



Residential Rental Market Report

Third Quarter 2016

Manhattan Residential Rental Market Report



Third Quarter 2016

This report follows conditions in the Manhattan rental market during September 2016 as well as throughout the third quarter overall. In addition, we have also begun tracking average and median rents for the borough of Brooklyn – starting in August of this year.

When comparing September with the month that preceded it, average rents for Manhattan and Brooklyn declined overall. In Manhattan, available inventory increased, while the percentage of new leases offering a move-in incentive climbed to the highest level in over six years. All of these signs point to an increasingly tenant-friendly market as we enter fall.

Rents were a ‘mixed bag,’ but most recently have been trending downward.

When comparing September to August, pricing decreased the most for three-bedroom apartments, where rents fell 3%. Average rents for studio and two-bedroom units experienced a minor 1% drop, while one-bedroom homes increased in price by a minimal amount.

However, when looking year-over-year, rents rose for studio and one-bedroom apartments by 5% and 2%, respectively. Meanwhile, rents remained flat for two-bedrooms, while the average three-bedroom home rented for 2% less than it did a year earlier.

In Brooklyn, rents for studio and two-bedroom apartments fell 2% since August, while they declined 1% for one-bedroom homes. In contrast, rents climbed 2% for 3-bedroom units.

Meanwhile, Manhattan vacancies are on the rise.

When examining vacancy rates across Manhattan, we found 1.80% of apartments to be available during September 2016, up from 1.73% in August. Year-over-year inventory also increased. During September 2015, 1.62% of apartments were vacant. In fact, the vacancy rate for September 2016 was the highest tracked for the month of September since 9/2009, when 1.83% of homes were unoccupied.

Landlord incentives were found in over a quarter of new leases.

The prevalence of landlord incentives for Manhattan apartments increased substantially, both month-over-month and year-over-year. In September 2016, a full 28% of new leases included a concession, compared to 19% in August and 10% in September 2015. June 2010 was the last time move-in incentives were this prevalent – when they were also found in 28% of leases.

Quarterly data shows rents remain relatively high, while vacancy rose and concessions increased.

Average Manhattan rents for all apartment categories declined from the second quarter of 2016 except for studios, which increased slightly. When compared to the third quarter of 2015 however, rents are up across the board. The borough's vacancy rate increased (to 1.82%) both quarter-over-quarter and year-over-year. At 22%, the quarterly percentage of leases that included an incentive is also the highest its been in six years – matching the percentage found during Q3 2010.

Key Takeaways:

September's data illustrates how price-sensitive the New York rental market has become. Landlords have rebounded nicely since the ‘great recession’ with average rents surpassing pre-recession highs. While there remains demand in the marketplace, many building owners have to rely on incentives to give tenants the sense of ‘value’ they seek.

And there's a lot of new inventory out there. Our research department found that in Manhattan, Brooklyn and Western Queens, over 10,700 new market rate units are currently leasing. However, savvy owners will do what it takes to move their available inventory as fall progresses – be it adjusting rents or increasing move-in incentives further. In the end, all new product will be absorbed.

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 2016



AVERAGE RENT	MEDIAN RENT
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\$2,026	\$2,250
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\$2,372	\$2,750
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\$2,869	\$3,200
---------	---------

\$3,750	\$3,000
---------	---------

\$3,306	\$2,800
---------	---------

\$3,706	\$3,275
---------	---------

\$3,806	\$3,450
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\$3,937	\$3,350
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\$4,244	\$4,395
---------	---------

