



Manhattan Residential Rental Market Report

First Quarter 2016

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The report that follows tracks the Manhattan rental market throughout the first quarter of 2016. When compared to the last quarter of 2015, market conditions have remained generally stable. Average rents for all apartment sizes were relatively unchanged, while the borough's vacancy rate declined, reflecting an uptick in demand for rental housing.

Landlord concessions were on the rise during Q1

The lower quarterly vacancy rate is largely the result of an increase in landlord concessions. Throughout the first quarter, 21% of transactions brokered by Citi Habitats included some form of move-in incentive, compared to 12% during both the previous quarter and a year ago (in Q1 2015). In fact, a larger percentage of leases included an incentive during the first quarter of 2016 than in any quarter in more than 5 years. The last time they were as prevalent was during the third quarter of 2010, when they were included in 22% of new leases. For reference, the use of concessions hit an all-time quarterly high during the fourth quarter of 2009. During this period a full 55% of leases signed with our firm included an incentive to the new tenant.

These move-in incentives typically take the form of one month of free rent or payment of the broker's fee. During the most recent quarter, incentives helped landlords drive traffic to their properties, thus lowering the vacancy rate. At the same time, they created a sense of 'value' in the market for apartment seekers, and allowed building owners to keep their face rents high.

In fact, monthly pricing increased slightly at some buildings when compared to the last quarter of 2015, especially for studio and one-bedroom units, which make up the majority of housing stock in the borough.

As a result, rents have remained stable

When comparing the first quarter of 2016 with the quarter that preceded it, rents changed minimally. Pricing for studios rose 0.2%, while the average rent for a one-bedroom apartment increased 0.7%. In contrast, rents for two- and three-bedroom homes fell 0.3% and 0.4% respectively.

Year-over-year however, average Manhattan rents climbed across the board. Rents for one-bedroom apartments increased the most, with a 4.5% rise. Meanwhile, rents for studio units rose 2.6%, while pricing was up 2.1% and 2.4% for two- and three-bedroom homes respectively.

While the vacancy rate fell

When examining vacancy rates across Manhattan, we found 1.77% of apartments to be available during the first quarter of 2016, down from 1.96% in the fourth quarter of 2015. However, would-be tenants had more inventory to choose from during the most recent quarter when compared to a year ago. During the first quarter of 2015, 1.52% of apartments were vacant.

Month-over-month, conditions have plateaued

Looking at the most recent data, average rents in March 2016 remained largely unchanged from February. Meanwhile the Manhattan vacancy rate increased slightly to 1.79% from February's rate of 1.74%. In addition, we found that 20% of leases signed with our company included an incentive during March. While down from 25% a month earlier, this percentage is still considerably higher when making a year-over-year comparison. As was the case in Q1 and Q4 2015, 12% of Citi Habitats' rental transactions included a concession in March 2015.

The continued prevalence of concessions is indicative of a Manhattan rental market that faces more competition than ever before. With the borough's average rents hovering near all-time highs, increasingly our clients choose to pursue 'better value' housing opportunities. Often this means looking to Brooklyn and Queens, which are currently experiencing a boom in the construction of luxury rental properties. As a general rule, lowering rents is a landlord's last resort – so incentives remain in play to help some Manhattan buildings compete with their new outer-borough rivals.

Regardless of your target neighborhood, renting an apartment in New York City can be a daunting process. Being well-informed on current market conditions is the first step in making a smart decision regarding your next move. With that goal in mind, we hope this report proves 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

