



Residential Rental Market Report

March & First Quarter 2018

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

When looking at the most recent data for March, we found that overall market conditions improved for landlords. Rents remained remarkably stable when compared to February, while the Manhattan vacancy rate fell to the lowest level since May of 2018. While still relatively prevalent, the percentage of new leases that included an incentive also declined.

Rents, while down slightly for some apartment categories, remain near record highs.

In March 2018, Manhattan rents shifted by statistically insignificant amounts for studio, two- and three-bedroom units, while they declined 1% for one-bedroom homes. Meanwhile, year-over-year, pricing fell by 1% and 4% for studio and 2-bedroom apartments, while rents were up 2% and 1% for one- and three-bedrooms.

As in Manhattan, pricing changes for Brooklyn studio, two- and three-bedroom apartments were also insignificant - while in contrast, rents increased 1% for one-bedroom units. Year-over-year, Brooklyn rents declined slightly across the board. Rents for studio units fell 2%, while they were down 1% for one-bedroom homes. Two- and three-bedroom rents both fell 3% when compared to March 2017.

In March, the Manhattan vacancy rate fell to the lowest level in 10 months.

The borough's vacancy rate has experienced four consecutive months of declines. In March, the rate fell to 1.63% - from 1.74% in February. In fact, the last time there was less inventory available for rent was in May 2017, when the vacancy rate dipped to 1.58%.

Manhattan's vacancy rate is also lower than it was at this time last year. Last March, 1.89% of apartments in the borough were vacant.

While move-in incentives were found on fewer leases in March, they remain a significant marketing tool.

The percentage of leases that included a move-in incentive fell to 35% in March, from 46% in February. Year-over-year, their prevalence remained the same (also 35% in March 2017). While concessions are most common at new-construction luxury buildings, they are offered by landlords across the spectrum to move apartments that aren't leasing quickly - or to gain a competitive advantage in an especially crowded local marketplace.

Quarterly trends show a mixed-bag of conditions.

During the first quarter of 2018, rents declined slightly for all apartment categories when compared to the previous quarter, while they remained relatively unchanged overall when comparing year-over-year.

The Manhattan vacancy rate fell to 1.77% during Q1 - from 2.16% in Q4 2017. It's also lower than Q1 2017's rate of 1.93%. This means fewer available apartment choices for potential tenants.

During Q1 overall, 41% of new leases included an incentive, fewer than the 43% last quarter - but more than the 34% last year.

While many landlords continue to use incentives to entice tenants to act, current data shows increasing demand for rental housing in New York. Part of this trend is related to seasonality in the marketplace, as spring typically is a time of more market activity. However, some tenants may have been prompted to act - because they feel the current owner incentives may not last into the summer season. Finally, there is always a segment of the tenant population that's teetering between renting and buying. Recent stock market fluctuations and potential real estate tax law changes may have this subset taking a wait-and-see approach when it comes to the purchase of a home, thus remaining renters - for now.

Our goal with this report is to provide tenants and landlords alike relevant rental market data to help them make smart, informed decisions. We hope you find it 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:

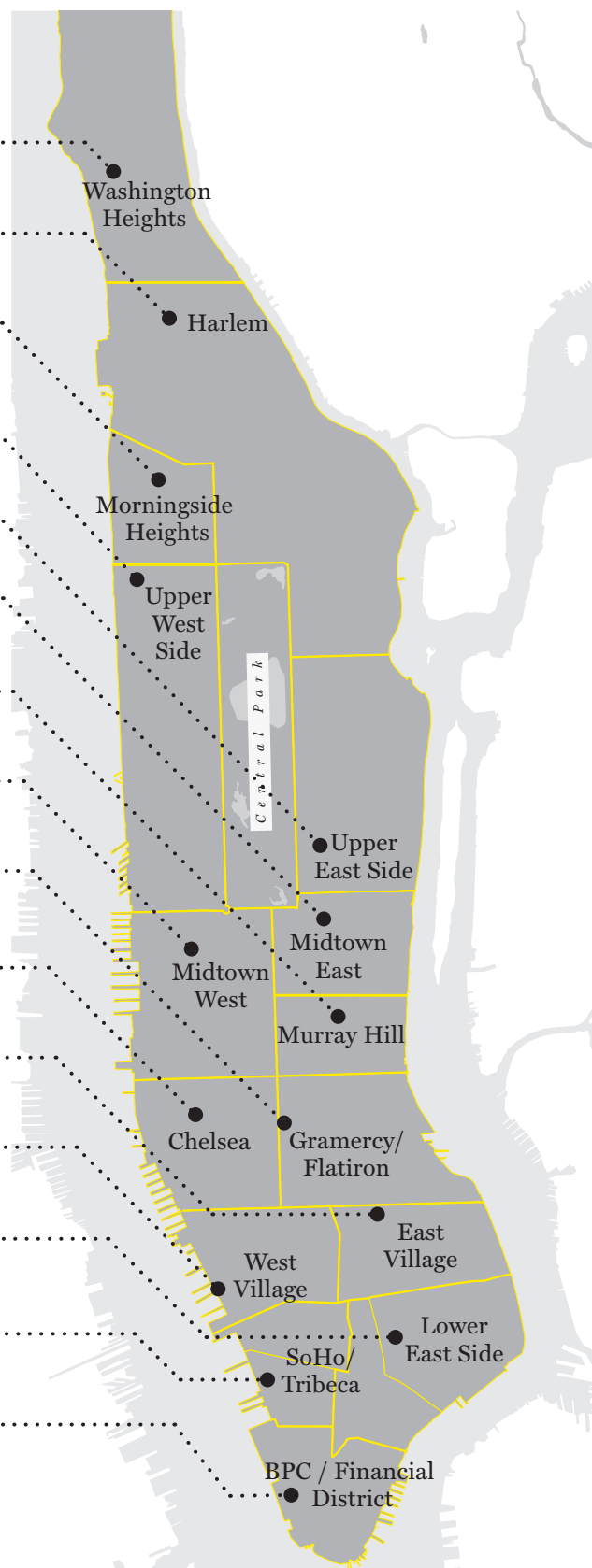
1. The statistics in the letter above, and in the report that follows, are based on Citi Habitats' closed rental transactions, current rental listings in the firm's database and company research.
2. Average rents cited in this report are, for the most part, gross rents, not net effective rents, and do not include landlord incentives, unless the face rent reported on the lease was the net-effective amount.

Manhattan Residential Rental Market Report



March 2018

AVERAGE RENT	MEDIAN RENT
\$1,882	\$2,295
\$2,663	\$2,550
\$2,707	\$3,100
\$3,871	\$3,485
\$3,638	\$3,050
\$3,977	\$3,485
\$3,830	\$5,300
\$3,774	\$3,500
\$4,360	\$4,150
\$4,124	\$4,095
\$3,452	\$3,250
\$4,433	\$3,695
\$3,528	\$3,200
\$5,140	\$5,300
\$4,326	\$3,775



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



March 2018

AVERAGE RENT SUMMARY: March 2018

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,545	\$3,745	\$4,715	\$6,298
Chelsea	\$2,556	\$3,555	\$4,533	\$5,850
East Village	\$2,598	\$2,813	\$3,623	\$4,775
Gramercy/Flatiron	\$2,400	\$3,575	\$4,966	\$6,500
Harlem	\$1,795	\$2,371	\$2,511	\$3,975
Lower East Side	\$2,484	\$3,177	\$3,967	\$4,484
Midtown East	\$2,428	\$3,915	\$4,363	\$5,200
Midtown West	\$2,394	\$3,054	\$4,198	\$5,450
Morningside Heights	\$2,166	\$2,350	\$2,898	\$3,413
Murray Hill	\$2,288	\$3,142	\$4,296	\$5,595
Soho/Tribeca	\$2,518	\$4,798	\$5,480	\$7,763
Upper East Side	\$2,258	\$2,814	\$3,406	\$6,074
Upper West Side	\$2,066	\$2,877	\$4,215	\$6,324
Washington Heights	\$1,399	\$1,627	\$2,000	\$2,500
West Village	\$3,103	\$3,953	\$4,617	\$6,059
Average: March	\$2,333	3,184	3,986	5,351
Average: February	\$2,324	3,205	3,974	5,360
% Change	0%	-1%	0%	0%

