



Residential Rental Market Report

First Quarter 2017

Manhattan Residential Rental Market Report



First Quarter 2017

This report follows overall conditions in the Manhattan rental market during March 2017 as well as throughout the first quarter of the year. In addition, we track average and median rents for 14 neighborhoods in the borough of Brooklyn over the same period.

Our March data shows a slight increase in demand for Manhattan rentals. However, apartment seekers continued to be price sensitive and often toured a variety of buildings and neighborhoods in search of the best deal. To attract these comparison shoppers, landlords increased their use of incentives when compared to February.

Average rents in Manhattan and Brooklyn increased for all apartment categories.

As we entered spring, a season historically marked by an uptick in demand, many landlords decided to 'test the waters' with slight rent increases.

When comparing March to the month that preceded it, pricing in Manhattan was up by an average of 2% for both studio and three-bedroom apartments. Meanwhile, average rents for one- and two-bedroom units increased by 1%.

In Brooklyn, average rents rose 2% for studio, one- and two- bedroom homes during March, while rents for three-bedroom apartments increased by an average of 1%.

In addition, Manhattan rents climbed year-over-year across the board.

While rents declined steadily from June to December – and have been on the rise again only since the beginning of 2017, pricing is still higher overall than it was at this time last year.

When compared to March 2016, rents in the borough climbed an average of 6% for studios and 5% for one-bedroom homes. For two- and three-bedroom homes, rental pricing over the last twelve months was up 3% and 2% respectively.

Incentives remain a significant force in the marketplace.

Many landlords still rely on incentives to create a sense of value for apartment seekers. Building owners would much rather pay brokerage fees or offer a month - or more - of free rent to new tenants than lower their asking rent.

In March, 35% of new leases signed with Citi Habitats included some form of concession, up from 31% in February. Typically, incentives become less prevalent as spring approaches, so the increase in their use month-over-month is noteworthy.

Their use helped the Manhattan vacancy rate fall to a level not seen since September.

The Manhattan vacancy rate fell to 1.89% during March, from 1.98% in February. The last time inventory in the borough was this low was during September of last year, when 1.80% of units were vacant. We attribute this decline in vacancy to the seasonal increase in apartment demand - along with owners' effective use of move-in incentives.

The quarterly data reflects a mixed-bag overall, but concessions were also abundant.

During the first quarter of 2017, Manhattan rents remained stable when compared to the fourth quarter of 2016. Rents fell slightly for studio and two-bedroom homes, but they rose to a small degree for one- and three-bedroom apartments.

The first quarter's vacancy rate of 1.93% was lower than the previous quarter – but higher than it was during the first quarter of 2016. Meanwhile the concession percentage of 34% was higher than it was both in the fourth quarter and year-over-year. In fact, the second quarter of 2010 (when it also reached 34%) was the last quarter in which incentives were so prevalent.

Finding a rental apartment in New York City can be a challenge, especially in times like the present, when market conditions are complex. Remember, our team is always here to help - and we hope readers find this report to be a valuable resource.

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



March 2017

AVERAGE RENT	MEDIAN RENT
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\$1,917	\$2,200
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\$2,658	\$2,695
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\$2,693	\$3,205
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\$4,136	\$3,500
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\$3,423	\$3,300
---------	---------

