



Residential Rental Market Report

September & Third Quarter 2018

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This report follows 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.

When looking at the most recent data for September, we found that rents climbed month-over-month in Manhattan, while they declined in Brooklyn. Meanwhile, landlords reduced their use of concessions slightly. This, coupled with the seasonal fall decrease in demand, caused the Manhattan vacancy rate to climb to the highest level since April.

Despite recent rent declines in Brooklyn, overall pricing is trending up.

In September 2018, Manhattan rents rose by a statistically insignificant amount for studio apartments when compared to August, while they rose 3% for one-bedroom homes. Pricing for two- and three-bedroom units increased 6% and 4% respectively. Meanwhile, year-over-year, rents were up 2% for studios, while rents climbed by 3%, 9% and 5% for one-, two- and three-bedroom apartments.

From August to September, rents for Brooklyn studios declined 2%, while they were down less than 1% for one-bedroom homes. Two- and three-bedroom units experienced price drops of 2% and 4%, respectively. Compared to last year however, rents have climbed. September rents for studios in the borough were up 2%. For one-bedrooms, pricing was up 3%. During the same period, two-bedroom rents increased 4% - and rents for three-bedroom homes rose a substantial 10%.

In September, the Manhattan vacancy rate rose to the highest level in 5 months...

Month-over-month, Manhattan's vacancy rate climbed from 1.29% in August - to 1.36% in September. In fact, there were more available apartments on the market in September than at any time since April, when the rate reached 1.44%. Apartment seekers remain extremely price-sensitive, so this increase in available units is likely a reaction - at least in part - to ascending rents. However, Manhattan's vacancy rate is lower this September when compared to last. In September 2017, 1.94% of apartments were vacant.

While the use of move-in incentives ticked downward.

The percentage of leases that included a move-in incentive was 27% in September 2018, down slightly from 28% in August. Year-over-year, their prevalence is also down - as they were found on 37% of leases in September 2017. Despite the declines, they continue to be a significant marketing tool - especially in luxury rental developments.

Quarterly trends continue to reflect an improved market for landlords in the longer term.

Rents in Manhattan and Brooklyn climbed across the board, both quarter-over-quarter and year-over-year.

The Manhattan vacancy rate rose slightly to 1.35% during Q3 - from 1.34% in Q2. However, it's lower than Q3 2017's rate of 1.95%. Despite the recent uptick, there are still fewer available choices for tenants than last year.

During Q3 as a whole, 27% of tenants received a landlord incentive, up from 24% last quarter. On the other hand, their use is down compared to Q3 2017 - when 37% of new leases included a concession.

Our September results show that even small increases in asking rents have an impact on demand - and tenants comparison-shop between buildings and neighborhoods like never before. The rise of car and bike sharing services, as well as the expanded ferry system, has caused many New Yorkers to consider more affordable areas that were once off the beaten path. In the rental market, the old adage of 'location, location, location' - has been replaced with 'price, price, price.'

