



Residential Rental Market Report

Fourth Quarter 2016

Manhattan Residential Rental Market Report



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This report follows overall conditions in the Manhattan rental market during December 2016 as well as throughout the fourth quarter. In addition, we also track average and median rents for the borough of Brooklyn for the same period.

The most recent data for December shows there is considerable local demand for rental housing. However, there is still a disconnect between the rents that landlords want to achieve and the pricing tenants are willing to pay, which is why concessions remain a significant force in the marketplace.

Overall rents in Manhattan and Brooklyn continued to trend downward.

When comparing December to the previous month, pricing decreased the most for studio apartments, where rents fell 2%. Average rents for one- and two-bedroom units experienced a minor 1% drop, while average pricing for three-bedroom homes increased by a minimal amount.

In Brooklyn, rents for studio and three-bedroom apartments fell 2% since November, while they declined 1% for one- and two-bedroom units.

However, most tenants still paid more for Manhattan apartments than they did in the previous year.

Despite the average rent declines over the last six months, it's important to keep in mind that rents are still higher when compared to December 2015.

Studios rented for 7% more on average in December 2016 than during the same period the year prior. Rents for one- and two-bedroom homes increased in price by 2%, while pricing for three-bedroom homes remained stable year-over-year.

Incentives helped boost the market during the December lull.

In December, many building owners took a proactive approach to the use of incentives, and their usage increased month-over-month. In fact, the percentage of leases that included a concession hit 35%, the highest level since April 2010.

Because of the holiday season, December is traditionally one of the slowest months for the city's rental market. This year, concessions helped limit the effects of this seasonal slow-down. While Manhattan rents declined and the overall vacancy rate increased, both shifts were relatively minor month-over-month, thanks in part to the savvy use of incentives.

However, the Manhattan vacancy rate remained at a level not seen since 2009.

The Manhattan vacancy rate reached 2.13% in December 2016, which is a slight rise from November's rate of 2.11%. However, vacancies across the borough are still comparatively high - historically speaking. The last time this much inventory was available on the market was in April of 2009, when 2.28% of homes were available for rent.

The fourth quarter data mirrors our monthly findings.

Average Manhattan rents declined slightly overall when compared to the third quarter of 2016, with three-bedroom homes experiencing the largest price declines (-1.5%). As was the case with December 2016, quarterly average rents increased year-over-year. The largest rent gains occurred for studio units, where pricing rose 8.5% since Q4 2015.

Meanwhile, the fourth quarter's vacancy rate of 2.06% was higher than it was both in the third quarter and year-over-year. In addition, the quarter's concession percentage of 29% is the highest rate we have tracked since the second quarter of 2010.

Our goal with this report is to provide renters and landlords alike relevant rental market data to help them make smart, informed decisions. We hope that you find this report to be a valuable resource - and remember, our team is always here to help.

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



December 2016

AVERAGE RENT	MEDIAN RENT
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\$1,836	\$2,400
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\$2,432	\$2,595
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\$2,738	\$3,495
---------	---------

