

Residential Rental Market Report

December & Fourth Quarter 2019

Residential Rental Market Report



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This report follows overall conditions in the Manhattan rental market during December 2019 - 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 month-over-month rents remained stable in Manhattan, while they declined in Brooklyn. Meanwhile the vacancy rate increased when compared to November, as did the percentage of new leases that included a move-in incentive.

While month-over-month they rise and fall slightly, high rents continue to create challenges for tenants.

In December 2019, rents for Manhattan studios declined - by an average of 2% - when compared to November. However, rents climbed slightly for other apartment categories in the borough. Average pricing increased by just \$4 for one-bedroom homes, while rents for two- and three-bedroom units increased 2% and 1%, respectively.

In Brooklyn, rents were down across the board month-over-month. Pricing for studio, one- and two-bedroom homes all declined 1%, while rents were down 2% for three-bedroom apartments.

While rents have recently stabilized, pricing has climbed in both communities year-over-year. Overall, rents rose an average of 5% in Manhattan - and 7% in Brooklyn - since December 2018.

Meanwhile, the Manhattan vacancy rate rose for the sixth consecutive month.

After falling steadily for six straight months (from December 2018 to June 2019), Manhattan's vacancy rate has been on an upswing. From its low of 1.02% in June, inventory has climbed for the last six months - reaching 1.40% in December.

However, Manhattan's vacancy rate remains lower than it was at this time last year. In December 2018, 1.60% of apartments in the borough were vacant.

The use of move-in incentives increased in December - and continue to be more prevalent in Brooklyn.

The percentage of leases that included a move-in incentive rose to 29% in December, from 27% in November. Year-over-year their use remained stable (they were also found on 29% of leases in December 2018).

When comparing boroughs, concessions continue to be much more prevalent in Brooklyn. In December, 40% of leases in the borough included an incentive, versus 21% in Manhattan. Residential construction in Brooklyn is booming, and incentives are most common in newly launched developments in up-and-coming locations, versus existing buildings in more-established Manhattan neighborhoods.

Despite recent softening in the market, quarterly trends show some improvement in conditions for landlords.

During the fourth quarter of 2019, rents in Manhattan and Brooklyn declined slightly overall from their third quarter peak. However, they have risen across the board in both boroughs when compared to Q4 2018. In total, new tenants paid more for housing than they did a year ago.

The Manhattan vacancy rate rose to 1.35% during Q4 - from 1.18% in Q3. While inventory is currently rising, this rate is still lower than Q4 2018's rate of 1.53%.

During Q4 overall, 27% of new leases included an incentive, up from the 26% last quarter -but down from the 30% during Q4 2018.

In the short term, conditions for apartment seekers improved as the quarter progressed. However, the big picture reveals a different story - as the market has shifted to favor landlords when compared to a year ago. The ongoing uncertainty in the city's sales market continues to boost demand for rentals.

