

TO: NYACK VILLAGE BOARD
FROM: DEPUTY MAYOR JOE RAND
RE: RENTAL ANALYSIS 2019-2023 (YTD)
DATE: NOVEMBER 9, 2023

In anticipation of our discussion of the Emergency Tenant Protection Act, I thought it might be helpful to take a look at the average rental prices and how they have changed in the past 5 years. I wanted to see what the market data tells us about the state of the rental market in Nyack right now.

Executive Summary:

The data I collected supports the idea that we have an extremely tight rental market right now in Nyack. Specifically:

- The prices of rentals have skyrocketed since COVID, with the Nyack average rental price now 32.7% higher than it was in 2019.
- The average price-per-square-foot, which controls for changes in the size of units, is a whopping 39.5% higher than it was in 2019.
- The average rental unit in 2023 in Nyack is renting for an astounding 103.6% of the listing price – which means that bidding wars are driving rentals up above asking prices.
- Finally, this data comes only from the local MLS, and does not generally include the rentals in the new construction rental buildings that have gone to market in the past three years, all of which have asking rental prices higher than the Nyack average.

I have been analyzing the Rockland housing market for over 20 years, and can tell you that these kinds of numbers signify an extremely tight housing market with very restricted inventory and high levels of demand leading to escalating pricing that is leading to bidding wars and other multiple offer situations. Combined with the results of our vacancy study, I submit that we have good reason to conclude that Nyack is experiencing an unusually tight housing market that is putting a good deal of pricing stress on tenants.

Process:

I've been providing analyses of the regional housing market for almost 20 years in my role as a real estate broker, and have access to all the sales and rental data that is provided by the One Key MLS, the local multiple listing system that covers Rockland County. I have a tool that can pull all that data, and then spreadsheet models that allow me to measure basic real estate metrics.

Accordingly, I pulled the data on every rental in the MLS from 2019 to October 30, 2023, and then organized it for Rockland County, Nyack, South Nyack, and Upper Nyack for the following years: 2019, 2020, 2021, 2022, and 2023 through October 30. I included the other Nyack areas just for comparison points – obviously, I only made market judgements about the Village of Nyack data.

Then, for each geographic area and time, I calculated the following.

- **Total Rentals.** The number of rentals recorded by the MLS in the time period. (Note that for Total Rentals, I projected the number of rentals for 2023 based on the production year-to-date.)
- **Average Rental Price.** The mean (average) rental price for those rentals. This is a good overall metric that gives you a sense of the pricing in the area at that time, and how it has changed.
- **Median Rental Price.** The median rental price for those rentals, which is the midpoint of the pricing in the area. This can be more revealing than the average, because the median is less prone to outliers for really high-priced or low-priced rentals. Higher priced properties can skew the average, but they don't impact the median any more than any other property.
- **Average Price-Per-Square Foot.** This is a measure of the total yearly rental cost divided by the listed square footage of the unit. I did not break the analysis down by bedrooms and bathrooms, but the square footage of a unit is a way of controlling for the mix of sizes in an area so that the results are not skewed by a change in the number of, for example, two bedrooms over studios.
- **Percentage of Total Rentals.** I also created a metric that measured the percentage of total Rockland rentals that took place in each of the Nyack areas – that is, how much of the total Rockland rental mix is made up of rentals in the Nyacks. I thought this would be helpful to show how much of the overall rental market is based in the Nyacks.

One major caveat: while the One Key MLS covers probably 97%-98% of all residential sales in Rockland County, it does not have the same broad coverage for rentals. That is, many rentals are done off the MLS, particularly in large buildings that have their own in-house rental staff and don't list their rentals on the MLS. So this analysis does not cover those rentals, which are generally higher-priced than the average. Thus, I would caution not to read too much into the absolute number for pricing in the county or the villages/hamlets, but rather focus on the change in that pricing over time.

Results

Note that the reason I started the analysis to generate 5 years of data is that 2019 was the last “normal” market in Rockland housing. The 2020 market was heavily impacted by COVID, the post-COVID market of 2021 was the hottest market in history, and the 2022-23 market has been a slowdown from the 2021 spikes.

