



Residential Rental Market Report

December & Fourth Quarter 2018

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This report follows 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.

When looking at the most recent data for December, we found that rents fell by small amounts for all apartment sizes in Manhattan, while they declined for all categories absent two-bedrooms in Brooklyn. With overall pricing down, landlords reduced their use of concessions slightly. Meanwhile, the Manhattan vacancy rate continued to rise.

Overall, rents continue to trend downwards, but are still higher than last year.

In December 2018, Manhattan rents declined 1% across all apartment sizes when compared to November. Meanwhile, year-over-year, rents rose 3% for studios, 7% for 2-bedrooms and 1% for 3-bedroom homes. In contrast, pricing for one-bedroom units decreased by 2%.

From November to December, rents for Brooklyn studios declined 1%, while they fell by just a few dollars (less than 1%) for one-bedroom homes. Pricing for three-bedrooms was down 2%, while rents rose 1% for two-bedroom apartments. Compared to last year however, rents have climbed across the board. December rents for studios in the borough were up 3%, while pricing rose for one-, two- and three-bedroom units by 4%, 3% and 1%, respectively.

In December, the Manhattan vacancy rate rose to the highest level in 9 months...

Month-over-month, Manhattan's vacancy rate climbed from 1.55% in November, to 1.60% in December. In fact, there were more apartments on the market in December than at any time since March, when the rate reached 1.63%. The rise in vacancy is due - in part - to continued price-sensitivity by apartment seekers. In addition, there is typically reduced demand for rental housing during December due to the holiday season. However, Manhattan's vacancy rate is lower this December when compared to last. In December 2017, 2.09% of apartments were vacant.

While the use of move-in incentives ticked downward.

In December 2018, 29% of new leases included a move-in incentive - down from 34% in November. Year-over-year, their prevalence has also diminished - as they were found on 41% of leases in December 2017. Despite these declines, they continue to be a popular marketing tool, especially in luxury rental developments.

As 2018 progressed, conditions improved for tenants - but long-term, the market is still favorable to landlords.

Rents for all apartment sizes in Manhattan decreased during Q4 2018 when compared to Q3, but they rose across the board in Brooklyn during the same period.

The Manhattan vacancy rate climbed to 1.53% during Q4 - from 1.35% in Q3. However, it is lower than Q4 2017's rate of 2.16%. Despite the recent increase in inventory, the market is still tighter than last year.

During Q4 as a whole, 30% of tenants received a landlord incentive, up from 27% last quarter. In contrast, their use declined when compared to Q4 2017 - when a full 43% of new leases included a concession.

In December, many property owners in both Manhattan and Brooklyn lowered rents slightly - in an attempt to spur activity during the traditionally slow holiday season. Despite these adjustments, the vacancy rate continued to climb; illustrating the ongoing disconnect between the rents that landlords want to achieve and the pricing tenants are willing to pay.

However, there are great values in today's market for apartment seekers - if they are willing to explore new neighborhoods and building types. Now more than ever, it pays to keep an open mind.

