

Residential Rental Market Report

December & Fourth Quarter 2017

Residential Rental Market Report



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

Tenants during the fourth quarter saw high pricing, but also a lot of inventory and incentives.

During the last quarter of 2017, the study found that rental pricing in both Manhattan and Brooklyn hovered near record highs. Meanwhile, Manhattan's vacancy rate remained above 2%. High rents – and a corresponding high vacancy rate – are indicative of continued price-sensitivity in the marketplace. Landlord concessions were found on 43% of leases during the fourth quarter, the highest percentage since Q1 2010.

However, when looking at the most recent data for December, we have seen a minor shift in recent trends.

In December 2017, rents fell slightly across the board when compared to the month prior.

While the decrease in pricing from November was negligible for two- and three-bedroom homes in Manhattan, rents were down 1% for studio and one-bedroom units in the borough. In Brooklyn, rents were down 2% for studios and 1% for one-, two- and three-bedroom units.

However, pricing has trended upward when looking at a longer term. Year-over-year, rents were 7% higher for one-bedroom homes, while the average three-bedroom unit was 4% more expensive than it was in December 2016. Studio apartment pricing also rose a slight 1% from last year. In contrast, rents for two-bedrooms fell 2% over the same period.

The Manhattan vacancy rate declined from November to December.

After three consecutive months of increases, available rental inventory in Manhattan fell to 2.09% of units in December from 2.14% the previous month. While the island's vacancy rate was also above 2% (at 2.13%) in December 2016 – inventory levels have remained unusually high for the borough over the last two years. We attribute these conditions to aggressive asking rents across Manhattan, as well as an increase in 'value' housing options for renters in the outer boroughs.

The recent trend of rising landlord concessions has also reversed.

The percentage of leases that included a move-in incentive soared from 36% in October, to 51% in November. In December however, their use stabilized – and then declined. Our report found that during the month, 41% of new leases included a give-away or concession to the new tenant.

The relatively high level of available inventory and continued reliance on concessions by building owners does reflect an ongoing disconnect between what home seekers are willing - or able - to pay and the rents that landlords want to achieve. Historically, we have found that even small adjustments in pricing can cause increased demand for rental housing. Our research shows that the market may be at the beginning of a potential shift, and it will be interesting to see if overall rents continue to trend downward as 2018 progresses.

Our goal with this report is to provide renters and landlords alike relevant rental market data to help them make smart, informed decisions. No matter the season, the search for a rental in New York City is always competitive. We hope you find this report to be a valuable resource when navigating our unique market.

