CITI HABITATS

Residential Rental Market Report

September & Third Quarter 2019

Residential Rental Market Report

September & Third Quarter 2019

This report follows overall conditions in the Manhattan rental market during September 2019 - as well as throughout the third quarter of the year. In addition, we track average and median rents for 14 neighborhoods in the borough of Brooklyn over the same period.

Conditions remain strong for landlords when compared to last year. However, after a tough summer, apartment-seekers are beginning to see some relief as the market begins its fall slowdown. When looking at the most recent data for September, rents declined for most apartment categories, while the vacancy rate climbed. In addition, more building owners offered a move-in incentive to attract new residents. While the city's rental market remains competitive, all of these developments are welcome news for tenants.

Rents reached new heights in Q3 2019, but they are beginning to stabilize.

In September 2019, rents for Manhattan studios continued to rise – an average of 1% - when compared to August. However, the trend of higher rents reversed for other apartment categories in the borough. Pricing for one-, two- and three-bedroom homes all declined by 1%.

In Brooklyn, rents were down across the board month-over-month. Pricing for studios was down 2%, while rents for one-, two-, and three-bedroom units all decreased 1% on average.

While rents have recently stabilized, pricing has climbed in both communities year-over-year. Overall, rents rose an average of 5% in Manhattan – and 8% in Brooklyn - since September 2018.

Meanwhile, the Manhattan vacancy rate rose for the third consecutive month.

After falling steadily for six straight months (from December 2018 to June 2019), Manhattan's vacancy rate has been on an upswing. This - in part - is a response to record-high apartment rents. From its low of 1.02% in June, inventory has climbed for the last three months – reaching 1.27% in September.

However, Manhattan's vacancy rate remains lower than it was at this time last year. In September 2018, 1.36% of apartments in the borough were vacant.

The use of move-in incentives increased in September – and were more popular in Brooklyn.

The percentage of leases that included a move-in incentive rose to 27% in September, from 24% in August. In contrast, year-over-year their use declined slightly (from 28% in September 2018).

When comparing boroughs, concessions continue to be much more prevalent in Brooklyn. In September, 44% of leases in the borough included an incentive, versus 17% in Manhattan. Residential construction in Brooklyn is booming, and incentives are most common in newly launched developments in up-and-coming locations, versus existing buildings in more-established Manhattan neighborhoods.

Despite recent softening in the market, quarterly trends also overall improvement in conditions for landlords.

During the third quarter of 2019, rents in Manhattan and Brooklyn rose slightly overall - both when compared to Q2 2019 and year-over-year.

The Manhattan vacancy rate rose to 1.18% during Q3 – from 1.11% in Q2. While inventory is currently rising, this rate is still lower than Q3 2018's rate of 1.35%.

During Q3 overall, 26% of new leases included an inventive, down from the 28% last quarter –as well as from the 27% during Q3 2018.

While the seasonal shift has brought slightly better circumstances for renters, overall the New York rental market remains robust – and challenging for apartment-seekers.