Gary Malin, President, Citi Habitats

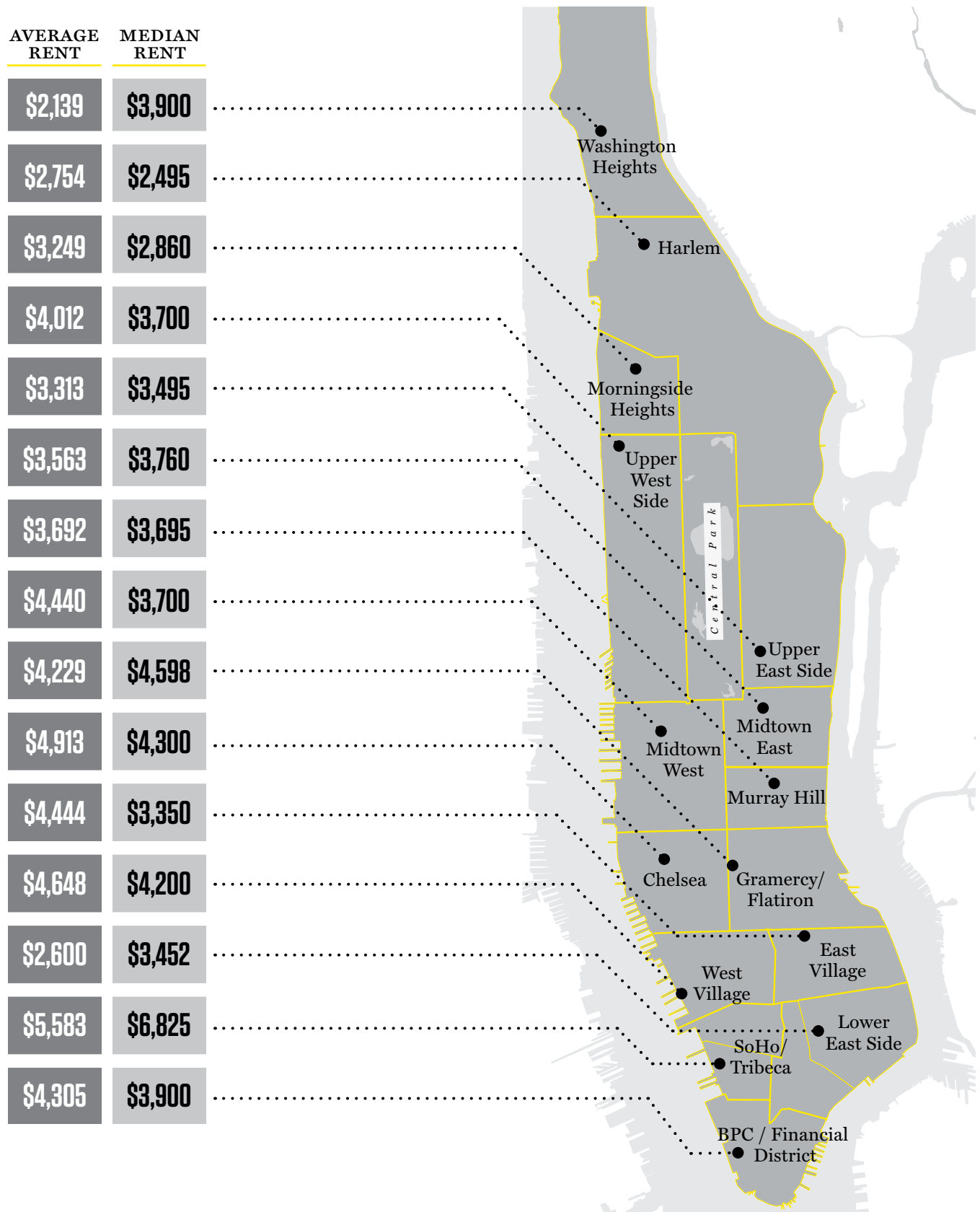
When examining our report, please keep the following in mind:

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 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



December 2018

AVERAGE RENT SUMMARY: December 2018

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$2,988	3,883	4,480	5,870
Chelsea	\$2,963	4,296	5,367	7,025
East Village	\$2,298	3,358	5,850	6,270
Gramercy/Flatiron	\$2,709	3,406	4,902	5,900
Harlem	\$1,503	2,099	3,175	4,238
Lower East Side	\$1,950	2,100	3,110	3,240
Midtown East	\$2,694	3,157	3,850	4,550
Midtown West	\$2,541	3,350	5,828	6,042
Morningside Heights	\$2,138	3,018	3,300	4,540
Murray Hill	\$2,487	3,104	3,625	5,550
Soho/Tribeca	\$3,920	4,045	6,350	8,015
Upper East Side	\$2,105	2,624	3,287	5,235
Upper West Side	\$2,210	2,733	3,938	7,167
Washington Heights	\$1,615	2,050	2,300	2,590
West Village	\$3,010	4,456	4,990	6,135
Average: December	\$2,475	3,179	4,290	5,491
Average: November	\$2,493	3,209	4,316	5,533
% Change	-1%	-1%	-1%	-1%