\$3,825	\$3,600
---------	---------

\$3,376	\$3,300
---------	---------

\$3,771	\$3,650
---------	---------

\$3,800	\$3,455
---------	---------

\$3,790	\$3,545
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\$4,300	\$4,250
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\$4,522	\$3,985
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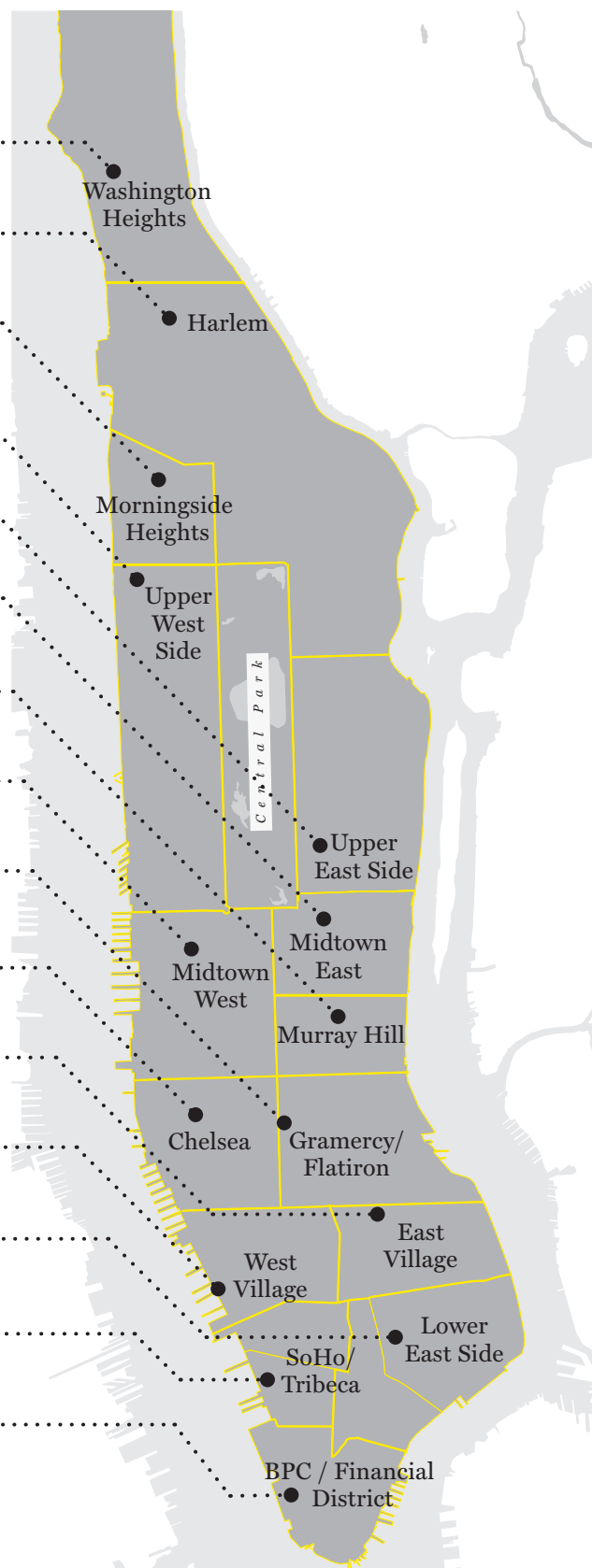
\$3,573	\$3,300
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\$4,076	\$3,795
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\$3,568	\$3,100
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\$5,019	\$5,495
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\$4,451	\$3,655
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Manhattan Residential Rental Market Report

December 2016



AVERAGE RENT SUMMARY: December 2016

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,775	3,470	5,260	6,300
Chelsea	\$2,674	3,816	5,213	6,386
East Village	\$2,516	3,107	3,622	5,048
Gramercy/Flatiron	\$2,558	3,400	5,174	6,067
Harlem	\$1,770	2,058	2,499	3,400
Lower East Side	\$2,295	3,298	3,932	4,748
Midtown East	\$2,329	3,313	4,437	5,006
Midtown West	\$2,479	3,215	4,270	5,195
Morningside Heights	\$2,013	2,413	2,950	3,575
Murray Hill	\$2,484	3,180	4,242	5,295
Soho/Tribeca	\$2,539	3,600	6,036	7,900
Upper East Side	\$2,213	2,622	3,519	5,150
Upper West Side	\$2,202	2,964	4,184	5,948
Washington Heights	\$1,600	1,710	1,913	2,119
West Village	\$2,438	3,427	4,362	6,075
Average: December	\$2,352	3,096	4,095	5,230
Average: November	\$2,383	3,055	4,137	5,224
% Change	-2%	-1%	-1%	0%

AVERAGE VACANCY RATE: December 2016

Location	Vacancy Rate
BPC / Financial Dist.	1.94%
Chelsea	2.30%
East Village	2.20%
Gramercy	1.97%
Midtown East	2.05%
Midtown West	2.39%
Murray Hill	1.90%
Soho/Tribeca	1.73%
Upper East Side	2.21%
Upper West Side	2.12%
West Village	2.72%
Average: December	2.13%
Average: November	2.11%
Difference	0.02

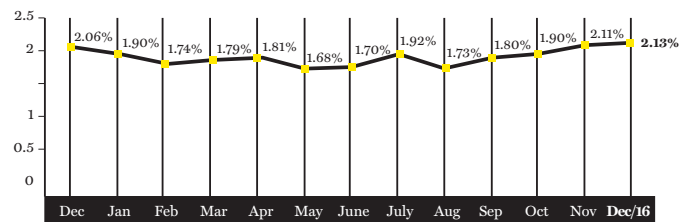
% OF TRANSACTIONS WITH A
CONCESSION DECEMBER 2016

