Rent Stabilization in New York City

Introduction:

The combined influence of governmental regulation of the rental housing industry and the widespread challenge of affordable rental options faced by many renters in New York City has created a highly contentious conversation surrounding rent stabilization. The city has implemented and has continued to expand rent stabilization policies over the last decade, leading to an ongoing debate regarding the effectiveness of rent stabilization and its broader implications. A central element of this debate is whether rent stabilization serves to increase affordability for tenants, or whether rent stabilization generates unintended consequences in the larger housing market. This study will examine the relationship between affordability and rent stabilization using the lenses of rent growth over time and price stability. Vacancy rates will be utilized as a critical factor in assessing housing market tightness, which will further determine rent levels and availability. The rent stabilization programs implemented in New York City impose limits on the percent of rent increases allowed by landlords per year; whereas, market rate apartment prices are determined by supply and demand. (New York State HCR 2019)

Rent control is the term frequently referenced when rent control is discussed in public forums; however, in academic settings in New York City, rent control is rarely referenced. Most debates concerning rent control in New York City refer to rent stabilization, the current regulatory framework governing rental housing, which accounts for approximately 70% of all apartments. Rent stabilization is defined as limiting the percent by which landlords can increase rent annually to allow for greater protections during the renewal process than renters of market rate rentals. However, the city of New York is currently experiencing historic low vacancy rates and extreme rent burdens throughout its five boroughs (New York City Department of Housing Preservation and Development 2023). Low vacancy rates indicate a housing supply constraint, which can heighten competition for available units and generate upward pressure on market rate rents. While there appears to be general consensus that rent stabilized tenants receive a benefit from these policies, the primary area of debate concerns the magnitude of the broader market effects of rent stabilization, including impacts on the quantity of housing, the quality of housing, and allocation (Diamond 2018; Kholodilin 2024). Instead of examining all market wide effects, this study will focus solely on rent growth and price stability in conjunction with vacancy conditions to evaluate whether rent stabilization leads to

slower and more predictable rent increases by comparing changes over time between regulated and market rate units.

Much of the existing literature examines how rent regulation confers real advantages to incumbent renters. For instance, prior research demonstrates that rent regulation decreases renter displacement, slows the growth of effective rents, and extends the duration of time that tenants occupy regulated units. Researchers have also established relationships between rent regulation and the concept of neighborhood stability. As gentrification and rapid rent growth occur in many areas of the United States, neighborhood stability has become an increasing concern.

One of the best known studies examining rent regulation was conducted by Diamond, McQuade, and Qian. They studied the 1994 expansion of rent control in San Francisco and discovered that renters occupying rent controlled units remained in their homes at significantly higher rates than renters residing in unregulated units. Additionally, regardless of age or tenure, renters occupying rent controlled units had a greater likelihood of remaining in their units (Diamond, McQuade, & Qian, 2019). This study demonstrated that rent regulation could serve as a policy to enhance stability among incumbent renters.

Additional research indicates that the provision of short-term tenant protection is among the most commonly cited findings in the rent regulation literature. Researchers find that policies like rent stabilization limit the displacement of renters due to the sudden increases in rents in the short term; however, the extent to which rent regulation affects long-term supply across cities remains controversial (Kholodilin 2024). In addition to viewing housing as a commodity that responds to price signals, this research also examines the adjustment costs related to relocating, such as moving costs, disrupting communities, schools, and job opportunities.

Research on "asymmetric bargaining" suggests that landlords possess greater market power and financial capacity than individual renters, thereby influencing landlord-tenant negotiations and eviction risk. From this perspective, rent stabilization does not operate as a long-term price control; instead, it functions as a means of reducing housing cost volatility and providing renters with additional time to adapt to income fluctuations and changes in life. By allowing more time to adapt, rent stabilization may decrease large-scale, involuntary migration and the associated social and economic costs.

Similarly, Glaeser notes that rent control can lead to housing misallocation when regulated rents discourage tenants from relocating to units that better match their needs and this could potentially distort the allocation of housing across households (Glaeser 2003). Together, these findings suggest that rent stabilization provides clear benefits to certain renters while generating complex and sometimes unintended effects on the broader housing market.