Gary Malin, President, Citi Habitats

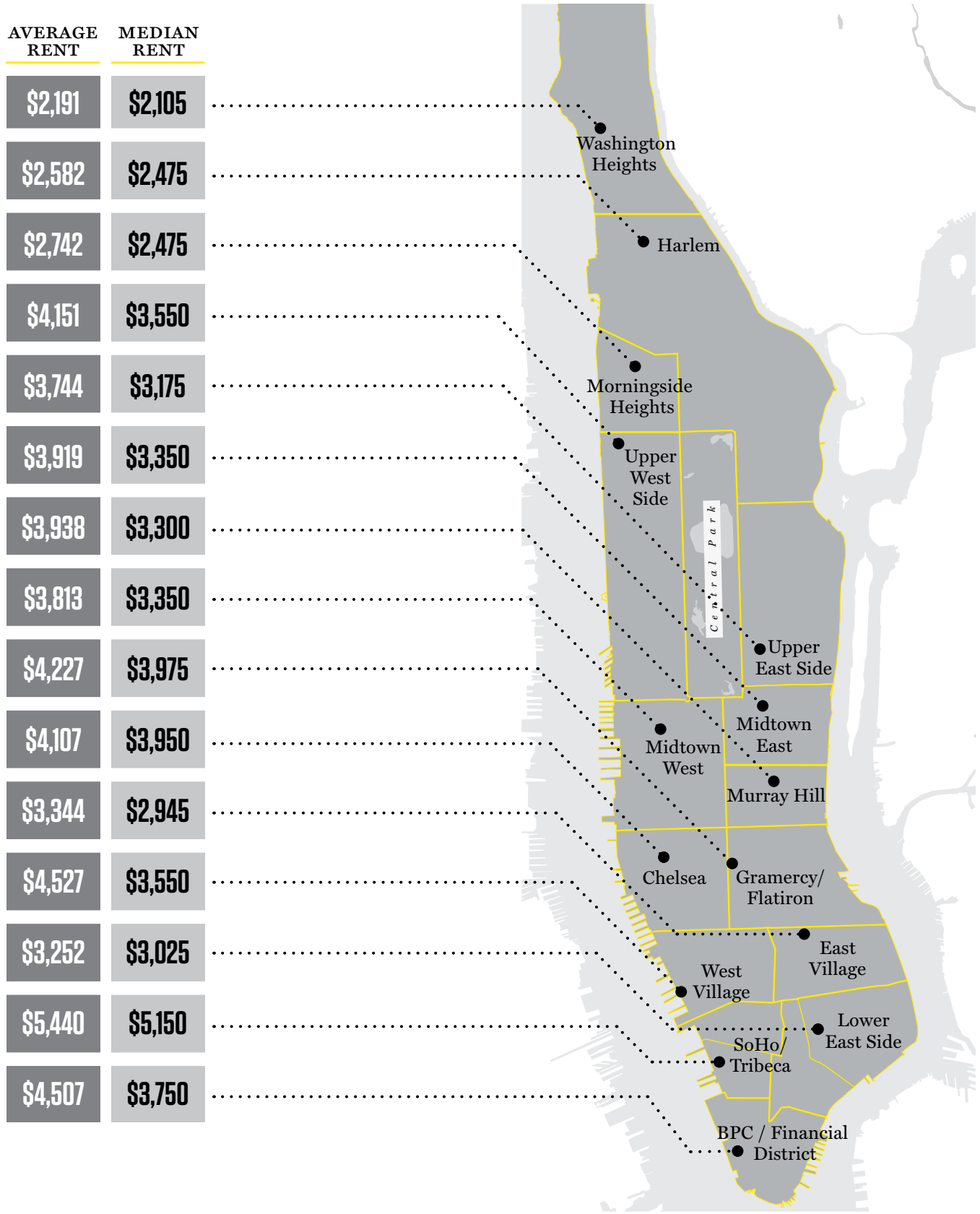
When examining our report, please keep the following in mind:

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 2017



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.

Manhattan Residential Rental Market Report



December 2017

AVERAGE RENT SUMMARY: December 2017

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,901	3,842	4,850	6,434
Chelsea	\$2,633	3,355	4,489	5,950
East Village	\$2,250	3,037	3,781	4,308
Gramercy/Flatiron	\$2,636	3,529	4,429	6,312
Harlem	\$1,628	2,279	2,711	3,708
Lower East Side	\$2,100	3,157	3,550	4,200
Midtown East	\$2,280	3,793	4,278	5,325
Midtown West	\$2,250	3,097	4,479	5,424
Morningside Heights	\$2,150	2,350	2,812	3,657
Murray Hill	\$2,708	3,403	4,164	5,475
Soho/Tribeca	\$2,900	4,750	6,009	8,100
Upper East Side	\$2,230	3,021	3,669	6,057
Upper West Side	\$2,250	2,983	4,379	6,992
Washington Heights	\$1,450	1,875	2,284	3,154
West Village	\$3,003	4,102	4,454	6,549
Average: December	\$2,358	3,238	4,023	5,443
Average: November	\$2,374	3,260	4,042	5,470
% Change	-1%	-1%	0%	0%

AVERAGE VACANCY RATE: December 2017

Location	Vacancy Rate
BPC / Financial Dist.	1.89%
Chelsea	2.03%
East Village	2.71%
Gramercy	2.03%
Midtown East	2.52%
Midtown West	2.06%
Murray Hill	1.99%
Soho/Tribeca	2.48%
Upper East Side	1.66%
Upper West Side	2.08%
West Village	2.31%
Average: December	2.09%
Average: November	2.14%
Difference	-.05%