Gary Malin, President, Citi Habitats

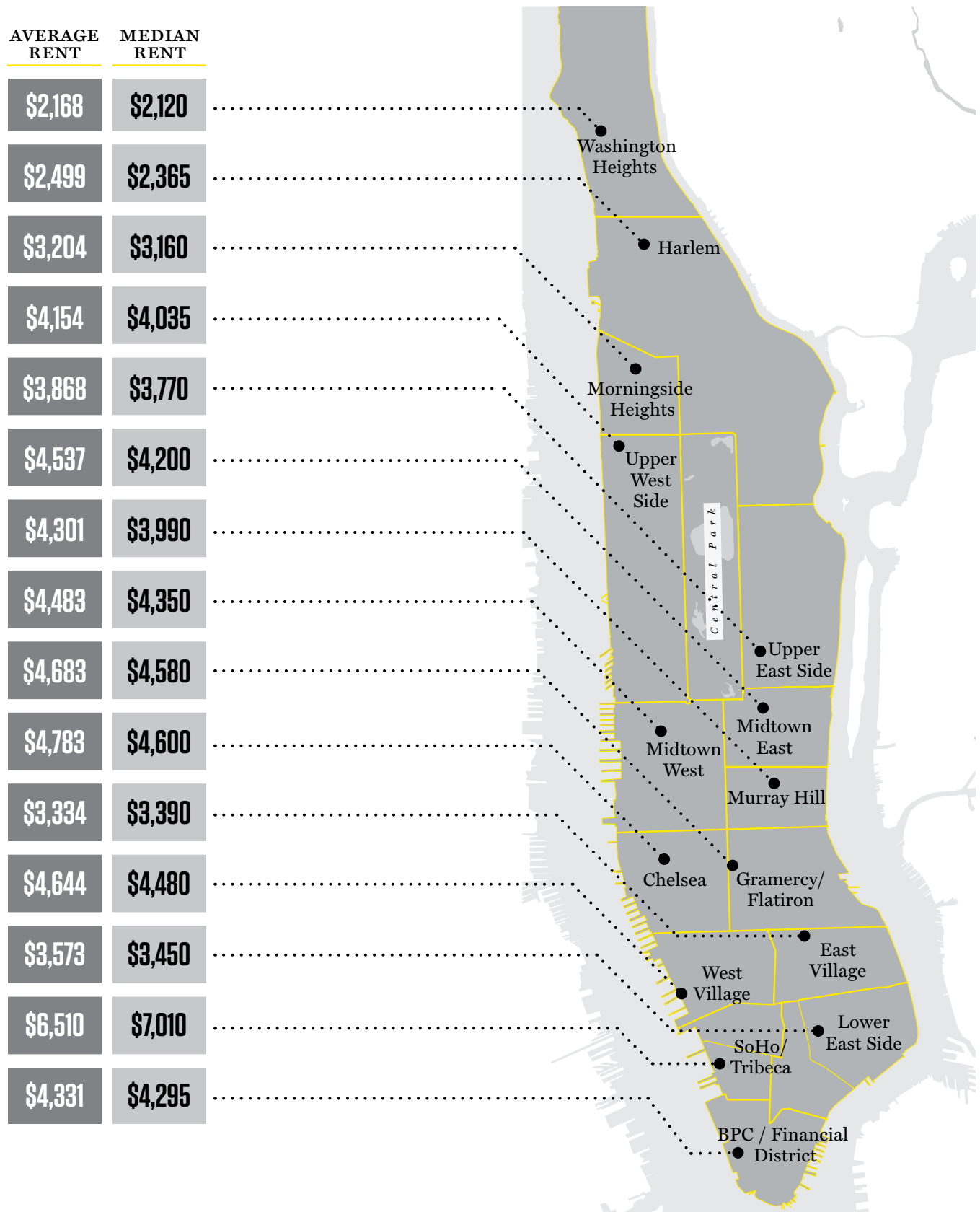
When examining our report, please keep the following in mind:

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 2019



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 NKE.

Manhattan Residential Rental Market Report



December 2019

AVERAGE RENT SUMMARY: December 2019

Location	Studio	1BR	2BR	3BR
BPC / Financial Dist.	\$3,036	3,990	4,828	5,470
Chelsea	\$3,080	4,163	5,017	6,870
East Village	\$2,290	2,910	3,625	4,510
Gramercy/Flatiron	\$2,198	4,225	5,290	7,020
Harlem	\$1,695	2,120	2,705	3,475
Lower East Side	\$2,710	3,105	3,796	4,680
Midtown East	\$2,484	3,698	4,475	7,490
Midtown West	\$2,690	3,487	4,620	7,134
Morningside Heights	\$2,230	2,997	3,476	4,111
Murray Hill	\$2,603	3,580	4,826	6,196
Soho/Tribeca	\$4,087	4,720	6,812	10,420
Upper East Side	\$2,184	3,025	3,965	6,298
Upper West Side	\$2,315	3,310	4,553	6,436
Washington Heights	\$1,680	1,920	2,280	2,793
West Village	\$2,970	3,816	5,150	6,640
Average: December	\$2,550	3,404	4,361	5,970
Average: November	\$2,612	3,400	4,274	5,929
% Change	-2%	0%	2%	1%

