

Queens' Fortitude

May 2025

Rent Growth Outpaces US Average

Occupancy Tight Despite Decline

Transaction Activity Limited

QUEENS MULTIFAMILY



Rent Growth, Job Gains Improve

Compared to national trends, the Queens multifamily market remained solid. Average advertised asking rents in the borough increased 0.4%, on a trailing three-month basis, as of March. During the same time frame, the national average increased just 0.1%. Queens' occupancy rate in stabilized assets fell 40 basis points year-over-year, to 98.4%. The figure stayed well above the national average of 94.5%, which contracted by just 10 basis points.

At the end of 2024, New York City's employment growth rate of 2.0% outpaced the 1.0% U.S. figure. During 2024, the city added 150,500 net jobs, however turbulence still remains. In response to these challenges, NYC launched the Relocation Assistance Credit for Employees program. This initiative incentivizes out-of-state companies by offering credits for eligible relocations. While such programs might benefit Manhattan more, Queens has a strong industrial sector. Recently, Innovo Property Group completed The Borden Complex in Long Island City. The 1 million-square-foot complex also includes some 230,000 square feet of film and sound production space.

As of March, the borough had more than 12,000 units under construction. Transactions remained muted, as only one Renter-by-Necessity property traded in the first quarter. Queens investors showed a strong preference for this segment, as a total of 42 such assets traded for \$1.8 billion during the decade ending in 2024.

Market Analysis | May 2025

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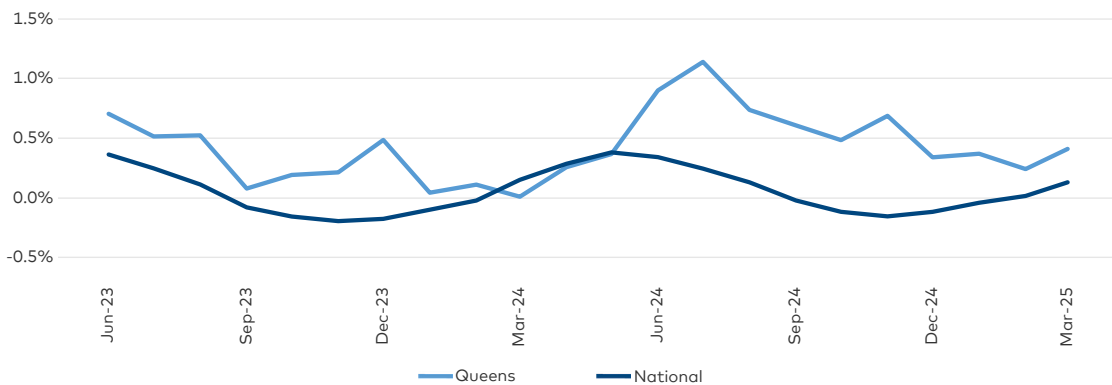
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RENT TRENDS

