



Residential Rental Market Report

September & Third Quarter 2017

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This report follows overall conditions in the Manhattan rental market during September 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.

Our research found continued price-sensitivity among apartment seekers. Small rent increases prompted a corresponding uptick in the vacancy rate. Tenants have been conditioned to expect a “good deal,” due in part to the growing number of options for prospective renters. A survey by our New Developments division found that nearly 15,300 new market-rate apartments will come online in Manhattan and Brooklyn by the end of 2017, with an additional 15,000 new units set to launch next year.

From August to September, rents in Manhattan rose slightly.

In September, Manhattan rents increased 2% for studio apartments, while they rose 1% for one- and three-bedrooms. Pricing for two-bedroom homes also increased by a minimal amount.

In addition, rents climbed year-over-year. When compared to September 2016, rents in Manhattan increased 3% on average for studio apartments. For one- and three-bedroom homes, pricing rose an average of 4%. Meanwhile, rents for two-bedroom units showed a slight 1% decline. Citi Habitats has tracked rents across the borough since 2002 - and according to our research, prices continue to hover near all-time highs.

In contrast, overall Brooklyn rents saw minimal declines month-over-month.

In Brooklyn, average rents for one-, two- and three-bedroom homes all decreased 1% from August to September. However, pricing for studio apartments rose, but by a statistically insignificant amount.

Meanwhile, the Manhattan vacancy rate continued to tick upwards.

In September 1.94% of Manhattan apartments were vacant, compared to 1.78% in August. September's rate is the highest we have tracked since February 2017, when 1.98% of units were vacant. The rate also rose slightly year-over-year. In September 2016, the borough's vacancy rate was 1.80%.

Prevalent move-in incentives in September helped keep rents high.

During the month, 37% of new leases included some form of move-in incentive, up from 31% in August. In fact, September's concession percentage is the highest seen since January 2017. With increased options for apartment shoppers, both in Manhattan and the outer boroughs, many landlords continue to rely on incentives to keep rents at the levels they desire. The percentage of leases signed with Citi Habitats that include an incentive has topped 20% since September 2016, and has been higher than 10% from October 2015 onwards.

The quarterly data shows increasingly tenant-friendly conditions when compared to Q2.

In the third quarter of 2017, Manhattan and Brooklyn rents remained generally stable when compared to the one that preceded it. Meanwhile, Manhattan's vacancy rate climbed to 1.95% from 1.78% in Q2. The percentage of concessions also rose quarter-over-quarter. During the most recent quarter, 30% of leases included one, compared to 26% in Q2.

New York is largely a city of renters. It's important to remember that despite recent vacancy rate increases, our local market remains competitive. However, if apartment seekers are willing to be flexible, and comparison shop between buildings and neighborhoods – they may find a great apartment with surprisingly generous terms. As always, our goal with this report is to create a better understanding our unique marketplace, and we hope you find it 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

September 2017



AVERAGE RENT	MEDIAN RENT
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\$2,141	\$2,225
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\$2,742	\$2,599
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\$2,674	\$3,199
---------	---------