Gary Malin, President, Citi Habitats

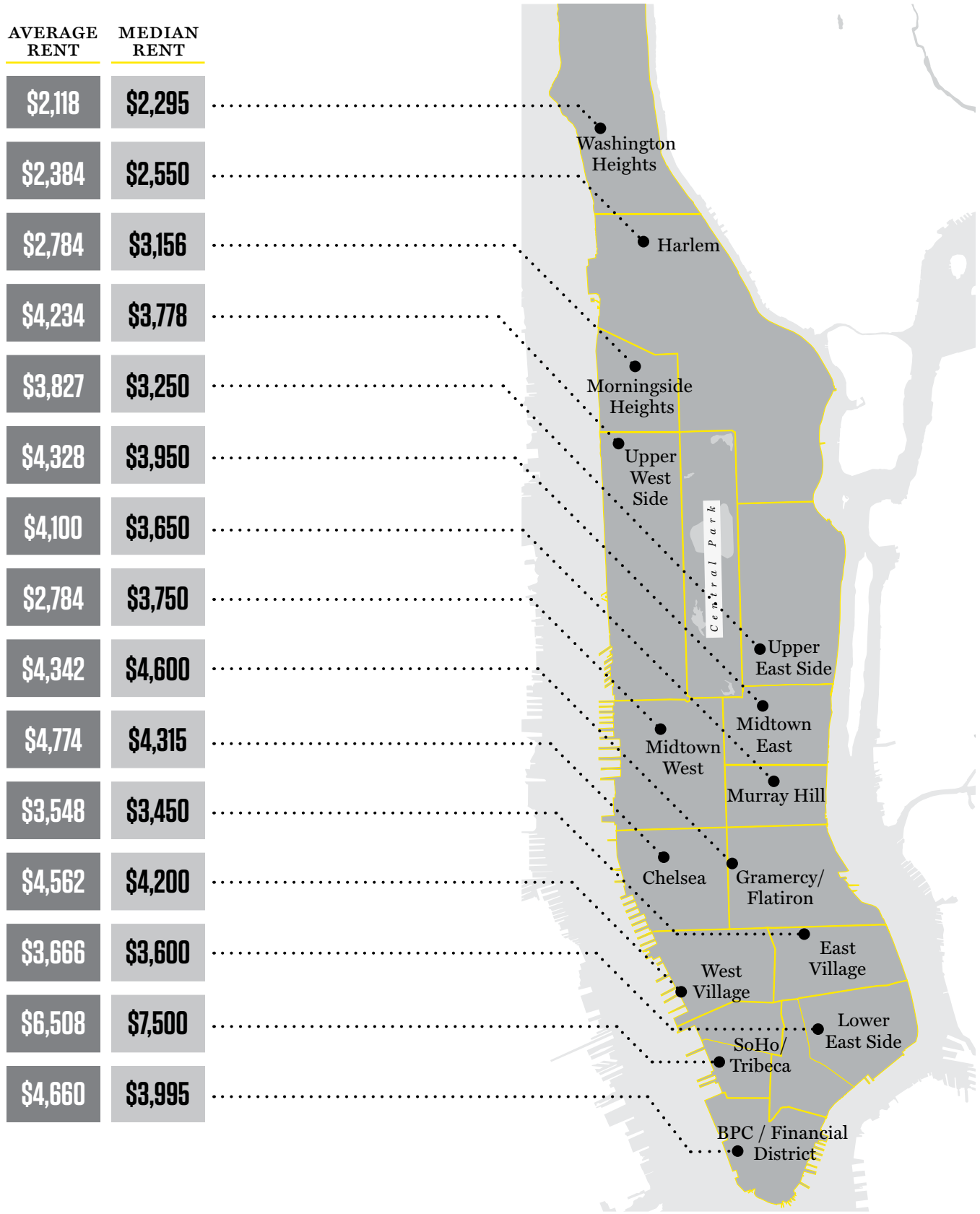
When examining our report, please keep the following in mind:

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 2018



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



September 2018

AVERAGE RENT SUMMARY: September 2018

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,993	3,945	5,710	5,990
Chelsea	\$2,613	3,688	5,800	6,995
East Village	\$2,645	3,036	3,939	4,570
Gramercy/Flatiron	\$2,905	3,331	4,887	6,245
Harlem	\$1,805	2,213	2,667	2,850
Lower East Side	\$2,000	3,812	4,256	4,595
Midtown East	\$2,432	3,227	4,452	7,200
Midtown West	\$2,618	3,283	3,930	6,081
Morningside Heights	\$2,170	2,795	3,040	3,130
Murray Hill	\$2,500	4,009	4,244	5,648
Soho/Tribeca	\$3,180	4,525	8,875	9,453
Upper East Side	\$2,094	2,785	3,388	7,040
Upper West Side	\$2,346	2,892	4,740	6,958
Washington Heights	\$1,570	1,782	2,300	2,820
West Village	\$2,900	4,223	4,625	6,500
Average: September	\$2,451	3,303	4,457	5,738
Average: August	\$2,447	3,210	4,205	5,525
% Change	0%	3%	6%	4%