Much of this research focuses on displacement, mobility, and housing supply, which are closely connected to how rents change over time. In particular, sudden or large rent increases can lead to displacement, while gradual and predictable increases may allow tenants to remain in their units. Additionally, prior research suggests that low vacancy rates can amplify rent increases by limiting available alternatives, reinforcing the importance of examining vacancy alongside rent trends.

Instead, this study will focus on rent behavior by examining whether rent-stabilized units experience slower and more predictable rent increases than market-rate units. By isolating differences in rent growth and price stability, this analysis provides a direct evaluation of the mechanism through which rent stabilization produces the tenant-level benefits identified in the literature.

Methodology:

The study uses a descriptive comparative methodology to compare the differences between rent stabilized housing and market rate housing in New York City. The three main factors that will be used to make comparisons include vacancy rates, the average annual rate of rent increase, and price stability. Unlike previous studies, the research will not establish a cause-and-effect relationship but will utilize publicly available datasets to demonstrate observable patterns in the data.

The vacancy rate data was obtained from the New York City Housing and Vacancy Survey (NYCHVS). The NYCHVS provides historical data about rental market conditions. Historical vacancy rate data can help to create a broad-based market perspective, particularly as it relates to the consistent low vacancy rate trend over the years. Rent growth data was obtained from a variety of sources. The New York City Rent Guidelines Board (RGB)

provides annually applicable rent increases for rent stabilized units. The RGB sets legally binding percentage increases for rent regulated leases. Market rate rent growth estimates were obtained from a combination of StreetEasy (StreetEasy 2022) and NYU Furman Center data (NYU Furman Center 2024), which measure changes in asking rents and lease level trends in the non-regulated housing market. To provide a side-by-side comparison of the rent increases for regulated and non-regulated units from 2019 to 2024, the rent growth data from each source will be combined. While the two data sources measure rent changes using somewhat different methods, they are considered equivalent indicators of the general rent growth trends for the respective segments of the market.

Affordability is not measured by income adjusted measures such as rent burden in this study. Rather, affordability is illustrated through two proxy variables: the annual rate of rent increase and the stability of those increases over time. A slower rate of rent increase and a higher predictability of rent increases over time are seen as providing for greater short-term affordability and reduced financial uncertainty for tenants. Conversely, a higher rate of rent increase and a lower predictability of rent increases are seen as increasing the likelihood of housing instability.

The definition of price stability that is utilized in this study refers to the consistency of rent changes from year to year. Therefore, this study compared the variability of the annual percentage changes in rent from one year to the next to evaluate the degree of rent trajectory stability in regulated versus market-rate units. This type of evaluation provides a straightforward visual comparison of the differences in rent behavior between regulated and market-rate units; however, it also acknowledges that descriptive evaluations are limited and cannot establish a causal relationship in such a broad topic with so many factors to consider.

Hypothesis:

This study will test if rent-stabilized units have lower annual rent increases and/or more consistent/less volatile rent increases than market-rate units. The study will focus on comparing rent changes over time between regulated and unregulated housing and not consider the effects of a lack of system-wide housing supply or inequality. The study will also consider if periods of low vacancy are associated with a larger difference between stabilized and market-rate rent growth.

According to existing literature, this study hypothesizes that rent-stabilized units in New York City will have lower and more consistent annual rent increases than similar market-rate units over the same time period. Furthermore, regulated units are expected to display smaller yearly changes in rent and more stability over time while market-rate units are expected to have a greater amount of fluctuations due to the impact of the overall market conditions.

Results:

The results present observed patterns in vacancy rates and rent growth across years, as well as median rent levels in 2023, across rent-stabilized and market-rate housing in New York City with a focus on differences in the change and variability of rent increases over time. Beginning with historical vacancy data, the rates in New York City have been consistently low over time (New York City Department of Housing Preservation and Development 2023; New York City Rent Guidelines Board 2025).