AVERAGE VACANCY RATE: December 2019

Location	Vacancy Rate
BPC / Financial Dist.	1.42%
Chelsea	1.65%
East Village	1.22%
Gramercy	1.64%
Midtown East	1.54%
Midtown West	1.49%
Murray Hill	1.30%
Soho/Tribeca	0.88%
Upper East Side	1.20%
Upper West Side	1.43%
West Village	1.57%
Average: December	1.40%
Average: November	1.36%
Difference	0.04

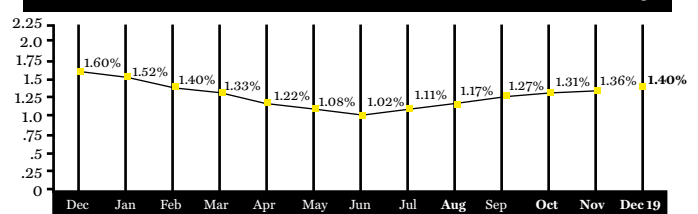
29% OVERALL CONCESSIONS PERCENTAGE

21% Manhattan leases with a concession
40% Brooklyn leases with a concession

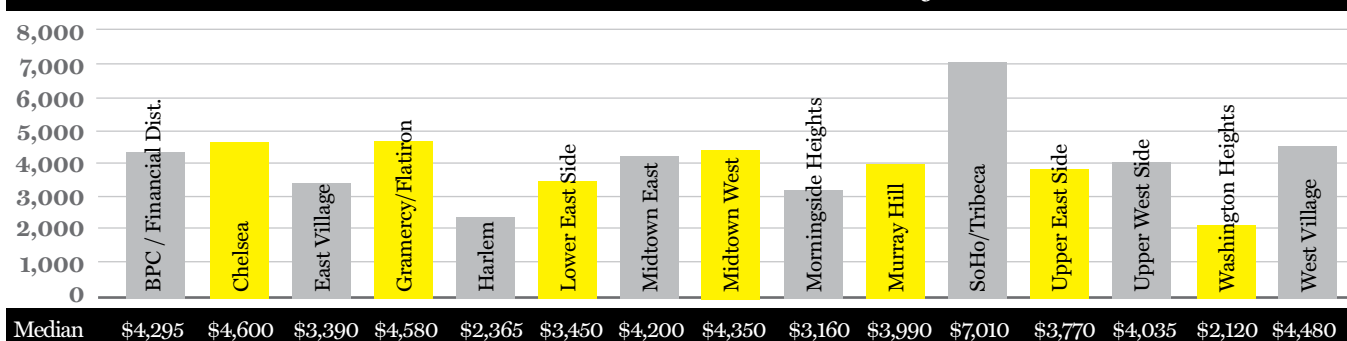
OVERALL BLENDED AVERAGES: December 2019

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,517	5,204	8,442	13,178
Doorman	\$3,048	4,261	6,641	10,185
Elevator**	\$2,621	3,377	5,192	7,622
Walkup***	\$2,259	2,880	3,920	5,473