AVERAGE VACANCY RATE: December 2018

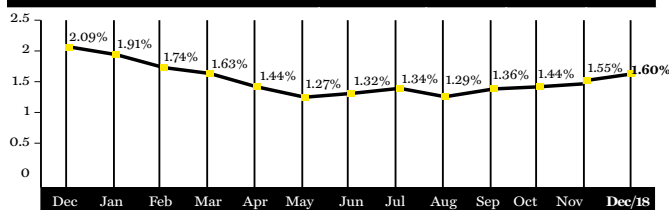
Location	Vacancy Rate
BPC / Financial Dist.	1.59%
Chelsea	1.73%
East Village	1.23%
Gramercy	1.43%
Midtown East	2.31%
Midtown West	1.52%
Murray Hill	1.77%
Soho/Tribeca	1.30%
Upper East Side	1.60%
Upper West Side	1.32%
West Village	1.43%
Average: December	1.60%
Average: November	1.55%
Difference	0.05

% OF TRANSACTIONS WITH A CONCESSION DECEMBER 2018 **29%**

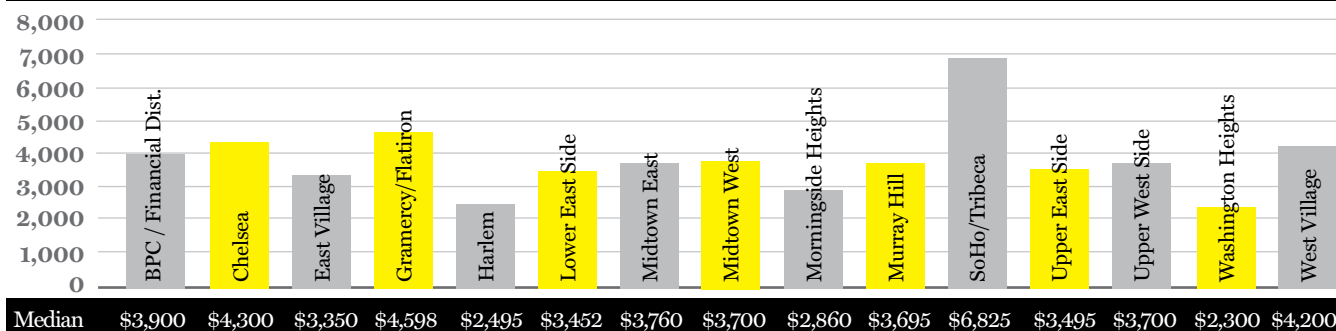
OVERALL BLENDED AVERAGES: December 2018

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,257	4,750	8,690	15,697
Doorman	\$2,888	4,168	6,667	11,495
Elevator**	\$2,602	3,390	4,825	8,093
Walkup***	\$2,108	2,650	3,760	5,133