\$4,583	\$4,200
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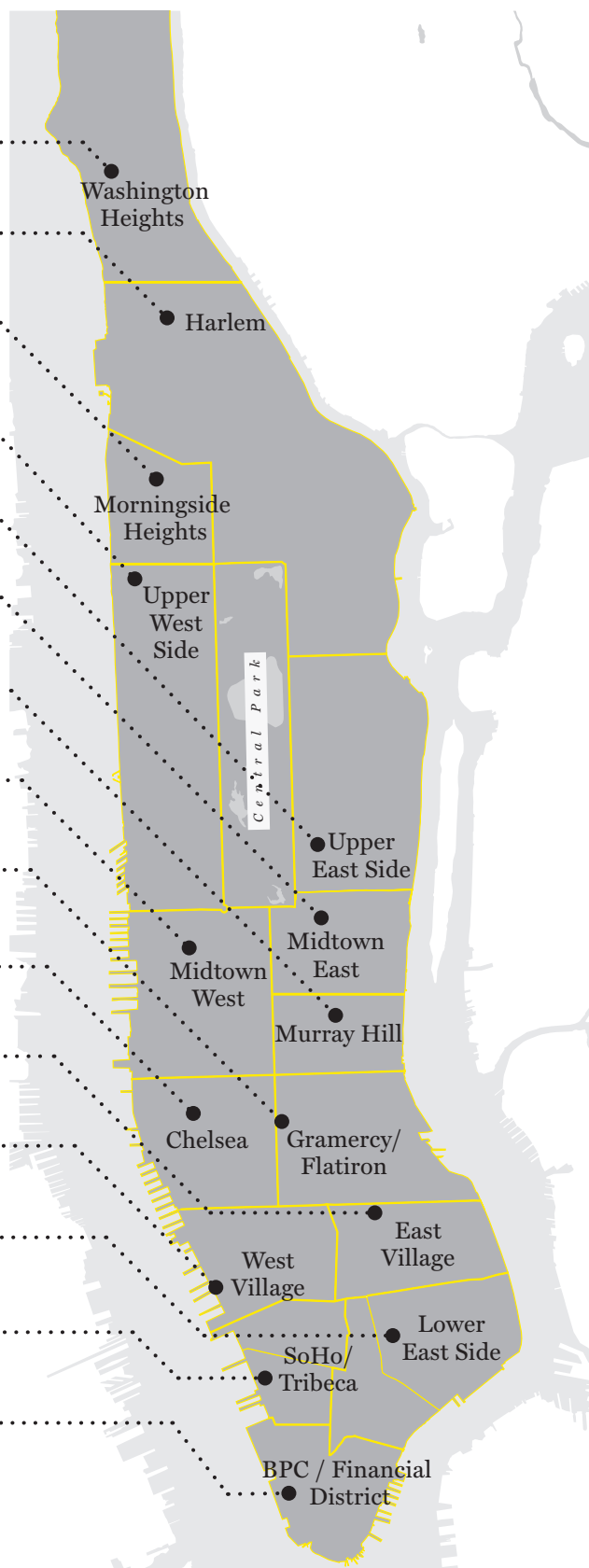
\$3,517	\$3,450
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\$4,357	\$3,900
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\$3,536	\$3,325
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\$4,841	\$5,300
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\$4,548	\$3,960
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The 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 NKT.

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Manhattan Residential Rental Market Report

September 2016



AVERAGE RENT SUMMARY: September 2016

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$3,190	3,698	5,256	6,049
Chelsea	\$2,636	3,755	5,386	6,556
East Village	\$2,432	2,990	3,657	4,987
Gramercy/Flatiron	\$2,638	3,457	4,900	5,980
Harlem	\$1,615	2,200	2,733	2,940
Lower East Side	\$2,200	3,179	3,998	4,767
Midtown East	\$2,315	3,394	4,050	5,063
Midtown West	\$2,477	3,350	4,340	5,579
Morningside Heights	\$2,000	2,642	3,183	3,652
Murray Hill	\$2,696	3,058	4,369	5,100
Soho/Tribeca	\$2,738	3,597	5,800	7,230
Upper East Side	\$2,071	2,514	3,228	5,409
Upper West Side	\$2,089	2,925	4,169	5,815
Washington Heights	\$1,550	1,924	2,034	2,597
West Village	\$2,632	3,752	4,321	6,721
Average: September	\$2,352	3,096	4,095	5,230
Average: August	\$2,378	3,087	4,125	5,399
% Change	-1%	0%	-1%	-3%