35%

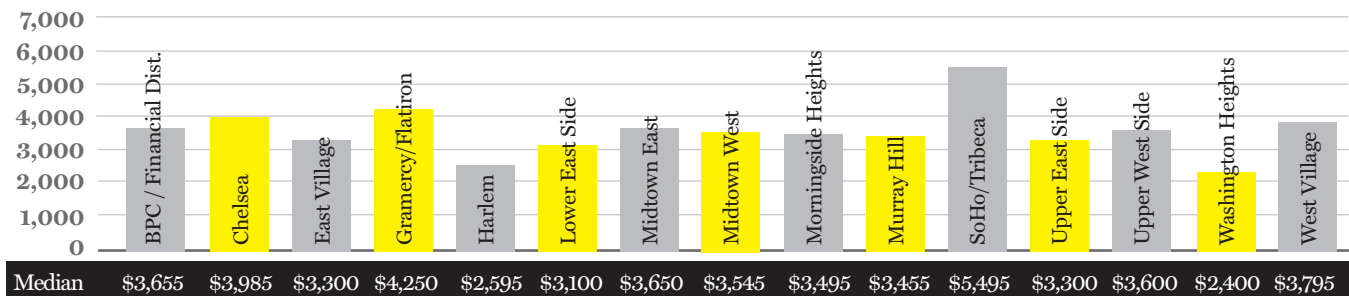
OVERALL BLENDED AVERAGES: December 2016

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,259	4,581	7,354	10,191
Doorman	\$2,843	3,966	6,387	9,358
Elevator**	\$2,431	3,176	4,370	6,234
Walkup***	\$2,115	2,698	3,540	4,946

MANHATTAN RENTAL VACANCY RATES: December 2016



MEDIAN RENT SUMMARY: December 2016



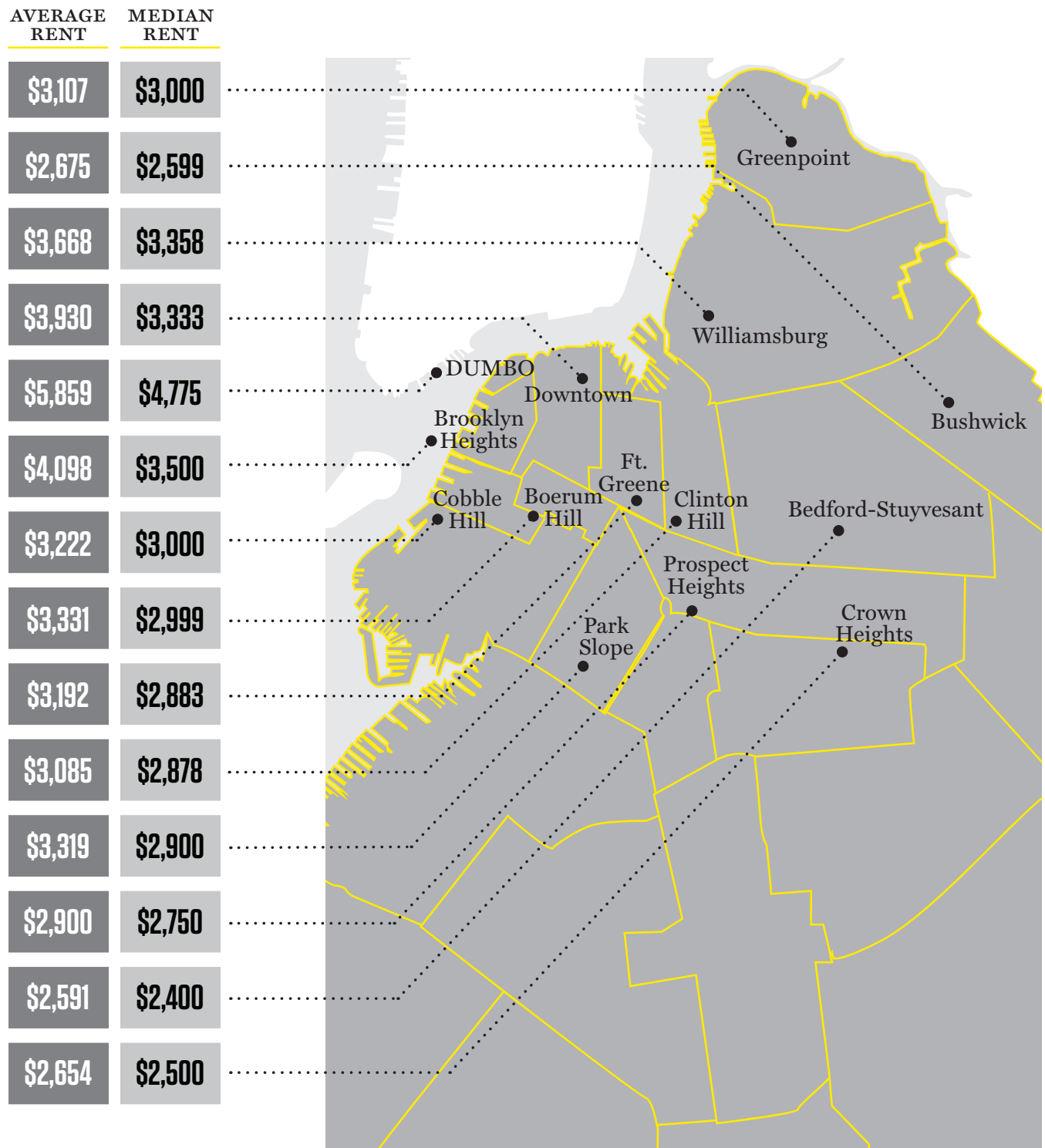
*New Developments include all rental and condo buildings built after 2008. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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Brooklyn Residential Rental Market Report