Gary Malin, President, Citi Habitats

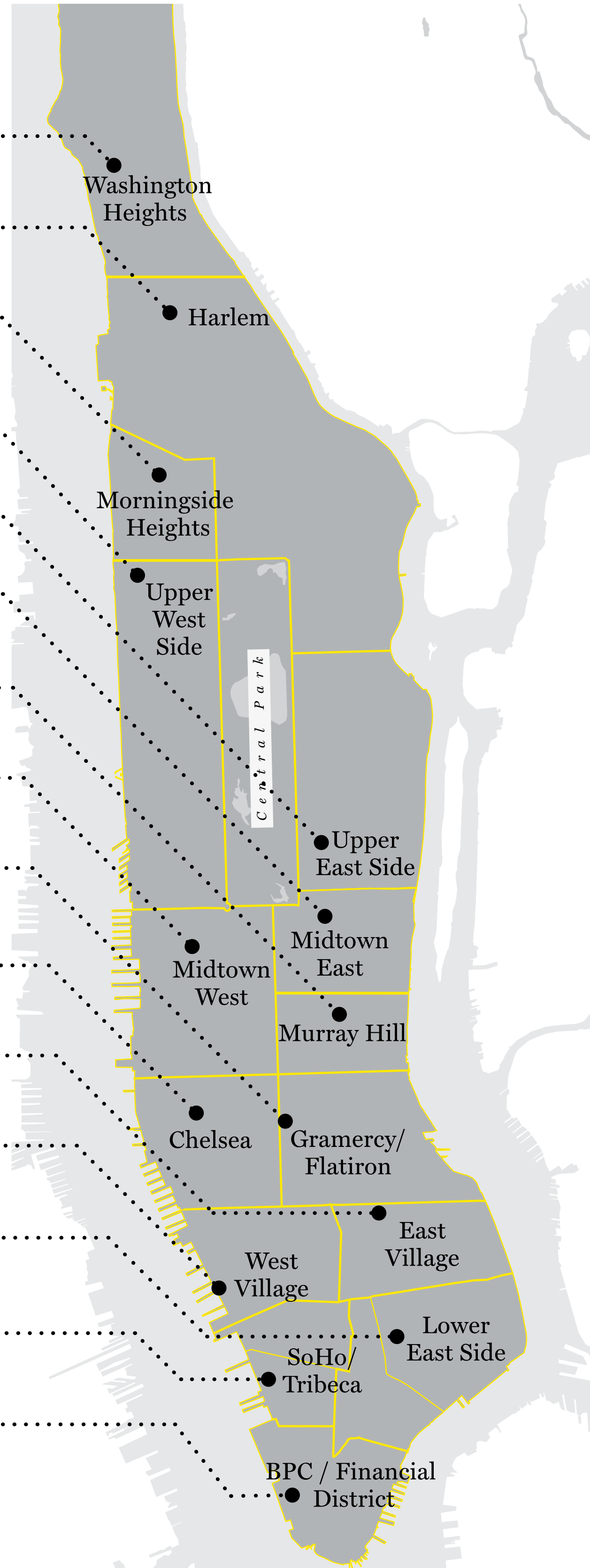
When examining our report, please keep the following in mind:

1. The statistics in the letter above, and in the report that follows, are based on Citi Habitats' closed rental transactions, current rental listings in the firm's database and company research.
2. Average rents cited in this report are, for the most part, gross rents, not net effective rents, and do not include landlord incentives, unless the face rent reported on the lease was the net-effective amount.

Manhattan Residential Rental Market Report

September 2019

AVERAGE RENT	MEDIAN RENT	
$2,388	$2,370	Washington Heights
$2,713	$2,680	Harlem
$3,393	$3,200	Morningside Heights
$4,172	$4,200	Upper West Side
$3,826	$3,710	Upper East Side
$4,665	$4,260	Midtown East
$3,928	$3,890	Murray Hill
$4,518	$4,100	Midtown West
$4,635	$5,275	Gramercy/ Flatiron
$4,822	$4,710	Chelsea
$3,584	$3,750	East Village
$4,783	$4,450	West Village
$3,496	$3,535	Lower East Side
$6,304	$7,520	SoHo/ Tribeca
$4,529	$4,300	BPC / Financial District



The above estimated information is based on Citi Habitats' closed rental transactions, current rental listings in the firm's database and company research. Owned and operated by NRT.

CITIHABITATS.COM

Manhattan Residential Rental Market Report

September 2019

AVERAGE RENT SUMMARY: September 2019				
Location	**Studio**	**1BR**	**2BR**	**3BR**
BPC / Financial Dist.	$3,268	3,947	4,625	6,275
Chelsea	$2,990	4,220	5,617	6,461
East Village	$2,370	2,988	3,679	5,300
Gramercy/Flatiron	$3,267	3,986	4,871	6,415
Harlem	$1,810	2,407	2,988	3,648
Lower East Side	$2,315	3,095	3,872	4,700
Midtown East	$2,662	3,961	4,586	7,450
Midtown West	$2,714	3,565	4,776	7,016
Morningside Heights	$2,167	3,133	3,870	4,400
Murray Hill	$2,555	3,570	4,335	5,250
Soho/Tribeca	$4,050	4,677	6,878	9,610
Upper East Side	$2,270	2,993	3,759	6,283
Upper West Side	$2,389	3,475	4,443	6,380
Washington Heights	$1,695	2,120	2,685	3,050
West Village	$3,196	4,218	5,017	6,700
Average: September	$2,648	3,490	4,400	5,929
Average: August	$2,632	3,534	4,462	5,985
% Change	1%	-1%	-1%	-1%

