



## Residential Rental Market Report

June & Second Quarter 2018

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## June & Second Quarter 2018

This report follows conditions in the Manhattan rental market during June - as well as throughout the second 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 June, we found a 'mixed bag' of market conditions. In total, rents crept up - both month-over-month and year-over-year, which is good news for landlords. However, the vacancy rate climbed and concessions made a comeback, both positive signs for tenants.

### Rents in Manhattan and Brooklyn climbed overall – and remain near record highs.

In June 2018, Manhattan rents rose by a statistically insignificant amount for studio apartments when compared to May, while they declined 1% for one-bedroom homes. Pricing for two- and three-bedrooms units both increased by a 4%. Meanwhile, year-over-year, rents fell 1% for studios, while rents were up by 1%, 2% and 3% for one-, two- and three-bedroom apartments respectively.

From May to June, rents for both Brooklyn studios and two-bedrooms rose 2%. At 3% and 4%, the rent rises were slightly higher for one- and three-bedroom units. When compared to last year, June rents for studios in the borough were up 5%. For one-bedrooms, pricing was up 2%. During the same period, the increase in two-bedroom rents was minimal – and rents for three-bedroom homes ticked down by 1%.

### In June, the Manhattan vacancy rate rose slightly - giving more options for tenants.

After falling for six consecutive months, the vacancy rate rose slightly - from 1.27% in May to 1.32% in June. Apartment seekers remain price-sensitive, so this increase in available units may be a reaction to ascending rents. However, Manhattan's vacancy rate is lower this June when compared to last. In June 2017, 1.74% of apartments were vacant.

### The use of move-in incentives was back on the upswing in June, after falling in May.

The percentage of leases that included a move-in incentive climbed to 27% in June 2018, from 19% in May. Found on 28% of leases in June 2017, their year-over-year prevalence remained almost the same. While concession use is down considerably from the winter months – they were found on a full 51% new leases in November 2017 for example - they continue to be a significant marketing tool in both new developments and existing properties alike.

### However, quarterly trends illustrate an improved market for landlords in the longer term.

Manhattan rents remained relatively stable during the second quarter when compared to both Q1 2018 and year-over-year. However, rents in Brooklyn were up across all categories when compared to Q1 and were also higher overall when compared to Q2 last year.

The Manhattan vacancy rate fell to 1.34% during Q2 – from 1.77% in Q1. It's also lower than Q2 2017's rate of 1.78%. This means fewer available apartment choices for potential tenants.

During Q2 as a whole, 24% of new leases included an incentive, down substantially from the 41% last quarter – but about equal to Q2 2017 (at 26%).

Due to six straight months of climbing demand for rental housing, some landlords began to test the boundaries with rent increases as we entered summer – while relying on concessions to create a sense of value in the marketplace. In response, vacancies rose for the first time since November of last year. Despite an influx of recent grads and would-be homebuyers in the rental arena, many tenants and apartment seekers are simply pushed to limit in terms of what they are willing - or able - to pay.

Finding a home in New York City can be a challenge, but we are always here to help. Our goal with this report is to help renters and landlords alike understand the current market and in turn, make smart, informed real estate decisions.