\$3,659	\$3,300
---------	---------

\$3,455	\$3,545
---------	---------

\$3,797	\$3,525
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\$3,754	\$4,195
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\$4,261	\$3,990
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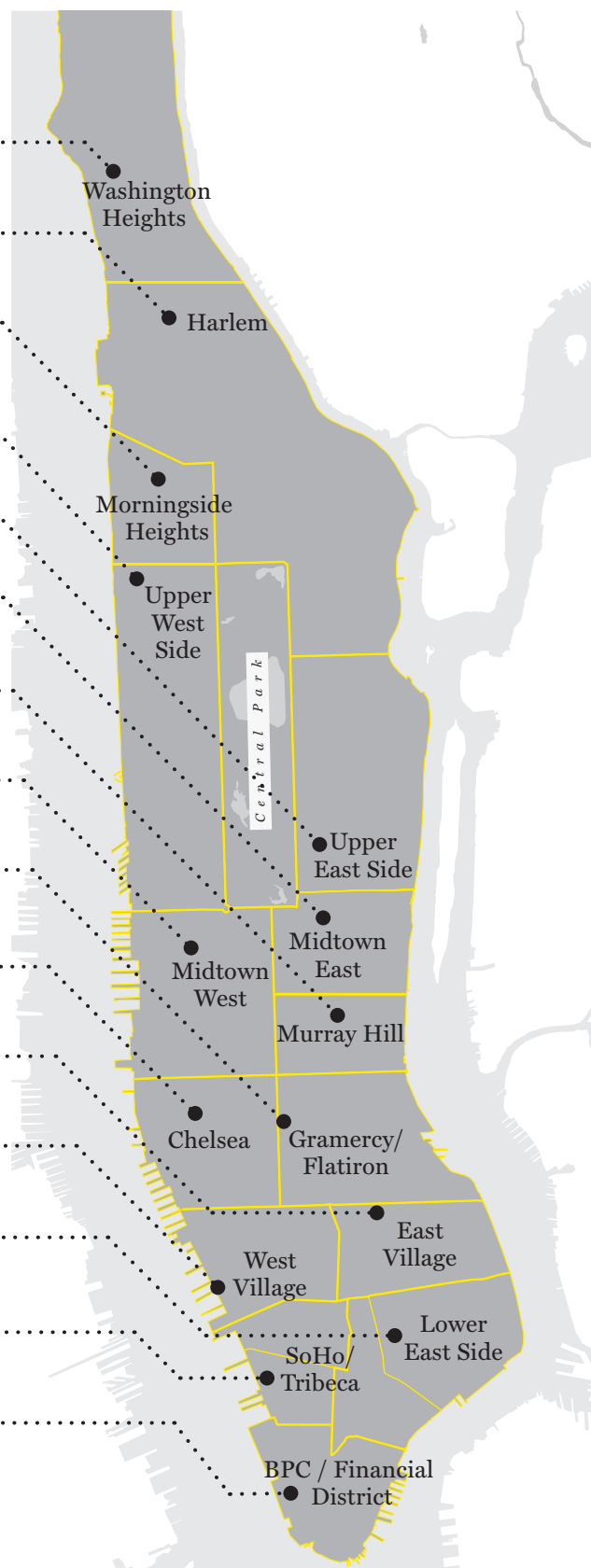
\$4,450	\$3,500
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\$3,427	\$3,650
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\$4,423	\$3,135
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\$5,311	\$6,000
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\$4,431	\$3,600
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Manhattan Residential Rental Market Report



March 2017

AVERAGE RENT SUMMARY: March 2017

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,586	3,550	5,088	6,500
Chelsea	\$2,744	3,799	4,993	6,264
East Village	\$2,367	3,090	3,541	4,709
Gramercy/Flatiron	\$2,649	3,592	4,800	6,004
Harlem	\$1,873	2,199	3,061	3,500
Lower East Side	\$2,495	3,290	3,950	4,731
Midtown East	\$2,222	3,140	4,323	4,950
Midtown West	\$2,302	3,146	4,408	5,160
Morningside Heights	\$2,024	2,398	2,825	3,525
Murray Hill	\$2,568	3,101	4,217	5,300
Soho/Tribeca	\$2,736	4,088	6,318	8,100
Upper East Side	\$2,124	2,773	3,459	5,335
Upper West Side	\$2,175	3,039	4,437	6,892
Washington Heights	\$1,495	1,809	2,081	2,281
West Village	\$2,905	3,938	4,554	6,295
Average: March	\$2,351	3,130	4,137	5,303
Average: February	\$2,315	3,097	4,085	5,225
% Change	2%	1%	1%	2%

AVERAGE VACANCY RATE: March 2017

Location	Vacancy Rate
BPC / Financial Dist.	1.88%
Chelsea	2.00%
East Village	2.17%
Gramercy	1.61%
Midtown East	2.01%
Midtown West	2.29%
Murray Hill	1.62%
Soho/Tribeca	1.34%
Upper East Side	1.75%
Upper West Side	1.65%
West Village	2.55%
Average: March	1.89%
Average: February	1.98%
Difference	-0.09

