

THE REAL DEAL

NEW YORK CITY REAL ESTATE NEWS

To fear or not to fear: 40K new rental apartments coming to NYC, report says

Can the market keep up?

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2 North 6th (credit: Douglaston Development), the Ashland at 250 Ashland Place in Brooklyn, Rendering of 44-41 Purves Street in Long Island City

A recent report claims that nearly 40,000 new market-rate apartments are coming to New York City in the next three years, but it's unclear if the spike in supply will overwhelm or barely faze the market.

In the next three years, more than 38,000 new apartments will be built in the city, the majority of which will be in Brooklyn and Queens, the Wall Street Journal reported. This year alone 14,686 new units will be completed, according to Ten-X, an online real estate company formerly known as Auction.com.

Analysts are split on what they think this surge will do to the market. Some think the new units will oversaturate the market, while others believe it will be balanced out by already high demand. In its report, Ten-X projects that by 2017, market-rate vacancies will jump to 10 percent and such properties will see zero rent growth in 2019.

Others take a slightly less bleak outlook. Bob Knakal [@bobknakal](#), chairman of New York investment sales at Cushman & Wakefield, said that the increases noted by Ten-X represent a small portion of the city's housing units and "if anything, there is an undersupply of units."

Some also argue that even if the influx of new units curbs rent growth, landlords can bank on the gradual deregulation of rent-stabilized apartments.

Jeffrey Levine, chairman of Douglaston Development, noted that the expiration of 421a will balance out any oversupply, since the tax abatement's absence will discourage some new construction.

In July, *The Real Deal* released the first-ever ranking of rental apartment landlords, finding that 20 landlords own 150,000 of the city's 2.2 million rental units. Related Companies topped the list with more than 15,000 apartments. [WSJ] — *Kathryn Brenzel*