MANHATTAN RENTAL VACANCY RATES: December 2018



MEDIAN RENT SUMMARY: December 2018



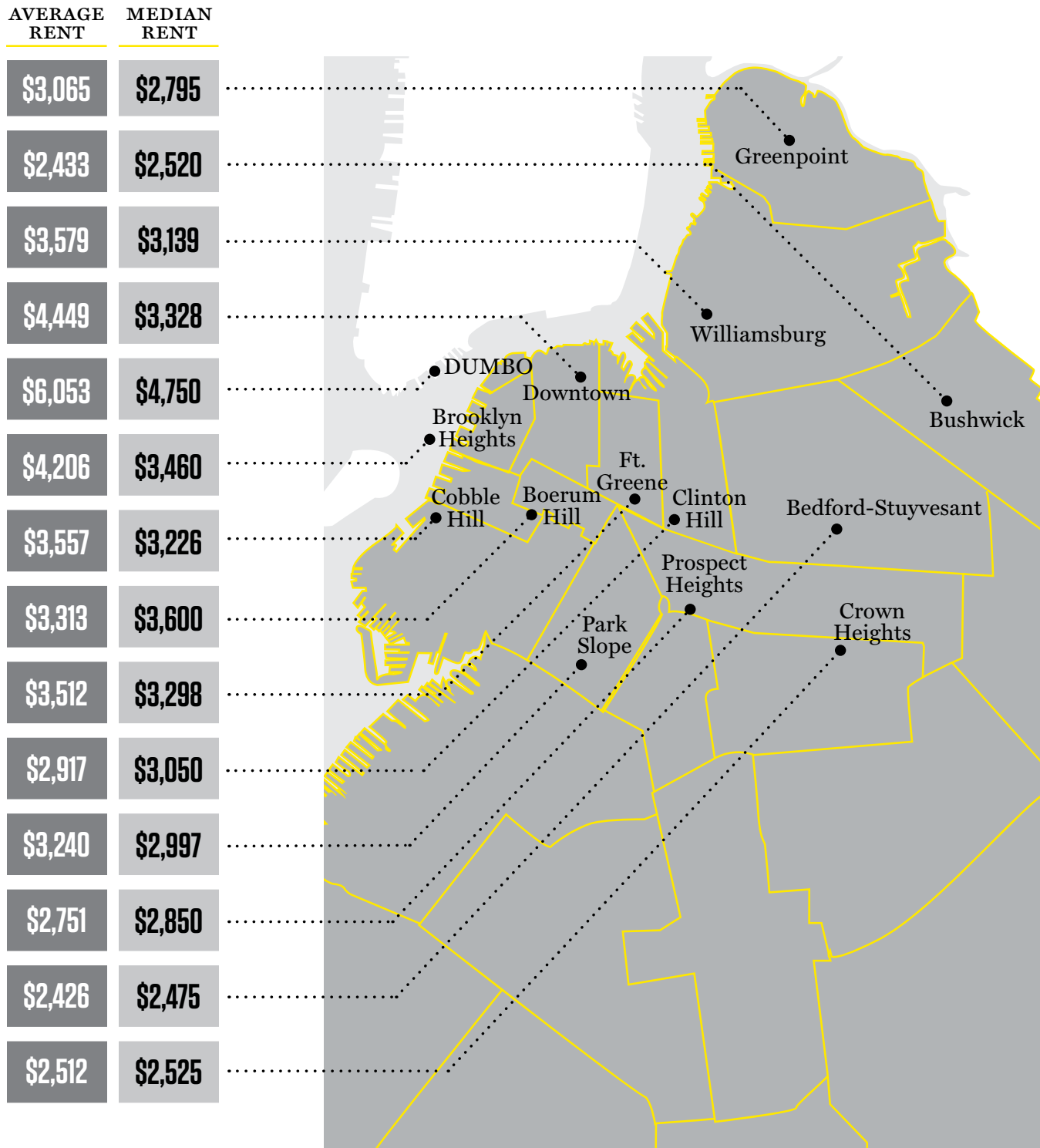
*New Developments include all rental and condo buildings built after 2008. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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



December 2018



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Brooklyn Residential Rental Market Report