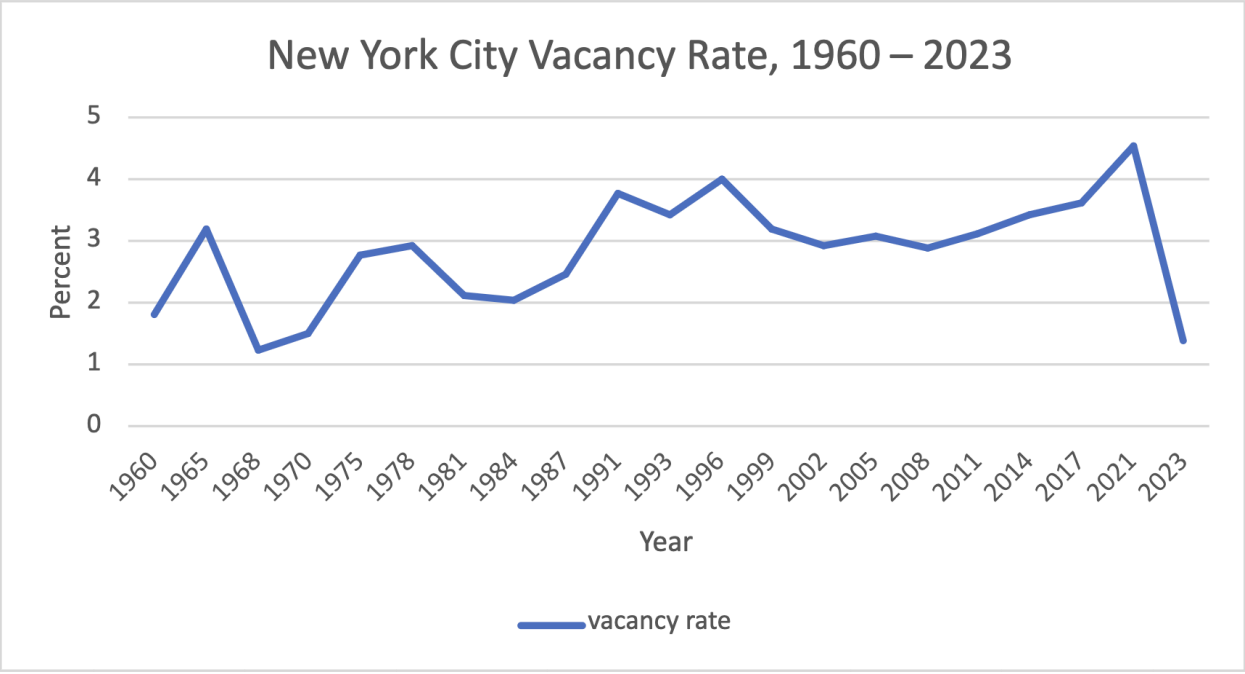

Figure 1: New York City Vacancy Rate, 1960–2023

Source: New York City Housing and Vacancy Survey (NYCHVS), Rent Guidelines Board

The vacancy rates are depicted in Figure 1 to show that vacancy rates have generally remained below the five percent threshold used as an indicator of a well-balanced rental market. As shown above, in 2023, the vacancy rate dropped to 1.4 percent, which is the lowest vacancy rate recorded since 1968 (New York City Department of Housing Preservation and Development 2023). Over the entire time span shown, vacancy rates have varied slightly but remained below the five percent threshold, consistently indicating a tight housing market.

The patterns of rent growth also vary between rent-stabilized and market-rate housing.

Annual Rent Growth Comparison (2019–2024)