AVERAGE VACANCY RATE: September 2018

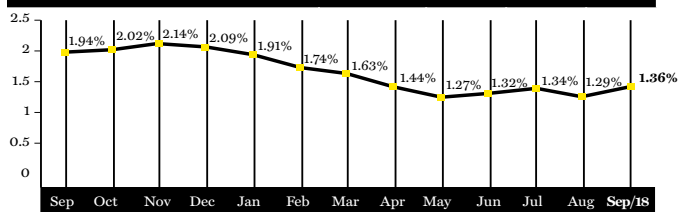
Location	Vacancy Rate
BPC / Financial Dist.	1.36%
Chelsea	1.16%
East Village	1.97%
Gramercy	1.38%
Midtown East	1.93%
Midtown West	1.44%
Murray Hill	1.41%
Soho/Tribeca	1.16%
Upper East Side	1.03%
Upper West Side	1.06%
West Village	1.35%
Average: September	1.36%
Average: August	1.29%
Difference	0.03

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

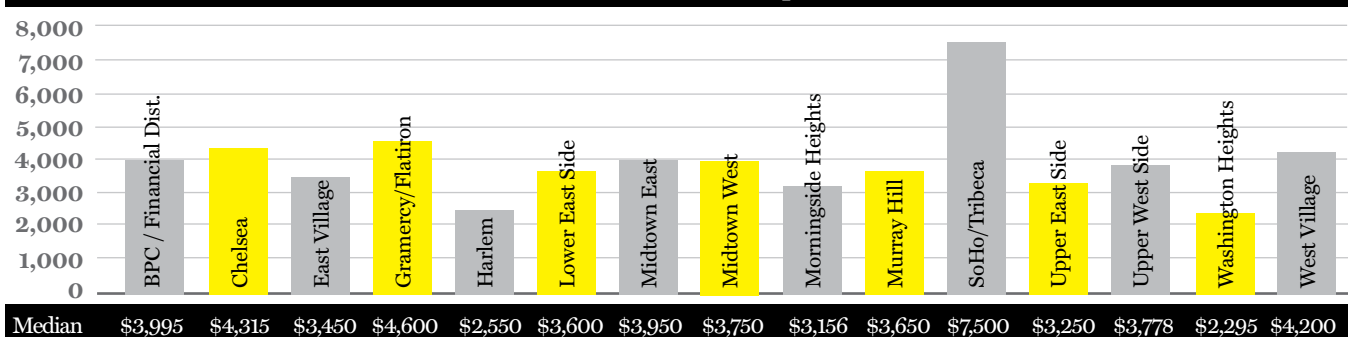
OVERALL BLENDED AVERAGES: September 2018

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,609	4,877	8,313	17,781
Doorman	\$3,016	4,195	6,883	12,183
Elevator**	\$2,620	3,454	4,901	8,016
Walkup***	\$2,199	2,796	3,819	5,282