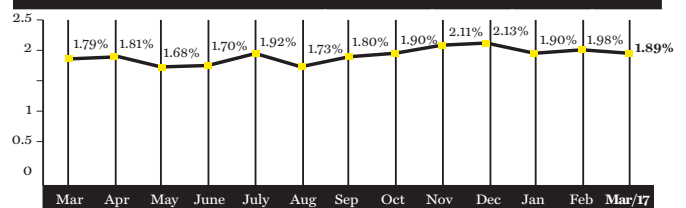
% OF TRANSACTIONS WITH A CONCESSION MARCH 2017

35%

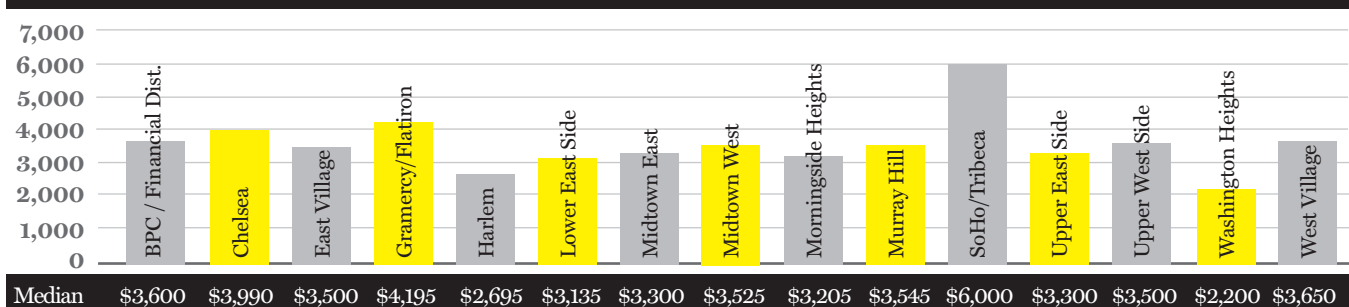
OVERALL BLENDED AVERAGES: March 2017

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,336	4,664	7,653	10,544
Doorman	\$2,871	3,996	6,795	9,342
Elevator**	\$2,434	3,217	4,617	6,112
Walkup***	\$2,207	2,745	3,444	5,086

MANHATTAN RENTAL VACANCY RATES: March 2017



MEDIAN RENT SUMMARY: March 2017



*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.