\$3,961	\$3,295
---------	---------

\$3,667	\$3,295
---------	---------

\$3,962	\$3,500
---------	---------

\$3,809	\$3,495
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\$3,984	\$3,600
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\$4,402	\$4,350
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\$4,161	\$4,250
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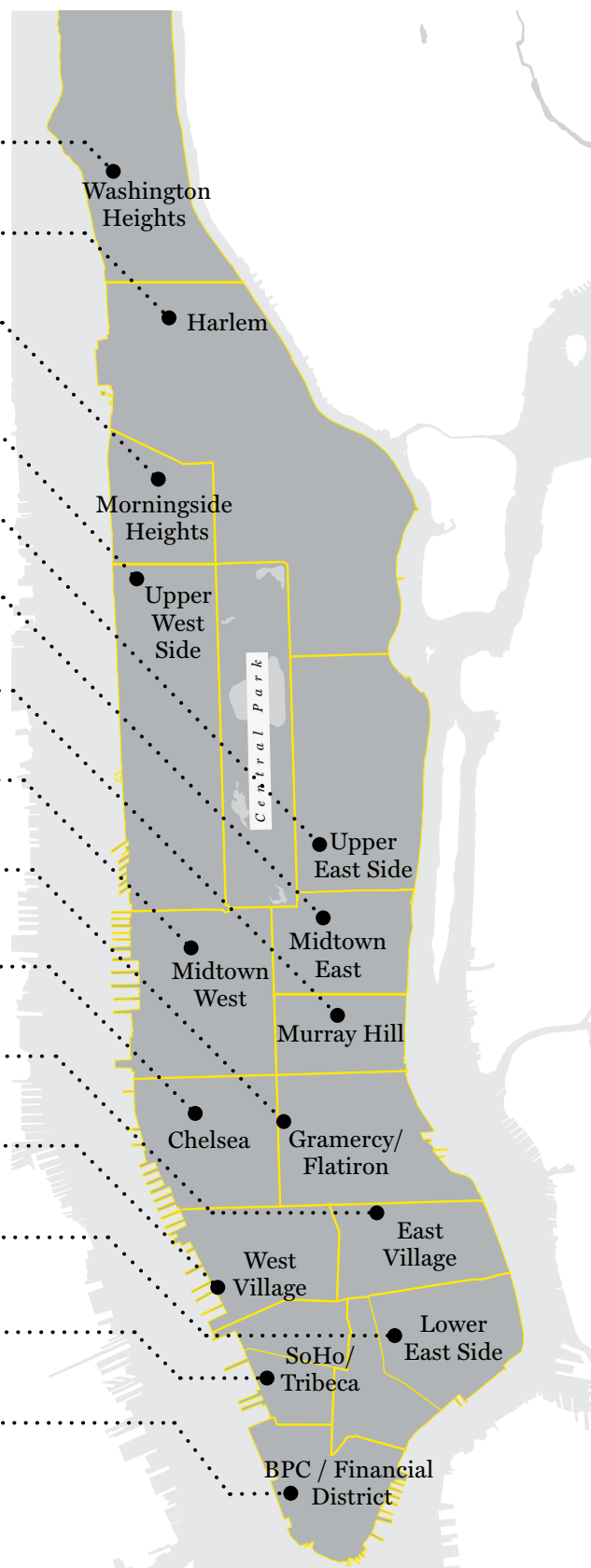
\$3,549	\$3,200
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\$4,360	\$3,700
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\$3,488	\$3,195
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\$5,271	\$5,195
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\$4,641	\$4,050
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The 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 2017



AVERAGE RENT SUMMARY: September 2017

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,865	3,900	5,133	6,664
Chelsea	\$2,749	3,399	4,595	5,900
East Village	\$2,526	3,299	3,758	4,611
Gramercy/Flatiron	\$2,880	3,586	4,825	6,315
Harlem	\$1,850	2,300	3,055	3,763
Lower East Side	\$2,235	3,425	3,743	4,550
Midtown East	\$2,334	3,783	4,249	5,481
Midtown West	\$2,580	3,287	4,495	5,574
Morningside Heights	\$2,074	2,282	2,839	3,500
Murray Hill	\$2,361	3,265	4,208	5,400
Soho/Tribeca	\$2,850	4,249	5,885	8,100
Upper East Side	\$2,303	2,825	3,595	5,945
Upper West Side	\$2,188	2,871	4,238	6,547
Washington Heights	\$1,491	1,860	2,212	3,000
West Village	\$2,939	3,837	4,264	6,400
Average: September	\$2,415	3,211	4,073	5,450
Average: August	\$2,363	3,193	4,069	5,420
% Change	2%	1%	0%	1%

AVERAGE VACANCY RATE: September 2017

Location	Vacancy Rate
BPC / Financial Dist.	1.51%
Chelsea	1.77%
East Village	2.59%
Gramercy	2.23%
Midtown East	2.38%
Midtown West	1.77%
Murray Hill	1.94%
Soho/Tribeca	2.36%
Upper East Side	1.77%
Upper West Side	1.87%
West Village	2.28%
Average: September	1.94%
Average: August	1.78%
Difference	0.16

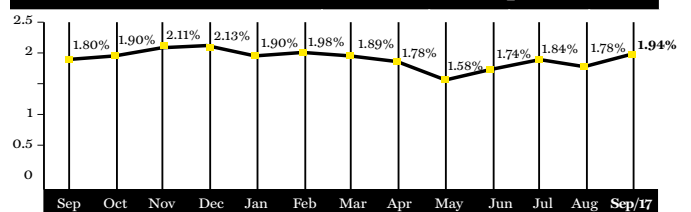
% OF TRANSACTIONS WITH A CONCESSION SEPTEMBER 2017