AVERAGE VACANCY RATE: September 2016

Location	Vacancy Rate
BPC / Financial Dist.	1.52%
Chelsea	1.84%
East Village	2.09%
Gramercy	1.72%
Midtown East	1.72%
Midtown West	1.74%
Murray Hill	1.80%
Soho/Tribeca	1.67%
Upper East Side	1.95%
Upper West Side	1.92%
West Village	2.18%
Average: September	1.80%
Average: August	1.73%
Difference	0.07

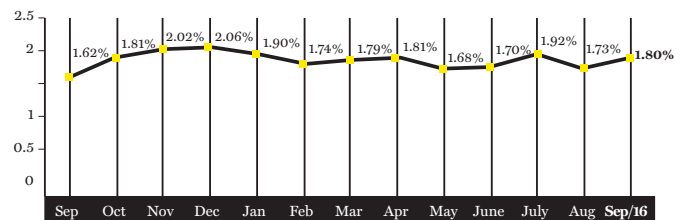
% OF TRANSACTIONS WITH A
CONCESSION SEPTEMBER 2016

28%

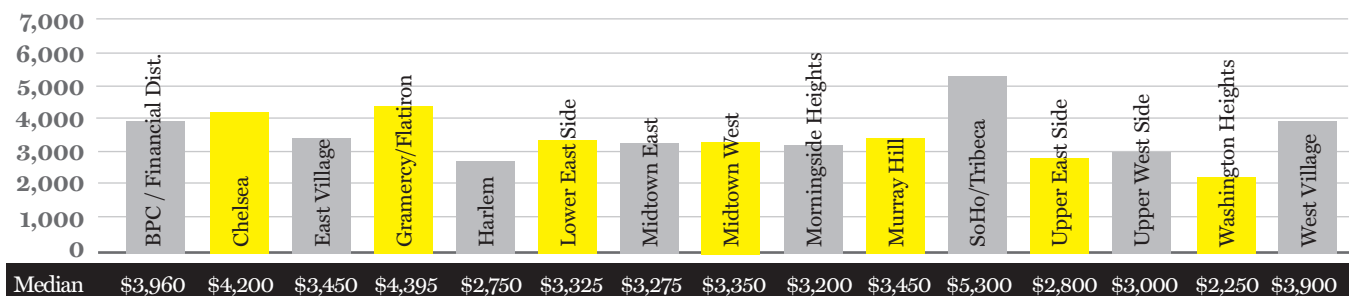
OVERALL BLENDED AVERAGES: September 2016

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,318	4,668	7,670	9,929
Doorman	\$2,938	4,173	6,571	8,807
Elevator**	\$2,463	3,360	4,631	6,296
Walkup***	\$2,258	2,805	3,723	5,360