Accordingly, in the table below, I provide the numbers for each year (projecting out 2023 based on the results so far this year), and then provide a “5-year Change” column to see how the numbers have changed since the last “normal” market of 2019. The below table has the results of the analysis

Table One

ROCKLAND	2019	2020	2021	2022	2023 (Est)	5YR Chg
Total Rentals	1,102	903	775	709	828	-24.9%
Average Rental Price	\$ 2,196	\$ 2,260	\$ 2,352	\$ 2,705	\$ 2,962	34.9%
Median Rental Price	\$ 1,950	\$ 1,950	\$ 2,000	\$ 2,400	\$ 2,600	33.3%
Average Price-Per-Square Foot	\$ 19.6	\$ 20.4	\$ 21.9	\$ 25.4	\$ 26.8	37.2%
NYACK						
Total Rentals	165	132	149	143	171	3.6%
Average Rental Price	\$ 1,990	\$ 2,070	\$ 2,138	\$ 2,417	\$ 2,640	32.7%
Median Rental Price	\$ 1,850	\$ 1,895	\$ 1,950	\$ 2,250	\$ 2,435	31.6%
Average Price-Per-Square Foot	\$ 21.5	\$ 23.4	\$ 27.0	\$ 29.5	\$ 30.0	39.5%
Percentage of Total Rockland	15.0%	14.6%	19.2%	20.2%	20.7%	37.9%
SOUTH NYACK						
Total Rentals	40	39	29	22	34	-15.0%
Average Rental Price	\$ 1,857	\$ 2,031	\$ 2,048	\$ 2,458	\$ 2,390	28.7%
Median Rental Price	\$ 1,903	\$ 1,900	\$ 1,975	\$ 2,163	\$ 2,200	15.6%
Average Price-Per-Square Foot	\$ 24.1	\$ 18.8	\$ 24.7	\$ 27.0	\$ 34.3	42.3%
Percentage of Total Rockland	3.6%	4.3%	3.7%	3.1%	4.1%	13.1%
UPPER NYACK						
Total Rentals	9	7	6	5	12	33.3%
Average Rental Price	\$ 2,803	\$ 2,836	\$ 3,275	\$ 2,845	\$ 4,280	52.7%
Median Rental Price	\$ 2,800	\$ 2,950	\$ 3,075	\$ 3,200	\$ 4,150	48.2%
Average Price-Per-Square Foot	\$ 24.2	\$ 24.4	\$ 25.2	\$ 29.1	\$ 28.6	18.0%
Percentage of Total Rockland	0.8%	0.8%	0.8%	0.7%	1.4%	77.5%

Discussion

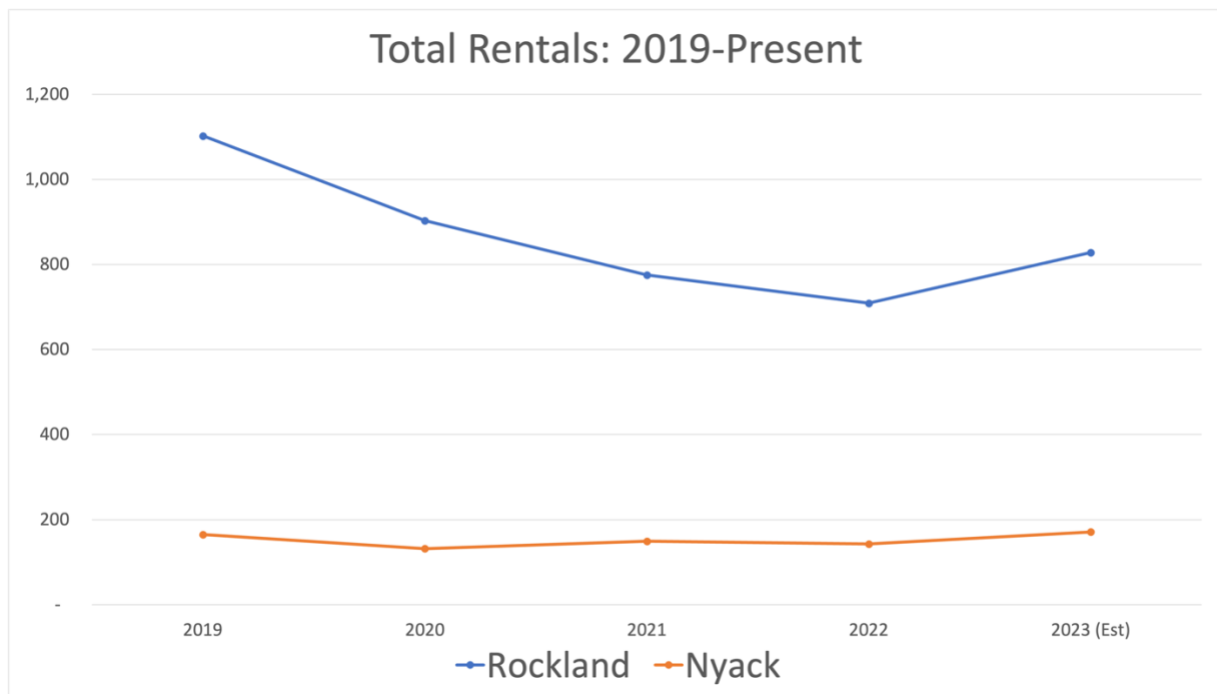
Here are some conclusions we can draw from the data.