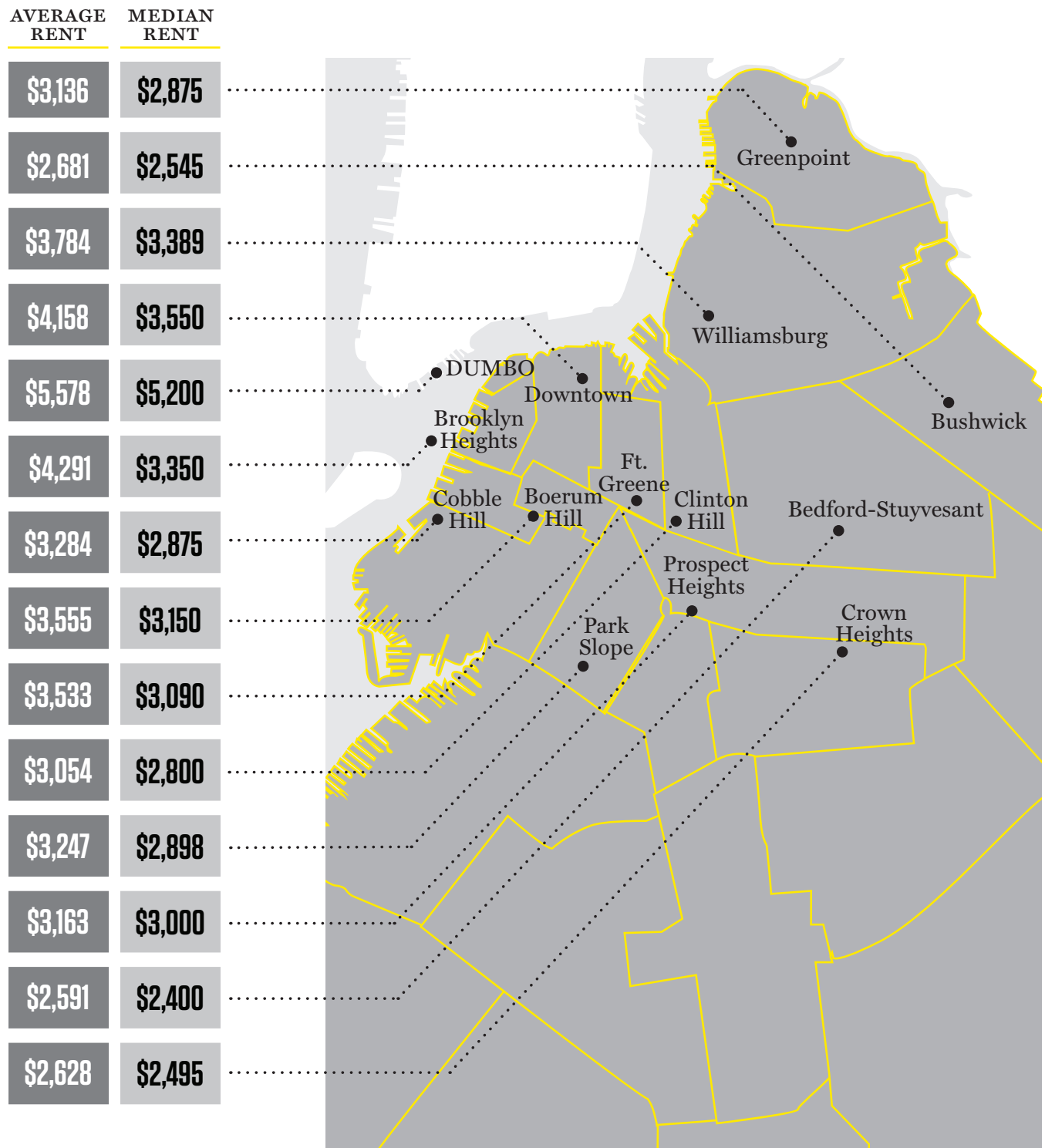
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Brooklyn Residential Rental Market Report



