



REPORT:

Plummeting Value: Rent-Stabilized Buildings In Distress



FEBRUARY 2024

Plummeting Value: Rent-Stabilized Buildings In Distress

Rent-stabilized buildings are facing a sudden and dramatic decrease in value. Unfortunately, key indicators among currently listed rent-stabilized buildings show that this crisis is worsening, not improving.¹

- **Two-thirds** of rent-stabilized buildings are at risk of selling for less than their last sales price.²
- Nearly **two-thirds have lost** market value since 2018.³
- Nearly half of buildings are on the market **for over one year**.⁴
- Units are listed for **\$57,000 less** than the average New York City multifamily unit.⁵

Over the years, policies have increased the cost of maintaining multifamily housing and decreased their revenue:

Lead abatements: Average cost is \$27,748.50 (1BR), \$39,496.83 (2BR).⁶

Arrears: Around \$1 billion in rent payments owed.⁷

Rent Guidelines Board: Allowed increases of only 10.41% since 2014,^{8,9} yet inflation increased 29.31%.¹⁰

Insurance: Dozens of insurance carriers decline to cover buildings with voucher holders.¹¹

Property Taxes: Three consecutive years of increasing property taxes.¹²

Unlike free market or government subsidized housing, rent-stabilized housing has no ability to recoup these increasing costs. Therefore, lenders (banks, non-profits, government agencies) lack confidence that loans can be repaid and refuse to provide these much-needed loans.

Without sufficient revenue or access to capital, rent-stabilized buildings have seen a freefall in their property values. This has only further scared away investors, compounding the loss of funding available to maintain rent-stabilized buildings.

New York's most recently sold rent-stabilized buildings are selling at a 50 percent discount at best. This indicates there is something particularly destructive to property values in New York's rent-stabilization system.



Sold

2023 saw numerous rent-stabilized buildings sell for at least half of their previous sales price.^{13,14} Many of these buildings had previously sold within the last ten years. These illustrate the speed and scale at which rent-stabilized housing is losing value.

Compared to other cities with rent control schemes like New York's rent-stabilization system, New York's rent-stabilized housing is suffering significantly

greater value loss. The estimates of how much rent control schemes lower property values range from 6 percent in St. Paul¹⁵ to 50 percent in Cambridge.¹⁶

Yet, New York's most recently sold rent-stabilized buildings are selling at a 50 percent discount at best. This indicates there is something particularly destructive to property values in New York's rent-stabilization system.

574 W 161ST ST, WASHINGTON HEIGHTS¹⁷



Last Sold Amount: **\$9,194,669**

Last Sold Date: **June 21, 2016**

Sale Price: **\$2,287,325**

Sale Date: **September 13, 2023**

Decrease Percentage: **-75.12%**

-75.12% Decrease





519 WEST 143RD STREET, HAMILTON HEIGHTS¹⁸



Last Sold Amount: **\$11,915,454**

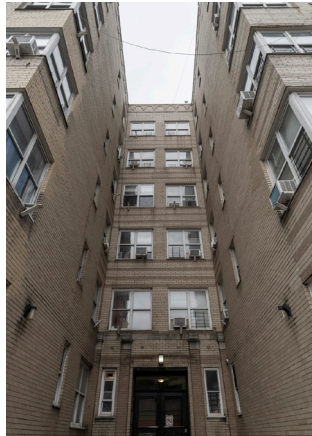
Last Sold Date: **May 12, 2016**

Sale Price: **\$3,781,000**

Sale Date: **September 13, 2023**

Decrease Percentage: **-68.27%**

4300 BROADWAY, WASHINGTON HEIGHTS¹⁹



Last Sold Amount: **\$27,692,409**
Last Sold Date: **February 2, 2016**

Sale Price: **\$10,412,500**
Sale Date: **April 21, 2023**
Decrease Percentage: **-62.4%**

-62.4% Decrease





2543 DECATUR AVE, FORDHAM HEIGHTS²⁰



Last Sold Amount: **\$20,408,474**
Last Sold Date: **February 1, 2018**

Sale Price: **\$9,563,938**
Sale Date: **April 6, 2023**
Decrease Percentage: **-53.14%**