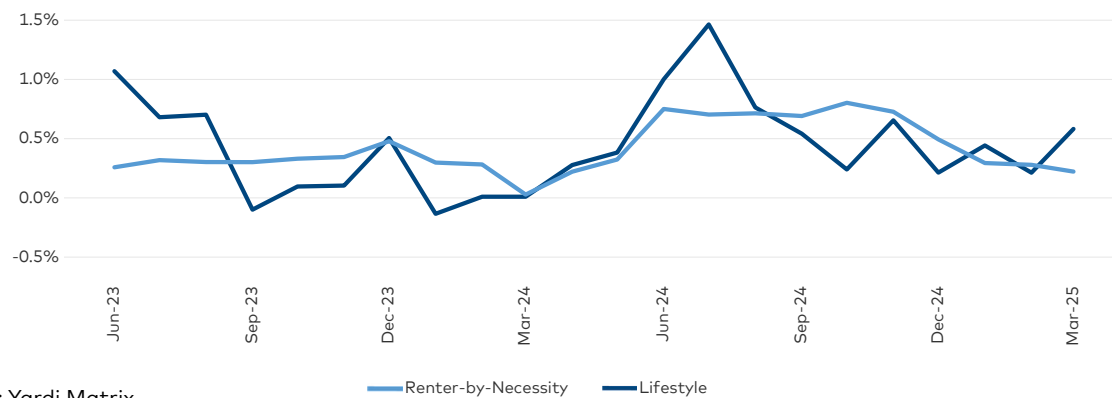
- Average advertised asking rents in Queens were up 0.4%, on a trailing three-month (T3) basis, as of March. The increase was 30 basis points higher than the national average but remained below New York City's 0.6% overall increase. The city's average was boosted by Brooklyn's 0.5% uptick and Manhattan's 0.6% expansion. The average asking rent in the borough was \$3,176, outperforming the \$1,755 national rate.
- On a T3 basis, the Lifestyle segment led growth, with advertised asking rents rising 0.6%, to \$4,274. The average for the working-class Renter-by-Necessity segment increased 0.2%, to \$2,389. Meanwhile, the NYC Lifestyle average was up 0.6% and the RBN figure was up 0.4%.
- As of February, the overall average occupancy rate in stabilized assets in the borough dropped 40 basis points year-over-year, to 98.4%. Even with the decrease, the rate was still well above the national average of 94.5%, which was down 10 basis points year-over-year. RBN occupancy dropped 20 basis points to 99.1%, displaying the strong demand for this segment especially amid low supply. Lifestyle occupancy fell 80 basis points, to 96.9%.
- All of the borough's 17 submarkets tracked by Yardi Matrix recorded rent increases. Once again, Long Island City led growth with advertised asking rents expanding 9.6%, to \$4,515. The submarket was also Queens' most expensive. Other notable submarkets included Jackson Heights (up 8.0% to \$2,645) and Jamaica (up 6.8% to \$2,277).

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 unemployment rate was 5.3% as of January, according to BLS data. The rate increased 10 basis points month-over-month but was on par with the average for the past 12 months. NYC's rate was well above the state (4.4%) and national (4.0%) figures.
- During 2024, New York City gained 150,500 net jobs. NYC's labor pool increased by 2.0%, doubling the national employment growth rate. Overall, education and health services led gains with 99,200 jobs added, followed by the public sector (15,600 jobs) and the professional and business services sector (14,800 jobs). The mining, logging and construction sector was the only one to record losses (-7,400 jobs).
- In response to current challenges, NYC has launched the Relocation Assistance Credit for Employees program. Eligible firms relocating to targeted office spaces would receive business income tax credits if they sign a lease for at least 20,000 square feet. Additionally, the Relocation and Employment Assistance Program has been extended for another five years, providing further support to the office sector. While these programs target the whole city, Queens is growing as an industrial hotspot. Innovo Property Group recently completed The Borden Complex in Long Island City. The 1 million-square-foot facility includes approximately 230,000 square feet, with four sound stages, dedicated to film production.

New York Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	1,623.3	25.5%
90	Government	806.7	12.7%
60	Professional and Business Services	1,018.1	16.0%
55	Financial Activities	628.6	9.9%
70	Leisure and Hospitality	562.3	8.8%
80	Other Services	245.6	3.9%
50	Information	250	3.9%
40	Trade, Transportation and Utilities	896.4	14.1%
30	Manufacturing	134.3	2.1%
15	Mining, Logging and Construction	201.1	3.2%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- New York City lost 103,217 residents in 2022, marking a 0.5% decline. Overall, since 2012 NYC has gained 985,191 residents, accounting for a 5.2% increase.
- Nationally, the population increased 1.4 in 2022, marking a 0.4% gain.

