CITI HABITATS

Manhattan Residential Rental Market Report

Fourth Quarter 2015

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The following report tracks conditions in the Manhattan rental market throughout the fourth quarter of 2015. When compared to the third quarter of the year, we found that all metrics we use to evaluate market conditions reflect an environment that is increasingly friendly for tenants.

Manhattan's vacancy rate was higher than last quarter – and last year:

When examining vacancy rates across the borough, we found 1.96% of apartments to be available for rent during the fourth quarter, up from 1.51% during the third quarter of 2015. When looking year-over-year, the vacancy rate has also increased. During the fourth quarter of 2014, 1.72% of Manhattan apartments were vacant.

And concessions have become more prevalent:

During the most recent quarter, 12% of transactions brokered by Citi Habitats included some form of move-in incentive, compared to 8% during the third quarter. Furthermore, the percentage of concessions increased slightly when making a year-over-year comparison. During the final quarter of 2014, 10% of signed leases included an incentive.

Rents have fallen since last quarter, especially for smaller apartment sizes:

When comparing the fourth quarter to the quarter that preceded it, average rents declined across the board. Pricing for studio apartments declined the most, with a 3.4% drop. In addition, rents for one-bedrooms declined 2.0% on average, while average pricing for two- and three- bedroom homes fell by 1.3% and 1.0% respectively.

In contrast, the borough did experience rent increases year-over-year. Average rents for studio apartments were up 6.7% from the fourth quarter of 2014. Rents for one-bedrooms rose 6.1% over the same period, while rents for two-bedroom units increased a less-substantial 3.7%. Finally, rents for 3-bedroom homes increased the least, with a minimal increase of 0.4% over the past year.

While still a competitive market, conditions have improved overall for tenants:

Looking at the most recent data for December 2015, the Manhattan vacancy rate climbed to 2.06% from November's rate of 2.02%. However, the recent rent declines have come to a halt and have plateaued, at least for the time being. Often landlords will offer move-in incentives to drive traffic to their properties before dropping rents, and in fact, we found that the percentage of leases offering an incentive climbed slightly month-over-month. In December, 14% of leases included a concession, the highest percentage in nearly 5 years. According to our research, the last time incentives were as prevalent was in March 2011.

When compared to the city's sales market, the Manhattan rental market moves fast – so it's important to stay well-informed about current conditions. We hope this report provides valuable knowledge and guidance to tenants and landlords alike.

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.

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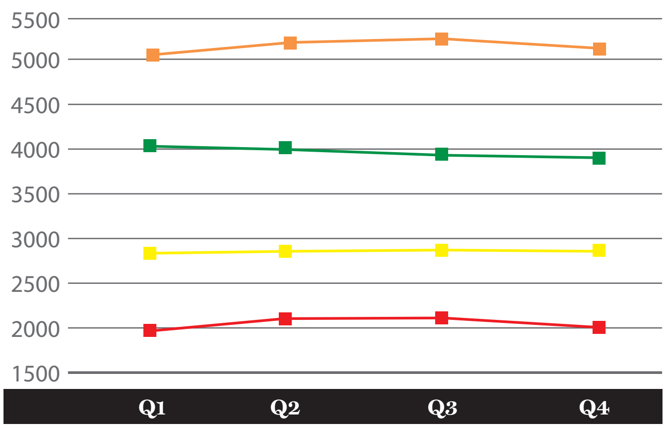
KEY 2015 METRICS