### Gary Malin, President, Citi Habitats

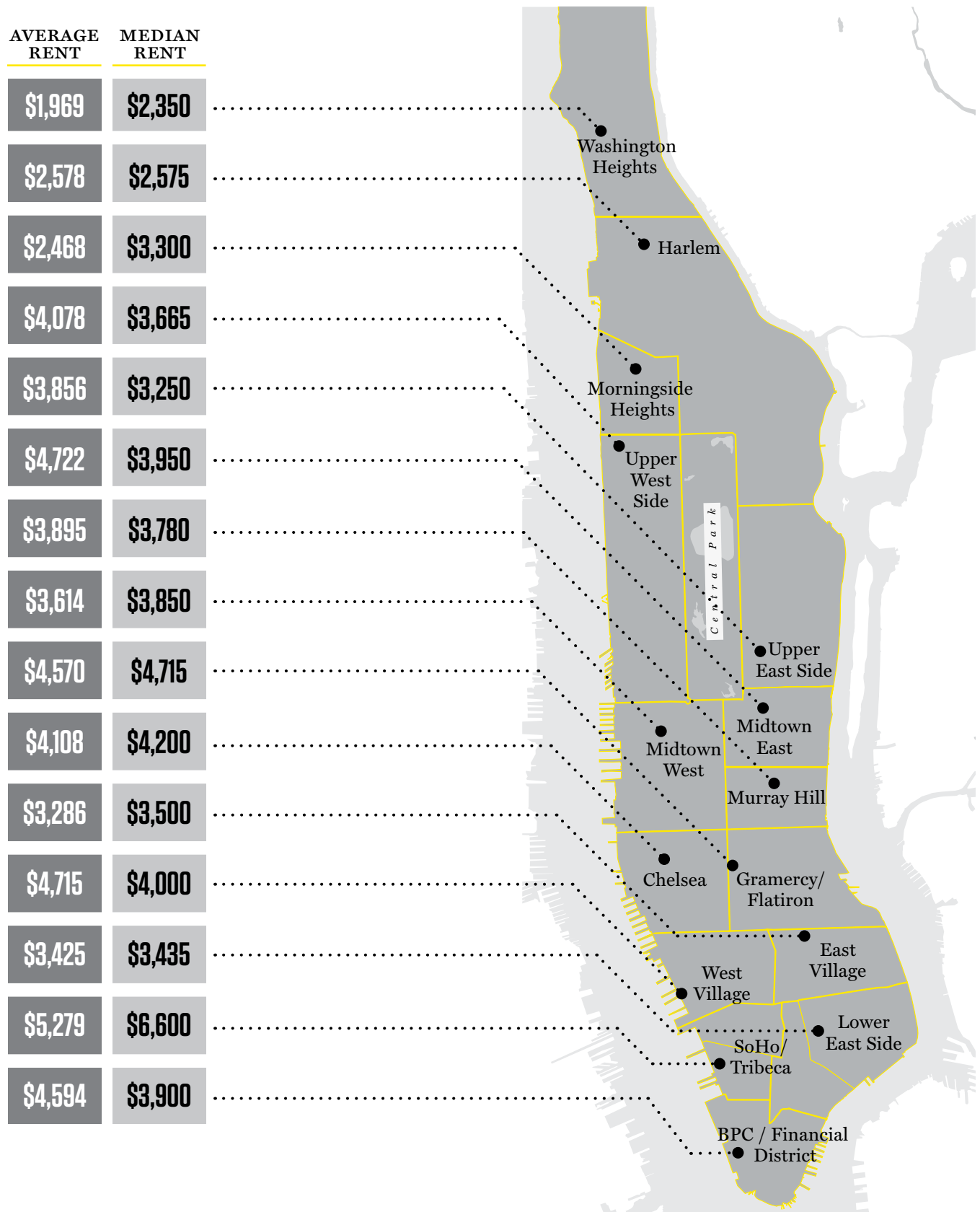
When examining our report, please keep the following in mind:

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



June 2018



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# Manhattan Residential Rental Market Report



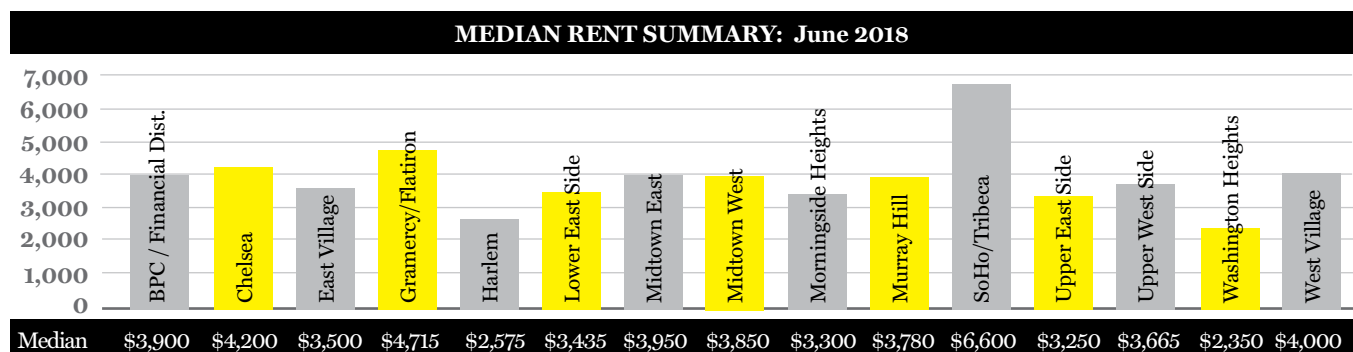
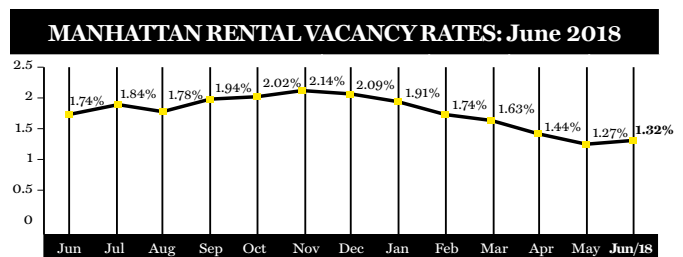
June 2018