First Quarter 2016



AVERAGE RENT SUMMARY: Q1 2016

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$2,611	3,783	5,225	6,244
Chelsea	\$2,559	3,365	5,213	6,776
East Village	\$2,131	2,735	3,294	4,567
Gramercy/Flatiron	\$2,563	3,417	5,105	6,253
Harlem	\$1,544	2,008	2,461	3,383
Lower East Side	\$2,192	2,990	3,558	4,220
Midtown East	\$2,345	3,394	4,092	5,109
Midtown West	\$2,346	3,421	4,553	5,252
Morningside Heights	\$2,031	2,472	3,335	4,151
Murray Hill	\$2,387	3,191	3,925	4,573
Soho/Tribeca	\$2,424	3,666	5,529	8,141
Upper East Side	\$1,925	2,585	3,383	5,578
Upper West Side	\$2,092	2,808	3,811	5,889
Washington Heights	\$1,205	1,657	2,119	2,641
West Village	\$2,558	3,715	4,694	5,681
Average: Q1/16	\$2,187	3,007	4,013	5,224
Average: Q4/15	\$2,183	2,986	4,025	5,242
% Change	0.2%	0.7%	-0.3%	-0.4%
Average: Q1/15	\$2,132	2,877	3,931	5,100
% Change: Q1-15/16	2.6%	4.5%	2.1%	2.4%

AVERAGE VACANCY RATE: Q1 2016

Location	Vacancy Rate
BPC/Financial Dist.	1.98%
Chelsea	1.86%
East Village	2.49%
Gramercy	0.80%
Midtown East	1.91%
Midtown West	1.96%
Murray Hill	1.59%
Soho/Tribeca	1.04%
Upper East Side	1.60%
Upper West Side	2.05%
West Village	2.21%
Average: Q1/16	1.77%
Average: Q4/15	1.96%
Difference	0.19
Average: Q1/15	1.52%
Difference: Q4-15/14	0.25

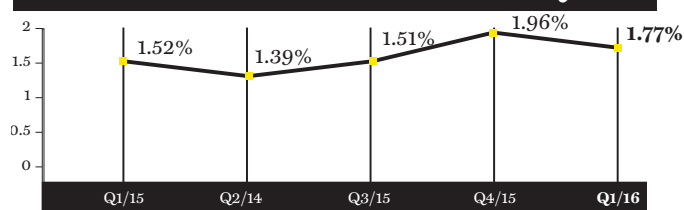
% OF TRANSACTIONS WITH A CONCESSION FOURTH QUARTER 2015

21%

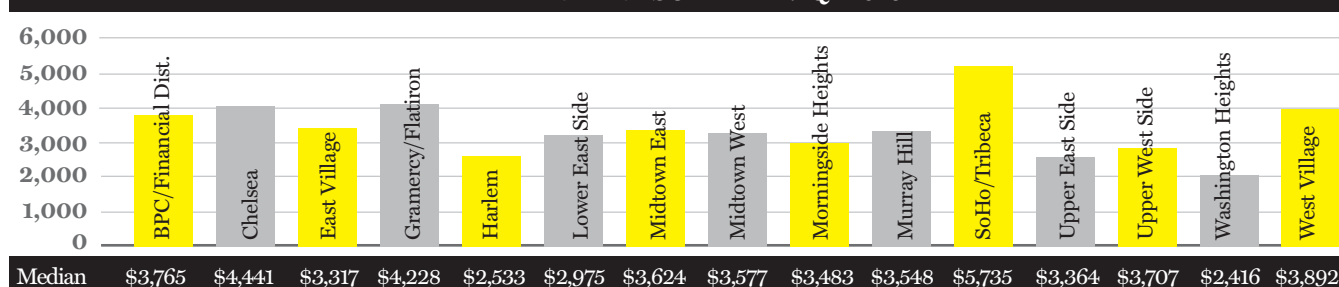
OVERALL BLENDED AVERAGES: Q1 2016

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,370	4,527	6,960	8,144
Doorman	\$2,819	3,975	6,258	7,465
Elevator**	\$2,426	3,113	4,576	5,687
Walkup***	\$2,217	2,760	3,685	4,850

MANHATTAN RENTAL VACANCY RATES: Q1 2016



MEDIAN RENT SUMMARY: Q1 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.