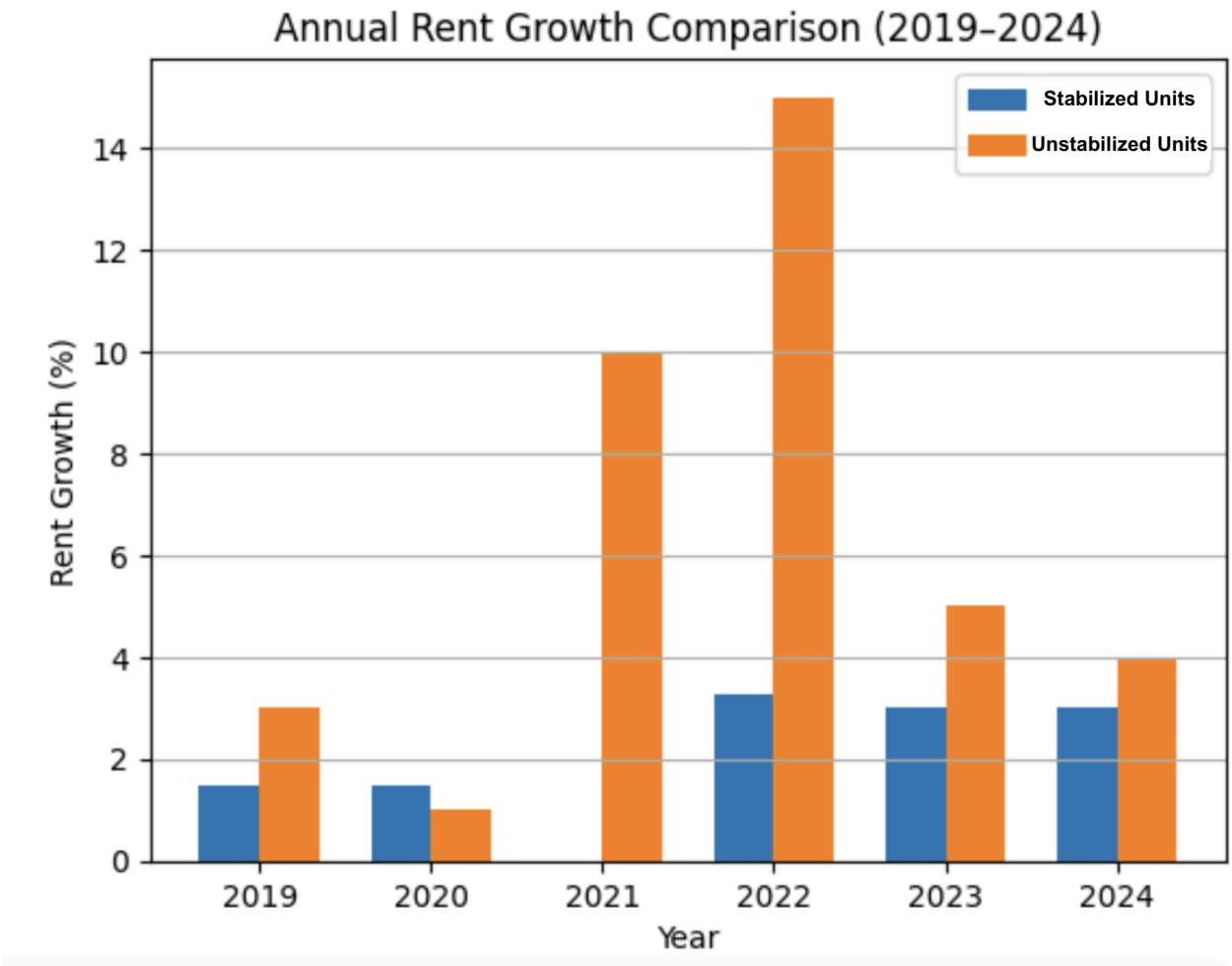

Figure 2: Rent Growth Percentage Increase in Rents for All Regulated VS Market-Rate Renters, New York City, 2019-2024

Sources: New York City Rent Guidelines Board; NYU Furman Center; StreetEasy

Rent-stabilized unit growth shows relatively small and stable annual increases over time (New York City Rent Guidelines Board 2025). Between 2019 and 2024, increases in stabilized rents were relatively narrow, including values such as 1.5% in 2019 and 2020, a zero percent increase in 2021 due to a government freeze, and moderate increases of about three percent in subsequent years. Rent growth in the stabilized housing sector is

relatively steady and predictable. Rent growth for market-rate housing, however, exhibits a much greater degree of variation over the same period (StreetEasy 2022; Willis 2025). Rent growth in the market-rate sector declines in 2020 and then rises sharply in 2021 and 2022. In 2022, year-over-year rent increases in the market-rate sector exceed those in stabilized units. Following this period of rapid growth, rent increases moderate in subsequent years. This pattern reflects greater variation in both the magnitude and direction of rent growth in the unregulated housing market.

