

StreetEasy: In 2015, Manhattan Condo Prices Will Increase at Half This Year's Pace; Brooklyn Will Be the Most Unaffordable Rental Market in New York City

NEW YORK, Dec. 10, 2014 - While constrained inventory and high demand in Manhattan will carry over from 2014, StreetEasy predicts Manhattan condo sales prices will increase at a considerably slower pace and the outer boroughs will offer the most inventory options for New York City buyers in 2015. For renters, however, Brooklyn will become the most unaffordable rental market in the city. StreetEasy's inaugural New York City housing predictions also identify the top 10 "hot" neighborhoods for renters and buyers to keep an eye on this coming year.

2015 Predictions

1. Manhattan condo sales prices will increase at half their 2014 paceⁱ.
2. Brooklyn and Queens will see the most for-sale inventory growth in New York Cityⁱⁱ.
3. Brooklyn will be the most unaffordable borough for rentersⁱⁱⁱ.
4. DUMBO (Brooklyn), Vinegar Hill (Brooklyn), Battery Park City (Manhattan), West Harlem (Manhattan), and Jamaica (Queens) will be the top five most in-demand New York City neighborhoods for renters and buyers in 2015.

Manhattan condo prices will grow at half their 2014 pace

"In 2015, Manhattan condo sales prices will continue to rise, but at a considerably slower and much healthier pace. According to the StreetEasy Condo Price Forecast, condo prices will grow by 3.9 percent by the end of 2015, roughly half the pace we saw in 2014 (7.8 percent), which will provide some much needed relief to buyers."

- Alan Lightfeldt, StreetEasy Data Scientist

Brooklyn and Queens will see the most for-sale inventory growth in New York City next year, driving more buyers away from the limited supply in Manhattan

"2014 marked the fifth consecutive year of total inventory declines in Manhattan, and this multiple year deficit is unlikely to be corrected in a single year. Across the East River in Brooklyn and Queens, however, inventory is poised to grow considerably. In 2014, the number of homes for sale grew by 8.6 percent and 8.5 percent, respectively, and we expect this growth to continue. Next year, we expect a far more competitive landscape in Brooklyn and Queens as more buyers get squeezed out of the Manhattan market and look eastward."

- Alan Lightfeldt, StreetEasy Data Scientist

Brooklyn will be the most unaffordable borough for renters

"For the 66 percent of New Yorkers who rent, the costs of housing will continue to command a large share of incomes in 2015. Rents will be the least affordable in Brooklyn, where the median asking rent in 2015 is expected to amount to more than 60 percent of the borough's median household income. The affordability outlook is only slightly better outside of Brooklyn. In all of the boroughs except for Staten Island, rent is forecasted to command more than 40 percent of household incomes in 2015, pointing to a challenging market ahead for New Yorkers."

- Alan Lightfeldt, StreetEasy Data Scientist

New York City's Hottest Neighborhoods in 2015

To predict 2015's most in-demand New York City neighborhoods, StreetEasy scored every neighborhood based on annual growth in median asking rent and actual sale price of homes, as well as its 10-year growth in population - three indicators of increased demand to live in a specific neighborhood^{iv}.

StreetEasy predicts 2015's hottest neighborhoods will be:

Ranking	Neighborhood	Borough
1	DUMBO	Brooklyn
2	Vinegar Hill	Brooklyn
3	Battery Park City	Manhattan
4	West Harlem	Manhattan

5	Jamaica	Queens
6	Fulton/Seaport	Manhattan
7	NoMad	Manhattan
8	Spuyten Duyvil	Bronx
9	Prospect Park South	Brooklyn
10	Morningside Heights	Manhattan

"Vinegar Hill, a tiny enclave next to the Brooklyn Navy Yard, known for its industrial feel, is attracting a lot of interest. Vinegar Hill's median sale price rose nearly 40 percent in the last year and rents have also edged up 9 percent. Spuyten Duyvil, just across the river from the very tip of Manhattan, is the only Bronx neighborhood on our list and looks to be a very popular destination for renters. Although the median asking rent of \$2,100 was well below the city's median, it grew by nearly 23 percent in a single year."

- Alan Lightfeldt, StreetEasy Data Scientist

Additional prediction analysis can be viewed at streeteasy.com/market/reports.

About StreetEasy:

StreetEasy is New York City's leading real estate marketplace on mobile and the Web, providing accurate and comprehensive for-sale and for-rent listings from hundreds of real estate brokerages throughout New York City and the major NYC metropolitan area. StreetEasy adds layers of deep, proprietary data and useful search tools that help consumers and real estate professionals navigate the complex real estate markets within the five boroughs of New York City, as well as Northern New Jersey and the Hamptons. The company launched in 2006 and was acquired by Zillow, Inc. in August 2013.

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ⁱThe StreetEasy Condo Price Forecast for 2015 was calculated using historical performance of the StreetEasy Condo Price Index (SECPI) as well as condo price factors such as median household income, population growth, ownership costs, and construction costs.

ⁱⁱ2014 Manhattan inventory is through December 2, 2014.

ⁱⁱⁱAffordability is measured using a rent-to-income ratio, which compares forecasted median household income for 2014 and 2015 to the available 2014 median rent in a neighborhood, and the forecasted 2015 median rent. Income forecasts are based on 2013 ACS data.

^{iv}The StreetEasy Hottest Neighborhoods Index is designed to rank neighborhoods based on fundamental measures of demand: rent prices, sale prices, and population growth. It was created using a composite index, which factors year-over-year changes in median asking rent and median sale price in every New York City neighborhood with sufficient annual data, and 10-year population changes from the U.S. Census.

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