| AVERAGE RENT SUMMARY: June 2018 |                |              |              |              |
|---------------------------------|----------------|--------------|--------------|--------------|
| Location                        | Studio         | 1BR          | 2BR          | 3BR          |
| BPC / Financial Dist.           | \$2,736        | 3,821        | 5,500        | 6,320        |
| Chelsea                         | \$2,609        | 3,825        | 4,198        | 5,800        |
| East Village                    | \$2,180        | 2,666        | 3,696        | 4,600        |
| Gramercy/Flatiron               | \$2,500        | 3,730        | 4,800        | 7,250        |
| Harlem                          | \$1,850        | 2,250        | 2,710        | 3,500        |
| Lower East Side                 | \$2,876        | 2,800        | 3,823        | 4,200        |
| Midtown East                    | \$2,552        | 4,208        | 4,907        | 7,222        |
| Midtown West                    | \$2,418        | 2,936        | 3,900        | 5,200        |
| Morningside Heights             | \$2,000        | 2,250        | 2,635        | 2,985        |
| Murray Hill                     | \$2,567        | 3,354        | 3,950        | 5,708        |
| Soho/Tribeca                    | \$2,535        | 4,566        | 6,814        | 7,200        |
| Upper East Side                 | \$2,151        | 2,695        | 3,645        | 6,932        |
| Upper West Side                 | \$2,335        | 3,046        | 4,571        | 6,360        |
| Washington Heights              | \$1,395        | 1,907        | 2,215        | 2,360        |
| West Village                    | \$2,797        | 3,710        | 4,791        | 7,563        |
| <b>Average: June</b>            | <b>\$2,367</b> | <b>3,184</b> | <b>4,144</b> | <b>5,547</b> |
| Average: May                    | \$2,364        | 3,207        | 3,989        | 5,327        |
| % Change                        | 0%             | -1%          | 4%           | 4%           |

| AVERAGE VACANCY RATE: June 2018 |              |
|---------------------------------|--------------|
| Location                        | Vacancy Rate |
| BPC / Financial Dist.           | 1.16%        |
| Chelsea                         | 1.17%        |
| East Village                    | 1.96%        |
| Gramercy                        | 0.94%        |
| Midtown East                    | 1.37%        |
| Midtown West                    | 1.54%        |
| Murray Hill                     | 1.45%        |
| Soho/Tribeca                    | 1.15%        |
| Upper East Side                 | 0.94%        |
| Upper West Side                 | 1.49%        |
| West Village                    | 1.51%        |
| <b>Average: June</b>            | <b>1.32%</b> |
| Average: May                    | 1.27%        |
| Difference                      | -0.05        |

% OF TRANSACTIONS WITH A CONCESSION JUNE 2018 **27%**

| OVERALL BLENDED AVERAGES: June 2018 |         |       |       |        |
|-------------------------------------|---------|-------|-------|--------|
| BLDG Classification                 | Studio  | 1BR   | 2BR   | 3BR    |
| New Development w/ DM*              | \$3,570 | 4,868 | 8,749 | 15,730 |
| Doorman                             | \$2,938 | 4,200 | 7,126 | 12,952 |
| Elevator**                          | \$2,510 | 3,458 | 5,377 | 8,367  |
| Walkup***                           | \$2,264 | 2,825 | 3,869 | 5,192  |



