



ELLIMANREPORT

MANHATTAN

• Vacancy rates fell while the use of landlord concessions remained nominal

The Manhattan vacancy rate fell to 2% from 2.32% in the same period last year. Consistent with this decline, rentals with landlord concessions had single-digit market share; approximately 4% of all new rentals had some form of concession, compared to 25% two years ago.

• New rental activity for smaller units slipped as low mortgage rates compelled consumers to purchase

Although the overall number of new rentals edged 1.2% above levels from the same period last year, activity fell in the studio and 1-bedroom markets. As mortgage rates continued to fall to record lows, consumers were pushed from these segments into the purchase market as first time buyers. The number of new rentals for studios and 1-bedrooms fell 2% and 3.8% respectively over the same period.

• **Rental price indicators continued to rise** Falling vacancy rates continued to drive rental price indicators higher, despite the rising number of consumers moving to the purchase market. This shift towards the entry-level buyers market occurred in response to falling mortgage rates, despite the continuously tight mortgage underwriting standards as well as ever-increasing rental prices. The market's overall median rental price edged 1.6% higher from \$3,150 in the same period last year to \$3,200, its highest October level since the credit crunch began in 2008.

Manhattan Rental Market	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$3,856	4.7%	\$3,682	5.4%	\$3,658
Rental Price per Square Foot	\$52.78	0.3%	\$52.60	3.2%	\$51.13
Median Rental Price	\$3,200	0.2%	\$3,195	1.6%	\$3,150
Number of New Rentals	3,007	18.6%	2,535	1.2%	2,971
Days on Market (From Original List Date)	43	10.3%	39	26.5%	34
Listing Discount (From Original List Price)	3.4%		2.3%		3.4%
Listing Inventory	5,013	-5.3%	5,294	8.2%	4,635

(Face Rent)

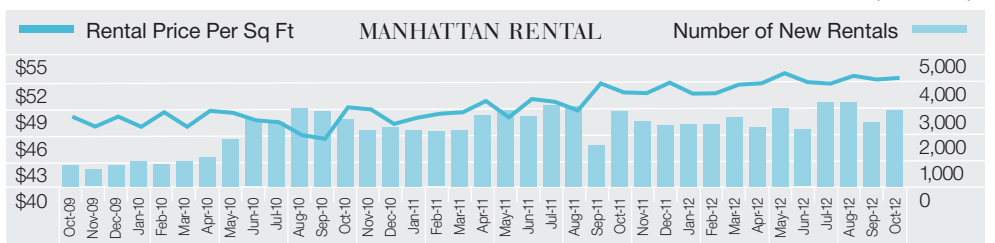
Manhattan Rental w/Concessions	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$3,560	5.1%	\$3,386	4.8%	\$3,396
Rental Price per Square Foot	\$48.73	0.7%	\$48.37	2.7%	\$47.47
Median Rental Price	\$2,954	0.5%	\$2,938	1.0%	\$2,925
Number of New Rentals w/Concessions (%)	4.0%		2.0%		2.0%
Free Rent/Owner Paid (Mos)	1.0	0.0%	1.0	11.1%	0.9

(Net Effective Rent)

Manhattan Vacancy Rate	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Manhattan	2.00%		1.85%		2.32%
Downtown	2.15%		1.63%		2.09%
East Side	1.48%		1.97%		2.74%
West Side	2.22%		2.55%		2.87%
Uptown	2.13%		1.33%		1.86%

Manhattan Median Sales Price By Property Type	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Doorman	\$3,649	4.3%	\$3,500	4.4%	\$3,495
Non-Doorman	\$2,650	1.0%	\$2,625	1.9%	\$2,600
Loft	\$5,144	34.2%	\$3,833	28.8%	\$3,995
Luxury [Top 10%]	\$7,560	6.7%	\$7,087	5.1%	\$7,195
Super-Luxury [Top 5%]	\$10,107	7.5%	\$9,400	14.9%	\$8,798
New Development	\$3,981	7.2%	\$3,713	4.8%	\$3,798

(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.