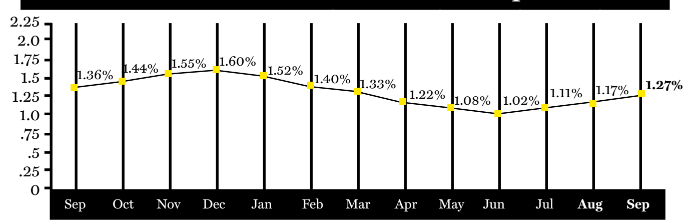
AVERAGE VACANCY RATE: September 2019	
Location	**Vacancy Rate**
BPC / Financial Dist.	1.28%
Chelsea	1.59%
East Village	1.38%
Gramercy	1.23%
Midtown East	1.40%
Midtown West	1.11%
Murray Hill	1.10%
Soho/Tribeca	1.01%
Upper East Side	1.34%
Upper West Side	1.29%
West Village	1.19%
Average: September	1.27%
Average: August	1.17%
Difference	-0.10

27% OVERALL CONCESSIONS PERCENTAGE

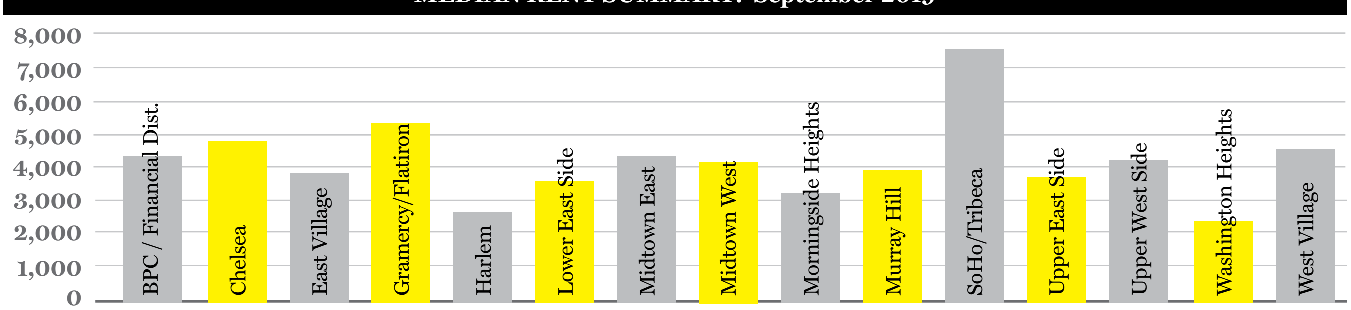
17% Manhattan leases with a concession
44% Brooklyn leases with a concession

OVERALL BLENDED AVERAGES: September 2019				
BLDG Classification	**Studio**	**1BR**	**2BR**	**3BR**
New Development w/ DM*	$3,517	4,815	8,457	13,309
Doorman	$3,063	4,267	6,690	10,208
Elevator**	$2,663	3,384	5,227	7,686
Walkup***	$2,232	2,821	3,907	5,475

MANHATTAN RENTAL VACANCY RATES: September 2019



MEDIAN RENT SUMMARY: September 2019



Median	$4,300	$4,710	$3,750	$5,275	$2,680	$3,535	$4,260	$4,100	$3,200	$3,890	$7,520	$3,710	$4,200	$2,370	$4,450