MANHATTAN RENTAL VACANCY RATES: September 2018



MEDIAN RENT SUMMARY: September 2018



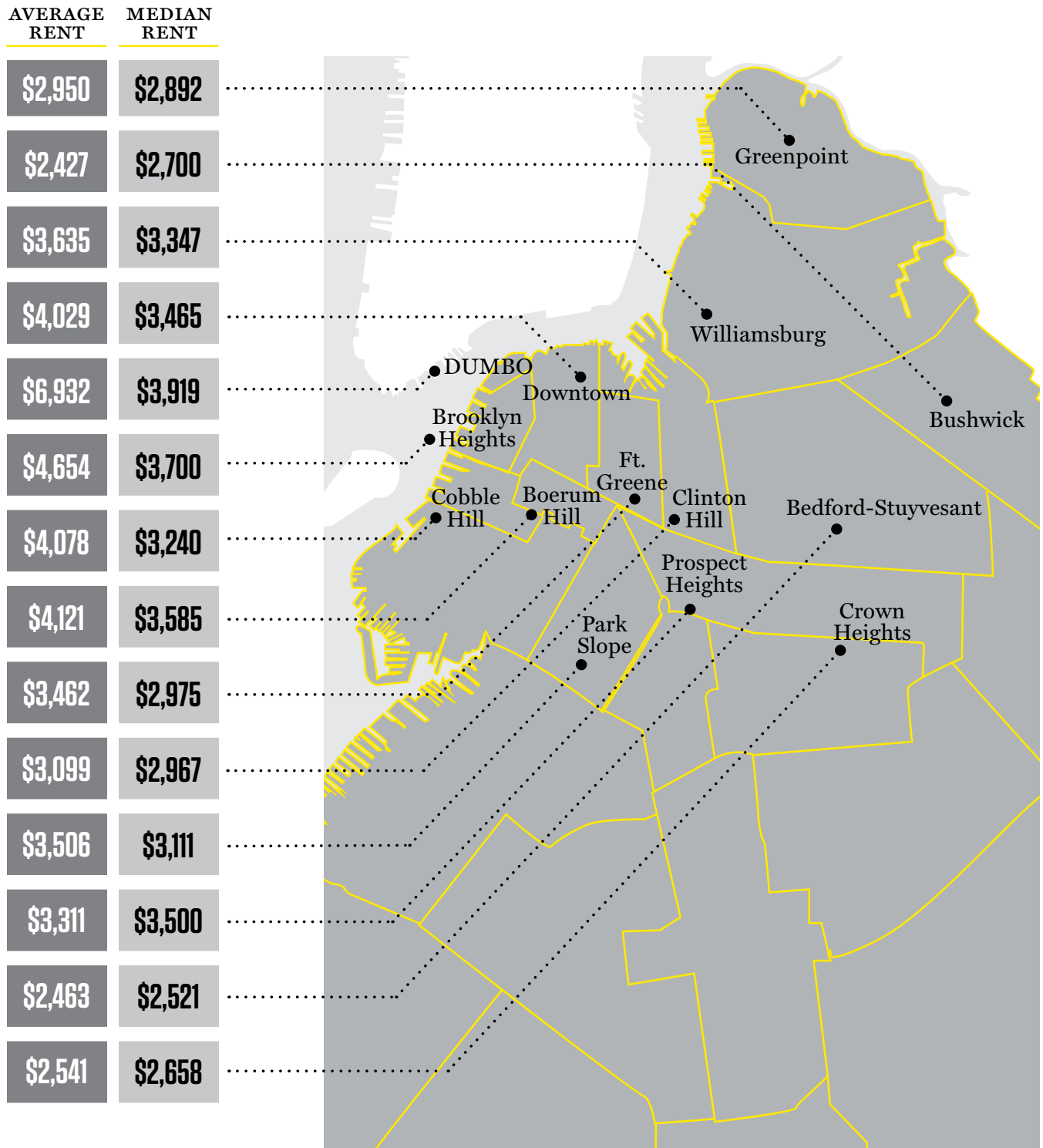
*New Developments include all rental and condo buildings built after 2008. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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Brooklyn Residential Rental Market Report



September 2018



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Brooklyn Residential Rental Market Report