Taken together, the trends show clear differences in both the level and variability of rent growth across housing types. Rent-stabilized units grow at a slower and more consistent pace, while market-rate units grow faster and experience greater fluctuations in annual rent increases.

Indicator	Rent-Stabilized Units	Market-Rate Units
Median Rent	$1,500 (± $14)	$2,000 (± $25)
Share Moderately Rent-Burdened (30–50%)	16.3% (± 0.8%)	17.3% (± 0.8%)
Share Severely Rent-Burdened (50%+)	24.2% (± 0.9%)	21.8% (± 0.9%)

Figure 3: Rental Affordability and Rent Burden by Housing Type, New York City (2023)

Source: New York City Housing and Vacancy Survey (NYCHVS), 2023

Figure 3 presents differences in median rent levels and rent burden between the two housing types. In 2023, rent-stabilized units have lower median rents than market-rate units and a lower average rent burden. However, a large percentage of renters in both housing types are rent-burdened, meaning they pay a substantial share of their income toward rent.

Discussion:

Rent stabilization was found in this study to be associated with lower and more stable rates of rent increases for tenants in regulated units. Compared to market-rate units, there were lower median rent increases in regulated units and less variability in annual changes over the course of the study. The data suggest that rent stabilization helps to control price volatility for incumbent renters by limiting the amount by which rents can increase when there are short-term market swings.

The difference in rent trend lines between regulated and market-rate units can be further clarified by considering vacancy conditions in NYC. Vacancy rates in NYC have been persistently below 5%, typically considered an indicator of a well-balanced rental market but in this case indicate a persistent shortage of housing (New York City Department of Housing Preservation and Development 2023). Vacancy rates here provided in the data as context to suggest a notion about stabilization. Low vacancy rates indicate a high demand in the housing market and low market supply which is understood in economic models to contribute to higher prices; this means for market rate housing, apartment owners are able to freely raise these prices to accommodate which can drive people out. In contrast, rent stabilized units have the limits that make renters protected from these fluctuations. However, these vacancy rates may also reflect limited tenant mobility rather than simply supply shortages. When tenants remain in the units due to the security of “regulated rents” or the lack of affordable alternatives, low vacancy rates might indicate that households are not moving rather than that sufficient housing opportunities exist. This complicates the interpretation of vacancy data because low vacancy does not necessarily reflect a healthy or accessible housing market and may be contributing to a feedback loop of limited movement contributing to these low rates and therefore creating these fluctuations to the non regulated units.; ultimately the data available can show association but not cause and effect or speculations on broader contribution.(NYU Furman Center 2024)

In a rental market with a persistent shortage of housing, market-rate rents will respond to changes in demand and supply, so market-rate rents will experience greater increases in value, as well as greater variability in value over time. This is indicative of an unregulated market where prices adjust based upon equilibrium.

In contrast, regulated units in a similar rental market will experience a more predictable path of rent increases. Rather than rent increases being determined solely by market conditions, the maximum amount by which regulated rents can increase is determined by policy. Therefore, regulated rents are shown to be less responsive to changes in demand than are market-rate rents here. However, this reduced responsiveness should not be interpreted as evidence that rent stabilization "improves" overall market conditions, but rather that it alters how rent changes are distributed across tenants. Therefore, the fact that regulated rents are less responsive to demand than are market-rate rents indicates that rent stabilization has a mitigating influence on the impact of market volatility on rent outcomes at the individual tenant level. While both regulated and unregulated units exist in the same housing market, the mechanisms governing rent adjustments are different, leading to different rent trajectories.(Rajasekaran, Treskon, and Greene 2019)

As shown in Figure 2, regulated units tend to follow a very narrow and stable path of annual rent increases, whereas market-rate rents tend to fluctuate significantly, and often decrease before increasing rapidly. The contrast between the two sectors illustrates the difference in volatility between them. Specifically, market-rate rents appear to be more responsive to short-term economic conditions than are stabilized rents, which tend to be more stable due to the regulatory caps on rent increases.