MANHATTAN AVERAGE RENTS: 2014



MANHATTAN AVERAGE RENTS: 2015

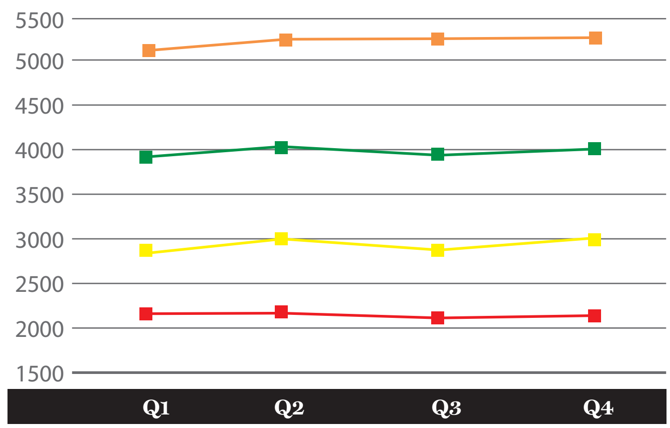
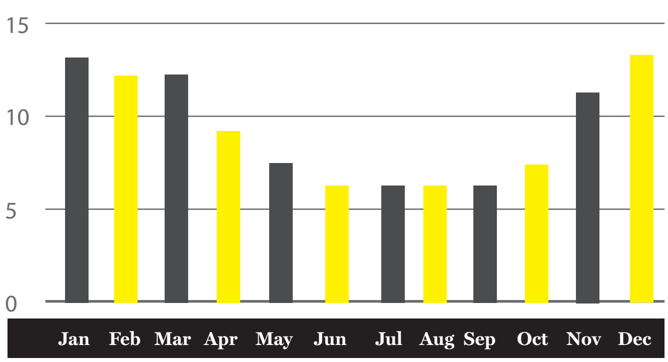


Chart Key

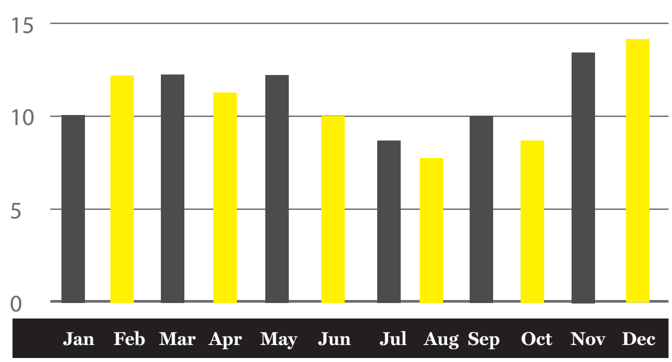
Studio = ■ 1 Bed = ■
2 Bed = ■ 3 Bed = ■

Rents remained relatively stable throughout the year, and were higher overall than in 2014. Average rents increased slightly each quarter during the first, second and third quarters. However, the market weakened as we closed out the year. From the third to the fourth quarters, rents fell slightly across all apartment categories. While the reason for the recent rent declines is partially seasonal, we feel that rents have likely been pushed about as far as they can go, and increasing numbers of tenants are seeking housing in outer-borough neighborhoods.

% OF TRANSACTIONS WITH A CONCESSION: 2014



% OF TRANSACTIONS WITH A CONCESSION: 2015

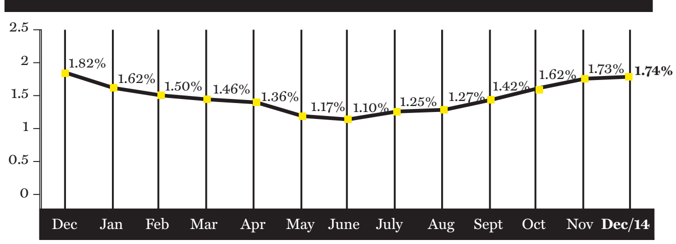


2014 Total Average = 9%

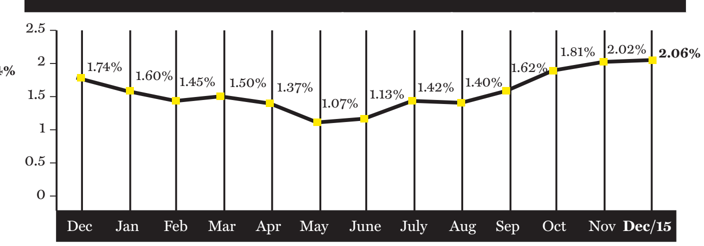
2015 Total Average = 11%

Landlords' use of concessions increased in 2015 when compared to the year prior. Concessions followed the usual seasonal pattern as they were most prevalent in the colder winter months and less common in the busy summer season. Their use was most prevalent in December, when 14% of leases signed with Citi Habitats included a move-in incentive for the tenant.

MANHATTAN RENTAL VACANCY RATES: 2014



MANHATTAN RENTAL VACANCY RATES: 2015



Vacancy rates followed their typical seasonal pattern during 2015. As expected, there were fewer available apartments during the summer months. The borough-wide vacancy rate hit a low of 1.07% in May, and reached a high of 2.06% in December. November and December were the first months since April 2009 (over 6 years ago) where the vacancy rate topped 2%.