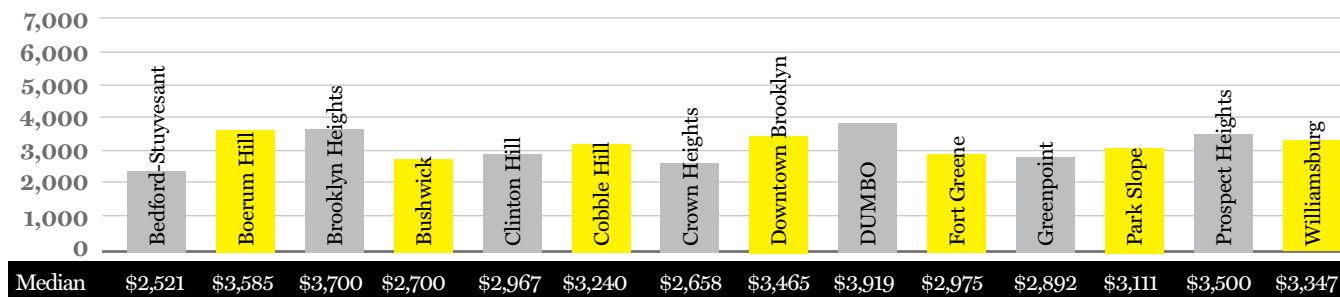
September 2018



AVERAGE RENT SUMMARY: September 2018

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,994	2,245	2,489	3,124
Boerum Hill	\$2,494	3,080	4,445	6,467
Brooklyn Heights	\$2,569	3,478	4,848	7,721
Bushwick	\$1,925	2,353	2,536	2,894
Clinton Hill	\$2,253	2,568	3,387	4,187
Cobble Hill	\$2,065	2,757	3,698	7,792
Crown Heights	\$2,190	2,272	2,706	2,998
Downtown Brooklyn	\$2,813	3,459	4,871	4,973
DUMBO	\$3,276	4,043	6,157	14,250
Fort Greene	\$2,433	3,073	4,165	4,176
Greenpoint	\$2,255	2,677	3,188	3,678
Park Slope	\$2,285	2,856	3,520	5,362
Prospect Heights	\$1,700	2,495	3,716	5,333
Williamsburg	\$2,591	3,083	4,041	4,826
Average: September	\$2,346	2,888	3,841	5,556
Average: August	\$2,391	2,902	3,923	5,769
% Change	-2%	-0.5%	-2%	-4%

MEDIAN RENT SUMMARY: September 2018



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Manhattan Residential Rental Market Report



Third Quarter 2018

AVERAGE RENT SUMMARY: Q3 2018

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$3,106	4,173	6,223	6,042
Chelsea	\$2,491	3,603	5,335	6,423
East Village	\$2,499	3,009	3,647	4,663
Gramercy/Flatiron	\$2,989	3,515	5,036	6,425
Harlem	\$1,856	2,157	2,622	3,238
Lower East Side	\$2,029	3,382	3,685	4,902
Midtown East	\$2,423	3,416	5,028	7,040
Midtown West	\$2,572	3,224	4,066	6,081
Morningside Heights	\$2,123	2,431	2,858	3,183
Murray Hill	\$2,628	3,894	4,182	5,589
Soho/Tribeca	\$2,864	4,407	7,648	7,754
Upper East Side	\$2,143	2,828	3,379	6,157
Upper West Side	\$2,337	2,912	4,313	7,798
Washington Heights	\$1,503	1,806	2,284	2,763
West Village	\$2,955	4,110	4,575	6,453
Average: Q3/18	\$2,435	3,258	4,325	5,634
Average: Q2/18	\$2,343	3,197	3,976	5,370
% Change	2.5%	2.2%	6.3%	3.6%
Average: Q3/17	\$2,362	3,190	4,038	5,410
% Change: Q3-17/18	3.1%	2.1%	7.1%	4.1%

AVERAGE VACANCY RATE: Q3 2018

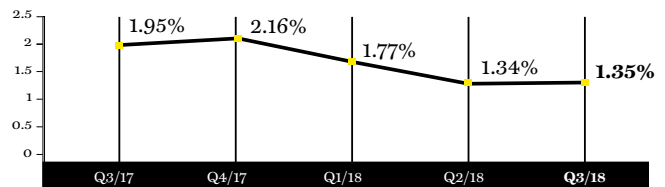
Location	Vacancy Rate
BPC/Financial Dist.	1.30%
Chelsea	1.15%
East Village	1.94%
Gramercy	1.19%
Midtown East	1.72%
Midtown West	1.35%
Murray Hill	1.34%
Soho/Tribeca	1.17%
Upper East Side	1.16%
Upper West Side	1.20%
West Village	1.33%
Average: Q3/18	1.35%
Average: Q2/18	1.34%
Difference	0.01
Average: Q3/17	1.78%
Difference: Q3-17/18	-0.43