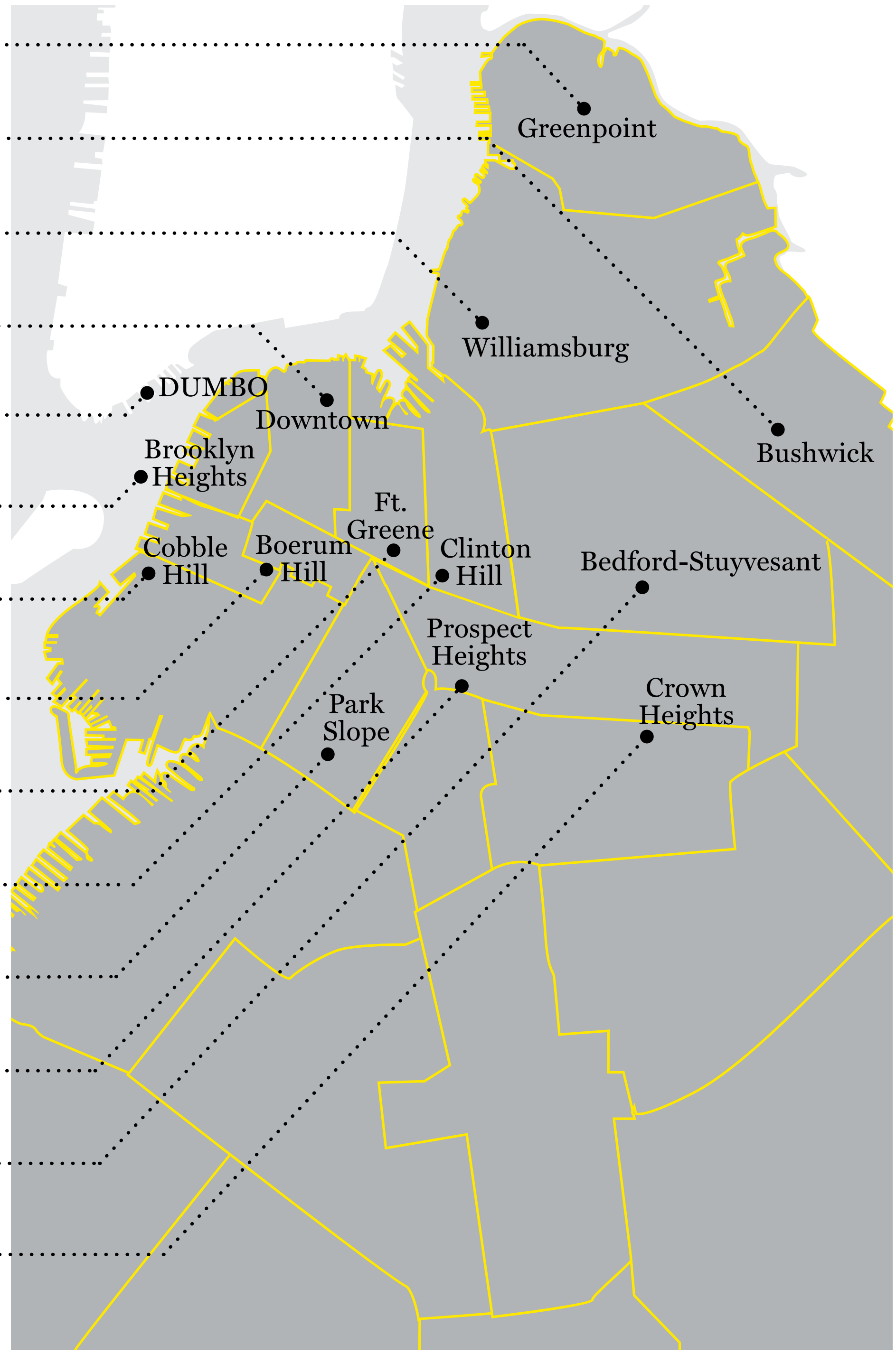
*New Developments include all rental and condo buildings built after 2008. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

The above estimated information is based on Citi Habitats' closed rental transactions, current rental listings in the firm's database and company research. Owned and operated by NRT.

Brooklyn Residential Rental Market Report

September 2019

AVERAGE RENT	MEDIAN RENT
$3,632	$3,500
$2,681	$2,746
$4,266	$3,965
$4,656	$3,770
$5,717	$5,500
$5,069	$3,800
$3,958	$3,500
$4,073	$3,500
$4,092	$3,050
$3,388	$3,225
$3,352	$3,400
$3,382	$3,400
$2,587	$2,700
$2,695	$2,990



The above estimated information is based on Citi Habitats' closed rental transactions, current rental listings in the firm's database and company research. Owned and operated by NRT.

