MANHATTAN & BROOKLYN RENTALS

DECEMBER-2012

ELLIMAN REPORT

MANHATTAN

- **The rate of rental price gains continued to slow** For the third consecutive month, the year-over-year pace of median rental price growth eased. Median rental price increased 0.8% from the prior year period to $3,150. Year-over-year gains in this metric for the prior three months were 10.2%, 1.6% and 1.4%. Compared to the same period last year, average rental price was up 10% at $3,973, while rental price per square foot was down 4.5% to $49.88.
- **Monthly vacancy rate below prior year levels for sixth month** The monthly vacancy rate was 1.77%, less than 2.04% from the same period last year and just below the 1.8% 4-year average. The Downtown, East Side, and West Side regions saw falling vacancy rates over the year, while Uptown saw gains over the same period. While the number of new rentals increased 20.5% to 2,901, listing inventory edged 6.1% higher to 5,007 apartments over the same period.
- **Days on market slowed over the past two months** The average rental that closed in December had been on the market for 57 days, up from 37 days in the same period last year and consistent with 58 days in the prior month. The expansion of this metric was consistent with the slowed pace of rental price growth. Listing discount was 5.8%, slightly below the prior year level of 6.3% and well above the 3% monthly average of the past 3 years.

Manhattan Rental Market	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$3,973	1.5%	$3,913	10.0%	$3,613
Rental Price per Square Foot	$49.88	0.0%	$49.86	-4.5%	$52.25
Median Rental Price	$3,150	-1.4%	$3,195	0.8%	$3,125
Number of New Rentals	2,901	-20.2%	3,634	20.5%	2,407
Days on Market (From Original List Date)	57	-1.7%	58	54.1%	37
Listing Discount (From Original List Price)	5.8%		4.5%		6.6%
Listing Inventory	5,007	0.1%	5,000	6.1%	4,718

(Face Rent)

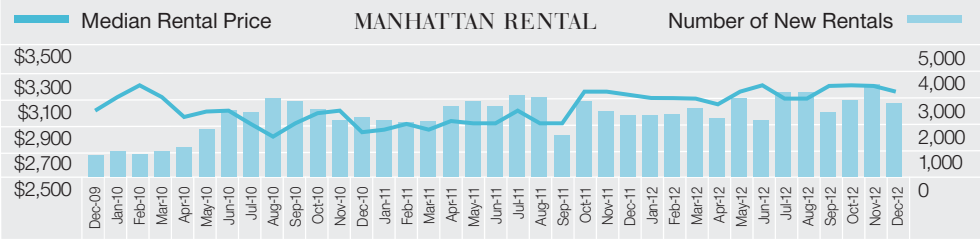
Manhattan Rental w/Concessions	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$3,960	1.5%	$3,900	10.3%	$3,591
Rental Price per Square Foot	$49.71	0.0%	$49.69	-4.3%	$51.93
Median Rental Price	$3,139	-1.4%	$3,184	1.1%	$3,106
Number of New Rentals w/Concessions (%)	4.3%		4.2%		7.4%
Free Rent/Owner Paid (Mos)	1.0	11.1%	0.9	0.0%	1.0

(Net Effective Rent)

Manhattan Vacancy Rate	DEC-12	NOV-12	DEC-11
Manhattan	1.77%	1.59%	2.04%
Downtown	1.69%	1.63%	2.03%
East Side	1.70%	1.04%	2.08%
West Side	1.57%	1.89%	2.94%
Uptown	2.39%	1.95%	0.98%

Manhattan Median Sales Price By Property Type	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Doorman	$3,550	-1.3%	$3,595	3.3%	$3,437
Non-Doorman	$2,525	-2.9%	$2,600	-0.9%	$2,548
Loft	$5,350	-7.4%	$5,776	37.2%	$3,900
Luxury [Top 10%]	$7,995	-4.8%	$8,400	15.9%	$6,900
Super-Luxury [Top 5%]	$11,110	-6.1%	$11,831	22.0%	$9,103
New Development	$4,395	1.0%	$4,350	4.9%	$4,190

(Face Rent)



The Douglas Elliman Report series is recognized as the industry standard for providing the state of the residential real estate market in the New York City metropolitan region. The report includes an extensive suite of tools to help readers objectively identify and measure market trends, provide historical context to current information and provide comprehensive analysis of the results.