The differences in rent trends are most evident in the 2020–2022 time frame. During this time, market-rate rents initially decreased before increasing sharply in both 2021 and 2022. These fluctuations in market-rate rents likely represent the broader economic disruption caused by the COVID-19 pandemic, specifically the temporary decrease in demand for housing followed by a rapid recovery. Stabilized rents, however, remained relatively stable throughout the time frame, including a 0% increase in 2021. This was the result of a policy decision made by the New York City Rent Guidelines Board to institute a temporary rent freeze in response to the pandemic-induced economic conditions (New York City Rent Guidelines Board 2025). The contrasting responses to the pandemic illustrate how rent stabilization provides a buffer against rapid rent increases triggered by large-scale market events, protecting tenants in regulated units from large-scale price volatility.

This study does not seek to demonstrate a causal link between rent stabilization and the rent increases examined. Many outside variables affect housing markets including population, migration, zoning, building construction, and broad economic conditions. Therefore, this study seeks to identify differences in rent behavior between regulated and unregulated units and not isolate the independent impact of rent regulation policies. The findings should be viewed as a descriptive account of rent behaviors and not as definitive proof of the effectiveness of rent regulation policies.

A major constraint in analyzing this case was an inability to find consistent, accurate, and up-to-date information regarding market rental rate growth. For example, for rent-stabilized apartments there is a formal and documented increase in rents each year; therefore, the amount of the increase and the time period during which it takes place is recorded by the Rent Guidelines Board. On the other hand, for apartment rentals that are classified as "market," the documentation of rental increases varies greatly; they exist as a compilation of listing service data and private datasets or institutional reports, making the methodology and definition of rental increases vary greatly. These shortcomings in documenting market rentals create a significant difference in being able to draw direct comparisons to the trends experienced within regulated versus non-regulated rental environments.

The 2023 data provided additional information regarding these findings. While rent-stabilized units had lower median rents than market-rate units, many tenants in both types of units continued to experience rent burdens. Therefore, it appears that rent stabilization may help reduce the levels of rent, as well as stabilize the growth of rent for incumbent tenants, but does not alleviate the more fundamental issues of affordability in the NYC housing market. (Citizens Budget Commission 2024) While the use of median rent data allows us to gain a general understanding of the direction of rental trends, median rent data do not allow us to evaluate the affordability of housing. Affordability is measured in this study via rent growth and rent stability. Therefore, we cannot utilize measures of rent burden to evaluate affordability. Although slow and stable rent increases may create a sense of certainty for tenants, this does not imply that housing is affordable when compared to household income.

While rent stabilization may influence the stability of rent increases at the individual level, the broader housing market in New York City remains constrained by structural issues that are not fully captured by available data. The limitations in measuring market-rate rent growth, combined with the ambiguity in interpreting vacancy

rates, suggest that current datasets do not fully capture the complexity of housing dynamics in NYC. As a result, conclusions drawn from these patterns should be understood as partial and indicative rather than comprehensive.

The findings of this study suggest that rent regulation has the potential to moderate rent growth and stabilize rents for tenants in regulated units. However, broader market conditions in New York City, particularly low vacancy rates and constrained housing supply, continue to influence overall rent levels (New York City Department of Housing Preservation and Development 2023; New York City Rent Guidelines Board 2025). Thus, rent regulation may be viewed as a policy that affects the distribution and stability of rent growth at the individual tenant level rather than as a solution to broader structural affordability issues in the New York City housing market.

Conclusion:

The research found that rent-stabilized units experienced lower, and more predictable, annual rent growth compared to market-rate units. Market rate units have had higher variability in their annual rent growth, and larger fluctuations. These data are indicative that rent stabilized units provide tenants in those units greater price stability and some protection from sudden or large rent increases. However, because the vacancy rates remain at historically low levels and the median rents continue to increase throughout the entire NYC housing market, it demonstrates that rent stabilization has not resolved the lack of affordable housing and the long-term affordability issues in the city. In summary, rent stabilization acts as a policy to stabilize rental costs for individual renters; however, it operates in an overall housing market that has limited supply and continues to be influenced by increasing rental prices.