December 2016



Brooklyn Residential Rental Market Report

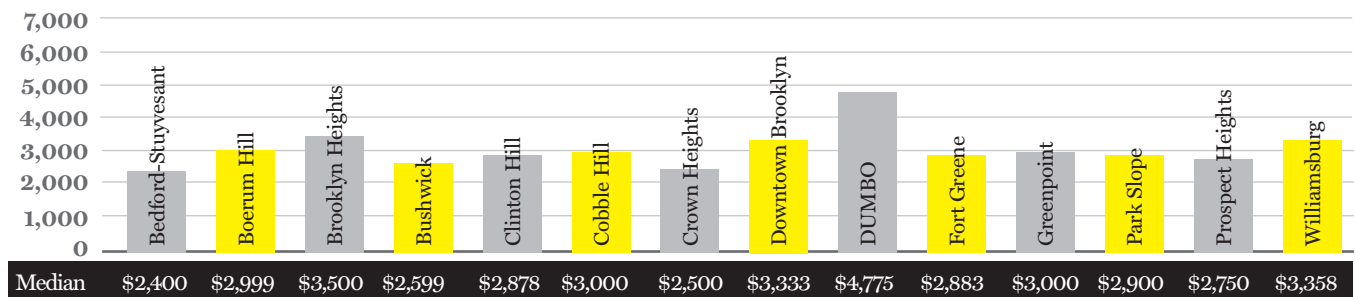
December 2016



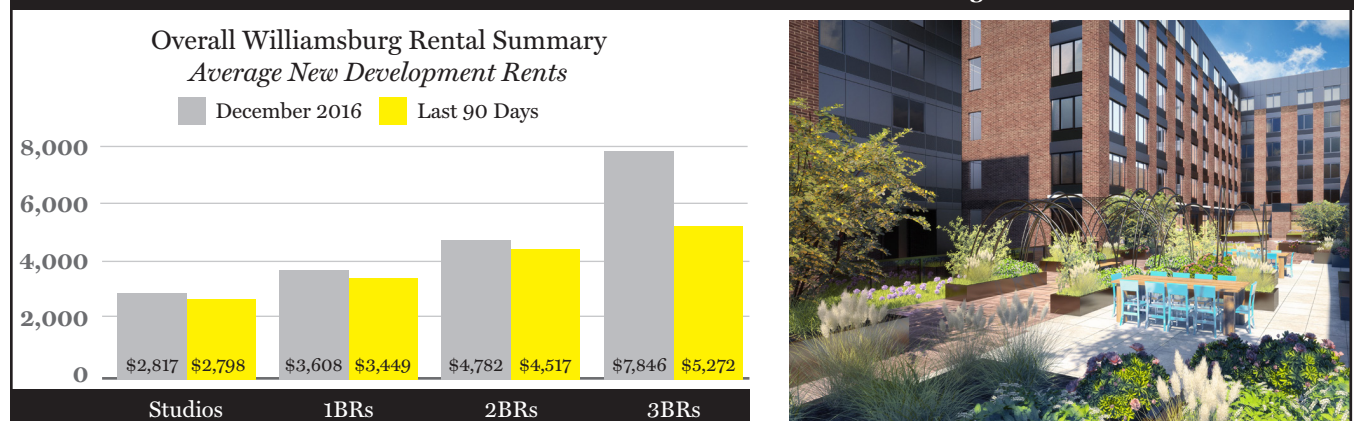
AVERAGE RENT SUMMARY: December 2016

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,754	2,101	2,451	2,842
Boerum Hill	\$2,484	2,871	3,701	5,361
Brooklyn Heights	\$2,441	3,087	4,533	7,628
Bushwick	N/A	2,063	2,417	2,935
Clinton Hill	\$2,284	2,565	3,159	4,131
Cobble Hill	\$2,128	2,787	3,448	5,000
Crown Heights	\$2,150	2,001	2,342	2,727
Downtown Brooklyn	\$2,514	3,182	4,592	8,174
DUMBO	\$3,066	4,141	6,454	9,075
Fort Greene	\$2,334	2,815	3,881	5,341
Greenpoint	\$2,100	2,545	3,305	3,525
Park Slope	\$2,072	2,550	3,213	4,179
Prospect Heights	\$2,127	2,555	3,117	3,684
Williamsburg	\$2,712	3,310	3,949	4,701
Average: December	\$2,320	2,755	3,612	4,950
Average: November	\$2,362	2,783	3,656	5,041
% Change	-2%	-1%	-1%	-2%

MEDIAN RENT SUMMARY: December 2016



NEW DEVELOPMENTS SPOTLIGHT: Williamsburg



55 North 5th Street

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Manhattan Residential Rental Market Report



Fourth Quarter 2016

AVERAGE RENT SUMMARY: Q4 2016