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Appraisal and consulting services covering the New York City metropolitan area

Manhattan rental market by SIZE

DOWNTOWN

- **Rental prices were mixed** Median rental price increased 1.6% from the same month last year to $3,450. Average rental price increased 8.9% and rental price per square foot fell 4.5% over the same period. Only 1-bedrooms showed a decline from prior year levels.
- **Double-digit increase in new rental activity across all size categories** The number of new rentals increased 22.9% from the prior year period to 1,203. Studios and 1-bedrooms showed the smallest gains, up 17.6% and 13.2%, while 2-bedrooms and 3-bedrooms had gains of 37.7% and 102.8% from a year ago.
- **The monthly vacancy rate fell from prior year levels** The Downtown vacancy rate was 1.69%, down from 2.03% in the same period last year, but up from 1.63% in the prior month. This was consistent with the trend in the number of new rentals.

Downtown Studio	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$2,675	2.3%	$2,614	-0.5%	$2,688
Rental Price per Square Foot	$52.26	-4.1%	$54.47	-5.4%	$55.25
Median Rental Price	$2,675	9.2%	$2,450	7.2%	$2,495
Number of New Rentals	314	-8.7%	344	17.6%	267

Downtown 1-Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$3,538	-5.3%	$3,736	-3.2%	$3,655
Rental Price per Square Foot	$53.93	-5.0%	$56.76	-5.9%	$57.32
Median Rental Price	$3,422	-2.2%	$3,500	-2.1%	$3,495
Number of New Rentals	531	-13.5%	614	13.2%	469

Downtown 2-Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$5,538	1.3%	$5,468	6.3%	$5,211
Rental Price per Square Foot	$55.10	6.4%	$51.78	3.3%	$53.32
Median Rental Price	$5,092	4.0%	$4,895	4.5%	$4,875
Number of New Rentals	285	-22.3%	367	37.7%	207

Downtown 3+ Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$10,541	6.7%	$9,876	38.1%	$7,631
Rental Price per Square Foot	$55.27	3.2%	$53.57	-4.2%	$57.72
Median Rental Price	$7,759	14.1%	$6,800	48.6%	$5,223
Number of New Rentals	73	-19.8%	91	102.8%	36

EAST SIDE

- **New rentals of larger apartments jumped** New rental activity increased 11.5% to 891 but showed polarization between the small and large apartment segments. Studios and 1-bedrooms saw a respective 3.2% decline and 0.7% increase from prior year levels, while 2-bedrooms and 3-bedrooms gained 35.7% and 170.8% over the same period.
- **Rental price indicators showed weaker year-over-year results** Median rental price slipped 1.7% to $2,900, while rental price per square foot slipped 1.2% to $49.20 from the same period last year. Average rental price saw a 19.1% spike, which was largely due to a surge in the 3-bedroom average rental price, and not reflective of the overall regional market.
- **Vacancy rate fell from prior year levels** The East Side vacancy rate fell to 1.7% from 2.08% in the prior year period. The December rate was sharply above the 1.04% November rate, which appears to have been an anomaly.

East Side Studio	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$2,321	1.0%	$2,298	8.7%	$2,136
Rental Price per Square Foot	$50.71	-0.2%	$50.79	5.4%	$48.11
Median Rental Price	$2,018	-6.1%	$2,150	-3.9%	$2,100
Number of New Rentals	210	-22.2%	270	-3.2%	217

East Side 1-Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$2,932	-6.0%	$3,119	-6.5%	$3,136
Rental Price per Square Foot	$47.81	0.0%	$47.81	-7.4%	$51.65
Median Rental Price	$2,895	-1.9%	$2,950	-6.6%	$3,100
Number of New Rentals	407	-21.3%	517	0.7%	404

East Side 2-Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$5,124	-2.2%	$5,241	3.5%	$4,951
Rental Price per Square Foot	$52.29	1.4%	$51.57	3.9%	$50.33
Median Rental Price	$4,700	-2.0%	$4,795	2.2%	$4,598
Number of New Rentals	209	8.3%	193	35.7%	154

East Side 3+ Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$13,315	30.8%	$10,180	37.9%	$9,654
Rental Price per Square Foot	$57.19	-7.4%	$61.74	8.7%	$52.61
Median Rental Price	$8,595	0.2%	$8,575	-4.0%	$8,950
Number of New Rentals	65	-9.7%	72	170.8%	24