Manhattan Residential Rental Market Report

Fourth Quarter 2015

CITI HABITATS

AVERAGE RENT SUMMARY: Q4 2015

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	$2,646	3,383	5,013	6,148
Chelsea	$2,463	3,573	5,545	6,995
East Village	$2,252	2,684	3,431	4,632
Gramercy/Flatiron	$2,645	3,762	5,362	6,130
Harlem	$1,718	2,168	2,478	3,285
Lower East Side	$2,108	3,025	3,541	4,169
Midtown East	$2,297	3,307	4,257	5,105
Midtown West	$2,297	3,309	4,674	5,307
Morningside Heights	$2,047	2,311	3,347	4,038
Murray Hill	$2,358	3,221	3,876	4,590
Soho/Tribeca	$2,365	3,805	5,072	8,596
Upper East Side	$1,929	2,571	3,261	5,548
Upper West Side	$2,069	2,639	3,598	5,968
Washington Heights	$1,271	1,688	2,232	2,833
West Village	$2,435	3,498	4,838	5,439
Average: Q4/15	$2,183	2,986	4,025	5,242
Average: Q3/15	$2,127	2,881	3,970	5,223
% Change	-3.4%	-2.0%	-1.3%	-1.0%
Average: Q4/14	$2,127	2,881	3,970	5,223
% Change: Q4-14/15	6.7%	6.1%	3.7%	2.0%

AVERAGE VACANCY RATE: Q4 2015

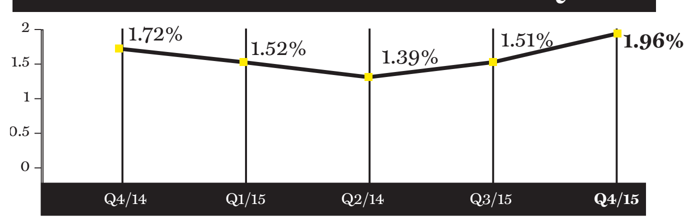
Location	Vacancy Rate
BPC/Financial Dist.	1.91%
Chelsea	2.08%
East Village	2.96%
Gramercy	1.09%
Midtown East	2.18%
Midtown West	1.91%
Murray Hill	1.78%
Soho/Tribeca	1.18%
Upper East Side	1.73%
Upper West Side	2.24%
West Village	2.55%
Average: Q4/15	1.96%
Average: Q3/15	1.51%
Difference	0.45
Average: Q4/14	1.72%
Difference: Q4-15/14	0.24

% OF TRANSACTIONS WITH A CONCESSION FOURTH QUARTER 2015 **12%**

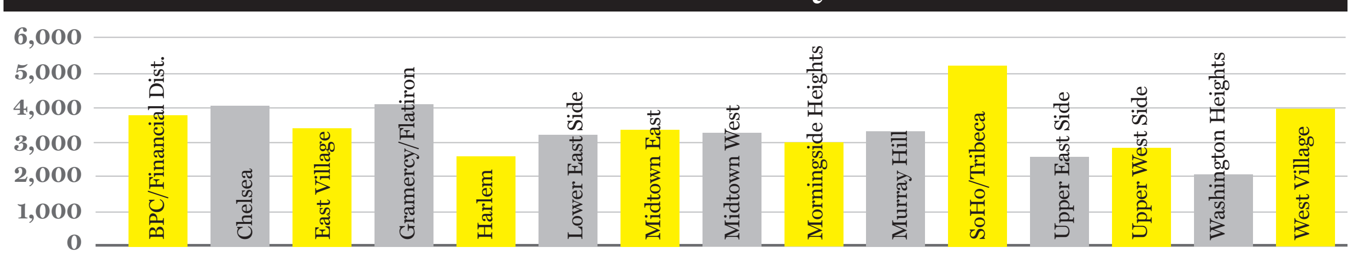
OVERALL BLENDED AVERAGES: Q4 2015

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	$3,415	4,529	7,000	8,263
Doorman	$2,895	4,010	6,236	7,691
Elevator**	$2,480	3,270	4,342	5,867
Walkup***	$2,287	2,759	3,537	4,892

MANHATTAN RENTAL VACANCY RATES: Q4 2015



MEDIAN RENT SUMMARY: Q4 2015



Median	$3,736	$4,013	$3,345	$4,090	$2,542	$3,183	$3,348	$3,272	$2,972	$3,298	$5,148	$2,570	$2,836	$2,092	$3,947

*New Developments include all rental and condo buildings built after 2006. **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.