MANHATTAN RENTAL VACANCY RATES: September 2016



MEDIAN RENT SUMMARY: September 2016



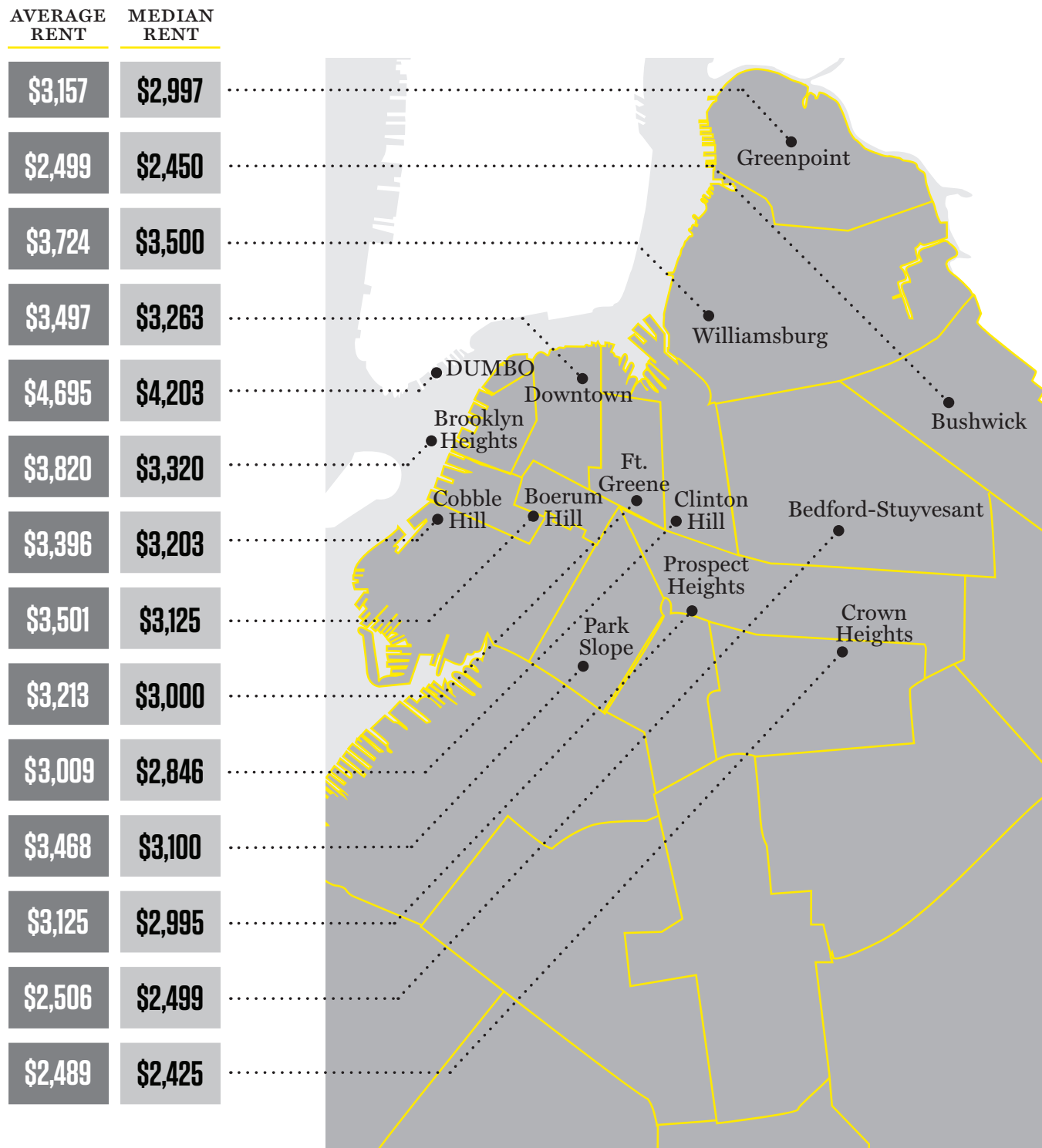
*New Developments include all rental and condo buildings built after 2008. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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Brooklyn Residential Rental Market Report