1. The number of Rentals are generally down from 2019 in Rockland, but not in Nyack.

Rentals are down about 25% in Rockland from 2019, which is the highest point we've seen in the five year period. Rentals started falling in 2020, fell again in 2021 and 2022, and recovered a bit this year. Now, it might be that people are doing more rentals off-the-MLS, but I have no reason to believe that. I think it's just the result of limitations of inventory – fewer people listing their homes for rent. I don't think the decline is an indication of lack of demand, because of what we see in pricing.

Note that total rentals in Nyack are actually higher right now than they were in 2019, and higher than in any of the other years in the analysis. It's not a major change – a 3.6% increase off of 2019 (projected based on rentals so far this year – but it's interesting that rentals are up.

Also, note that so far this year, Nyack has registered 20.7% of the rentals in Rockland, up from 15% in 2019. That's a 37.9% increase in our proportion of rentals in the County.



I'm not sure what to make of the fact that rentals in Nyack are up compared to Rockland, and that Nyack rentals are making up a larger percentage of the county rentals than in 2019. But I do think it's fair to say that the market in Nyack might be significantly hotter than in other parts of the County.

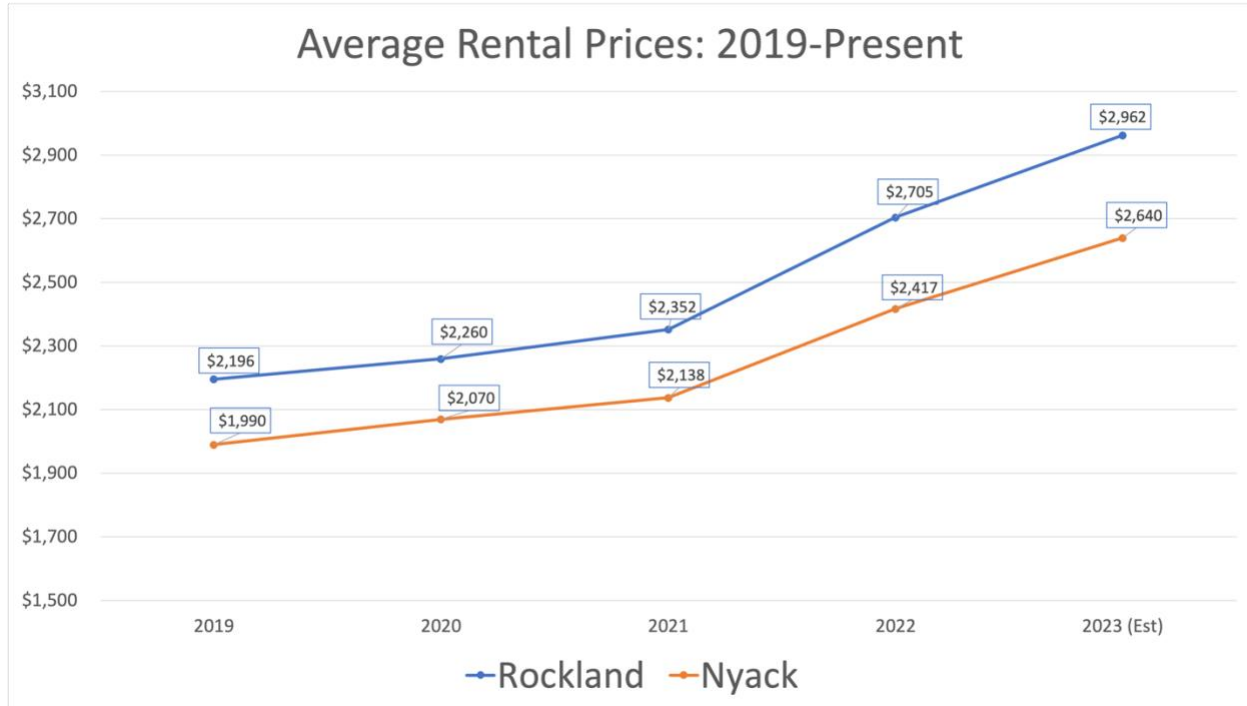
I would note that we have a couple of new construction buildings in Nyack that are not renting through MLS, and that I don't know of many new construction rental buildings outside of Nyack (other than in Suffern). So we are probably doing even more rentals proportionately than in other parts of the county.