March 2017



Brooklyn Residential Rental Market Report

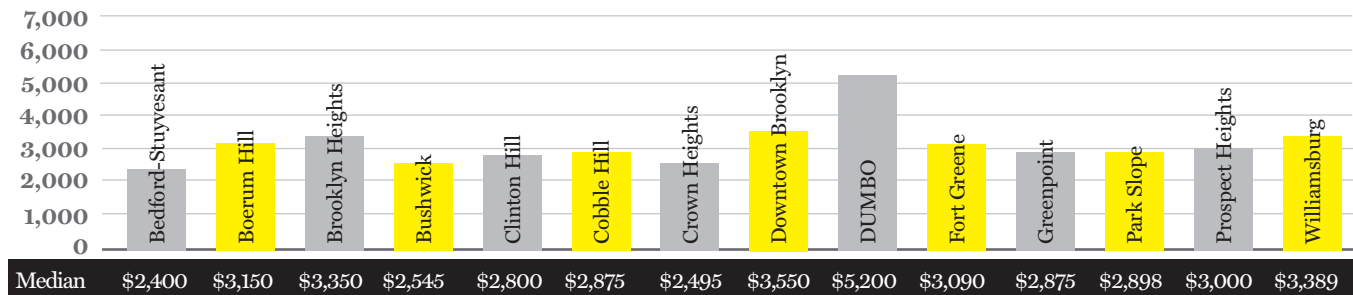
March 2017



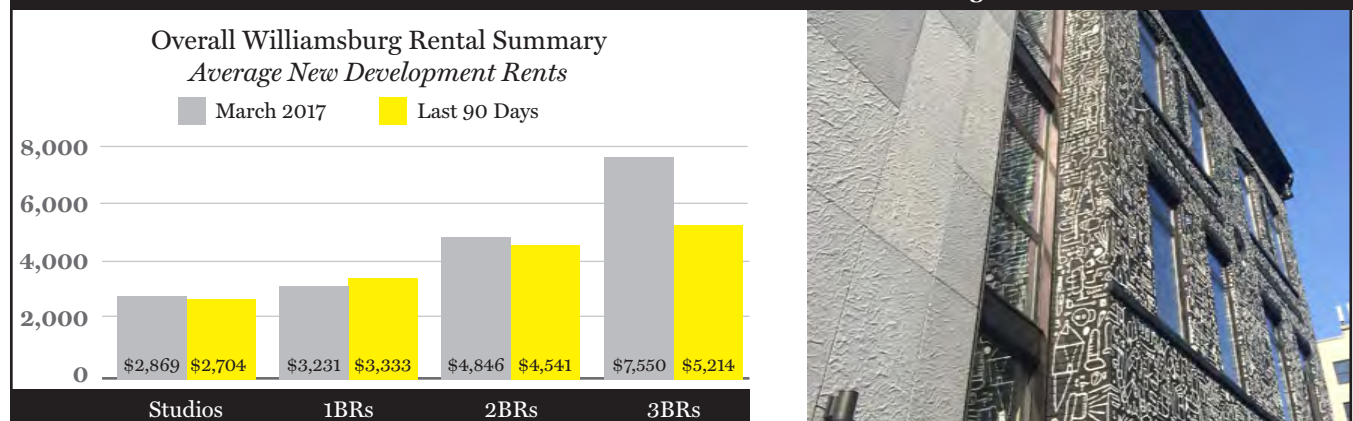
AVERAGE RENT SUMMARY: March 2017

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,875	2,159	2,571	2,902
Boerum Hill	\$2,067	2,929	3,704	5,465
Brooklyn Heights	\$2,405	3,087	4,653	7,174
Bushwick	n/a	2,230	2,442	2,883
Clinton Hill	\$2,311	2,538	3,085	4,017
Cobble Hill	\$2,140	2,702	3,728	5,354
Crown Heights	\$1,803	2,169	2,492	2,834
Downtown Brooklyn	\$2,729	3,418	5,035	7,972
DUMBO	\$3,123	4,248	6,027	9,069
Fort Greene	\$2,380	2,897	4,045	5,082
Greenpoint	\$2,388	2,622	3,158	3,785
Park Slope	\$2,089	2,618	3,290	3,985
Prospect Heights	\$2,212	2,753	3,138	3,717
Williamsburg	\$2,735	3,206	4,173	4,935
Average: March	\$2,327	2,827	3,682	4,941
Average: February	\$2,274	2,780	3,611	4,869
% Change	2%	2%	2%	1%

MEDIAN RENT SUMMARY: March 2017



NEW DEVELOPMENTS SPOTLIGHT: Williamsburg



Manhattan Residential Rental Market Report



First Quarter 2017

AVERAGE RENT SUMMARY: Q1 2017

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$2,583	3,502	5,192	6,423
Chelsea	\$2,728	3,783	4,971	6,336
East Village	\$2,434	3,037	3,579	4,807
Gramercy/Flatiron	\$2,672	3,573	4,906	5,951
Harlem	\$1,800	2,175	2,784	3,526
Lower East Side	\$2,390	3,287	3,942	4,758
Midtown East	\$2,221	3,187	4,332	4,992
Midtown West	\$2,298	3,204	4,262	5,124
Morningside Heights	\$2,059	2,493	2,895	3,582
Murray Hill	\$2,530	3,147	4,206	5,196
Soho/Tribeca	\$2,662	3,820	6,149	8,022
Upper East Side	\$2,094	2,712	3,422	5,198
Upper West Side	\$2,129	2,979	4,319	6,582
Washington Heights	\$1,544	1,808	2,021	2,271
West Village	\$2,774	3,768	4,489	6,143
Average: Q1/17	\$2,328	3,098	4,098	5,261
Average: Q4/16	\$2,368	3,061	4,134	5,231
% Change	-1.7%	1.2%	-0.9%	0.6%
Average: Q1/16	\$2,187	3,007	4,013	5,224
% Change: Q1-16/17	6.4%	3.0%	2.1%	0.7%