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

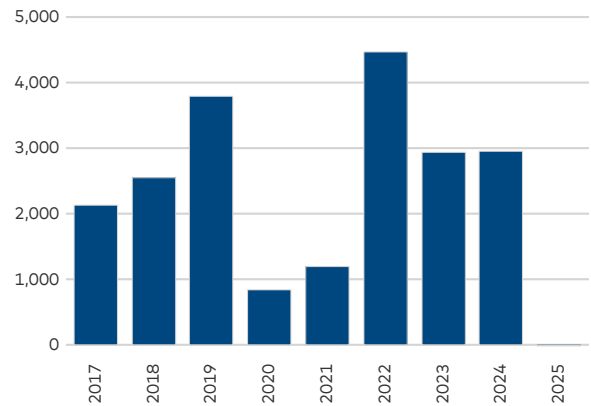
Source: U.S. Census

SUPPLY

- ▶ As of March, Queens had 12,399 units under construction. Most of the projects were Lifestyle developments, with RBN assets accounting for just 10% of units under construction. The remaining 18% was made up of fully affordable assets. Developers also had another 26,000 units in the planning and permitting stages.
- ▶ During the first quarter, no multifamily development of 50-plus units came online in the borough. Yardi Matrix expects that developers will add 5,500 units to the local rental inventory this year. Anticipated deliveries would exceed the 2,942 units that came online last year, as well as the prior 2,500-unit five-year average.
- ▶ Four submarkets saw robust construction activity, each with more than 1,000 units underway. These areas accounted for 79% of the borough's under-construction pipeline. Taking the lead was Long Island City, with 6,035 units underway, followed by Jamaica (1,334 units), Flushing (1,275 units) and Astoria (1,138 units).
- ▶ Long Island City is also home to the borough's largest Lifestyle project under construction: the 1,386-unit Malt Drive being developed by TF Cornerstone. Wells Fargo provided a \$418 mil-

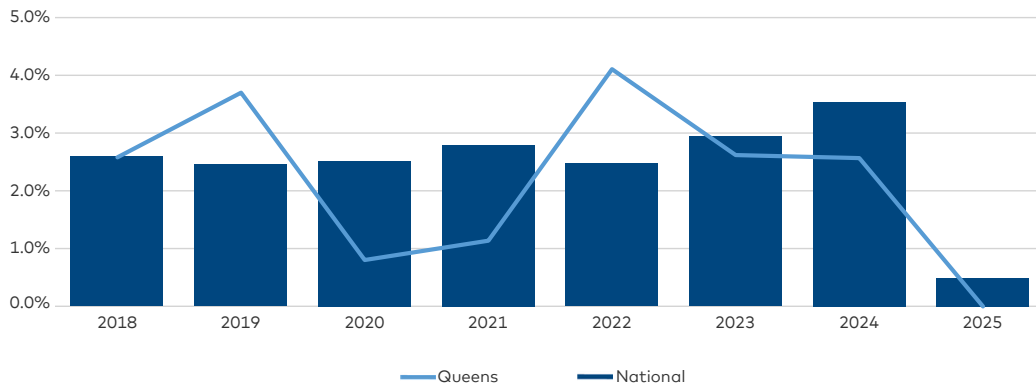
lion financing package for the construction of the three-building property, which is expected to come online in the second quarter. Malt Drive is partially affordable, as 30% of the units will be available for residents earning up to 130% or area median income. The developer also has two other projects in the submarket.

Queens Completions (as of March 2025)



Source: Yardi Matrix

Queens vs. National Completions as a Percentage of Total Stock (as of March 2025)



Source: Yardi Matrix

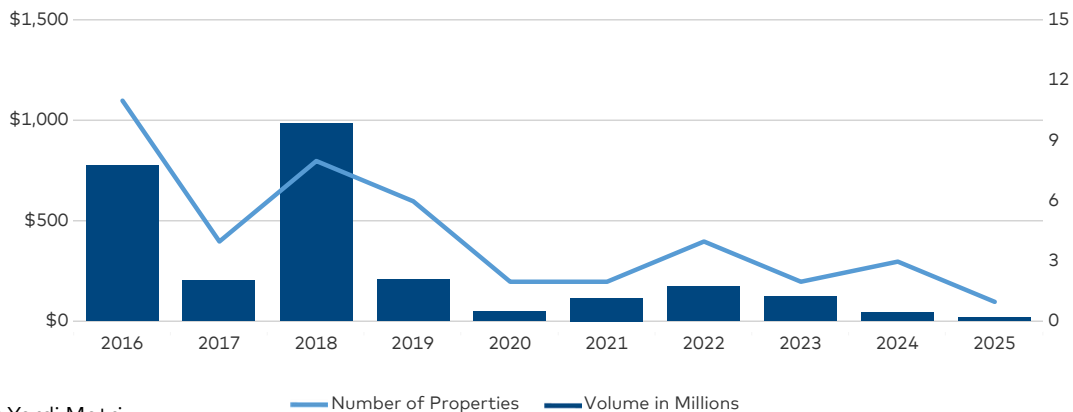
TRANSACTIONS

- ▶ Multifamily transactions remained muted in Queens. Just one Renter-by-Necessity property traded in the borough during the first quarter of 2025. In 2024, sales amounted to \$47 million, representing the lowest volume for the 10 years ending in 2024. During this time, multifamily transactions averaged \$300 million a year, with sales volume peaking at \$984 million in 2018.
- ▶ Investors were partial toward RBN assets, as 42 such properties traded during the past 10 years

in Queens, totaling \$1.8 billion sales volume. Four times fewer Lifestyle assets traded during the same time frame, but high prices pushed the volume to \$1.2 billion.