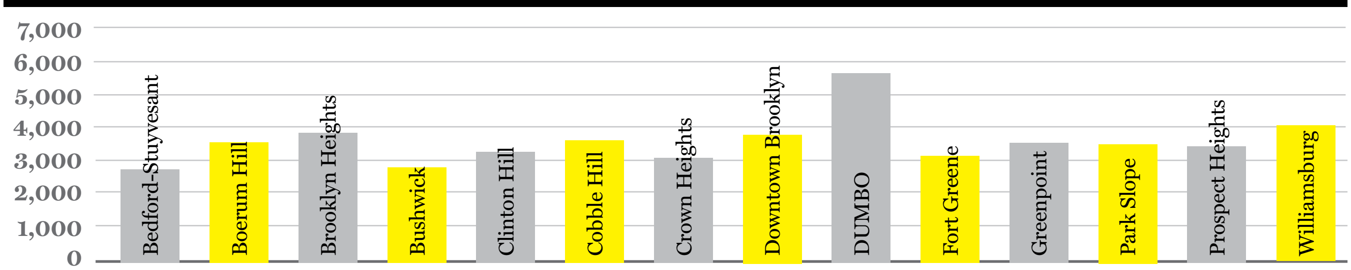
Brooklyn Residential Rental Market Report

September 2019

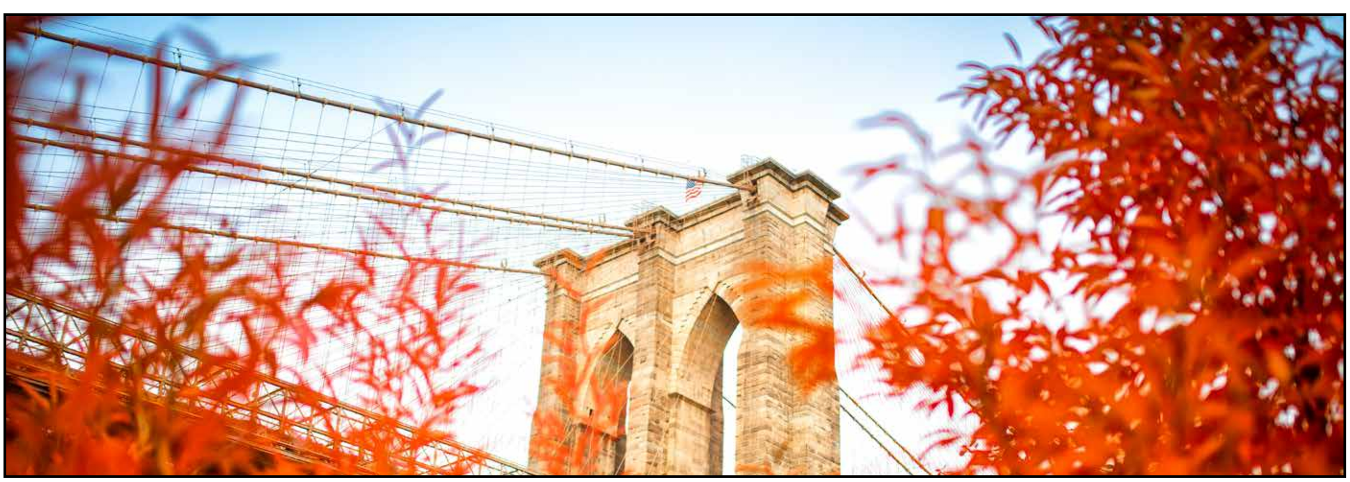
CITI HABITATS

AVERAGE RENT SUMMARY: September 2019				
Location	**Studio**	**1BR**	**2BR**	**3BR**
Bedford-Stuyvesant	$1,895	2,368	2,768	3,318
Boerum Hill	$2,715	3,050	4,240	6,288
Brooklyn Heights	$2,641	3,597	5,474	8,563
Bushwick	$2,115	2,528	2,746	3,336
Clinton Hill	$2,520	2,873	3,811	4,349
Cobble Hill	$2,481	3,324	4,221	5,805
Crown Heights	$1,929	2,514	2,925	3,410
Downtown Brooklyn	$2,914	3,740	5,111	6,859
DUMBO	$3,366	4,362	6,266	8,873
Fort Greene	$2,295	3,156	5,210	5,705
Greenpoint	$2,836	3,083	3,995	4,612
Park Slope	$2,119	2,979	3,409	4,901
Prospect Heights	$2,247	2,867	3,756	4,657
Williamsburg	$3,063	3,570	4,753	5,679
Average: September	$2,510	3,144	4,192	5,454
Average: August	$2,559	3,166	4,223	5,528
% Change	-2%	-1%	-1%	-1%