37%

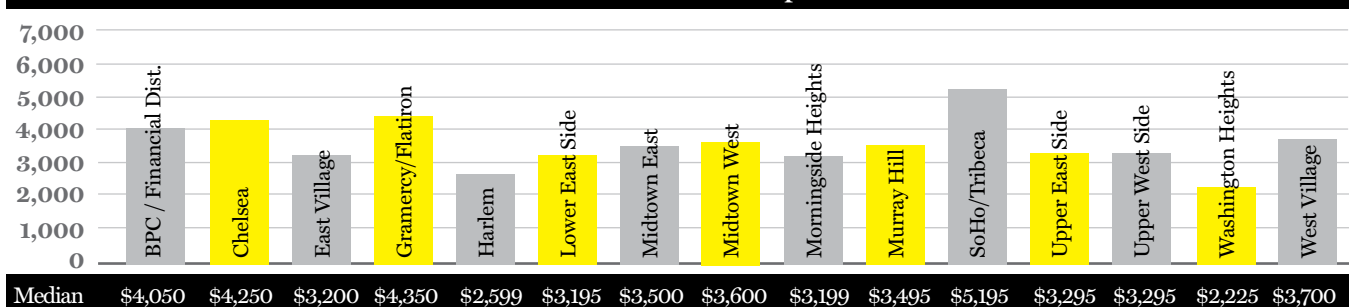
OVERALL BLENDED AVERAGES: September 2017

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,444	4,573	7,693	10,414
Doorman	\$2,926	4,025	6,547	8,841
Elevator**	\$2,465	3,215	4,635	6,122
Walkup***	\$2,187	2,796	3,569	4,792

MANHATTAN RENTAL VACANCY RATES: September 2017



MEDIAN RENT SUMMARY: September 2017



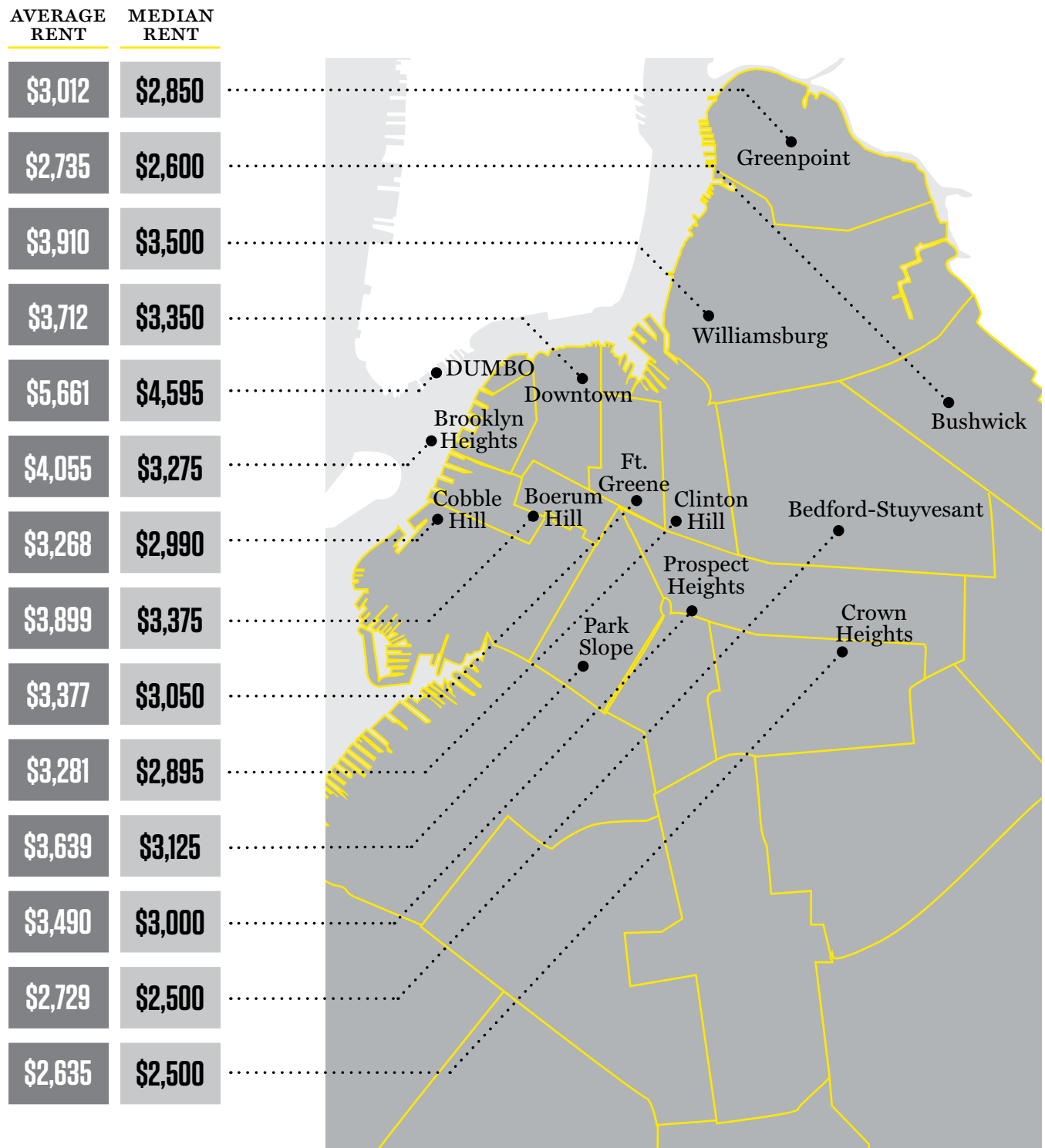
*New Developments include all rental and condo buildings built after 2008. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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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Brooklyn Residential Rental Market Report