Manhattan Residential Rental Market Report

December 2015

AVERAGE RENT SUMMARY: December 2015

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	$2,656	3,517	5,022	6,144
Chelsea	$2,563	3,480	5,492	6,993
East Village	$2,257	2,667	3,513	4,668
Gramercy/Flatiron	$2,649	3,633	5,226	6,120
Harlem	$1,636	1,975	2,338	3,295
Lower East Side	$2,074	3,000	3,598	4,174
Midtown East	$2,292	3,320	4,199	5,079
Midtown West	$2,200	3,303	4,519	5,201
Morningside Heights	$2,067	2,425	3,495	4,067
Murray Hill	$2,447	3,230	3,940	4,650
Soho/Tribeca	$2,350	3,775	5,095	8,367
Upper East Side	$1,915	2,699	3,444	5,550
Upper West Side	$2,051	2,653	3,565	5,900
Washington Heights	$1,248	1,581	2,277	2,749
West Village	$2,420	3,443	4,988	5,523
Average: December	$2,178	2,970	4,037	5,222
Average: November	$2,169	2,938	3,991	5,216
% Change	0%	1%	1%	0%

AVERAGE VACANCY RATE: December 2015

Location	Vacancy Rate
BPC / Financial Dist.	2.03%
Chelsea	2.28%
East Village	3.16%
Gramercy	1.08%
Midtown East	2.31%
Midtown West	2.13%
Murray Hill	1.89%
Soho/Tribeca	1.29%
Upper East Side	1.61%
Upper West Side	2.41%
West Village	2.34%
Average: December	2.06%
Average: November	2.02%
Difference	0.03

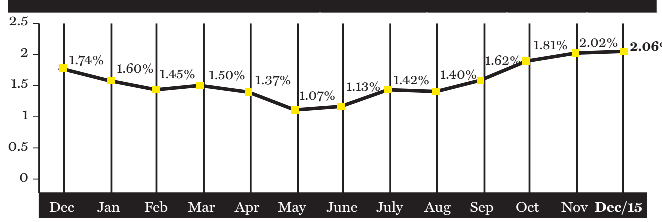
% OF TRANSACTIONS WITH A CONCESSION DECEMBER 2015

14%

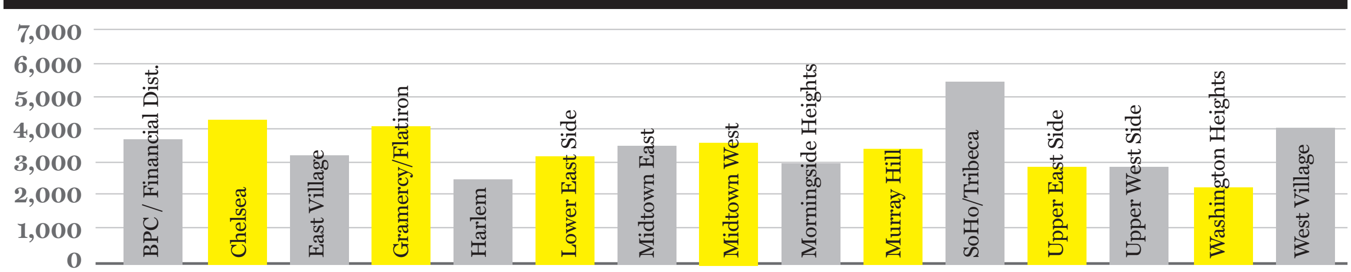
OVERALL BLENDED AVERAGES: December 2015

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	$3,435	4,542	7,000	8,276
Doorman	$2,888	4,000	6,216	7,715
Elevator**	$2,518	3,258	4,308	5,951
Walkup***	$2,280	2,757	3,452	4,856

MANHATTAN RENTAL VACANCY RATES: December 2015



MEDIAN RENT SUMMARY: December 2015



	BPC / Financial Dist.	Chelsea	East Village	Gramercy/Flatiron	Harlem	Lower East Side	Midtown East	Midtown West	Morningside Heights	Murray Hill	SoHo/Tribeca	Upper East Side	Upper West Side	Washington Heights	West Village
Median	$3,683	$4,295	$3,236	$4,095	$2,500	$3,200	$3,500	$3,622	$3,022	$3,400	$5,400	$2,900	$2,885	$2,275	$3,995