MEDIAN RENT SUMMARY: September 2019



Median	$2,700	$3,500	$3,800	$2,746	$3,225	$3,500	$2,990	$3,770	$5,500	$3,050	$3,500	$3,400	$3,400	$3,965



Manhattan Residential Rental Market Report

Third Quarter 2019

CITI HABITATS

AVERAGE RENT SUMMARY: Q3 2019

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	$3,279	3,973	4,600	6,487
Chelsea	$2,917	4,177	5,539	6,382
East Village	$2,340	3,057	3,783	5,402
Gramercy/Flatiron	$3,158	4,056	4,837	6,467
Harlem	$1,801	2,357	3,062	3,751
Lower East Side	$2,287	3,056	3,921	4,600
Midtown East	$2,601	3,823	4,659	7,433
Midtown West	$2,671	3,590	4,725	7,087
Morningside Heights	$2,234	3,244	3,889	4,550
Murray Hill	$2,497	3,476	4,399	5,222
Soho/Tribeca	$4,107	4,778	6,982	9,540
Upper East Side	$2,273	3,022	4,012	6,294
Upper West Side	$2,427	3,358	4,000	6,074
Washington Heights	$1,698	2,139	2,706	3,040
West Village	$3,196	4,188	5,239	6,874
Average: Q3/19	$2,632	3,486	4,423	5,947
Average: Q2/19	$2,549	3,346	4,334	5,940
% Change	3.3%	4.2%	2.1%	0.1%
Average: Q3/18	$2,435	3,258	4,325	5,634
% Change: Q3-18/19	8.1%	7.0%	2.3%	5.6%

AVERAGE VACANCY RATE: Q3 2019

Location	Vacancy Rate
BPC/Financial Dist.	1.21%
Chelsea	1.53%
East Village	1.46%
Gramercy	1.07%
Midtown East	1.36%
Midtown West	1.04%
Murray Hill	1.07%
Soho/Tribeca	1.03%
Upper East Side	1.11%
Upper West Side	1.16%
West Village	1.05%
Average: Q3/19	1.18%
Average: Q2/19	1.11%
Difference	0.07
Average: Q3/18	1.35%
Difference: Q3-18/19	-0.17