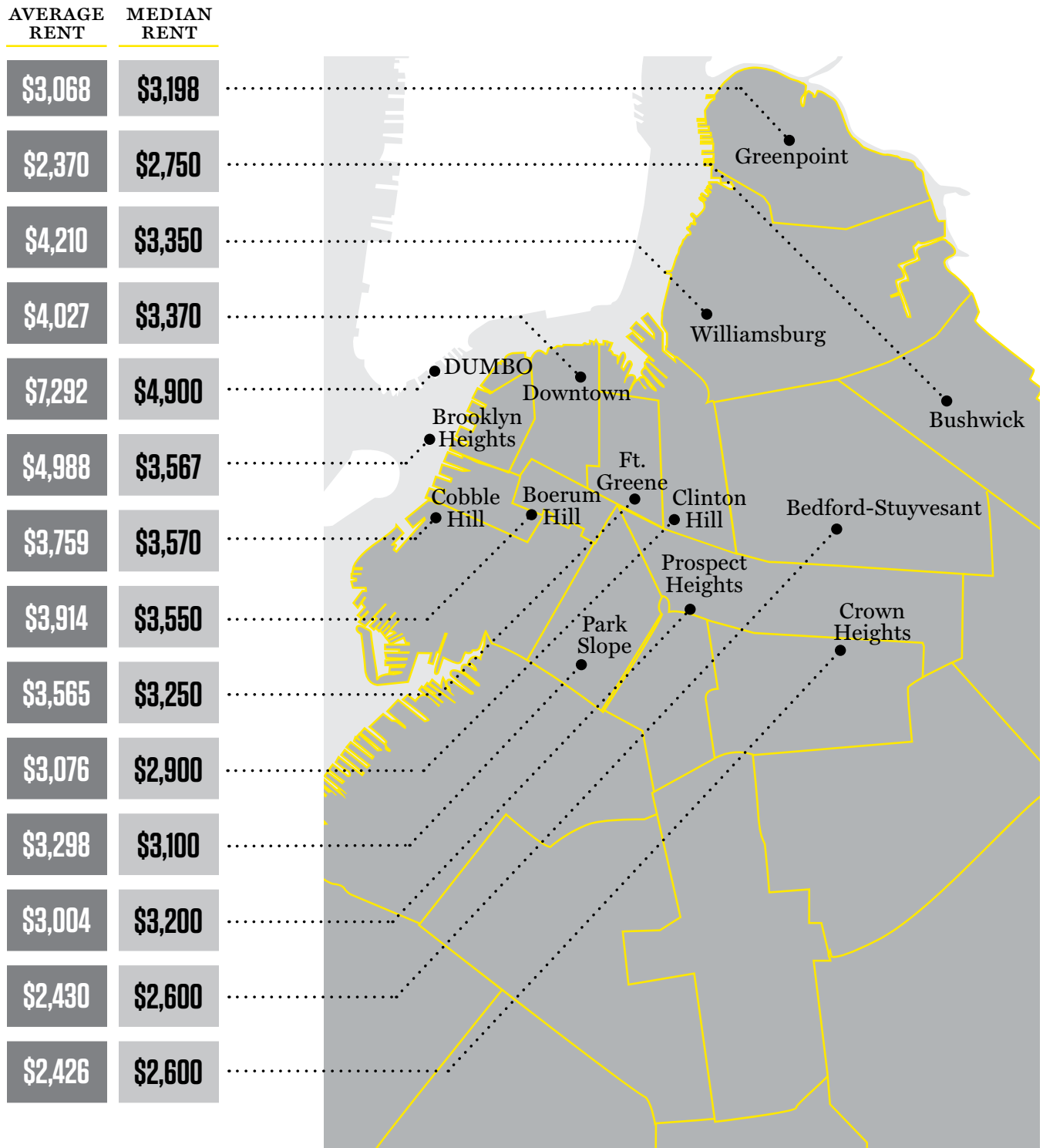
\*New Developments include all rental and condo buildings built after 2008. \*\*Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. \*\*\*Walkup averages include brownstone and townhouse rentals.

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.