-46.91% Decrease

1500 NOBLE AVENUE, PARKCHESTER²¹



Last Sold Amount: \$48,969,873
Last Sold Date: September 18, 2014

Sale Price: \$26,000,000
Sale Date: January 26, 2024
Decrease Percentage: -46.91%

5008 BROADWAY, INWOOD²²



Last Sold Amount: **\$19,956,921**

Last Sold Date: **July 21, 2015**

Sale Price: **\$10,600,000**

Sale Date: **April 27, 2023**

Decrease Percentage: **-46.89%**

-46.89% Decrease





Currently Listed

Listings of currently listed rent-stabilized buildings demonstrate that the decrease in values seen in 2023 will continue, if not worsen, in 2024.²³ Numerous buildings are currently listed far below the price they previously sold for, yet have remained on the market for at least six months without finding a buyer.

24-46 38TH ST, ASTORIA²⁴



Last Sold Amount: **\$2,366,817**
Last Sold Date: **December 11, 2015**

Current/Last List Price: **\$1,800,000**
Days on Market without Sale: **355**
Decrease Percentage: **-23.95%**

247 SENATOR STREET, BAY RIDGE²⁵



Last Sold Amount: **\$1,678,655**
Last Sold Date: **June 14, 2018**

Current/Last List Price: **\$1,299,000**
Days on Market without Sale: **703**
Decrease Percentage: **-22.62%**

77-07 WOODSIDE AVENUE, ELMHURST²⁶



Last Sold Amount: **\$3,704,281**
Last Sold Date: **April 22, 2005**

Current/Last List Price: **\$2,980,000**
Days on Market without Sale: **182**
Decrease Percentage: **-19.55%**

PRIVATE LISTING, PROSPECT HEIGHTS²⁷



Last Sold Amount: **\$3,881,555**
Last Sold Date: **October 3, 2018**

Current/Last List Price: **\$3,200,000**
Days on Market without Sale: **200**
Decrease Percentage: **-17.56%**

224 MOFFAT STREET, BUSHWICK²⁸



Last Sold Amount: **\$1,040,743**
Last Sold Date: **May 1, 2008**

Current/Last List Price: **\$879,900**
Days on Market without Sale: **230**
Decrease Percentage: **-15.45%**

Impact on Tenants

As values continue to decrease, there will be less funding available to maintain rent-stabilized housing. Lenders will only further reduce their loans to buildings which they determine to be increasingly valueless.

Considering the city, state, and federal government's inability to address similar maintenance issues in the New York City Housing Authority (NYCHA), public assistance for rent-stabilized housing seems unlikely. If our three levels of government are unable to ensure 178,000 NYCHA units are properly maintained,²⁹ it is unlikely they could do so for the 1,029,560 units under rent-regulation.³⁰

Without sufficient funding, conditions will continue to deteriorate for rent-stabilized tenants. Meanwhile, for those units which become vacant,³¹ owners will lack the funding needed to make them habitable for new tenants. Indeed, 4 percent of units in rent-stabilized listings are listed as vacant, equating to 40,000 adjusted for sample size.

Rent-stabilized tenants have a right to live in good quality housing. Yet, if property values continue plummeting on their homes, few banks, non-profits, or government agencies will be willing to fund their maintenance.



Appendix

This report is based on data compiled on publicly and privately available listings. Listings were drawn from those available on Zillow, Streeteasy, various brokerage websites, and private listings sent directly by brokers. All listings were compiled between November 20, 2023 and January 9, 2024.

The sample consists of listings in which at least 20 percent of units were rent-stabilized, what we define as “rent-stabilized listings.” This sample consists of 862 units, of which 725 were rent-stabilized. These units were spread across 73 buildings in 69 listings.

For buildings which previously sold between 2005 and the writing of this report, their sales prices were adjusted for inflation to November 2023 according to the Bureau of Labor Statistics.³² For those in the Currently Listed section, their prices were adjusted to December 2023.

While sales prices and other data were independently verifiable, some data relied on self-reporting, such as number of units (total or rent-stabilized), vacant rent-stabilized units, and days on market (even for those publicly listed, since they may have been privately listed for a different period).

Below is the data collected, defined by subgroup.