MANHATTAN RENTAL VACANCY RATES: December 2019



MEDIAN RENT SUMMARY: December 2019



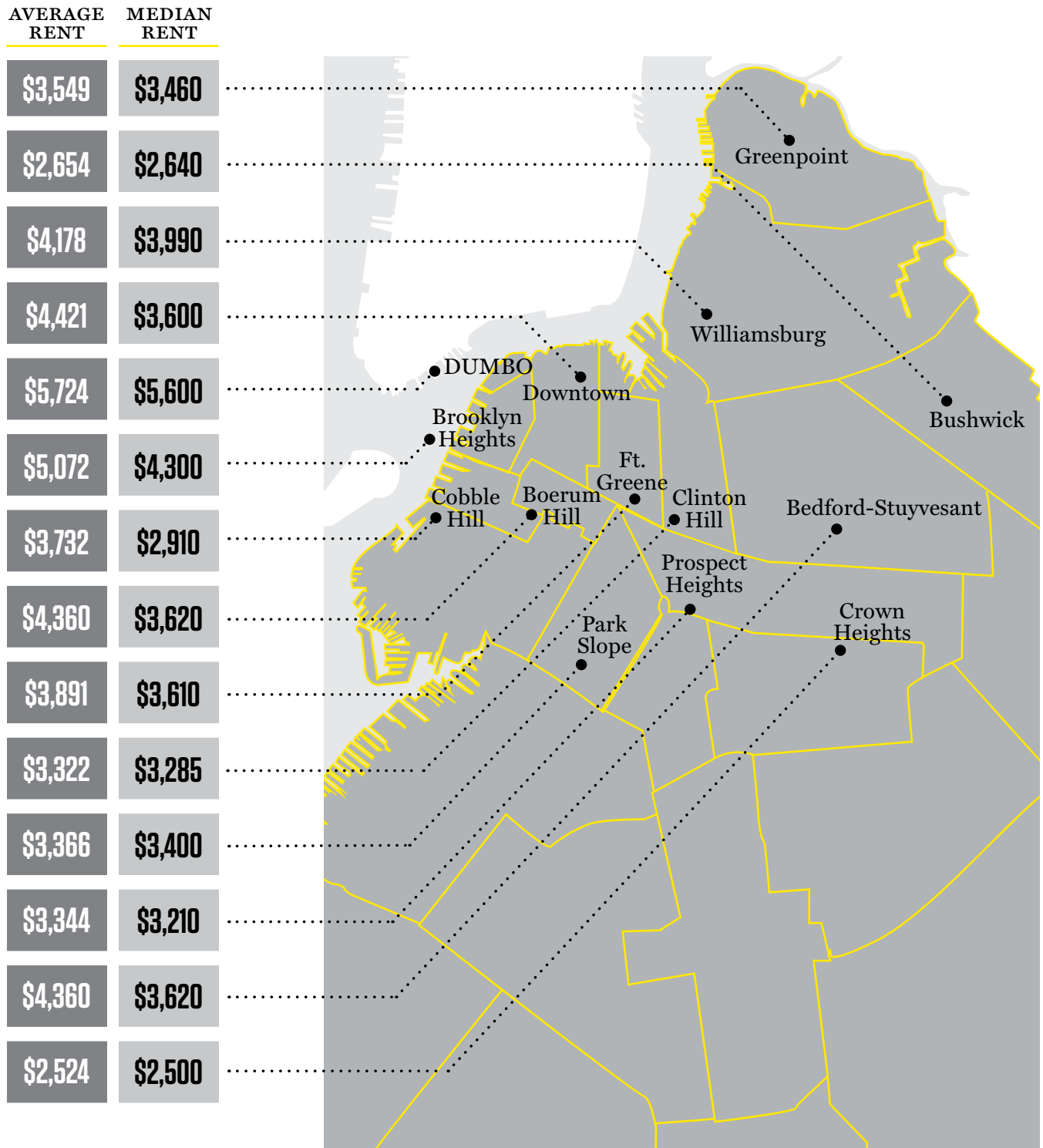
*New Developments include all rental and condo buildings built after 2008. **Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods. ***Walkup averages include brownstone and townhouse rentals.

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 2019



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Brooklyn Residential Rental Market Report