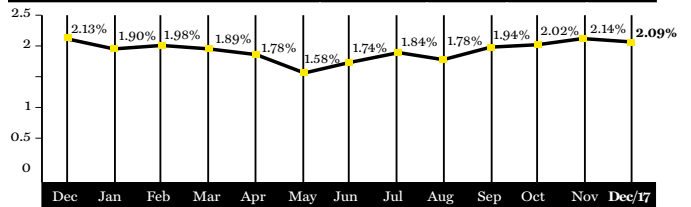
% OF TRANSACTIONS WITH A CONCESSION DECEMBER 2017

41%

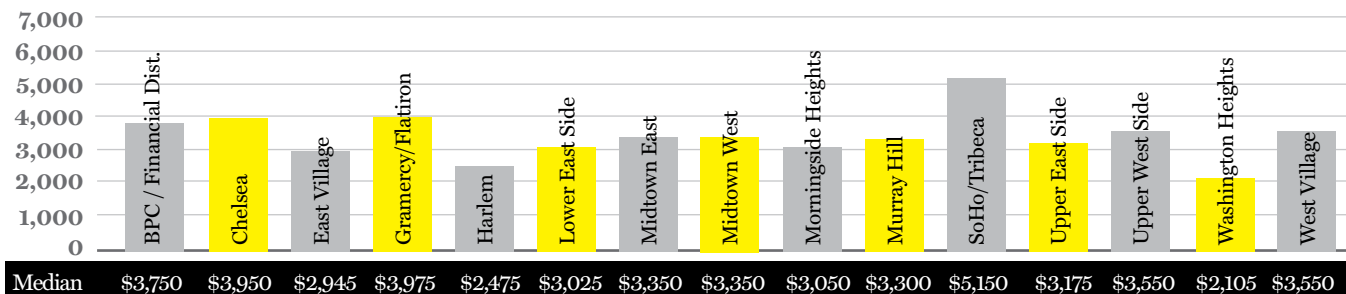
OVERALL BLENDED AVERAGES: December 2017

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,296	4,441	7,425	10,782
Doorman	\$2,827	3,944	6,333	8,814
Elevator**	\$2,375	3,153	4,395	6,028
Walkup***	\$2,142	2,695	3,470	4,804