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$2,922	3,505	5,280	6,160
Chelsea	\$2,782	3,782	5,227	6,480
East Village	\$2,447	2,949	3,609	4,977
Gramercy/Flatiron	\$2,609	3,358	4,991	6,076
Harlem	\$1,749	2,157	2,693	3,329
Lower East Side	\$2,279	3,365	4,038	4,764
Midtown East	\$2,403	3,302	4,347	5,114
Midtown West	\$2,507	3,218	4,214	5,283
Morningside Heights	\$2,024	2,485	3,009	3,599
Murray Hill	\$2,620	3,219	4,435	5,257
Soho/Tribeca	\$2,794	3,526	6,088	7,700
Upper East Side	\$2,122	2,664	3,441	5,245
Upper West Side	\$2,106	2,946	4,207	5,865
Washington Heights	\$1,554	1,795	1,973	2,288
West Village	\$2,603	3,643	4,465	6,324
Average: Q4/16	\$2,368	3,061	4,134	5,231
Average: Q3/16	\$2,366	3,081	4,127	5,311
% Change	0.1%	-0.6%	0.2%	-1.5%
Average: Q4/15	\$2,183	2,986	4,025	5,242
% Change: Q4-13/16	8.5%	2.5%	2.7%	-0.2%

AVERAGE VACANCY RATE: Q4 2016

Location	Vacancy Rate
BPC/Financial Dist.	1.90%
Chelsea	2.10%
East Village	2.09%
Gramercy	1.97%
Midtown East	2.01%
Midtown West	2.09%
Murray Hill	1.91%
Soho/Tribeca	1.77%
Upper East Side	2.15%
Upper West Side	2.12%
West Village	2.60%
Average: Q4/16	2.06%
Average: Q3/16	1.82%
Difference	0.24
Average: Q4/15	1.96%
Difference: Q4-15/16	0.10