*New Developments include all rental and condo buildings built after 2006. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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CITI HABITATS

November 2015

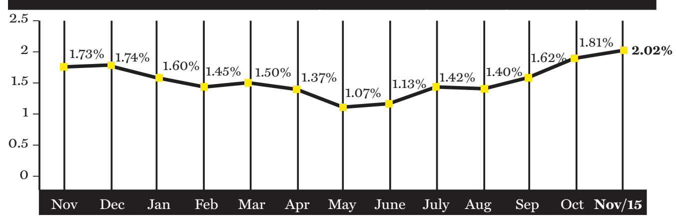
AVERAGE RENT SUMMARY: November 2015				
Location	**Studio**	**1BR**	**2BR**	**3BR**
BPC / Financial Dist.	$2,560	3,360	4,920	6,003
Chelsea	$2,494	3,565	5,636	7,042
East Village	$2,310	2,761	3,400	4,618
Gramercy/Flatiron	$2,775	3,706	5,350	6,095
Harlem	$1,695	2,037	2,443	3,340
Lower East Side	$2,100	2,975	3,450	4,158
Midtown East	$2,313	3,295	2,973	5,038
Midtown West	$2,290	3,353	4,680	5,320
Morningside Heights	$2,000	2,259	3,395	4,098
Murray Hill	$2,248	3,140	3,738	4,525
Soho/Tribeca	$2,338	3,828	5,148	8,500
Upper East Side	$1,966	2,449	3,083	5,620
Upper West Side	$2,031	2,531	3,357	6,034
Washington Heights	$1,264	1,694	2,288	2,801
West Village	$2,298	3,271	4,847	5,200
Average: November	$2,169	2,938	3,904	5,216
Average: October	$2,203	$3,051	$4,047	$5,289
% Change	-2%	-4%	-4%	-1%

AVERAGE VACANCY RATE: November 2015	
Location	**Vacancy Rate**
BPC / Financial Dist.	1.81%
Chelsea	2.29%
East Village	3.24%
Gramercy	1.23%
Midtown East	2.24%
Midtown West	1.91%
Murray Hill	1.76%
Soho/Tribeca	1.16%
Upper East Side	1.82%
Upper West Side	2.36%
West Village	2.64%
Average: November	2.02%
Average: October	1.81%
Difference	0.21

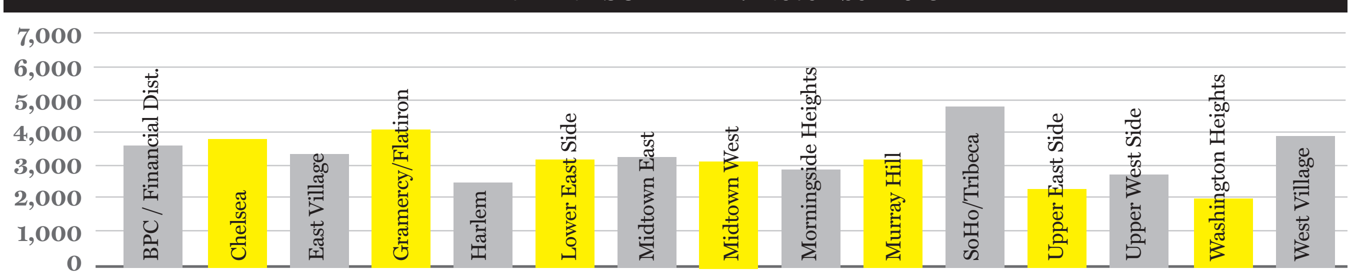
% OF TRANSACTIONS WITH A CONCESSION NOVEMBER 2015 **13%**

OVERALL BLENDED AVERAGES: November 2015				
BLDG Classification	**Studio**	**1BR**	**2BR**	**3BR**
New Development w/ DM*	$3,398	4,531	6,999	8,210
Doorman	$2,902	4,022	6,233	7,665
Elevator**	$2,473	3,274	4,387	5,754
Walkup***	$2,272	2,742	3,560	4,837

MANHATTAN RENTAL VACANCY RATES: November 2015



MEDIAN RENT SUMMARY: November 2015



Median	$3,650	$3,800	$3,350	$4,075	$2,500	$3,200	$3,250	$3,095	$2,895	$3,200	$4,795	$2,335	$2,773	$2,000	$3,895