- ▶ Queens' average per-unit prices have fluctuated, but consistently remained above the U.S. figure until 2022, when the trend reversed. The figure averaged around \$236,000 and settled at \$108,899 in 2024. Meanwhile, the national average of the past year was \$193,754.

Queens Sales Volume and Number of Properties Sold (as of March 2025)



Source: Yardi Matrix

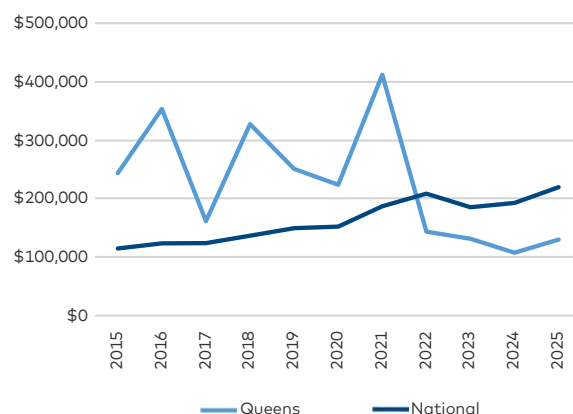
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Elmhurst	33
Jamaica	20
Jackson Heights	14

Source: Yardi Matrix

¹ From April 2024 to March 2025

Queens vs. National Sales Price per Unit



Source: Yardi Matrix



Is Building More Enough to Tackle New York's Affordable Housing Crisis?

By Diana Firtea

Jolie Milstein, president & CEO of the New York State Association for Affordable Housing—the nation's largest association of affordable housing developers—believes preserving is as important as building. For the 2026 fiscal year, the Executive Budget proposes \$427 million to continue the state's \$25 billion, 5-year housing plan to create and preserve 100,000 affordable homes.

What are the most pressing challenges that New York affordable housing developers face today?

New York's affordable housing crisis is exacerbated by several persistent challenges that deter developers from pursuing the creation of new projects. For instance, rising construction and operational costs have created a significant financial burden on developers. On the regulatory side, making New York more builder-friendly is also a significant challenge.

The lack of preservation funding for affordable housing is another pressing concern for developers. As existing properties face increased operational costs, the potential for losing affordable units due to physical deterioration or financial strain is growing.

How do you assess Governor Hochul's Executive Budget proposal?

The \$1 billion investment in the landmark City of Yes for Housing Opportunity initiative as well as increased funding for programs



like the Empire State Supportive Housing Initiative and the SLIHC are vital components to the state's housing agenda and demonstrate a strong commitment to the creation of new affordable housing units.

However, while the focus on new housing is needed, the budget falls short in addressing the preservation of existing affordable housing. Preservation is equally important, as many properties are at risk of becoming financially unsustainable due to escalating costs and the lingering effects of the COVID-19 pandemic.

Tell us more about the main priorities outlined in your State of Yes Housing for All proposal.