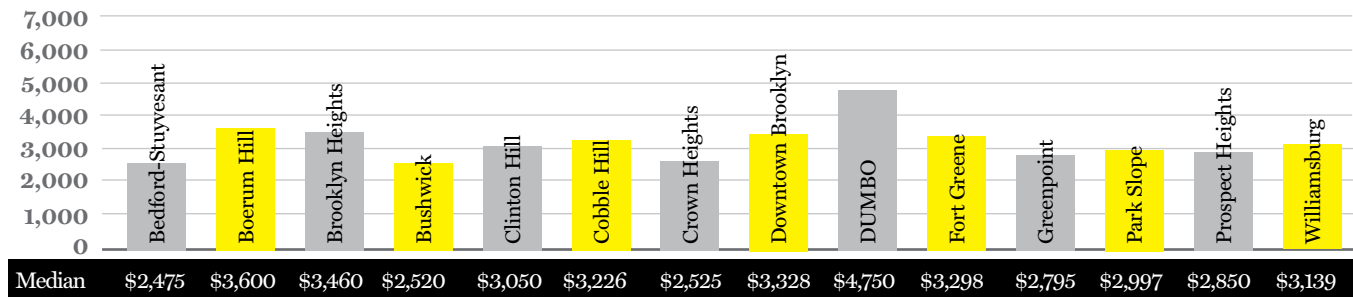
December 2018



AVERAGE RENT SUMMARY: December 2018

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,785	2,152	2,489	3,276
Boerum Hill	\$2,120	2,644	3,663	4,823
Brooklyn Heights	\$2,301	3,151	4,875	6,495
Bushwick	\$1,830	2,335	2,484	3,081
Clinton Hill	\$2,154	2,612	3,176	3,724
Cobble Hill	\$2,150	2,831	3,658	5,587
Crown Heights	\$2,057	2,288	2,556	3,146
Downtown Brooklyn	\$2,774	3,446	4,457	7,120
DUMBO	\$3,240	4,130	6,529	10,313
Fort Greene	\$2,657	3,175	3,810	4,406
Greenpoint	\$2,656	2,759	3,327	3,516
Park Slope	\$2,170	2,659	3,413	4,717
Prospect Heights	\$1,980	2,360	3,003	3,662
Williamsburg	\$2,615	3,044	3,690	4,966
Average: December	\$2,321	2,828	3,652	4,917
Average: November	\$2,341	2,835	3,608	5,039
% Change	-1%	0%	1%	-2%

MEDIAN RENT SUMMARY: December 2018



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Manhattan Residential Rental Market Report



Fourth Quarter 2018

AVERAGE RENT SUMMARY: Q4 2018

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$2,887	3,873	4,773	6,050
Chelsea	\$2,710	3,913	5,310	6,350
East Village	\$2,331	3,054	4,192	5,021
Gramercy/Flatiron	\$2,685	3,676	4,868	6,105
Harlem	\$1,605	2,073	2,642	3,318
Lower East Side	\$2,160	2,408	3,550	3,845
Midtown East	\$2,535	3,639	4,449	5,481
Midtown West	\$2,482	3,199	4,500	6,235
Morningside Heights	\$2,110	2,689	3,320	3,820
Murray Hill	\$2,381	3,061	4,106	5,623
Soho/Tribeca	\$3,697	4,359	7,422	9,725
Upper East Side	\$2,215	2,978	3,601	5,853
Upper West Side	\$2,172	2,812	3,759	6,243
Washington Heights	\$1,463	2,003	2,135	2,581
West Village	\$3,011	4,450	4,505	6,310
Average: Q4/18	\$2,430	3,212	4,209	5,504
Average: Q3/18	\$2,435	3,258	4,325	5,634
% Change	-0.2%	-1.4%	-2.7%	-2.3%
Average: Q4/17	\$2,398	3,242	4,027	5,463
% Change: Q4-17/18	1.3%	-0.9%	4.5%	0.8%

AVERAGE VACANCY RATE: Q4 2018

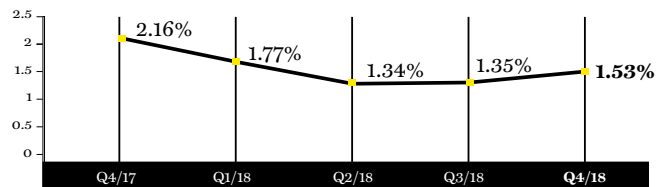
Location	Vacancy Rate
BPC/Financial Dist.	1.51%
Chelsea	1.54%
East Village	1.45%
Gramercy	1.36%
Midtown East	2.13%
Midtown West	1.50%
Murray Hill	1.64%
Soho/Tribeca	1.21%
Upper East Side	1.52%
Upper West Side	1.24%
West Village	1.59%
Average: Q4/18	1.53%
Average: Q3/18	1.35%
Difference	0.18
Average: Q4/17	2.16%
Difference: Q4-17/18	-0.63