Manhattan rental market by SIZE

WEST SIDE

- **Rental price indicators slipped** Median rental price was down 1.9% to $3,178 from prior year levels. Average rental price was unchanged at $3,907, while rental price per square foot was down 8% to $51,61 over the same period.
- **New rental activity continued to post double-digit gains** There were 618 new rentals in December, up 24.6% from the same period last year. All size categories showed gains over the same period with the weakest gains seen in the 1-bedroom segment at 9.9%. Studios, 2-bedrooms and 3-bedroom apartments saw 44.4%, 36.9% and 43.8% gains respectively over the same period.
- **Vacancy rate fell sharply** The vacancy rate for the West Side was 1.57%, the lowest of the four regions. The vacancy rate was down from 2.94% in the same month last year, and down from 1.89% in November.

West Side Studio	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$2,266	-5.0%	$2,386	-3.6%	$2,351
Rental Price per Square Foot	$56.64	-3.1%	$58.46	-7.5%	$61.23
Median Rental Price	$2,266	-1.5%	$2,300	-1.7%	$2,305
Number of New Rentals	143	-33.2%	214	44.4%	99

West Side 1-Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$3,241	7.2%	$3,024	-1.5%	$3,290
Rental Price per Square Foot	$52.45	4.6%	$50.15	-5.1%	$55.26
Median Rental Price	$3,178	2.5%	$3,100	-0.8%	$3,205
Number of New Rentals	288	-41.9%	496	9.9%	262

West Side 2-Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$4,977	-4.3%	$5,200	-3.2%	$5,139
Rental Price per Square Foot	$52.55	-5.6%	$55.68	-5.3%	$55.50
Median Rental Price	$4,675	-2.6%	$4,800	-6.2%	$4,983
Number of New Rentals	141	-43.8%	251	36.9%	103

West Side 3+ Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$9,892	8.4%	$9,127	1.0%	$9,793
Rental Price per Square Foot	$59.07	-11.9%	$67.07	-7.8%	$64.09
Median Rental Price	$7,682	-13.2%	$8,850	8.2%	$7,100
Number of New Rentals	46	-24.6%	61	43.8%	32

UPTOWN

- **Rental price indicators generally trended higher** Median rental price surged 28.5% from prior year levels to $1,960, as 2-bedroom and 3-bedroom units gained market share, while studio and 1-bedroom units lost market share, within the region. Average rental price increased 16% to $2,179 over the same period.
- **New rental activity continued to post strong gains over prior year levels** In response to increased rental prices, tenants resisted new rental rates at lease renewal, causing the number of new rentals to surged 42.1% over prior year levels to 189.
- **The vacancy rate remained the highest of the four regions** The Uptown vacancy rate was 2.39%, up from 0.98% in the same period last year and up from 1.95% in November. This region, with its smaller data set, tends to show more metric volatility than the other regions.

Uptown Studio	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$1,596	10.3%	$1,447	7.6%	$1,483
Rental Price per Square Foot	$42.87	4.2%	$41.13	24.4%	$34.45
Median Rental Price	$1,358	4.5%	$1,300	10.9%	$1,225
Number of New Rentals	20	-37.5%	32	-16.7%	24

Uptown 1-Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$1,739	7.6%	$1,616	11.7%	$1,557
Rental Price per Square Foot	$30.05	12.1%	$26.80	3.6%	$29.01
Median Rental Price	$1,575	3.4%	$1,523	12.9%	$1,395
Number of New Rentals	71	-26.0%	96	39.2%	51

Uptown 2-Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$2,228	2.1%	$2,182	12.4%	$1,983
Rental Price per Square Foot	$26.33	2.5%	$25.70	0.6%	$26.16
Median Rental Price	$2,090	1.5%	$2,060	16.1%	$1,800
Number of New Rentals	68	-25.3%	91	78.9%	38

Uptown 3+ Bedroom	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$3,498	36.7%	$2,559	17.7%	$2,971
Rental Price per Square Foot	$25.39	17.0%	$21.70	-2.4%	$26.01
Median Rental Price	$3,262	36.2%	$2,395	27.9%	$2,550
Number of New Rentals	30	36.4%	22	50.0%	20