September 2016



Brooklyn Residential Rental Market Report

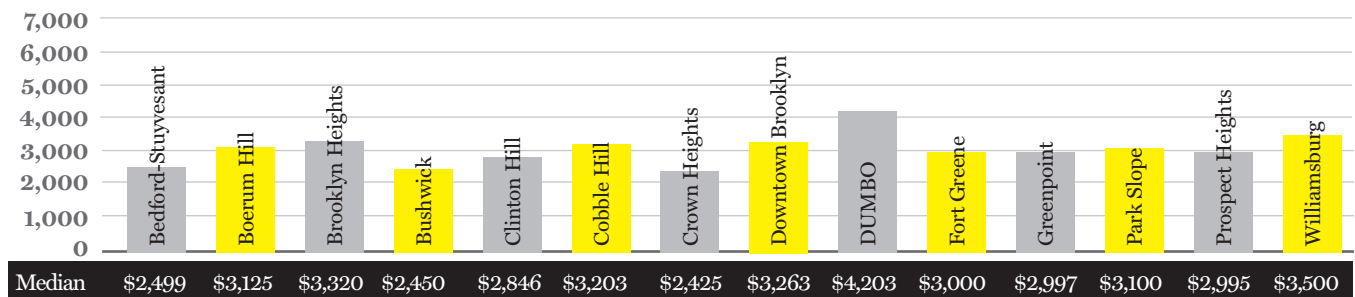
September 2016



AVERAGE RENT SUMMARY: September 2016

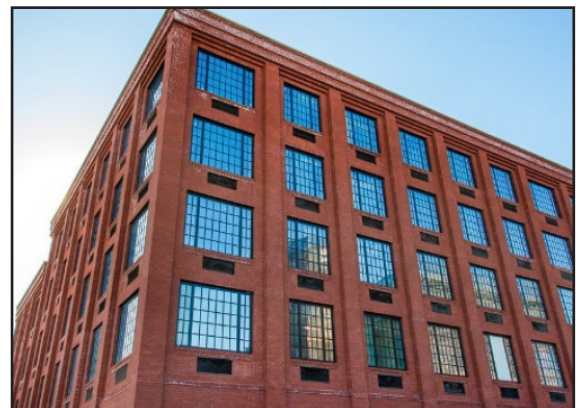
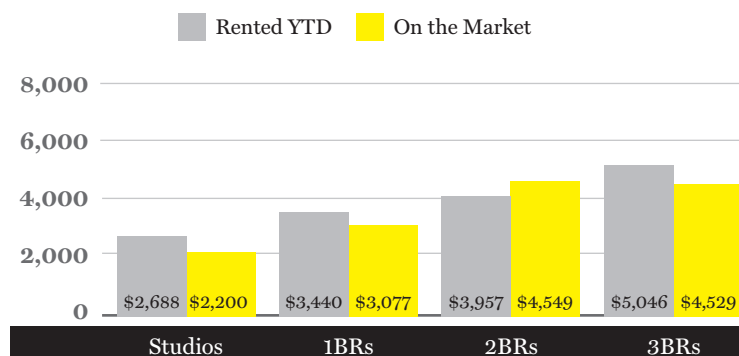
Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$2,000	2,134	2,542	2,945
Boerum Hill	\$2,663	2,871	3,705	6,150
Brooklyn Heights	\$2,586	3,149	4,784	6,823
Bushwick	\$1,575	2,050	2,361	2,983
Clinton Hill	\$2,208	2,694	3,061	4,008
Cobble Hill	\$2,313	3,023	3,864	6,225
Crown Heights	\$1,769	2,071	2,614	2,835
Downtown Brooklyn	\$2,643	3,209	4,462	7,000
DUMBO	\$3,239	4,223	5,580	8,323
Fort Greene	\$2,424	3,106	3,851	4,560
Greenpoint	\$1,950	2,654	3,373	3,971
Park Slope	\$2,154	2,744	3,526	4,682
Prospect Heights	\$2,073	2,702	3,415	3,997
Williamsburg	\$2,859	3,406	4,095	4,977
Average: September	\$2,318	2,860	3,660	4,963
Average: August	\$2,364	2,901	3,750	4,848
% Change	-2%	-1%	-2%	2%