% OF TRANSACTIONS WITH A CONCESSION FOURTH QUARTER 2018 **30%**

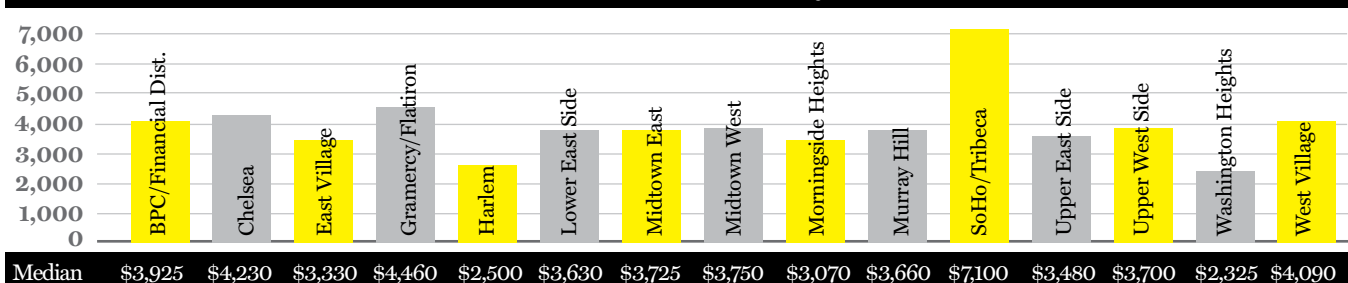
OVERALL BLENDED AVERAGES: Q4 2018

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,359	4,795	8,448	16,626
Doorman	\$2,899	4,140	6,740	11,726
Elevator**	\$2,590	3,429	4,897	8,072
Walkup***	\$2,156	2,696	3,777	5,163

MANHATTAN RENTAL VACANCY RATES: Q4 2018



MEDIAN RENT SUMMARY: Q4 2018



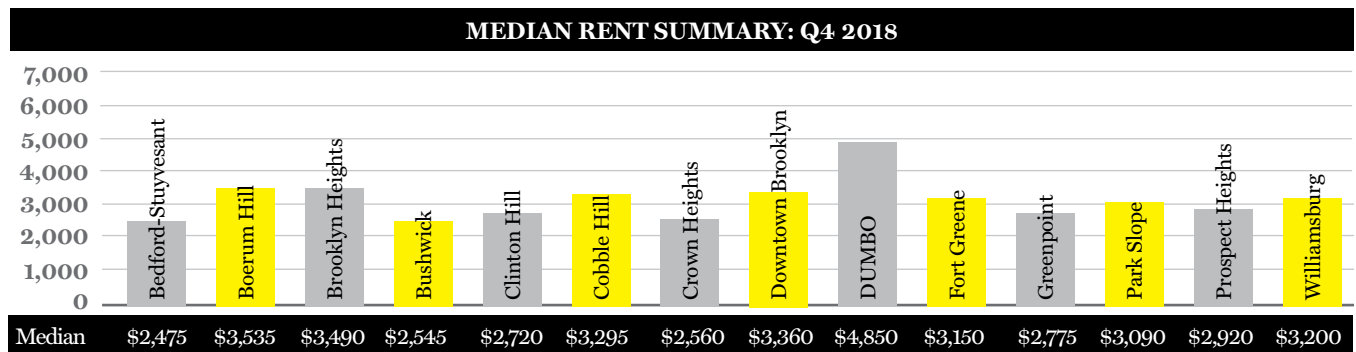
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Brooklyn Residential Rental Market Report



Fourth Quarter 2018

AVERAGE RENT SUMMARY: Q4 2018				
Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,833	2,140	2,589	3,133
Boerum Hill	\$2,302	2,847	3,731	4,920
Brooklyn Heights	\$2,443	3,157	4,707	7,011
Bushwick	\$1,953	2,334	2,548	2,941
Clinton Hill	\$2,159	2,641	3,103	4,102
Cobble Hill	\$2,120	2,810	3,599	5,315
Crown Heights	\$2,072	2,275	2,551	2,987
Downtown Brooklyn	\$2,762	3,405	4,569	7,306
DUMBO	\$3,105	4,081	6,206	10,573
Fort Greene	\$2,609	3,096	3,860	4,597
Greenpoint	\$2,596	2,703	3,155	3,631
Park Slope	\$2,300	2,756	3,492	4,862
Prospect Heights	\$1,995	2,542	3,196	4,376
Williamsburg	\$2,755	3,134	3,746	5,237
Average: Q4/18	\$2,357	2,851	3,647	5,071
Average: Q3/18	\$2,214	2,664	3,359	4,692
% Change	6.5%	7.0%	8.5%	8.1%
Average: Q4/17	\$2,265	2,734	3,565	4,874
% Change: Q3-17/18	4.1%	4.3%	2.3%	4.0%



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