Brooklyn rental market by **SIZE**

BROOKLYN

- **Rental price indicators showed year-over-year gains** Median rental price increased 7.6% from the same month last year to $2,637. This rate marked the fourth highest level over the past 5 years; the three highest levels were all recorded in 2012. Compared to the same period last year, average rental price edged 5.6% to $2,880, while average rental price per square foot jumped 16.7% to $36.01.
- **Days on market remained stable but at a fast pace as listing discount fell** The average number of days on market was 45, essentially unchanged from prior year levels, but faster than the 58-day monthly average for the past 5 years. Listing discount fell to 6.6% from 13.7% in the same period last year, more consistent with the 7% 5-year average.
- **Luxury market underperformed the overall market** Median rental price slipped 0.7% from the prior year period to $4,827, compared to a 7.6% increase in median rental price for the overall market during the same period. The median rental price between both the overall and the luxury markets fell 9.2% over the same period.
- **Number of new rentals continued to show double-digit gains** The number of new rentals jumped 27.9% to 234 from the prior year period, as tenants continued to show resistance towards escalating rents. The longer-term trend towards smaller apartment rentals resumed this month—the average size of a rental apartment fell 18.3% from the prior year period to 960 square feet.

Brooklyn Rental Market	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$2,880	-5.0%	$3,031	-2.6%	$2,958
Rental Price per Square Foot	$36.01	5.8%	$34.04	19.2%	$30.22
Median Rental Price	$2,637	-2.3%	$2,698	1.4%	$2,600
Number of New Rentals	234	-19.6%	291	12.5%	208
Days on Market (From Original List Date)	45	0.0%	45	-40.8%	76
Listing Discount (From Original List Price)	6.6%		7.4%		5.4%

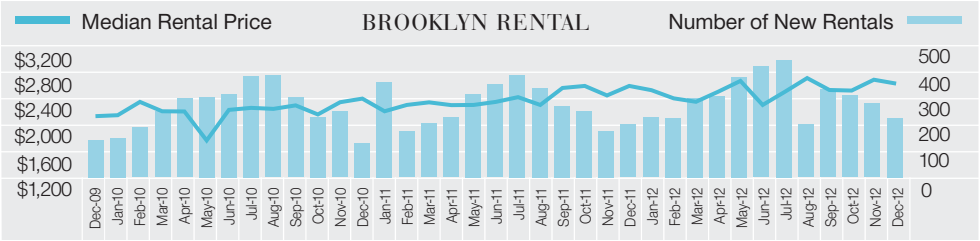
(Face Rent)

Brooklyn Studio Rental Matrix	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$1,825	-1.5%	$1,852	1.6%	$1,797
Rental Price per Square Foot	$44.55	54.9%	$28.76	3.5%	$43.05
Median Rental Price	$1,771	1.2%	$1,750	8.7%	$1,630
Number of New Rentals	34	9.7%	31	100.0%	17

Brooklyn 1-Bedroom Rental Matrix	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$2,486	3.8%	$2,394	1.7%	$2,444
Rental Price per Square Foot	$37.82	3.2%	$36.64	9.1%	$34.66
Median Rental Price	$2,401	3.8%	$2,314	4.5%	$2,297
Number of New Rentals	83	-21.7%	106	-1.2%	84

Brooklyn 2-Bedroom Rental Matrix	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$3,325	0.0%	$3,326	5.6%	$3,148
Rental Price per Square Foot	$34.28	-1.3%	$34.72	1.1%	$33.91
Median Rental Price	$3,100	-1.6%	$3,151	12.6%	$2,753
Number of New Rentals	95	-15.2%	112	30.1%	73

3+-Bedroom Rental Matrix	DEC-12	%Chg (MOS)	NOV-12	%Chg (YR)	DEC-11
Average Rental Price	$4,069	-14.0%	$4,730	-7.5%	$4,400
Rental Price per Square Foot	$40.50	18.8%	$34.08	65.3%	$24.50
Median Rental Price	$3,819	-13.7%	$4,423	1.2%	$3,775
Number of New Rentals	22	-47.6%	42	-35.3%	34



Note: The Brooklyn rental market analysis is comprised of transactions in the north and northwest regions of the borough.

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Report Methodology:
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