*New Developments include all rental and condo buildings built after 2006. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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Manhattan Residential Rental Market Report

October 2015

AVERAGE RENT SUMMARY: October 2015

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	$2,723	3,273	5,098	6,298
Chelsea	$2,332	3,675	5,507	6,950
East Village	$2,188	2,624	3,380	4,610
Gramercy/Flatiron	$2,510	3,947	5,510	6,175
Harlem	$1,823	2,492	2,654	3,221
Lower East Side	$2,150	3,100	3,575	4,175
Midtown East	$2,285	3,307	4,300	5,198
Midtown West	$2,400	3,271	4,823	5,400
Morningside Heights	$2,074	2,250	3,150	3,948
Murray Hill	$2,380	3,294	3,950	4,596
Soho/Tribeca	$2,408	3,811	4,973	8,920
Upper East Side	$1,906	2,565	3,257	5,475
Upper West Side	$2,126	2,732	3,871	5,971
Washington Heights	$1,300	1,790	2,131	2,948
West Village	$2,588	3,779	4,678	5,595
Average: October	$2,203	3,051	4,047	5,289
Average: September	$2,243	3,043	4,092	5,311
% Change	-2%	0%	-1%	0%

AVERAGE VACANCY RATE: October 2015

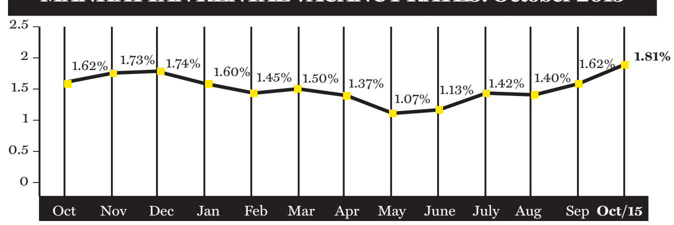
Location	Vacancy Rate
BPC / Financial Dist.	1.89%
Chelsea	1.67%
East Village	2.47%
Gramercy	0.97%
Midtown East	2.00%
Midtown West	1.70%
Murray Hill	1.69%
Soho/Tribeca	1.08%
Upper East Side	1.75%
Upper West Side	1.96%
West Village	2.66%
Average: October	1.81%
Average: September	1.64%
Difference	0.17

% OF TRANSACTIONS WITH A CONCESSION OCTOBER 2015 **8%**

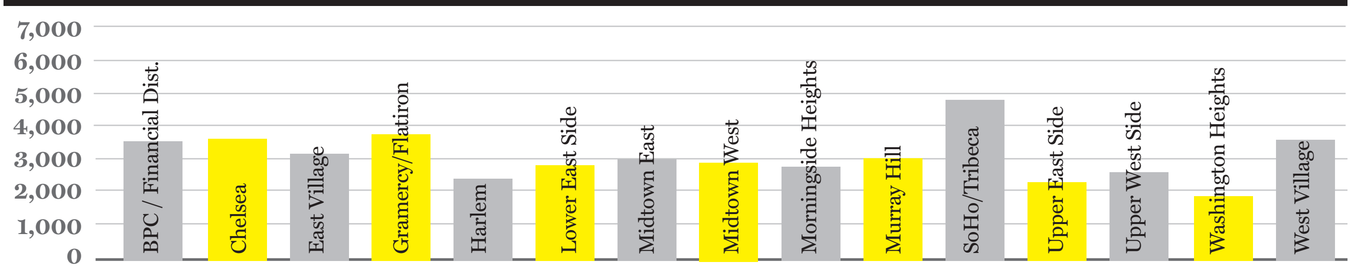
OVERALL BLENDED AVERAGES: October 2015

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	$3,411	4,512	7,002	8,304
Doorman	$2,895	4,009	6,257	7,694
Elevator**	$2,449	3,277	4,332	5,894
Walkup***	$2,311	2,778	3,599	4,984

MANHATTAN RENTAL VACANCY RATES: October 2015



MEDIAN RENT SUMMARY: October 2015



Median	$3,875	$3,945	$3,450	$4,100	$2,625	$3,150	$3,295	$3,100	$3,000	$3,295	$5,250	$2,475	$2,850	$2,000	$3,950

*New Developments include all rental and condo buildings built after 2006. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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