2. Prices are way up from 2019 in both Rockland and Nyack

You can see that prices are up sharply from 2019:

- In Rockland, prices are up about 35% on average, 33% at the median, and 37% in the PPSF.
- In Nyack, prices are up about 33% on average, 32% at the median, and 40% in the PPSF.
- In South Nyack, prices are up about 29% on average, 16% at the median, and 42% in the PPSF.
- In Upper Nyack, prices are up about 53% on average, 48% at the median, and 18% in the PPSF.

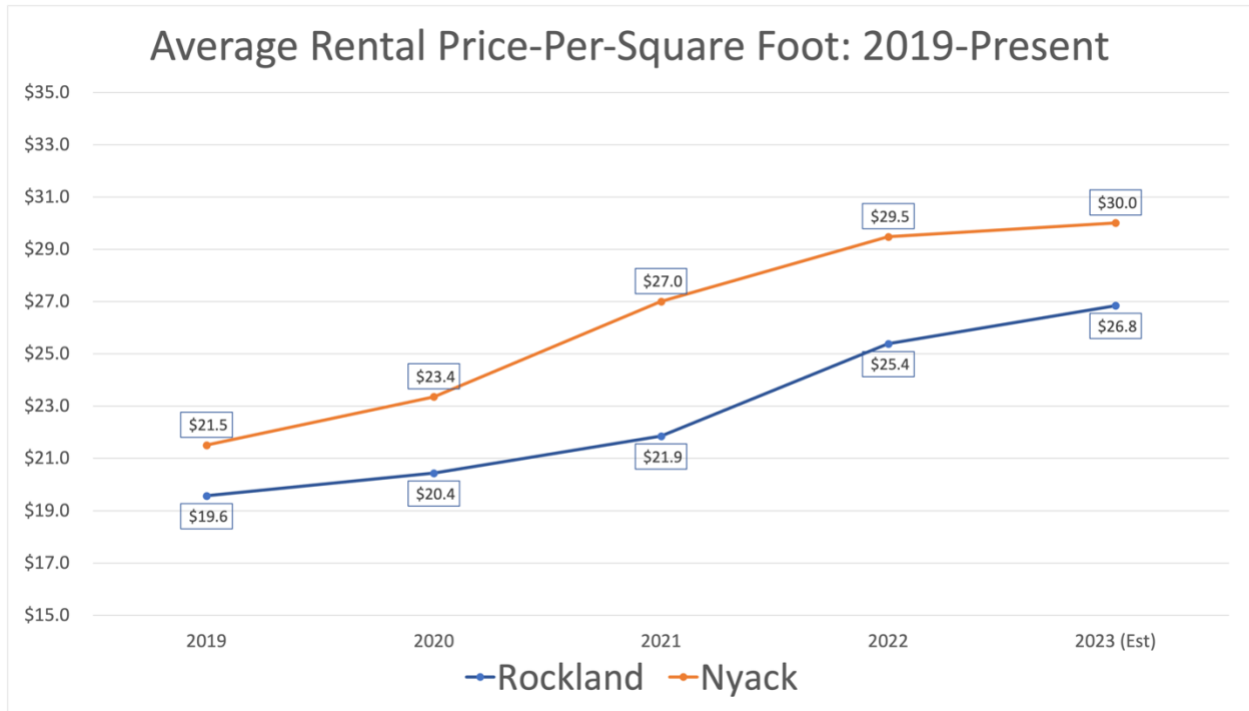
For example, so far this year, the average rental price in Nyack is \$2,640, which is 32.7% higher than the \$1,990 average in 2019. And that average price has gone up every year since 2019, pretty evenly over that time.



This increase in pricing seems to support the idea that we have a very tight market. A 1/3 spike in pricing over 5 years works out to about a 5-6% increase every year, which is pretty

substantial. That, combined with our low vacancy rate, does support the idea that there is a lot of stress in the market.

Moreover, the fact that the Price-per-square-foot in Nyack is up even more sharply indicates that once you control for the size of the unit, pricing in Nyack is even more pressured than in other parts of the county.



I will also note that we have a couple of relatively large new construction rental properties in Nyack that have not generally rented through MLS, so they are not in the data here. More importantly, those are very high-priced rentals, which are renting for a lot higher than the current average. So given that those rentals were not on the market in 2019, my expectation is that the average rental price right now is even higher than my data shows, and significantly higher than the average prices in 2019.