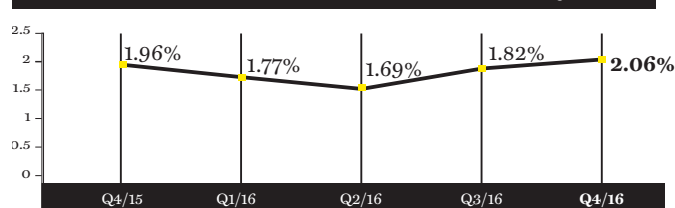
% OF TRANSACTIONS WITH A CONCESSION FOURTH QUARTER 2016

29%

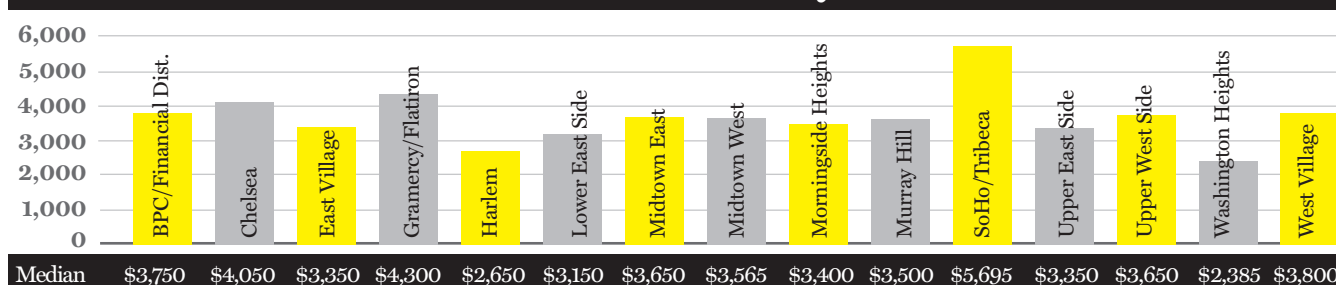
OVERALL BLENDED AVERAGES: Q4 2016

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,242	4,557	7,432	10,211
Doorman	\$2,841	3,991	6,442	9,372
Elevator**	\$2,422	3,232	4,444	6,248
Walkup***	\$2,197	2,729	3,587	5,034

MANHATTAN RENTAL VACANCY RATES: Q4 2016



MEDIAN RENT SUMMARY: Q4 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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Brooklyn Residential Rental Market Report

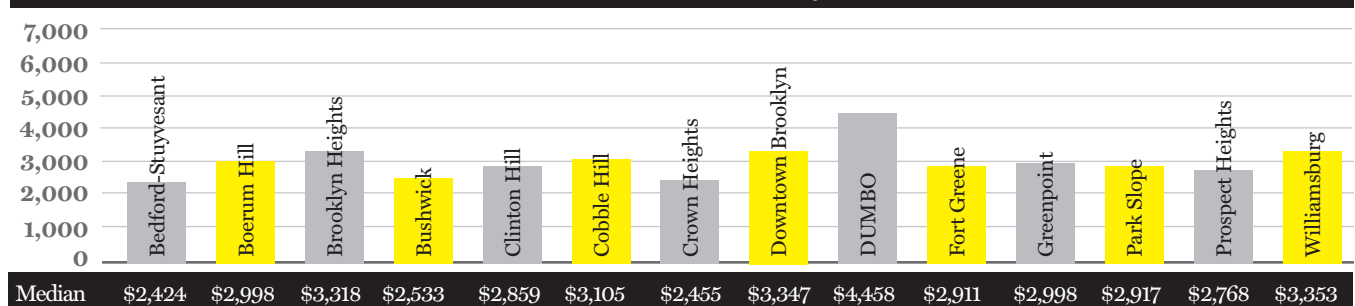
Fourth Quarter 2016



AVERAGE RENT SUMMARY: Q4 2016

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,874	2,107	2,501	2,880
Boerum Hill	\$2,476	2,893	3,690	5,435
Brooklyn Heights	\$2,429	3,074	4,611	7,510
Bushwick	\$1,500	2,122	2,424	2,947
Clinton Hill	\$2,284	2,597	3,160	3,916
Cobble Hill	\$2,224	2,860	3,719	4,827
Crown Heights	\$2,006	2,091	2,387	2,724
Downtown Brooklyn	\$2,507	3,190	4,493	8,507
DUMBO	\$3,214	4,094	6,092	9,464
Fort Greene	\$2,405	2,882	3,832	4,825
Greenpoint	\$2,150	2,625	3,285	3,893
Park Slope	\$2,069	2,581	3,287	4,452
Prospect Heights	\$2,154	2,611	3,087	3,650
Williamsburg	\$2,714	3,279	4,171	4,886
Average: December	\$2,286	2,786	3,624	4,994

MEDIAN RENT SUMMARY: Q4 2016



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