number of Properties Sold (as of November 2024)



Source: Yardi Matrix



Where Opportunities Shine in NYC: Shimon Shkury Weighs In

By Olivia Bunescu

Known for its resilience and dynamic nature, New York City's multifamily market continues to be shaped by high demand, supply shortages, record-setting free-market rents and regulatory pressures. So where can investors and brokers find opportunity? What will drive investment in the new year? Ariel Property Advisors President & Founder Simon Shkury shared his best guess for 2025.

Besides interest rate cuts, what else do you anticipate will drive investment activity in 2025 and beyond?

the substantial amount of mortgage maturities taking place will remain a key driver of investment sales for the foreseeable future. Approximately \$900 billion will mature in 2024 nationwide, which in many cases has meant cash-in refinance recapitalizations or forced selling for investors. There is \$4.7 trillion in outstanding debt across the country that will be maturing in the next few years, so we will continue to see that pressure affecting multifamily transaction activity.

There is also an abundance of capital which will also drive the market.

What are the key regulatory challenges multifamily investors face in New York City?

The main regulatory challenge continues to be HSTPA, which removed incentives to renovate vacant units in rent-stabilized



buildings, and invest in capital improvements in these properties. Despite the difficulties, sophisticated buyers with a long-term horizon are buying rent-stabilized assets today. They see opportunity in price declines and believe that the dramatic changes to the rent-stabilized market brought about by the Housing Stability and Tenant Protection Act regulations are unsustainable.

Tell us more about the recently approved City of Yes initiative and its impact on the market.

The City of Yes proposes to relegalize housing above businesses on commercial streets in low-density areas and relegalize

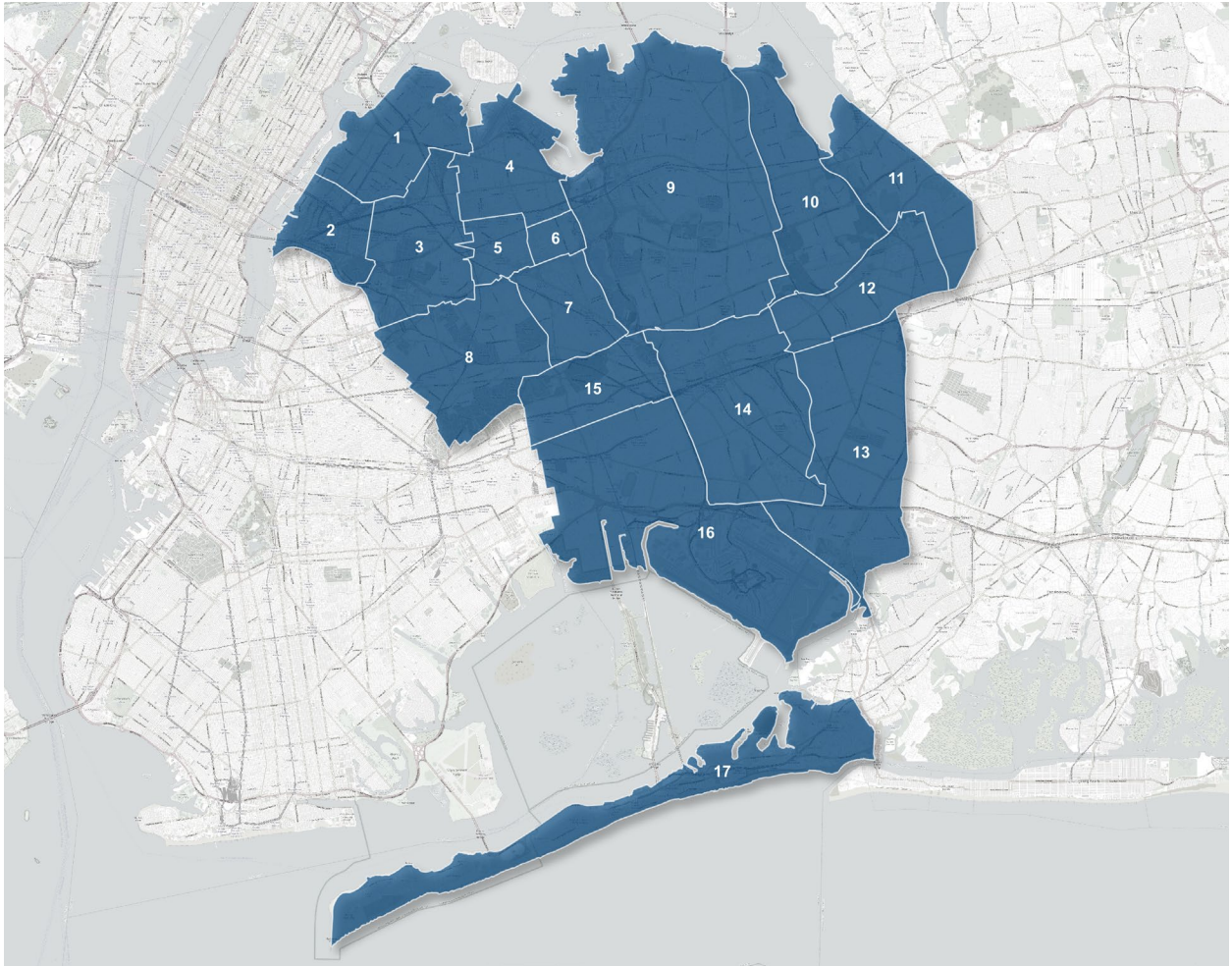
modest, three- to five-story apartment buildings where they fit best—on large lots on wide streets or corners within a half mile of public transit. It also intends to end parking mandates for new housing, allow accessory dwelling units like backyard cottages, garage conversions, and basement apartments, and make it easier for residential, faith-based or other campuses with underused space to add housing on their sites. It will also make it easier to convert vacant offices and other non-residential buildings to housing.

Who should long-term investors consider New York City?

The bottom line is New York's multifamily market remains resilient heading into next year and beyond. It's an excellent time to consider investing in the sector: The demand for housing continues to outstrip supply, free market rents remain high and multifamily pricing is attractive.

(Read the complete interview on multihousingnews.com.)

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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