3. The Retention Rate shows that rentals are leasing at higher than their asking price.

I also thought it would be helpful to look at the **“Listing Retention Rate”** for listing prices. The Listing Retention Rate is simply the difference between the listed price of a rental and the actual rental price. If a rental is listed for \$1,000 and rents for \$90, it would have a 90% Listing Retention Rate because the rental price was off 10% from the listed price. The higher the Listing Retention Rate, the more that landlords are getting for their rental units compared to the list price. And if the rate goes above 100%, it means that the average rental is renting for more than the actual asking price.

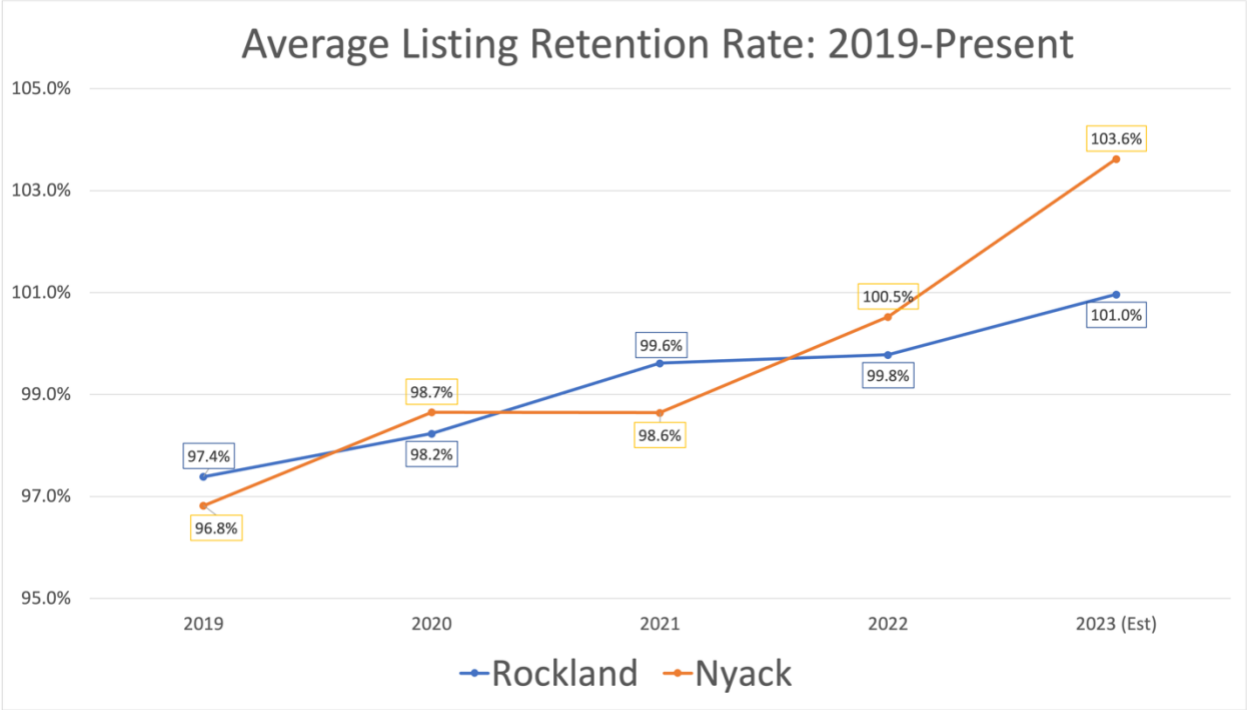
So here what that looks like in each area:

Area	2019	2020	2021	2022	2023 (Est)	4YR Change
Rockland Retention	97.4%	98.2%	99.6%	99.8%	101.0%	3.7%
Nyack Retention	96.8%	98.7%	98.6%	100.5%	103.6%	7.0%
South Nyack Retention	99.2%	102.4%	98.0%	100.2%	101.2%	2.0%
Upper Nyack Retention	99.4%	100.1%	102.7%	105.1%	100.5%	1.0%

As you can see, the Listing Retention Rate is currently above 100% in Rockland and all the Nyacks. The average rental in the county is essentially renting for more than the asking price.

In Nyack, the Listing Retention Rate has gone from 96.8% in 2019 to a staggering 103.6% for 2023 year-to-date. It’s been above 100% since 2022, and it’s now sharply higher than in the rest of Rockland.

This graph shows the change:



That’s a pretty significant sign of a tight rental market, and a possible rental emergency.. The biggest driver of a 100%+ Listing Retention Rate is bidding wars, where multiple tenants bid against each other to get the right to rent a unit. You only see these multiple-offer in situations where you have a very restricted rental inventory – which aligns with the results of our vacancy study.

Conclusion

I hope you found this data helpful, and please let me know if you have any questions about it.

JR.