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

March 2016



AVERAGE RENT SUMMARY: March 2016

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,618	\$3,707	\$5,450	\$6,395
Chelsea	\$2,603	\$3,416	\$5,071	\$6,660
East Village	\$2,058	\$2,813	\$3,413	\$4,475
Gramercy/Flatiron	\$2,500	\$3,233	\$5,100	\$6,254
Harlem	\$1,550	\$2,030	\$2,589	\$3,388
Lower East Side	\$2,250	\$3,050	\$3,575	\$4,119
Midtown East	\$2,451	\$3,293	\$4,075	\$5,350
Midtown West	\$2,432	\$3,353	\$4,463	\$5,215
Morningside Heights	\$2,001	\$2,500	\$3,273	\$4,154
Murray Hill	\$2,350	\$3,113	\$4,000	\$4,673
Soho/Tribeca	\$2,523	\$3,698	\$5,899	\$8,015
Upper East Side	\$1,976	\$2,515	\$3,321	\$5,550
Upper West Side	\$2,104	\$2,836	\$3,875	\$6,000
Washington Heights	\$1,173	\$1,678	\$2,175	\$2,510
West Village	\$2,685	\$3,656	\$4,030	\$5,598
Average: March	\$2,208	\$2,983	\$4,011	\$5,210
Average: February	\$2,191	\$3,026	\$4,004	\$5,236
% Change	1%	-1%	0%	0%

AVERAGE VACANCY RATE: March 2016

Location	Vacancy Rate
BPC / Financial Dist.	1.83%
Chelsea	1.62%
East Village	2.48%
Gramercy	0.62%
Midtown East	1.86%
Midtown West	2.09%
Murray Hill	1.59%
Soho/Tribeca	0.91%
Upper East Side	1.76%
Upper West Side	2.10%
West Village	2.33%
Average: March	1.79%
Average: February	1.74%
Difference	-0.05%

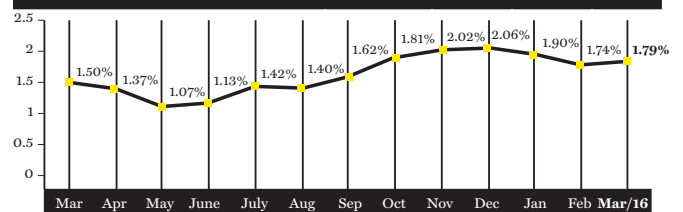
% OF TRANSACTIONS WITH A CONCESSION MARCH 2016

20%

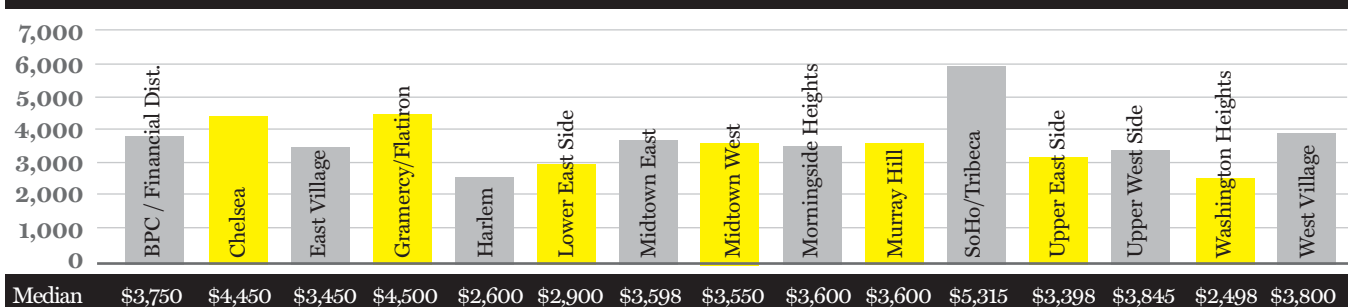
OVERALL BLENDED AVERAGES: March 2016

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,344	4,553	7,077	8,577
Doorman	\$2,804	4,010	6,410	7,720
Elevator**	\$2,415	3,191	4,611	5,792
Walkup***	\$2,235	2,775	3,780	4,978

MANHATTAN RENTAL VACANCY RATES: March 2016



MEDIAN RENT SUMMARY: March 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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Manhattan Residential Rental Market Report