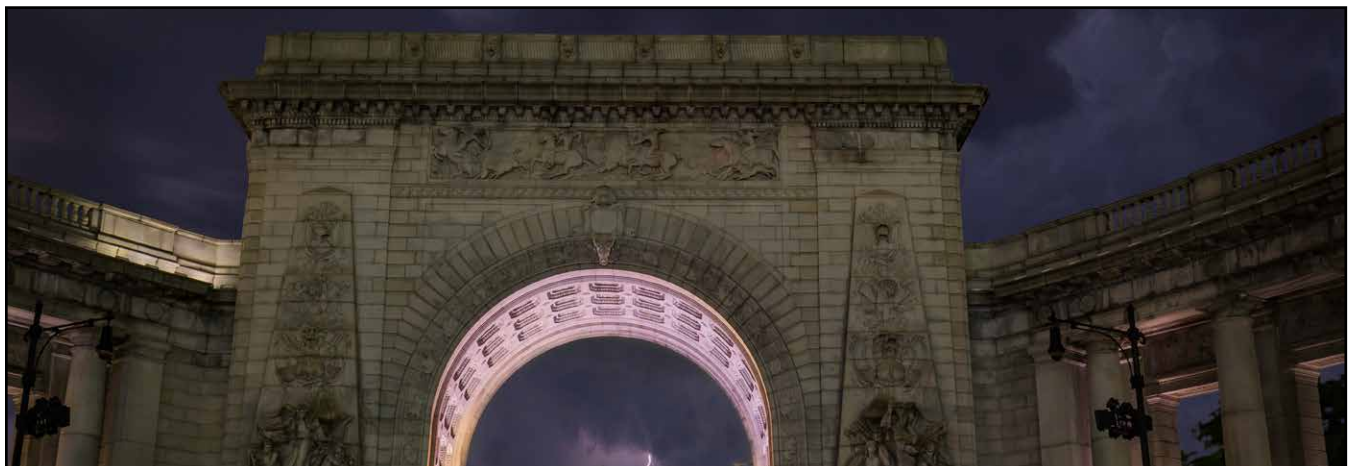
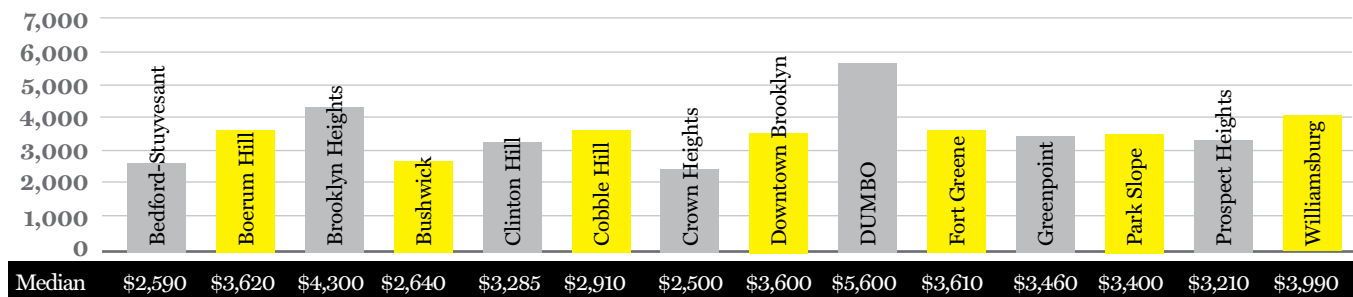
December 2019



AVERAGE RENT SUMMARY: December 2019

Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,760	\$2,235	\$2,719	\$3,031
Boerum Hill	\$2,498	\$3,180	\$3,876	\$7,884
Brooklyn Heights	\$2,745	\$3,532	\$5,614	\$8,397
Bushwick	\$2,250	\$2,445	\$2,730	\$3,189
Clinton Hill	\$2,381	\$2,731	\$3,960	\$4,215
Cobble Hill	\$2,380	\$3,224	\$3,895	\$5,428
Crown Heights	\$1,895	\$2,415	\$2,680	\$3,105
Downtown Brooklyn	\$2,795	\$3,493	\$4,970	\$6,425
DUMBO	\$3,345	\$4,580	\$6,440	\$8,532
Fort Greene	\$2,587	\$3,146	\$4,512	\$5,320
Greenpoint	\$2,830	\$3,219	\$3,790	\$4,355
Park Slope	\$2,412	\$2,790	\$3,598	\$4,665
Prospect Heights	\$2,327	\$2,620	\$3,645	\$4,782
Williamsburg	\$3,005	\$3,630	\$4,423	\$5,655
Average: December	\$2,515	\$3,089	\$4,061	\$5,356
Average: November	\$2,547	3,133	4,117	5,463
% Change	-1%	-1%	-1%	-2%