MANHATTAN RENTAL VACANCY RATES: December 2017



MEDIAN RENT SUMMARY: December 2017



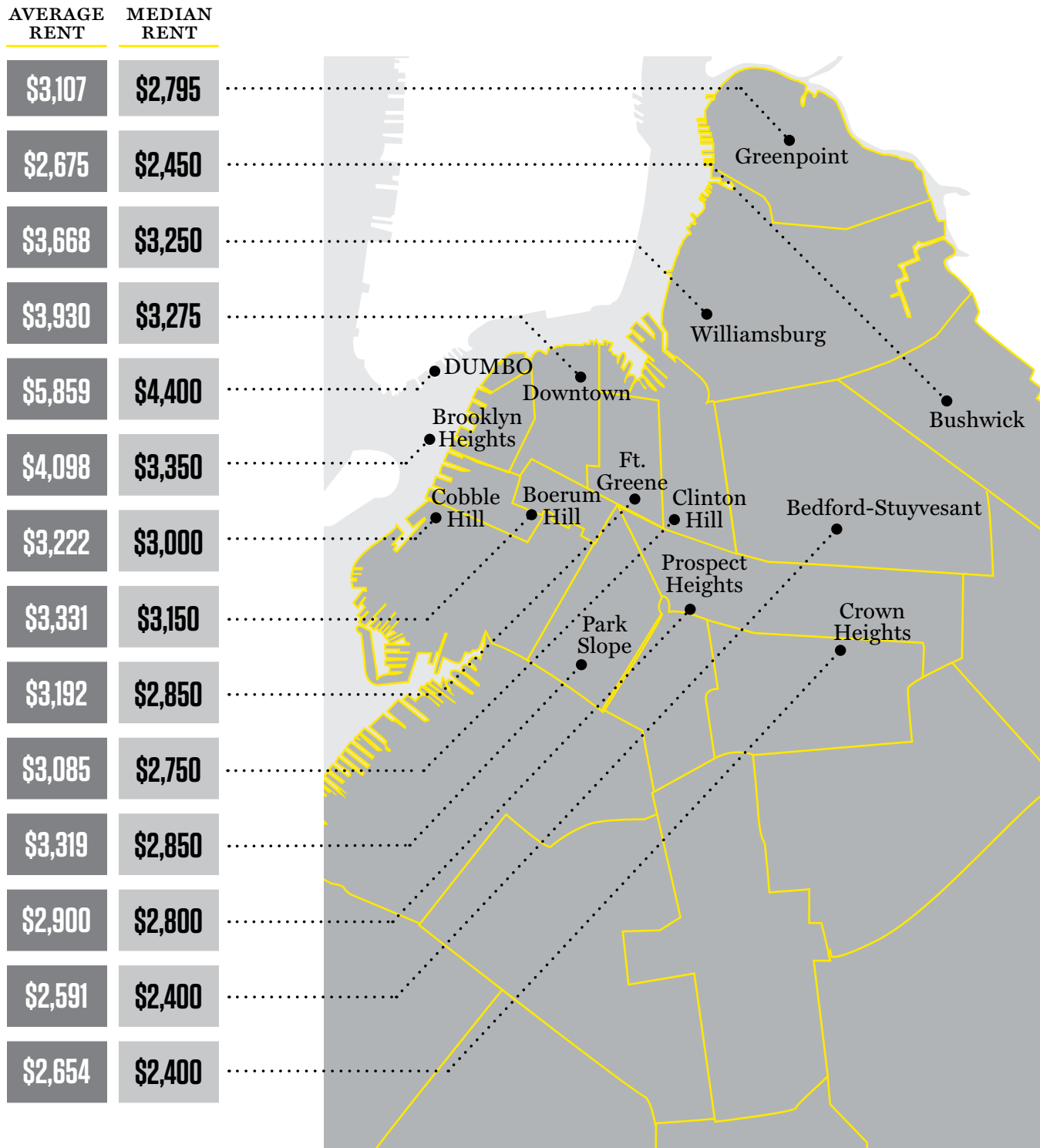
*New Developments include all rental and condo buildings built after 2008. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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Brooklyn Residential Rental Market Report



December 2017



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Brooklyn Residential Rental Market Report