February 2016



AVERAGE RENT SUMMARY: February 2016

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,652	\$3,920	\$5,200	\$6,143
Chelsea	\$2,454	\$3,351	\$5,194	\$6,793
East Village	\$2,159	\$2,758	\$3,255	\$4,600
Gramercy/Flatiron	\$2,594	\$3,450	\$5,057	\$6,365
Harlem	\$1,482	\$1,986	\$2,343	\$3,388
Lower East Side	\$2,150	\$2,925	\$3,500	\$4,250
Midtown East	\$2,327	\$3,398	\$4,050	\$5,026
Midtown West	\$2,299	\$3,414	\$4,525	\$5,240
Morningside Heights	\$2,035	\$2,426	\$3,331	\$4,197
Murray Hill	\$2,414	\$3,236	\$3,920	\$4,535
Soho/Tribeca	\$2,482	\$3,600	\$5,488	\$8,288
Upper East Side	\$1,936	\$2,618	\$3,459	\$5,550
Upper West Side	\$2,100	\$2,942	\$3,674	\$5,799
Washington Heights	\$1,234	\$1,621	\$2,017	\$2,617
West Village	\$2,553	\$3,742	\$5,044	\$5,744
Average: February	\$2,191	\$3,026	\$4,004	\$5,236
Average: January	\$2,163	\$3,013	\$4,025	\$5,225
% Change	1%	0%	-1%	0%

AVERAGE VACANCY RATE: February 2016

Location	Vacancy Rate
BPC / Financial Dist.	1.95%
Chelsea	1.96%
East Village	2.25%
Gramercy	0.87%
Midtown East	1.77%
Midtown West	1.87%
Murray Hill	1.46%
Soho/Tribeca	1.06%
Upper East Side	1.57%
Upper West Side	1.83%
West Village	2.15%
Average: February	1.74%
Average: January	1.90%
Difference	-0.16%

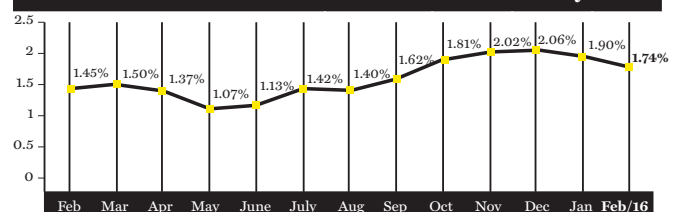
% OF TRANSACTIONS WITH A CONCESSION FEBRUARY 2016

25%

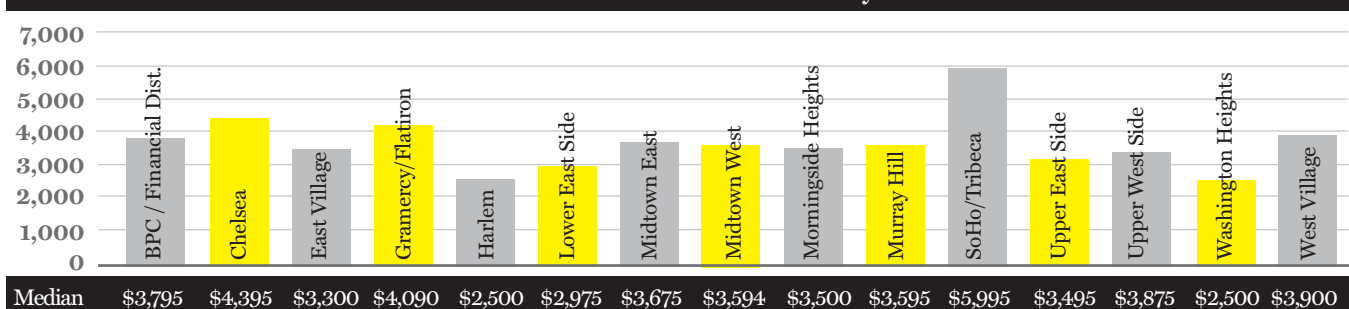
OVERALL BLENDED AVERAGES: February 2016

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,406	4,541	6,993	8,142
Doorman	\$2,824	3,991	6,257	7,458
Elevator**	\$2,421	3,252	4,621	5,747
Walkup***	\$2,178	2,752	3,706	4,847

MANHATTAN RENTAL VACANCY RATES: February 2016



MEDIAN RENT SUMMARY: February 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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Manhattan Residential Rental Market Report