September 2017



Brooklyn Residential Rental Market Report

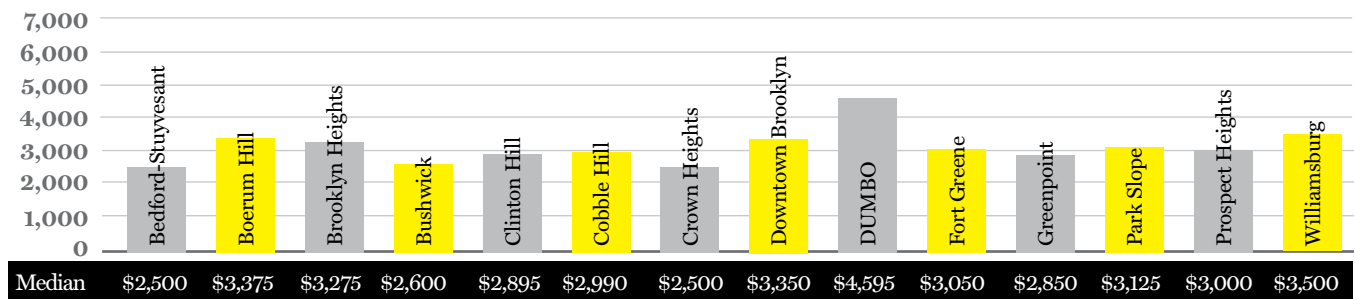
September 2017



AVERAGE RENT SUMMARY: September 2017

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,986	2,164	2,493	3,067
Boerum Hill	\$2,354	2,921	3,984	5,524
Brooklyn Heights	\$2,419	3,030	5,033	7,769
Bushwick	\$1,933	2,233	2,481	3,053
Clinton Hill	\$2,166	2,538	3,220	4,178
Cobble Hill	\$2,300	2,813	3,665	4,888
Crown Heights	\$1,891	2,114	2,574	2,878
Downtown Brooklyn	\$2,786	3,317	4,531	7,554
DUMBO	\$2,888	3,752	6,037	9,220
Fort Greene	\$2,380	3,024	3,761	4,628
Greenpoint	\$1,869	2,644	3,036	3,480
Park Slope	\$2,161	2,658	3,506	4,344
Prospect Heights	\$2,325	2,731	3,523	4,594
Williamsburg	\$2,826	3,175	4,027	5,331
Average: September	\$2,306	2,794	3,705	5,036
Average: August	\$2,296	2,836	3,733	5,102
% Change	0%	-1%	-1%	-1%

MEDIAN RENT SUMMARY: September 2017



Manhattan Residential Rental Market Report



Third Quarter 2017

AVERAGE RENT SUMMARY: Q3 2017

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$2,856	3,857	5,012	6,737
Chelsea	\$2,630	3,520	4,649	5,967
East Village	\$2,434	3,193	3,613	4,752
Gramercy/Flatiron	\$2,769	3,696	4,933	6,162
Harlem	\$1,815	2,330	3,153	3,647
Lower East Side	\$2,220	3,341	3,710	4,512
Midtown East	\$2,338	3,557	4,216	5,485
Midtown West	\$2,500	3,342	4,407	5,508
Morningside Heights	\$2,019	2,384	2,827	3,508
Murray Hill	\$2,420	3,182	4,251	5,373
Soho/Tribeca	\$2,949	4,253	5,970	8,115
Upper East Side	\$2,145	2,837	3,461	6,031
Upper West Side	\$2,193	2,880	4,365	6,580
Washington Heights	\$1,542	1,793	2,253	2,832
West Village	\$2,807	3,669	4,240	6,386
Average: Q3/17	\$2,376	3,189	4,071	5,440
Average: Q2/17	\$2,380	3,158	4,109	5,375
% Change	-0.2%	1.0%	-0.9%	1.2%
Average: Q3/16	\$2,366	3,081	4,127	5,311
% Change: Q2-16/17	0.4%	3.5%	-1.4%	2.4%