# Brooklyn Residential Rental Market Report



June 2018



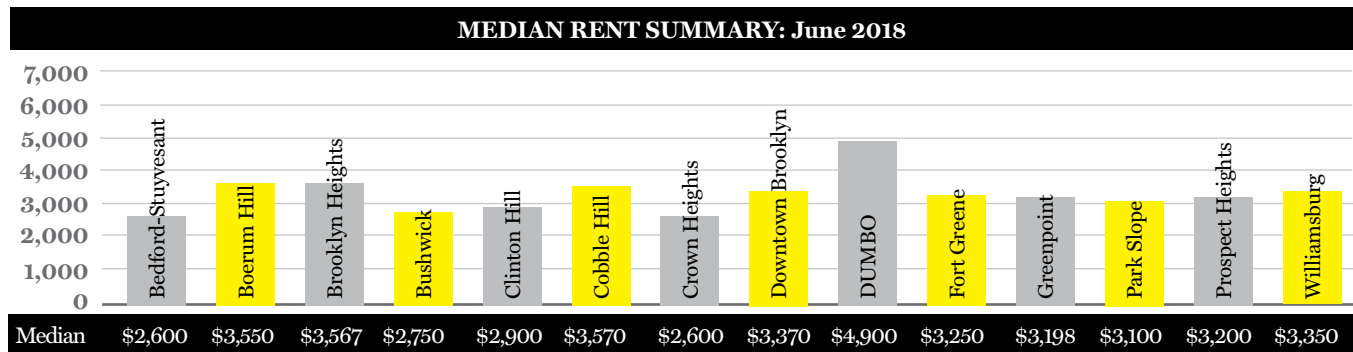
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# Brooklyn Residential Rental Market Report



June 2018

| AVERAGE RENT SUMMARY: June 2018 |         |       |       |       |
|---------------------------------|---------|-------|-------|-------|
| Location                        | Studio  | 1BR   | 2BR   | 3BR   |
| Bedford-Stuyvesant              | \$1,879 | 2,217 | 2,582 | 3,043 |
| Boerum Hill                     | \$1,765 | 2,963 | 4,028 | 6,899 |
| Brooklyn Heights                | \$2,429 | 3,268 | 5,460 | 8,796 |
| Bushwick                        | \$1,700 | 2,241 | 2,567 | 2,972 |
| Clinton Hill                    | \$2,202 | 2,610 | 3,426 | 4,066 |
| Cobble Hill                     | \$2,200 | 3,244 | 3,359 | 6,233 |
| Crown Heights                   | \$1,791 | 2,301 | 2,623 | 2,988 |
| Downtown Brooklyn               | \$2,805 | 3,680 | 4,839 | 4,786 |
| DUMBO                           | \$2,483 | 4,480 | 5,704 | 8,550 |
| Fort Greene                     | \$2,419 | 3,106 | 4,108 | 4,626 |
| Greenpoint                      | \$2,291 | 2,689 | 3,236 | 4,055 |
| Park Slope                      | \$2,051 | 2,604 | 3,408 | 5,128 |
| Prospect Heights                | \$2,458 | 2,411 | 3,463 | 3,682 |
| Williamsburg                    | \$4,405 | 3,176 | 3,966 | 5,291 |
| Average: June                   | \$2,348 | 2,928 | 3,769 | 5,080 |
| Average: May                    | \$2,312 | 2,837 | 3,685 | 4,872 |
| % Change                        | 2%      | 3%    | 2%    | 4%    |



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# Manhattan Residential Rental Market Report