% OF TRANSACTIONS WITH A CONCESSION THIRD QUARTER 2018 **27%**

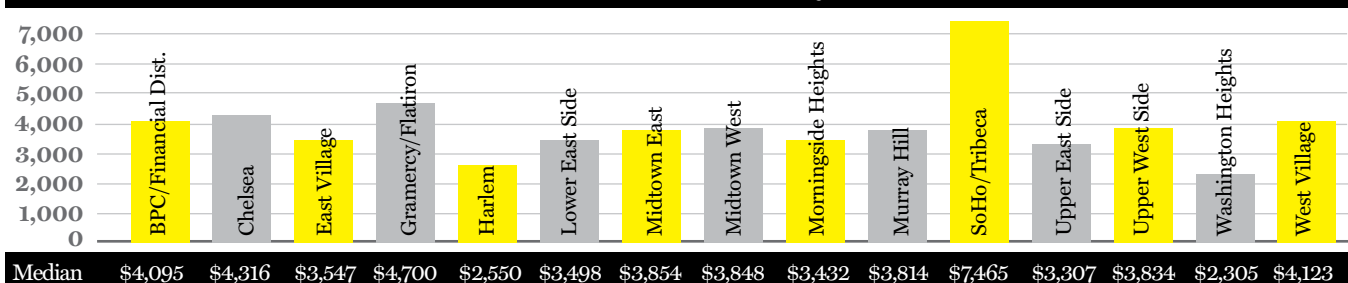
OVERALL BLENDED AVERAGES: Q3 2018

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,636	4,866	8,564	16,384
Doorman	\$3,018	4,220	6,961	12,425
Elevator**	\$2,594	3,498	5,019	8,219
Walkup***	\$2,278	2,808	3,868	5,270

MANHATTAN RENTAL VACANCY RATES: Q3 2018



MEDIAN RENT SUMMARY: Q3 2018



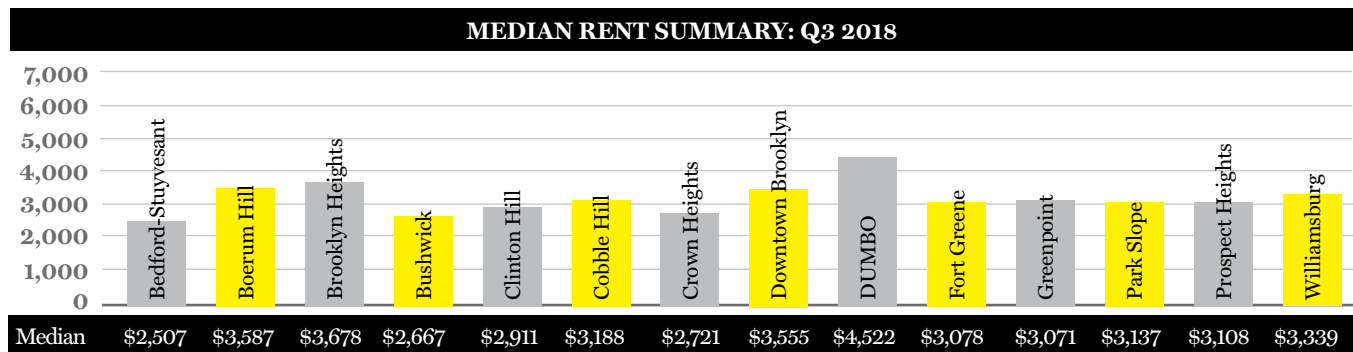
*New Developments include all rental and condo buildings built after 2006. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

Brooklyn Residential Rental Market Report



Third Quarter 2018

AVERAGE RENT SUMMARY: Q3 2018				
Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,966	2,207	2,492	3,080
Boerum Hill	\$2,484	3,151	4,585	6,389
Brooklyn Heights	\$2,517	3,293	5,044	8,208
Bushwick	\$2,171	2,352	2,555	2,923
Clinton Hill	\$2,356	2,644	3,457	3,857
Cobble Hill	\$2,036	2,828	3,842	7,624
Crown Heights	\$2,090	2,368	2,720	3,011
Downtown Brooklyn	\$2,859	3,550	4,910	5,862
DUMBO	\$3,088	4,222	6,134	13,458
Fort Greene	\$2,533	3,059	4,025	4,636
Greenpoint	\$2,303	2,741	3,225	3,912
Park Slope	\$2,239	2,767	3,644	5,472
Prospect Heights	\$1,854	2,562	3,801	4,992
Williamsburg	\$2,619	3,086	3,848	4,917
Average: Q3/18	\$2,365	2,916	3,877	5,596
Average: Q2/18	\$2,327	2,864	3,693	5,118
% Change	3.3%	3.2%	4.2%	10.0%
Average: Q3/17	\$2,289	2,827	3,721	5,087
% Change: Q3-17/18	1.7%	1.8%	5.0%	9.3%



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