January 2016



AVERAGE RENT SUMMARY: January 2016

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,562	3,723	5,026	6,193
Chelsea	\$2,621	3,328	5,375	6,875
East Village	\$2,177	2,635	3,214	4,625
Gramercy/Flatiron	\$2,594	3,567	5,158	6,139
Harlem	\$1,601	2,009	2,450	3,373
Lower East Side	\$2,175	2,996	3,600	4,290
Midtown East	\$2,258	3,490	4,150	4,950
Midtown West	\$2,308	3,495	4,670	5,300
Morningside Heights	\$2,056	2,490	3,400	4,103
Murray Hill	\$2,396	3,225	3,856	4,511
Soho/Tribeca	\$2,267	3,700	5,200	8,119
Upper East Side	\$1,862	2,621	3,368	5,683
Upper West Side	\$2,072	2,645	3,885	5,867
Washington Heights	\$1,208	1,671	2,165	2,795
West Village	\$2,436	3,746	5,009	5,700
Average: January	\$2,163	3,013	4,025	5,225
Average: December	\$2,178	2,970	4,037	5,222
% Change	-1%	1%	0%	0%

AVERAGE VACANCY RATE: January 2016

Location	Vacancy Rate
BPC / Financial Dist.	2.15%
Chelsea	2.01%
East Village	2.74%
Gramercy	0.92%
Midtown East	2.10%
Midtown West	1.93%
Murray Hill	1.72%
Soho/Tribeca	1.15%
Upper East Side	1.48%
Upper West Side	2.21%
West Village	2.16%
Average: January	1.90%
Average: December	2.06%
Difference	-0.13

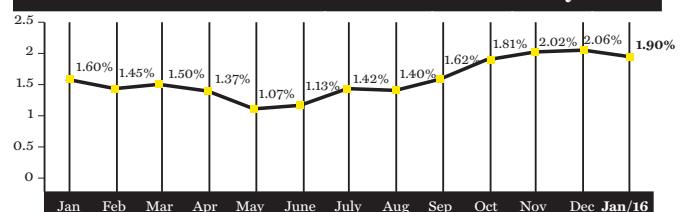
% OF TRANSACTIONS WITH A CONCESSION JANUARY 2016

17%

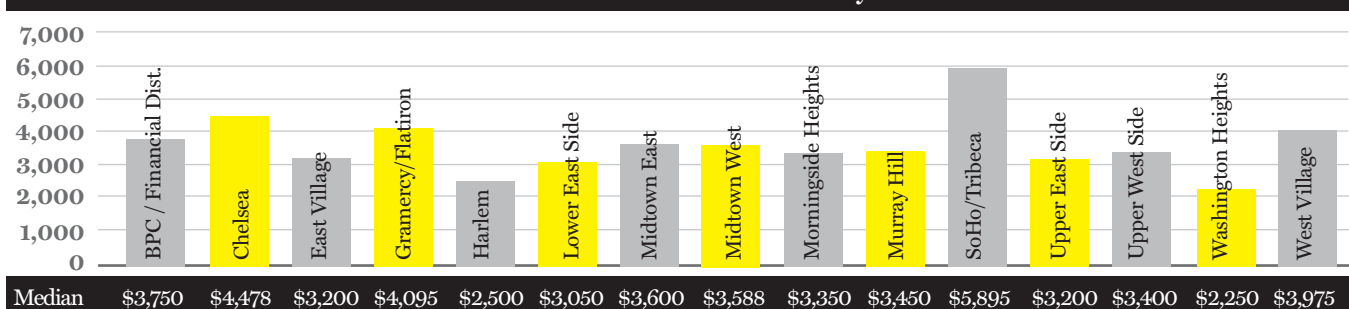
OVERALL BLENDED AVERAGES: January 2016

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,361	4,488	6,871	7,712
Doorman	\$2,830	3,924	6,107	7,217
Elevator**	\$2,442	2,896	4,497	5,521
Walkup***	\$2,238	2,752	3,570	4,723

MANHATTAN RENTAL VACANCY RATES: January 2016



MEDIAN RENT SUMMARY: January 2016



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