Second Quarter 2018

## AVERAGE RENT SUMMARY: Q2 2018

| Location              | Studio         | 1BR          | 2BR          | 3BR          |
|-----------------------|----------------|--------------|--------------|--------------|
| BPC/Financial Dist.   | \$2,709        | 3,790        | 4,969        | 6,293        |
| Chelsea               | \$2,490        | 3,699        | 4,293        | 5,900        |
| East Village          | \$2,319        | 2,802        | 3,548        | 4,670        |
| Gramercy/Flatiron     | \$2,600        | 3,670        | 5,006        | 6,741        |
| Harlem                | \$1,919        | 2,322        | 2,658        | 3,715        |
| Lower East Side       | \$2,554        | 2,994        | 3,869        | 4,293        |
| Midtown East          | \$2,480        | 3,954        | 4,633        | 6,057        |
| Midtown West          | \$2,475        | 2,978        | 4,053        | 5,421        |
| Morningside Heights   | \$2,058        | 2,363        | 2,736        | 3,249        |
| Murray Hill           | \$2,422        | 3,339        | 4,049        | 5,572        |
| Soho/Tribeca          | \$2,583        | 4,708        | 6,005        | 7,465        |
| Upper East Side       | \$2,166        | 2,733        | 3,622        | 6,415        |
| Upper West Side       | \$2,341        | 2,946        | 4,364        | 6,297        |
| Washington Heights    | \$1,401        | 1,802        | 2,055        | 2,403        |
| West Village          | \$2,914        | 3,756        | 4,706        | 6,653        |
| <b>Average: Q2/18</b> | <b>\$2,362</b> | <b>3,190</b> | <b>4,038</b> | <b>5,410</b> |
| Average: Q1/18        | \$2,343        | 3,197        | 3,976        | 5,370        |
| % Change              | 0.8%           | -0.2%        | 1.5%         | 0.7%         |
| Average: Q2/17        | \$2,380        | 3,158        | 4,109        | 5,375        |
| % Change: Q2-17/18    | -0.8%          | 1.0%         | -1.7%        | 0.6%         |

## AVERAGE VACANCY RATE: Q2 2018

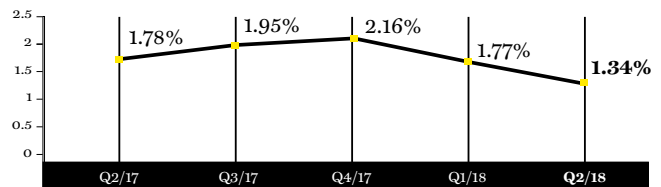
| Location              | Vacancy Rate |
|-----------------------|--------------|
| BPC/Financial Dist.   | 1.16%        |
| Chelsea               | 1.40%        |
| East Village          | 1.44%        |
| Gramercy              | 1.14%        |
| Midtown East          | 1.62%        |
| Midtown West          | 1.54%        |
| Murray Hill           | 1.26%        |
| Soho/Tribeca          | 1.03%        |
| Upper East Side       | 1.06%        |
| Upper West Side       | 1.51%        |
| West Village          | 1.58%        |
| <b>Average: Q2/18</b> | <b>1.34%</b> |
| Average: Q1/18        | 1.77%        |
| Difference            | -0.43        |
| Average: Q2/17        | 1.78%        |
| Difference: Q2-17/18  | -0.44        |

% OF TRANSACTIONS WITH A CONCESSION SECOND QUARTER 2018 **24%**

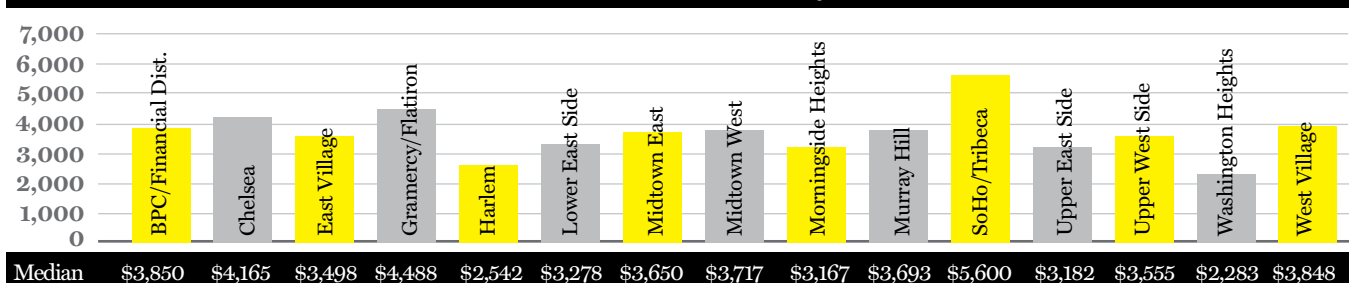
## OVERALL BLENDED AVERAGES: Q2 2018

| BLDG Classification    | Studio  | 1BR   | 2BR   | 3BR    |
|------------------------|---------|-------|-------|--------|
| New Development w/ DM* | \$3,500 | 4,785 | 8,025 | 12,034 |
| Doorman                | \$2,932 | 4,157 | 6,827 | 10,552 |
| Elevator**             | \$2,468 | 3,311 | 4,848 | 6,880  |
| Walkup***              | \$2,240 | 2,788 | 3,756 | 5,117  |