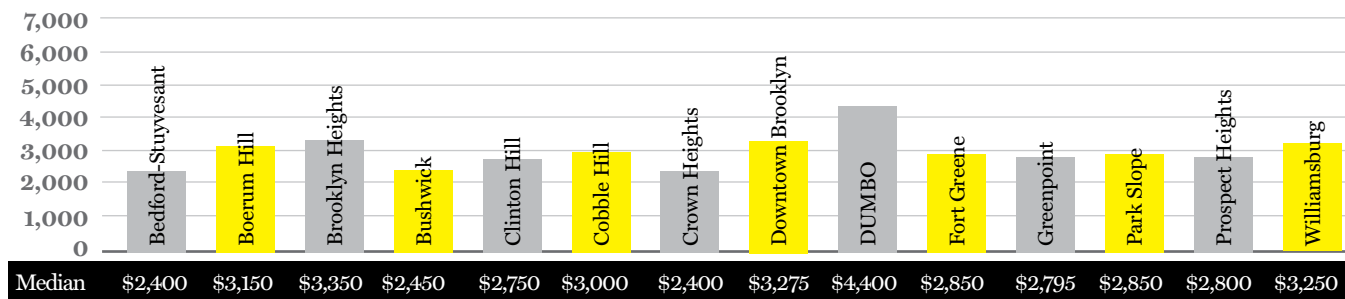
December 2017



AVERAGE RENT SUMMARY: December 2017

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,742	2,070	2,490	2,865
Boerum Hill	\$2,252	2,871	3,905	4,814
Brooklyn Heights	\$2,178	3,163	4,732	7,273
Bushwick	\$1,948	2,275	2,351	2,891
Clinton Hill	\$2,143	2,476	3,276	4,026
Cobble Hill	\$2,049	3,019	3,735	5,227
Crown Heights	\$1,891	2,093	2,461	2,783
Downtown Brooklyn	\$2,463	3,195	4,284	7,043
DUMBO	\$2,794	3,419	5,421	9,233
Fort Greene	\$2,354	2,946	3,533	4,402
Greenpoint	\$2,315	2,547	3,051	3,624
Park Slope	\$2,008	2,536	3,231	4,233
Prospect Heights	\$2,142	2,552	3,431	4,736
Williamsburg	\$2,599	3,053	3,919	5,123
Average: December	\$2,206	2,704	3,522	4,823
Average: November	\$2,257	2,730	3,559	4,877
% Change	-2%	-1%	-1%	-1%

MEDIAN RENT SUMMARY: December 2017



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Manhattan Residential Rental Market Report



Fourth Quarter 2017

AVERAGE RENT SUMMARY: Q4 2017

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$2,922	3,886	4,899	6,514
Chelsea	\$2,744	3,370	4,570	5,933
East Village	\$2,366	3,114	3,756	4,422
Gramercy/Flatiron	\$2,741	3,545	4,585	6,308
Harlem	\$1,727	2,297	2,829	3,713
Lower East Side	\$2,167	3,249	3,603	4,311
Midtown East	\$2,303	3,787	4,276	5,417
Midtown West	\$2,342	3,167	4,476	5,474
Morningside Heights	\$2,114	2,311	2,761	3,561
Murray Hill	\$2,595	3,402	4,142	5,483
Soho/Tribeca	\$2,906	4,661	5,944	8,114
Upper East Side	\$2,235	3,012	3,648	6,052
Upper West Side	\$2,196	2,961	4,350	6,852
Washington Heights	\$1,460	1,803	2,222	3,143
West Village	\$2,947	4,022	4,366	6,573
Average: Q4/17	\$2,384	3,239	4,028	5,458
Average: Q3/17	\$2,376	3,189	4,071	5,440
% Change	0.4%	1.6%	-1.0%	0.3%
Average: Q4/16	\$2,368	3,061	4,134	5,231
% Change: Q4-16/17	0.7%	5.8%	-2.6%	4.3%

AVERAGE VACANCY RATE: Q4 2017

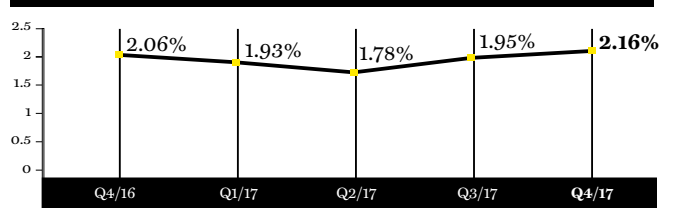
Location	Vacancy Rate
BPC/Financial Dist.	1.80%
Chelsea	1.96%
East Village	2.88%
Gramercy	2.02%
Midtown East	2.47%
Midtown West	2.05%
Murray Hill	1.92%
Soho/Tribeca	2.67%
Upper East Side	1.75%
Upper West Side	2.09%
West Village	2.11%
Average: Q4/17	2.16%
Average: Q3/17	1.95%
Difference	0.21
Average: Q4/16	2.06%
Difference: Q2-16/17	0.10