MEDIAN RENT SUMMARY: December 2019



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Manhattan Residential Rental Market Report



Fourth Quarter 2019

AVERAGE RENT SUMMARY: Q4 2019

Location	Studio	1BR	2BR	3BR
BPC/Financial Dist.	\$3,079	4,014	4,627	5,843
Chelsea	\$3,038	4,147	5,108	6,517
East Village	\$2,333	2,859	3,682	4,783
Gramercy/Flatiron	\$2,898	4,202	5,078	6,734
Harlem	\$1,732	2,223	2,863	3,600
Lower East Side	\$2,583	2,872	3,860	4,635
Midtown East	\$2,546	3,758	4,556	7,499
Midtown West	\$2,659	3,519	4,732	7,113
Morningside Heights	\$2,215	3,062	3,614	4,262
Murray Hill	\$2,598	3,555	4,564	5,821
Soho/Tribeca	\$4,028	4,598	6,846	10,450
Upper East Side	\$2,267	3,035	3,782	6,274
Upper West Side	\$2,308	3,339	4,379	6,329
Washington Heights	\$1,642	2,013	2,400	2,899
West Village	\$3,028	4,033	5,043	6,597
Average: Q4/19	\$2,597	3,415	4,342	5,957
Average: Q3/19	\$2,632	3,486	4,423	5,947
% Change	-1.3%	-2.0%	-1.8%	0.2%
Average: Q4/18	\$2,430	3,212	4,209	5,504
% Change: Q4-18/19	6.9%	6.3%	3.2%	8.2%

AVERAGE VACANCY RATE: Q4 2019

Location	Vacancy Rate
BPC/Financial Dist.	1.35%
Chelsea	1.58%
East Village	1.14%
Gramercy	1.46%
Midtown East	1.53%
Midtown West	1.41%
Murray Hill	1.29%
Soho/Tribeca	1.02%
Upper East Side	1.23%
Upper West Side	1.36%
West Village	1.40%
Average: Q4/19	1.36%
Average: Q3/19	1.18%
Difference	0.18
Average: Q4/18	1.53%
Difference: Q4-18/19	-0.17