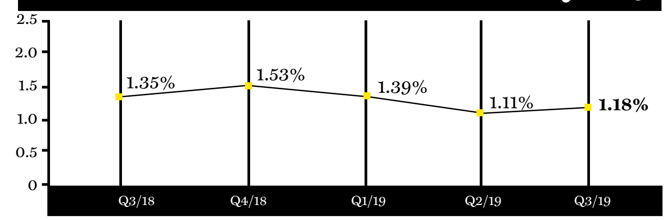
26% OVERALL CONCESSIONS PERCENTAGE

17% Manhattan leases with a concession
42% Brooklyn leases with a concession

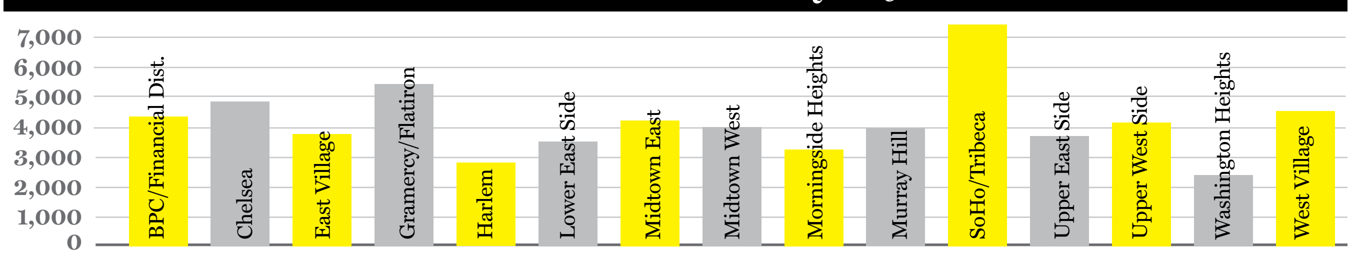
OVERALL BLENDED AVERAGES: Q3 2019

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	$3,509	4,823	8,584	13,421
Doorman	$3,054	4,285	6,705	10,215
Elevator**	$2,646	3,398	5,239	7,704
Walkup***	$2,205	2,824	3,919	5,479

MANHATTAN RENTAL VACANCY RATES: Q3 2019



MEDIAN RENT SUMMARY: Q3 2019



Median	$4,333	$4,821	$3,750	$5,322	$2,747	$3,478	$4,175	$4,015	$3,283	$3,917	$7,400	$3,697	$4,063	$2,355	$4,532

* New Developments include all rental and condo buildings built after 2009. **Walkup averages include brownstone and townhouse rentals. ***Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods.

The above estimated information is based on Citi Habitats' closed rental transactions, current rental listings in the firm's database and company research. Owned and operated by NRT.

CITIHABITATS.COM

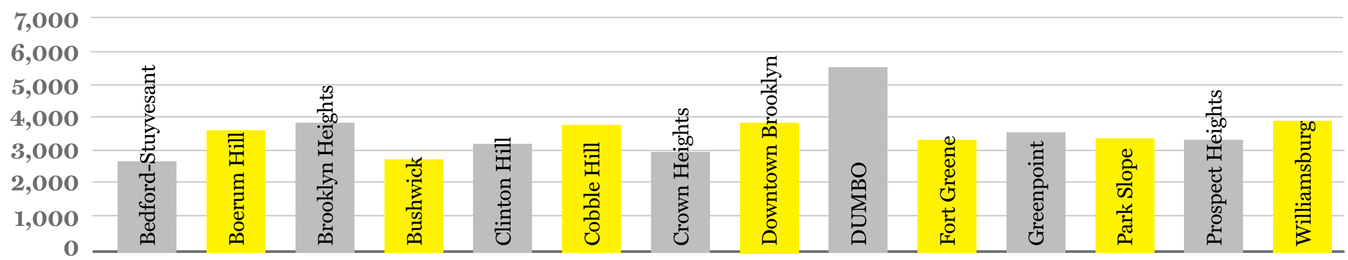
Brooklyn Residential Rental Market Report

Third Quarter 2019

CITI HABITATS

AVERAGE RENT SUMMARY: Q3 2019				
Location	**Studio**	**1BR**	**2BR**	**3BR**
Bedford-Stuyvesant	$1,960	2,319	2,789	3,265
Boerum Hill	$2,626	3,114	4,345	6,099
Brooklyn Heights	$2,619	3,582	5,811	8,068
Bushwick	$2,285	2,535	2,756	3,207
Clinton Hill	$2,491	2,876	3,845	4,495
Cobble Hill	$2,490	3,274	4,120	5,770
Crown Heights	$2,056	2,501	2,899	3,416
Downtown Brooklyn	$2,965	3,822	5,147	7,069
DUMBO	$3,269	4,358	6,033	9,429
Fort Greene	$2,436	3,318	4,951	5,419
Greenpoint	$2,753	3,136	3,765	4,683
Park Slope	$2,281	2,974	3,586	5,235
Prospect Heights	$2,297	2,724	3,981	4,740
Williamsburg	$2,969	3,572	4,649	5,472
Average: Q3/19	$2,536	3,150	4,191	5,455
Average: Q2/19	$2,502	3,052	3,974	5,168
% Change	1.3%	3.2%	5.5%	5.6%
Average: Q3/18	$2,365	2,916	3,877	5,596
% Change: Q3-18/19	7.2%	8.0%	8.1%	-2.5%

MEDIAN RENT SUMMARY: Q3 2019



Median	$2,695	$3,600	$3,848	$2,719	$3,208	$3,767	$2,990	$3,858	$5,523	$3,332	$3,562	$3,417	$3,307	$3,903