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Rent Stabilization and Rent Growth in New York City

Comparing Price Stability Between Stabilized and Market-Rate Housing

Research Question:

How does rent stabilization affect rent growth and price stability compared with market-rate housing in New York City?

- Rent stabilization is New York City's primary rental regulation system, limiting the percentage by which landlords can increase rents annually for regulated apartments.
- NYC faces historic housing scarcity, with the vacancy rate reaching 1.4% in 2023, the lowest level since 1968.
- Nearly half of all rental apartments in the city are rent stabilized, making the policy central to the housing market.
- Policymakers and economists continue to debate whether rent stabilization improves affordability for tenants or creates distortions in the broader housing market.
- To help clarify this debate, this study focuses on rent growth and price stability over time, comparing how rents change in stabilized versus market-rate housing.

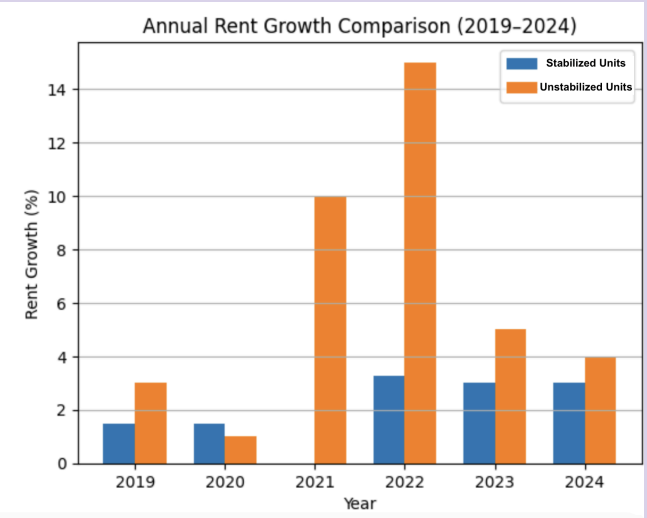
Hypothesis:

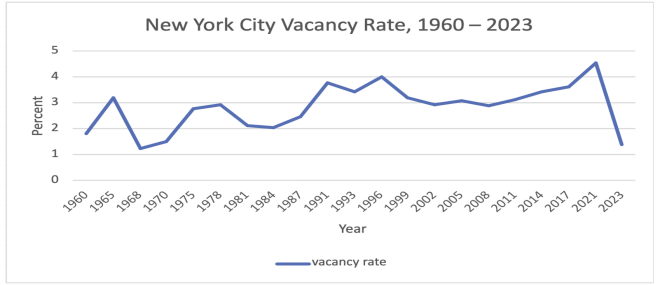
Rent-stabilized apartments will experience lower annual rent increases and more consistent rent growth over time, while market-rate apartments are expected to show greater volatility, responding directly to supply and demand.

Data & Method:

This study uses descriptive comparisons between regulated and market-rate housing using public datasets. Rent growth and price stability are compared across housing types, while vacancy rates and median income are explored as contextual indicators of housing market conditions and affordability pressures.

Sources: NYC Housing & Vacancy Survey (NYCHVS) NYC Rent Guidelines Board (RGB), NYU Furman Center StreetEasy rent trend data





Results:

- Rent-stabilized apartments experienced small and consistent rent increases, typically around 0–3% annually between 2019 and 2024.
- Market-rate rents fluctuated much more dramatically, including increases of roughly 10–15% during the 2021–2022 housing rebound.

Key Takeaways:

- Rent-stabilized units follow a more stable and predictable rent growth path than market-rate housing.
- Market-rate rents respond more strongly to economic shocks and demand changes, producing greater volatility in rent increases over time.
- Rent stabilization appears to limit rent volatility for tenants, even within a housing market characterized by extremely low vacancy rates.