## MANHATTAN RENTAL VACANCY RATES: Q2 2018



## MEDIAN RENT SUMMARY: Q2 2018



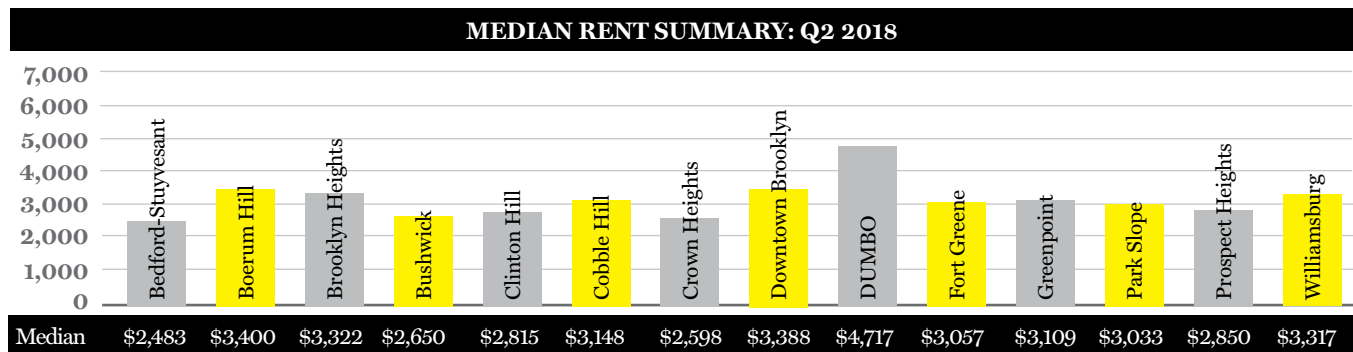
\*New Developments include all rental and condo buildings built after 2006. \*\*Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. \*\*\*Walkup averages include brownstone and townhouse rentals.

# Brooklyn Residential Rental Market Report



Second Quarter 2018

| AVERAGE RENT SUMMARY: Q2 2018 |                |              |              |              |
|-------------------------------|----------------|--------------|--------------|--------------|
| Location                      | Studio         | 1BR          | 2BR          | 3BR          |
| Bedford-Stuyvesant            | \$1,865        | 2,196        | 2,552        | 2,996        |
| Boerum Hill                   | \$2,045        | 2,991        | 3,880        | 5,464        |
| Brooklyn Heights              | \$2,388        | 3,173        | 5,005        | 8,193        |
| Bushwick                      | \$1,931        | 2,215        | 2,569        | 2,952        |
| Clinton Hill                  | \$2,234        | 2,621        | 3,247        | 4,101        |
| Cobble Hill                   | \$2,189        | 2,928        | 3,535        | 5,674        |
| Crown Heights                 | \$1,944        | 2,314        | 2,627        | 2,955        |
| Downtown Brooklyn             | \$2,742        | 3,547        | 4,614        | 5,792        |
| DUMBO                         | \$2,892        | 4,253        | 5,802        | 11,189       |
| Fort Greene                   | \$2,416        | 3,028        | 4,092        | 4,478        |
| Greenpoint                    | \$2,310        | 2,653        | 3,173        | 3,809        |
| Park Slope                    | \$2,122        | 2,678        | 3,437        | 4,748        |
| Prospect Heights              | \$2,186        | 2,373        | 3,311        | 4,183        |
| Williamsburg                  | \$3,314        | 3,129        | 3,857        | 5,123        |
| <b>Average: Q2/18</b>         | <b>\$2,327</b> | <b>2,864</b> | <b>3,693</b> | <b>5,118</b> |
| Average: Q1/18                | \$2,280        | 2,767        | 3,561        | 4,786        |
| % Change                      | 2.1%           | 3.5%         | 3.7%         | 6.9%         |
| Average: Q2/17                | \$2,260        | 2,865        | 3,752        | 5,107        |
| % Change: Q2-17/18            | 2.9%           | 0.0%         | -1.6%        | 0.2%         |



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