MEDIAN RENT SUMMARY: September 2016



NEW DEVELOPMENTS SPOTLIGHT: Greenpoint

Greenpoint Rental Summary: September 2016



72 Box Street

Manhattan Residential Rental Market Report



Third Quarter 2016

AVERAGE RENT SUMMARY: Q3 2016

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$3,196	3,753	5,445	6,158
Chelsea	\$2,574	3,831	5,253	6,606
East Village	\$2,447	2,905	3,547	4,876
Gramercy/Flatiron	\$2,551	3,603	5,028	6,117
Harlem	\$1,537	2,154	2,722	3,046
Lower East Side	\$2,360	3,192	4,052	4,772
Midtown East	\$2,415	3,234	4,223	5,204
Midtown West	\$2,485	3,285	4,351	5,489
Morningside Heights	\$2,037	2,558	3,200	3,767
Murray Hill	\$2,634	3,081	4,295	5,259
Soho/Tribeca	\$2,857	3,563	5,953	7,522
Upper East Side	\$2,100	2,544	3,124	5,514
Upper West Side	\$2,133	2,866	4,241	5,877
Washington Heights	\$1,533	1,825	2,059	2,653
West Village	\$2,632	3,815	4,414	6,811
Average: Q3/16	\$2,366	3,081	4,127	5,311
Average: Q2/16	\$2,324	3,114	4,134	5,322
% Change	1.8%	-1.1%	-0.2%	-0.2%
Average: Q3/15	\$2,259	3,047	4,078	5,297
% Change: Q3-13/16	4.7%	1.1%	1.2%	0.3%

AVERAGE VACANCY RATE: Q3 2016

Location	Vacancy Rate
BPC/Financial Dist.	1.56%
Chelsea	1.86%
East Village	1.98%
Gramercy	1.52%
Midtown East	1.71%
Midtown West	1.75%
Murray Hill	1.62%
Soho/Tribeca	1.60%
Upper East Side	1.97%
Upper West Side	2.27%
West Village	2.20%
Average: Q3/16	1.82%
Average: Q2/16	1.69%
Difference	0.13
Average: Q3/15	1.51%
Difference: Q3-15/16	0.31

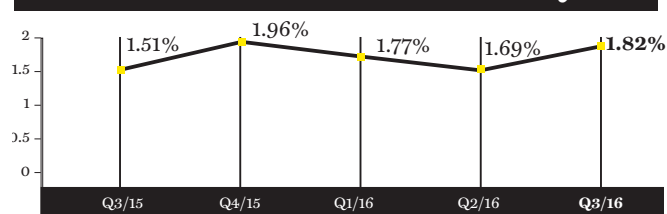
% OF TRANSACTIONS WITH A
CONCESSION THIRD QUARTER 2016

22%

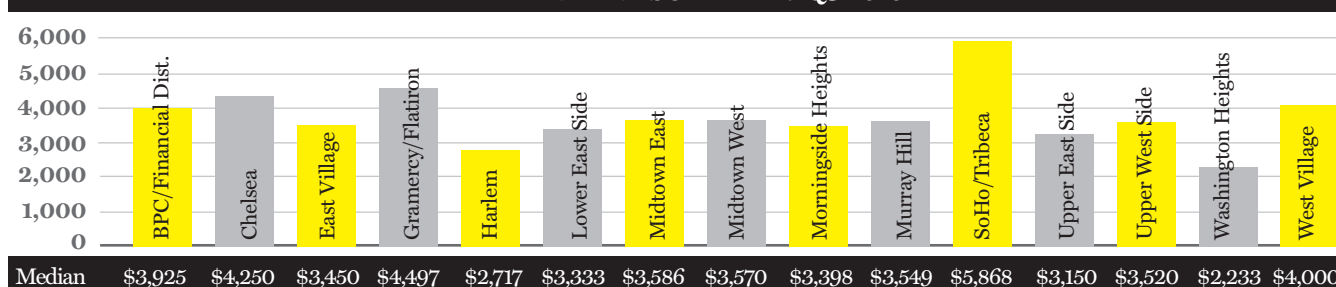
OVERALL BLENDED AVERAGES: Q3 2016

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,382	4,708	7,672	9,739
Doorman	\$2,933	4,139	6,672	8,605
Elevator**	\$2,499	3,321	4,649	6,175
Walkup***	\$2,318	2,811	3,775	5,309

MANHATTAN RENTAL VACANCY RATES: Q3 2016



MEDIAN RENT SUMMARY: Q3 2016



*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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