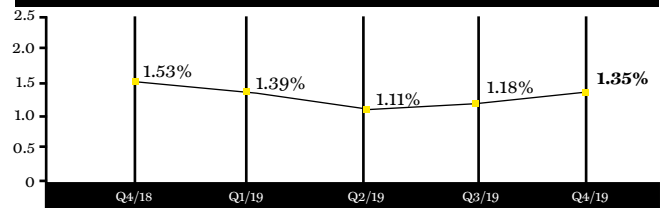
27% OVERALL CONCESSIONS PERCENTAGE

19% Manhattan leases with a concession
41% Brooklyn leases with a concession

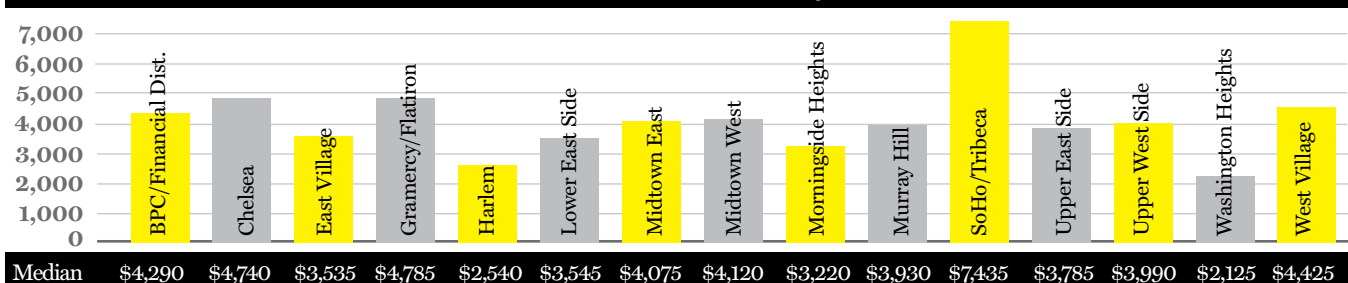
OVERALL BLENDED AVERAGES: Q4 2019

BLDG Classification	Studio	1BR	2BR	3BR
New Development w/ DM*	\$3,514	4,940	8,446	13,254
Doorman	\$3,052	4,258	6,669	10,225
Elevator**	\$2,653	3,373	5,181	7,660
Walkup***	\$2,236	2,839	3,908	5,469

MANHATTAN RENTAL VACANCY RATES: Q4 2019



MEDIAN RENT SUMMARY: Q4 2019



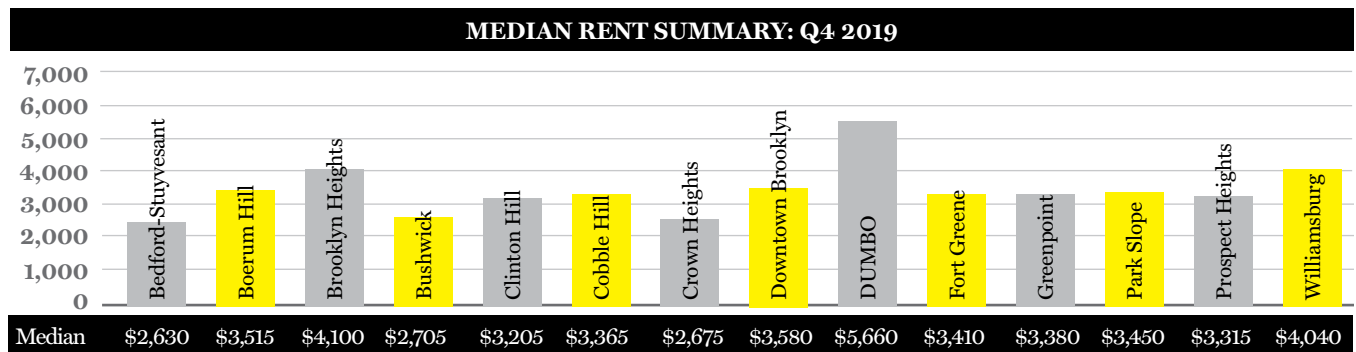
* New Developments include all rental and condo buildings built after 2009. **Walkup averages include brownstone and townhouse rentals. ***Elevator averages in the downtown neighborhoods include a significant number of loft rentals compared to other neighborhoods.

Brooklyn Residential Rental Market Report



Fourth Quarter 2019

AVERAGE RENT SUMMARY: Q4 2019				
Location	Studio	1BR	2BR	3BR
Bedford-Stuyvesant	\$1,811	2,262	2,796	3,161
Boerum Hill	\$2,565	3,158	3,862	7,759
Brooklyn Heights	\$2,808	3,599	5,649	8,360
Bushwick	\$2,209	2,451	2,747	3,384
Clinton Hill	\$2,446	2,760	3,920	4,348
Cobble Hill	\$2,488	3,331	4,020	5,712
Crown Heights	\$1,974	2,430	2,760	3,299
Downtown Brooklyn	\$2,847	3,563	4,957	6,567
DUMBO	\$3,287	4,586	6,325	8,624
Fort Greene	\$2,590	3,153	4,805	5,578
Greenpoint	\$2,886	3,250	3,825	4,386
Park Slope	\$2,365	2,850	3,526	4,702
Prospect Heights	\$2,279	2,551	3,635	4,752
Williamsburg	\$3,052	3,659	4,512	5,662
Average: Q4/19	\$2,543	3,114	4,096	5,450
Average: Q3/19	\$2,536	3,150	4,191	5,455
% Change	0.3%	-1.1%	-2.3%	-0.1%
Average: Q4/18	\$2,357	2,851	3,647	5,071
% Change: Q4-18/19	7.9%	9.2%	12.3%	7.5%



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