AVERAGE VACANCY RATE: March 2018

Location	Vacancy Rate
BPC / Financial Dist.	1.51%
Chelsea	1.97%
East Village	1.56%
Gramercy	1.57%
Midtown East	1.99%
Midtown West	1.80%
Murray Hill	1.43%
Soho/Tribeca	1.11%
Upper East Side	1.28%
Upper West Side	1.76%
West Village	1.78%
Average: March	1.63%
Average: February	1.74%
Difference	-0.11

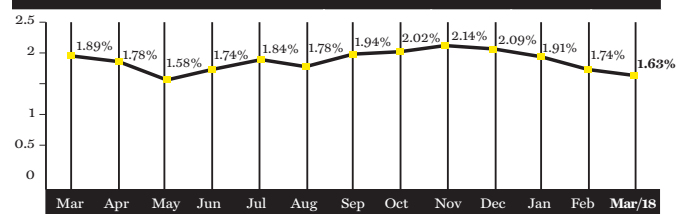
% OF TRANSACTIONS WITH A
CONCESSION MARCH 2018

35%

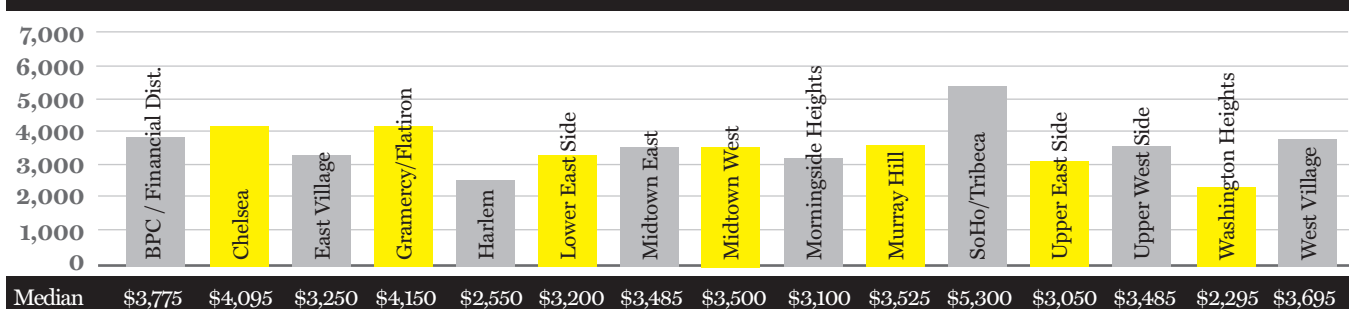
OVERALL BLENDED AVERAGES: March 2018

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: March 2018



MEDIAN RENT SUMMARY: March 2018



*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.