AVERAGE VACANCY RATE: Q3 2017

Location	Vacancy Rate
BPC/Financial Dist.	1.52%
Chelsea	1.71%
East Village	2.43%
Gramercy	2.15%
Midtown East	2.33%
Midtown West	1.78%
Murray Hill	1.78%
Soho/Tribeca	2.20%
Upper East Side	1.55%
Upper West Side	1.80%
West Village	2.17%
Average: Q3/17	1.95%
Average: Q2/17	1.78%
Difference	0.17
Average: Q3/16	1.82%
Difference: Q2-16/17	0.13

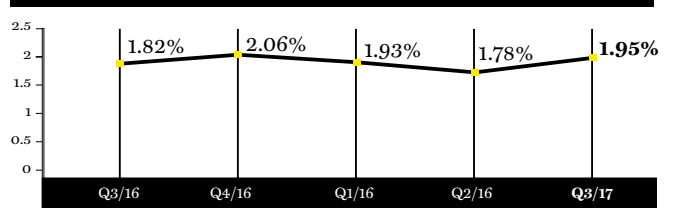
% OF TRANSACTIONS WITH A CONCESSION THIRD QUARTER 2017

30%

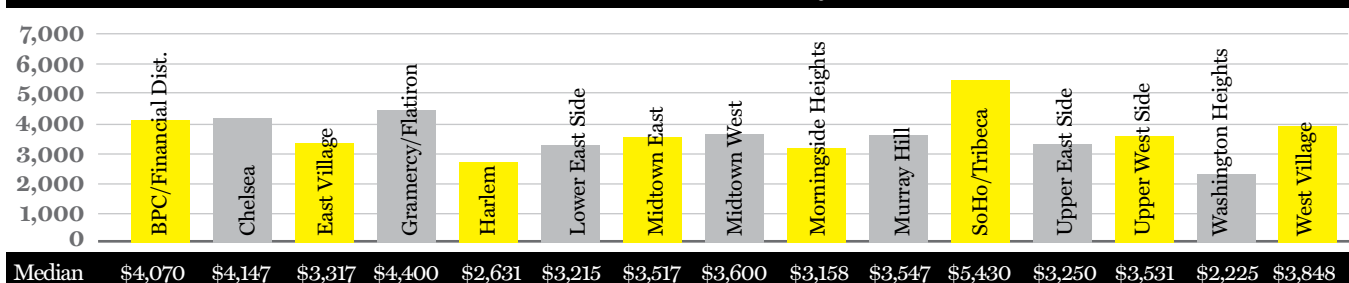
OVERALL BLENDED AVERAGES: Q3 2017

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,399	4,617	7,610	10,454
Doorman	\$2,906	4,038	6,626	8,985
Elevator**	\$2,478	3,282	4,621	6,180
Walkup***	\$2,191	2,806	3,610	4,936

MANHATTAN RENTAL VACANCY RATES: Q3 2017



MEDIAN RENT SUMMARY: Q3 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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Brooklyn Residential Rental Market Report

Third Quarter 2017



AVERAGE RENT SUMMARY: Q3 2017

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,935	2,180	2,536	3,065
Boerum Hill	\$2,391	2,927	4,028	5,674
Brooklyn Heights	\$2,449	3,152	4,927	7,760
Bushwick	\$1,822	2,169	2,522	3,026
Clinton Hill	\$2,137	2,530	3,184	4,349
Cobble Hill	\$2,253	2,822	3,776	5,143
Crown Heights	\$1,910	2,220	2,575	2,873
Downtown Brooklyn	\$2,766	3,332	4,515	7,587
DUMBO	\$2,853	4,017	6,159	9,250
Fort Greene	\$2,417	3,001	3,883	4,722
Greenpoint	\$1,881	2,608	3,025	3,580
Park Slope	\$2,133	2,665	3,525	4,335
Prospect Heights	\$2,232	2,780	3,606	4,489
Williamsburg	\$2,868	3,178	3,833	5,366
Average: Q3/17	\$2,289	2,827	3,721	5,087
Average: Q2/17	\$2,260	2,865	3,752	5,107
% Change	1.3%	-1.3%	-0.8%	-0.4%

MEDIAN RENT SUMMARY: Q3 2017