% OF TRANSACTIONS WITH A CONCESSION FOURTH QUARTER 2017 **43%**

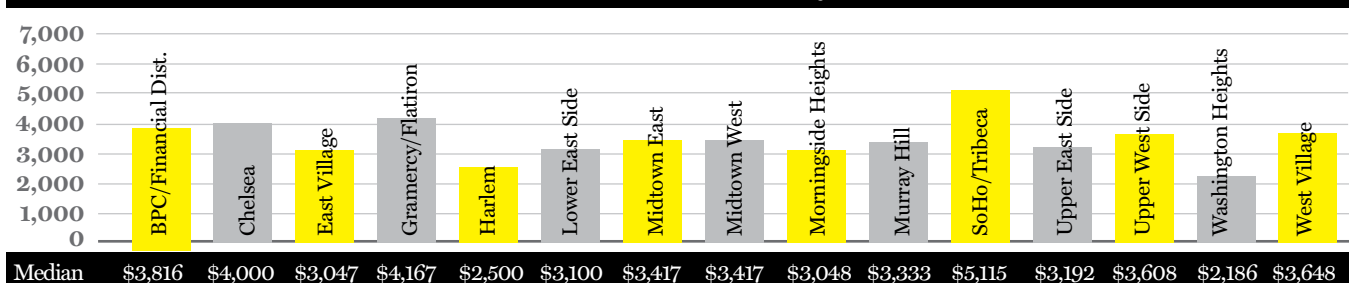
OVERALL BLENDED AVERAGES: Q4 2017

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,298	4,469	7,464	10,687
Doorman	\$2,834	3,948	6,351	8,777
Elevator**	\$2,379	3,156	4,433	6,039
Walkup***	\$2,155	2,713	3,486	4,784

MANHATTAN RENTAL VACANCY RATES: Q4 2017



MEDIAN RENT SUMMARY: Q4 2017



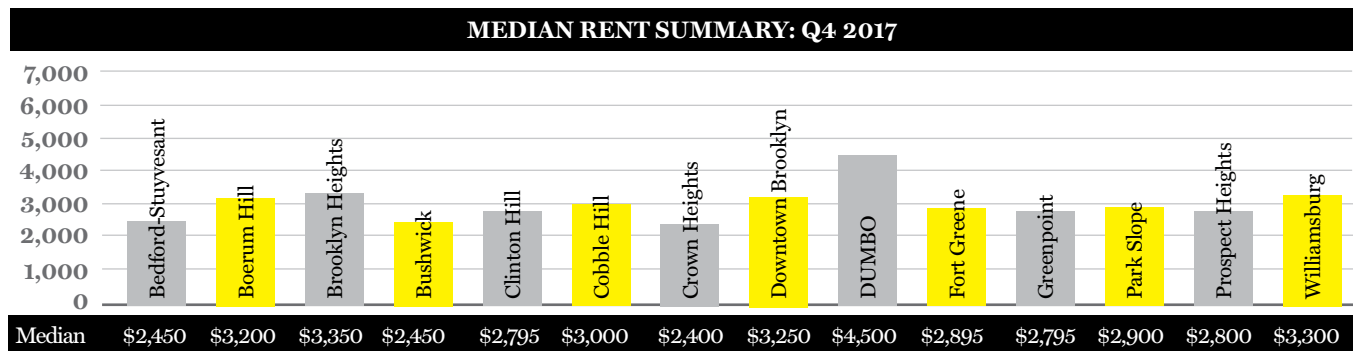
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Bedford-Stuyvesant	\$1,717	2,074	2,490	2,869
Boerum Hill	\$2,317	2,941	3,948	4,959
Brooklyn Heights	\$2,292	3,123	4,783	7,234
Bushwick	\$1,993	2,221	2,365	2,886
Clinton Hill	\$2,137	2,458	3,254	4,023
Cobble Hill	\$2,109	2,999	3,622	5,161
Crown Heights	\$1,960	2,096	2,479	2,795
Downtown Brooklyn	\$2,537	3,196	4,316	7,099
DUMBO	\$2,807	3,510	5,521	9,156
Fort Greene	\$2,403	2,979	3,538	4,426
Greenpoint	\$2,305	2,560	3,036	3,534
Park Slope	\$2,075	2,586	3,295	4,309
Prospect Heights	\$2,161	2,540	3,387	4,757
Williamsburg	\$2,671	3,076	3,969	5,171
Average: Q4/17	\$2,249	2,740	3,572	4,884
Average: Q3/17	\$2,289	2,827	3,721	5,087
% Change	-1.8%	-3.1%	-4.0%	-4.0%



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