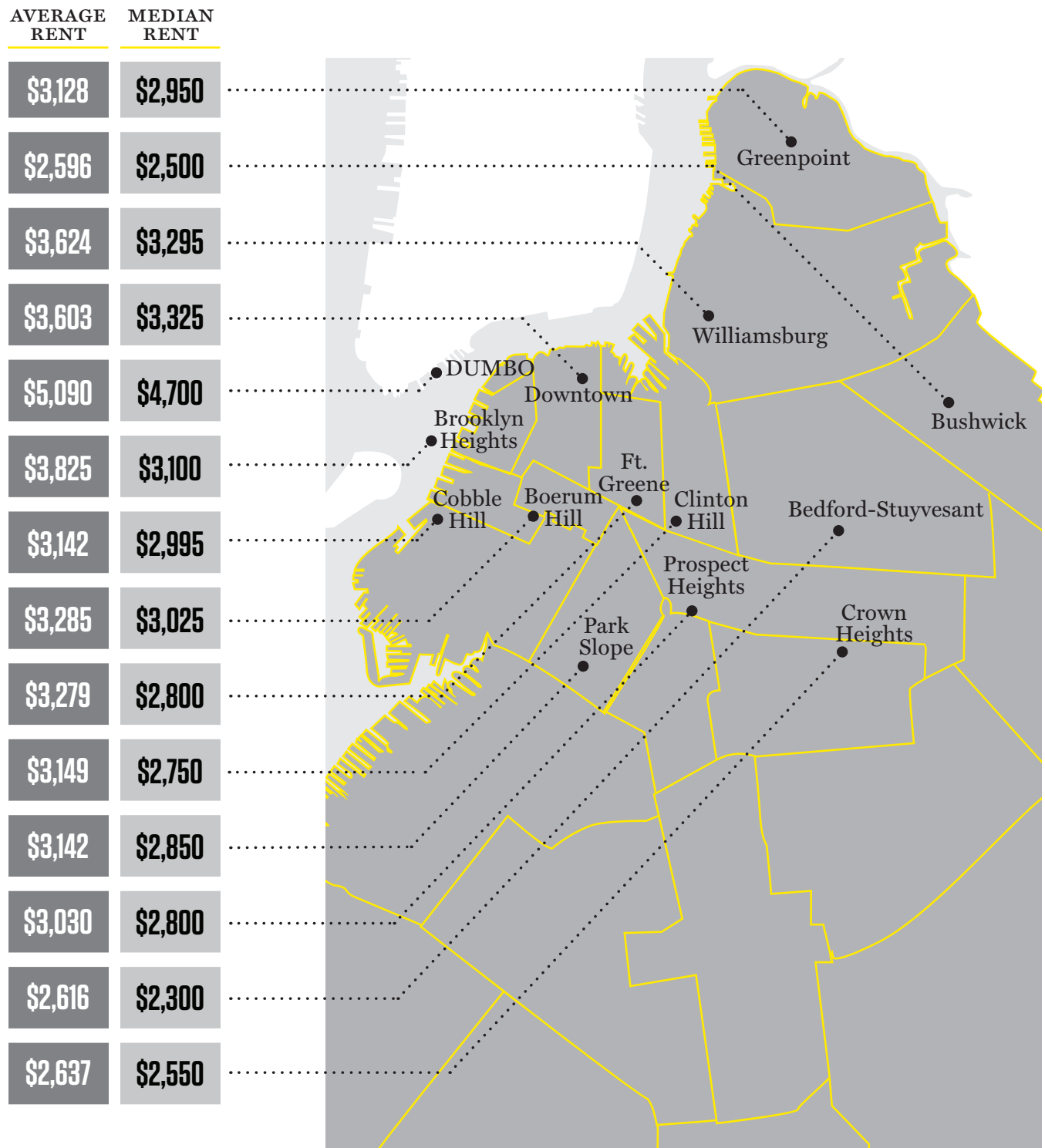
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Brooklyn Residential Rental Market Report