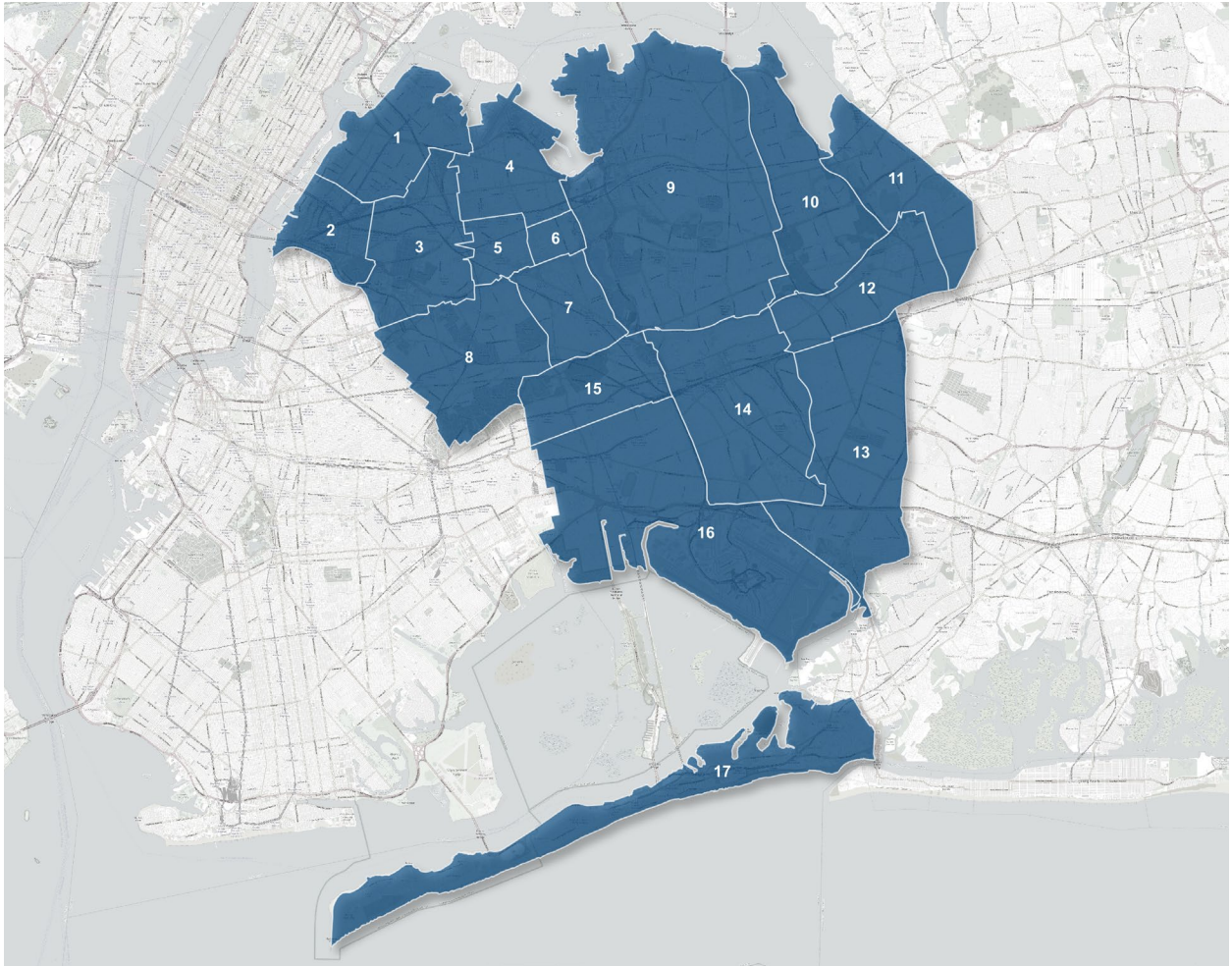
The State of Yes Housing for All initiative outlines a \$1 billion investment and comprehensive approach to tackling the affordable housing crisis, which includes \$150 million for an Affordable Housing Relief Fund. The initiative also proposes doubling the SLIHC program to \$30 million annually. Additional priorities include \$500,000 for a statewide insurance feasibility study, \$3 million for an insurance assistance program and improvements to the Historic Tax Credit to expand the investor pool.

What specific changes to the SLIHC program would boost private investment in affordable housing?

To boost private investment in affordable housing, NYSFAFH is advocating for two key changes to the SLIHC program. First, as proposed in Governor Hochul's budget, the proposal to double the annual allocation of SLIHC funds to \$30 million is a welcome step toward increasing the availability of tax credits.

(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.

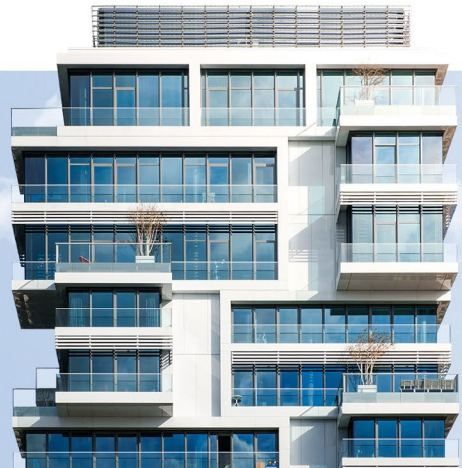
The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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