AVERAGE VACANCY RATE: Q1 2017

Location	Vacancy Rate
BPC/Financial Dist.	1.89%
Chelsea	2.02%
East Village	2.12%
Gramercy	1.74%
Midtown East	1.92%
Midtown West	2.19%
Murray Hill	1.64%
Soho/Tribeca	1.43%
Upper East Side	1.79%
Upper West Side	1.93%
West Village	2.60%
Average: Q1/17	1.93%
Average: Q4/16	2.06%
Difference	-0.13
Average: Q1/16	1.77%
Difference: Q1-16/17	0.16

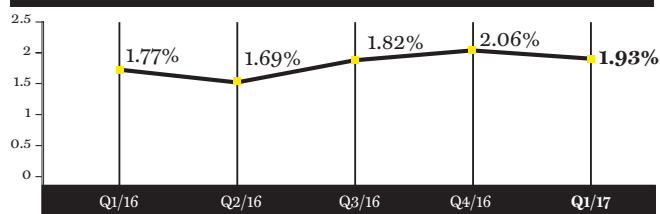
% OF TRANSACTIONS WITH A CONCESSION FIRST QUARTER 2017

34%

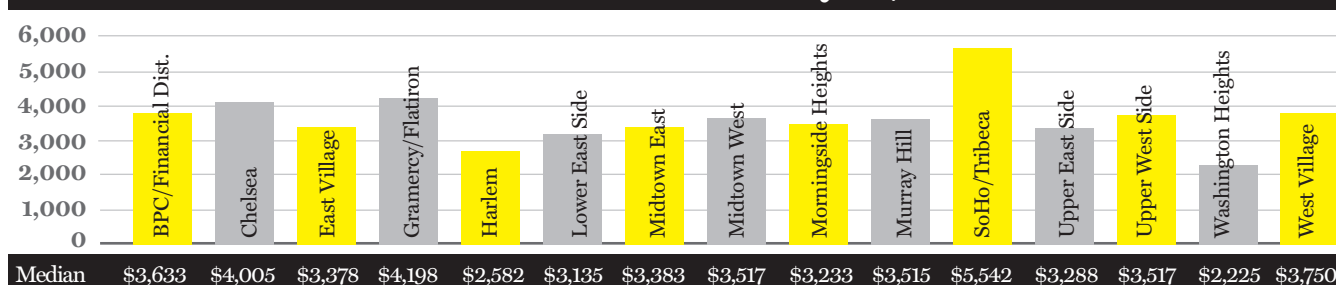
OVERALL BLENDED AVERAGES: Q1 2017

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,297	4,655	7,567	10,531
Doorman	\$2,849	3,970	6,711	9,408
Elevator**	\$2,435	3,218	4,587	6,253
Walkup***	\$2,161	2,738	3,515	5,101

MANHATTAN RENTAL VACANCY RATES: Q1 2017



MEDIAN RENT SUMMARY: Q1 2017



*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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AVERAGE RENT SUMMARY: Q1 2017

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,819	2,124	2,552	2,896
Boerum Hill	\$2,202	2,885	3,837	5,377
Brooklyn Heights	\$2,363	3,158	4,590	7,013
Bushwick	\$1,907	2,187	2,405	2,836
Clinton Hill	\$2,293	2,557	3,118	4,018
Cobble Hill	\$2,106	2,783	3,648	5,276
Crown Heights	\$1,860	2,058	2,487	2,832
Downtown Brooklyn	\$2,647	3,394	4,883	7,869
DUMBO	\$3,187	4,222	6,001	9,066
Fort Greene	\$2,349	2,874	3,948	5,140
Greenpoint	\$2,318	2,608	3,134	3,688
Park Slope	\$2,061	2,615	3,252	4,116
Prospect Heights	\$2,117	2,647	3,026	3,725
Williamsburg	\$2,773	3,221	4,144	4,852
Average: Q1/17	\$2,296	2,809	3,645	4,908
Average: Q4/16	\$2,286	2,786	3,624	4,994
% Change	0.4%	0.8%	0.6%	-1.7%

MEDIAN RENT SUMMARY: Q1 2017