March 2018



Brooklyn Residential Rental Market Report

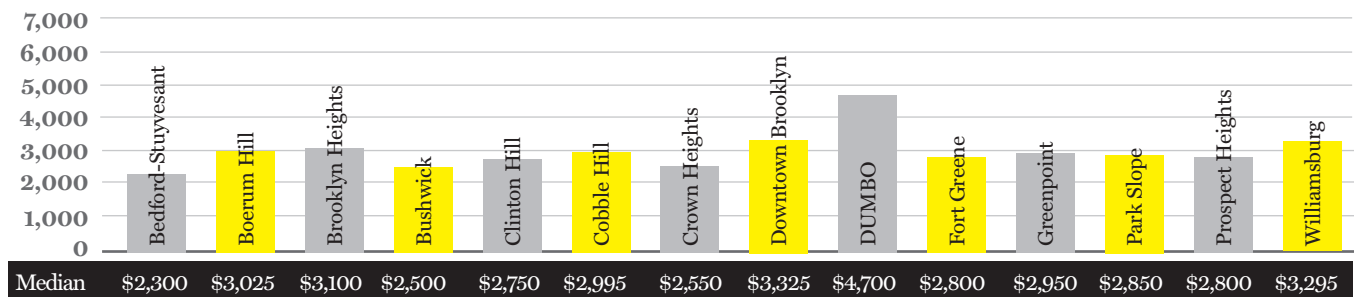
March 2018



AVERAGE RENT SUMMARY: March 2018

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,801	2,140	2,461	2,997
Boerum Hill	\$2,125	2,860	3,681	4,455
Brooklyn Heights	\$2,309	3,166	4,559	7,697
Bushwick	\$2,052	2,174	2,457	2,909
Clinton Hill	\$2,242	2,469	3,337	4,136
Cobble Hill	\$2,294	2,893	3,504	5,119
Crown Heights	\$1,943	2,343	2,532	2,838
Downtown Brooklyn	\$2,594	3,329	4,308	6,418
DUMBO	\$3,198	3,869	5,631	8,828
Fort Greene	\$2,305	2,897	3,943	4,240
Greenpoint	\$2,274	2,676	3,074	3,647
Park Slope	\$2,110	2,602	3,368	4,331
Prospect Heights	\$2,175	2,599	3,054	4,163
Williamsburg	\$2,613	3,125	3,916	5,092
Average: March	\$2,288	2,796	3,559	4,776
Average: February	\$2,290	2,765	3,556	4,781
% Change	0%	1%	0%	0%

MEDIAN RENT SUMMARY: March 2018



Manhattan Residential Rental Market Report



First Quarter 2018

AVERAGE RENT SUMMARY: Q1 2018

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$2,647	3,662	4,692	6,356
Chelsea	\$2,642	3,438	4,485	5,870
East Village	\$2,488	2,902	3,698	4,776
Gramercy/Flatiron	\$2,562	3,692	4,843	6,550
Harlem	\$1,713	2,398	2,608	4,071
Lower East Side	\$2,400	3,123	3,861	4,430
Midtown East	\$2,401	3,910	4,246	5,157
Midtown West	\$2,339	3,041	4,299	5,411
Morningside Heights	\$2,172	2,452	2,870	3,464
Murray Hill	\$2,386	3,246	4,321	5,525
Soho/Tribeca	\$2,652	4,795	5,508	7,636
Upper East Side	\$2,128	2,770	3,429	6,020
Upper West Side	\$2,192	2,907	4,134	6,501
Washington Heights	\$1,450	1,658	2,063	2,640
West Village	\$2,979	3,957	4,588	6,146
Average: Q1/18	\$2,343	3,197	3,976	5,370
Average: Q4/17	\$2,398	3,242	4,027	5,463
% Change	-2.3%	-1.4%	-1.3%	-1.7%
Average: Q1/17	\$2,328	3,098	4,098	5,261
% Change: Q1-17/18	0.7%	3.2%	-3.0%	2.1%

AVERAGE VACANCY RATE: Q1 2018

Location	Vacancy Rate
BPC/Financial Dist.	1.54%
Chelsea	2.04%
East Village	1.84%
Gramercy	1.78%
Midtown East	2.30%
Midtown West	1.79%
Murray Hill	1.52%
Soho/Tribeca	1.37%
Upper East Side	1.45%
Upper West Side	1.90%
West Village	1.89%
Average: Q1/18	1.77%
Average: Q4/17	2.13%
Difference	-0.36
Average: Q1/17	1.93%
Difference: Q1-17/18	-0.16