20% or More Rent-Stabilized, “Rent-Stabilized Listings”

	Number	Percentage
Buildings	73	N/A
Total Units	862	N/A
Rent-Stabilized Units	725	N/A
Vacant	29/725	4%

50 Percent or More Rent-Stabilized

	Number	Percentage
Buildings	56/73	77%
Total Units	749/862	87%
Rent-Stabilized Units	691/725	95%
Vacant	27/691	3.9%

11 Total Units or More

	Number	Percentage
Buildings	22/73	30%
Total Units	518/862	60%
Rent-Stabilized Units	481/725	66%
Vacant	16/481	3.3%

10 or Fewer Total Units

	Number	Percentage
Buildings	51/73	70%
Total Units	344/862	40%
Rent-Stabilized Units	244/725	34%
Vacant	13/244	5.3%

Inner Borough (Manhattan South of 96th Street, Western Brooklyn, Western Queens)

	Number	Percentage
Buildings	31/73	42%
Total Units	354/862	41%
Rent-Stabilized Units	271/725	37%
Vacant	15/271	5.5%

Outer Borough

	Number	Percentage
Buildings	42/73	58%
Total Units	508/862	59%
Rent-Stabilized Units	454/725	63%
Vacant	14/454	3.1%

50 Percent or More Rent-Stabilized, 11 Total Units, and Outer Borough

	Number	Percentage
Buildings	11/73	15%
Total Units	310/862	36%
Rent-Stabilized Units	307/725	42%
Vacant	6/307	2%

Last Sold (since 2005)

	Number	Percentage
Buildings	24/73	33%
Total Units	209/862	24%
Listed Less than Last Sold (Buildings)	7/24	29%
Listed Less than Last Sold (Units)	57/209	27%
Listed within 25% of Last Sold (Building)	8/24	33%
Listed within 25% of Last Sold (Unit)	76/209	36%

Lost Market Value Since 2018

	Number	Percentage
Buildings	46/73	63%
Total Units	551/862	64%
Rent-Stabilized Units	474/725	65%
Vacant	12/474	2.5%

Time Listed (6 Months or More)

	Number	Percentage
Buildings	46/73	63%
Total Units	532/862	62%
Rent-Stabilized Units	449/725	62%
Vacant	25/449	5.7%

Time Listed (1 Year or More)

	Number	Percentage
Buildings	31/73	43%
Total Units	416/862	48%
Rent-Stabilized Units	361/725	50%
Vacant	7/361	4.7%

Median List Price

	Per Sq. Foot	Per Unit
20% or More Rent-Stabilized	\$331.48	\$286,125.00
50 Percent or More Rent-Stabilized	\$298.11	\$233,547.62
11 Total Units or More	\$301.12	\$230,714.29
10 or Fewer Total Units	\$350.00	\$291,666.67
Inner Borough	\$530.18	\$367,333.33
Outer Borough	\$285.71	\$225,000.0
50 Percent or More Rent-Stabilized, 11 Total Units, and Outer Borough	\$255.24	\$165,921.05
Last Sold (since 2005)	\$304.45	\$252,678.57
Lost Taxable Market Value Since 2018	\$323.15	\$262,500.00
Time Listed (6 Months or More)	\$365.50	\$304,166.67
Time Listed (1 Year or More)	\$344.43	\$298,333.33

Endnotes

- 1 See appendix.
- 2 See appendix
- 3 See appendix.
- 4 See appendix.
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- 15 Ahern, Kenneth and Marco Giacoletti (May 2022). "Robbing Peter to Pay Paul? The Redistribution of Wealth Caused by Rent Control." National Bureau of Economic Research. https://www.nber.org/system/files/working_papers/w30083/w30083.pdf.
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- 18 Cavanaugh, Suzannah (September 20, 2023). "Cut and run: Rent-stabilized landlord sells at 44% haircut." The Real Deal. <https://therealdeal.com/new-york/2023/09/20/rent-stabilized-landlord-sells-portfolio-at-44-discount/>.
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- 32 US Bureau of Labor Statistics. "CPI Inflation Calculator." https://www.bls.gov/data/inflation_calculator.htm. Accessed January 9, 2024.