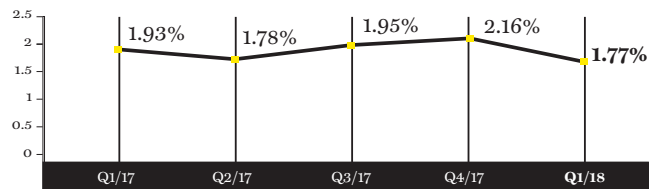
% OF TRANSACTIONS WITH A CONCESSION FIRST QUARTER 2018

41%

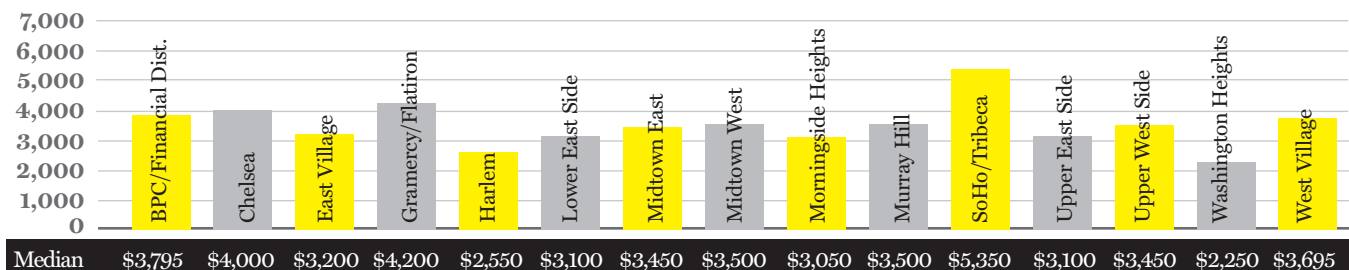
OVERALL BLENDED AVERAGES: Q1 2018

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,309	4,586	7,601	10,571
Doorman	\$2,841	3,983	6,463	9,257
Elevator**	\$2,394	3,186	4,559	6,012
Walkup***	\$2,175	2,741	3,517	4,928

MANHATTAN RENTAL VACANCY RATES: Q1 2018



MEDIAN RENT SUMMARY: Q1 2018



*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

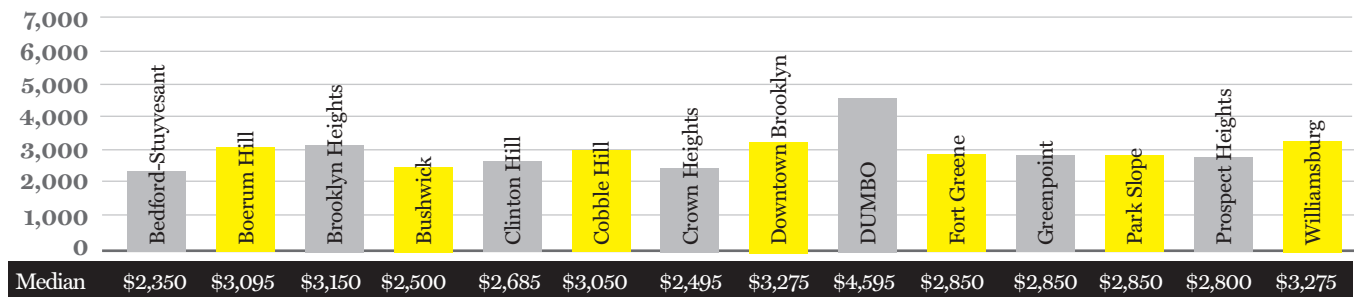
First Quarter 2018



AVERAGE RENT SUMMARY: Q1 2018

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,833	2,156	2,460	3,005
Boerum Hill	\$2,238	2,857	3,665	4,510
Brooklyn Heights	\$2,300	3,169	4,500	7,579
Bushwick	\$2,053	2,164	2,453	2,850
Clinton Hill	\$2,155	2,487	3,261	4,128
Cobble Hill	\$2,298	2,850	3,670	5,305
Crown Heights	\$1,917	2,242	2,496	2,747
Downtown Brooklyn	\$2,581	3,280	4,314	6,476
DUMBO	\$3,061	3,727	5,695	8,975
Fort Greene	\$2,303	2,985	3,851	4,281
Greenpoint	\$2,283	2,570	3,077	3,634
Park Slope	\$2,110	2,590	3,352	4,253
Prospect Heights	\$2,163	2,543	3,176	4,199
Williamsburg	\$2,625	3,113	3,886	5,065
Average: Q1/18	\$2,280	2,767	3,561	4,786
Average: Q4/17	\$2,265	\$2,734	\$3,565	\$4,874
% Change	0.7%	1.2%	-0.1%	-1.8%

MEDIAN RENT SUMMARY: Q1 2018



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