Manhattan rental market by SIZE

DOWNTOWN

- Larger size categories saw jumps in new rental activity** The 2-bedroom and 3-bedroom markets showed a combined 22.2% increase in overall new rental activity compared to prior year levels. New rental activity in the studio and 1-bedroom markets decreased a combined 5.2% over the same period.
- Rental price indicators edged higher; 1-bedroom segment showed most improvement** Median rental price for the Downtown market was \$3,450, up 1.5% from \$3,400 in the same period a year ago. The 1-bedroom market saw a 2.8% increase in median rental price over the same period, reaching \$3,495.
- The monthly vacancy rate eased slightly from prior year levels** The vacancy rate for the Downtown market was 2.15%, up slightly from 2.09% in the same period last year.

Downtown Studio	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$2,736	2.5%	\$2,669	-2.7%	\$2,812
Rental Price per Square Foot	\$54.85	-1.4%	\$55.64	-0.6%	\$55.19
Median Rental Price	\$2,559	1.3%	\$2,525	-5.0%	\$2,695
Number of New Rentals	308	-4.0%	321	-8.6%	337

Downtown 1-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$3,724	5.6%	\$3,528	2.3%	\$3,642
Rental Price per Square Foot	\$56.15	0.5%	\$55.88	-3.0%	\$57.88
Median Rental Price	\$3,495	1.7%	\$3,438	2.8%	\$3,400
Number of New Rentals	573	22.4%	468	-3.2%	592

Downtown 2-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$5,316	7.6%	\$4,941	1.4%	\$5,245
Rental Price per Square Foot	\$51.58	4.5%	\$49.34	-0.6%	\$51.90
Median Rental Price	\$4,625	2.9%	\$4,495	-4.4%	\$4,838
Number of New Rentals	298	23.7%	241	13.7%	262

Downtown 3+-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$7,867	19.6%	\$6,580	-5.8%	\$8,352
Rental Price per Square Foot	\$58.43	31.0%	\$44.60	1.8%	\$57.38
Median Rental Price	\$5,474	7.4%	\$5,098	-9.5%	\$6,050
Number of New Rentals	76	15.2%	66	72.7%	44

EAST SIDE

- Overall new rental activity slipped nominally, while 2-bedrooms jumped** New East Side rental activity slipped 1.3% to 848 from 859 in the same period last year. The 2-bedroom rental market outperformed all other segments, rising 16.5% to 191 units over the same period.
- Studio rental price indicators led mixed results in overall market** Median rental price for a studio was \$2,150, up 11.7% from \$1,925 a year ago. Median rental price for the East Side fell 1.9% over the same period, but remained at an elevated level.
- The monthly vacancy rate fell sharply from prior year levels** The East Side's monthly rental vacancy rate fell from 2.74% a year ago to 1.48%, the largest regional drop year-over-year, suggesting greater rental price gains and new rental activity in the coming months.

East Side Studio	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$2,243	-10.0%	\$2,493	-0.2%	\$2,248
Rental Price per Square Foot	\$53.01	-11.6%	\$59.97	14.0%	\$46.52
Median Rental Price	\$2,150	-1.1%	\$2,175	11.7%	\$1,925
Number of New Rentals	209	-13.6%	242	1.5%	206

East Side 1-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$3,101	-1.0%	\$3,133	-0.3%	\$3,109
Rental Price per Square Foot	\$47.99	-4.0%	\$50.00	-5.0%	\$50.49
Median Rental Price	\$3,000	0.2%	\$2,995	0.0%	\$3,000
Number of New Rentals	397	5.6%	376	-7.5%	429

East Side 2-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$5,194	0.6%	\$5,161	5.4%	\$4,928
Rental Price per Square Foot	\$52.73	4.8%	\$50.32	4.5%	\$50.45
Median Rental Price	\$4,895	-1.0%	\$4,943	6.4%	\$4,600
Number of New Rentals	191	49.2%	128	16.5%	164

East Side 3+-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$9,191	4.4%	\$8,801	1.5%	\$9,058
Rental Price per Square Foot	\$50.87	-11.0%	\$57.16	-6.3%	\$54.30
Median Rental Price	\$6,995	2.9%	\$6,800	-4.8%	\$7,348
Number of New Rentals	51	-19.0%	63	-15.0%	60

Manhattan rental market by SIZE

WEST SIDE

- New rental activity jumped in all size categories** All size categories saw double-digit jumps in the number of new rentals, as landlords continued to press for higher rents. Overall new rental activity increased 26.4% from the prior year period.
- Rental price indicators expanded year-over-year, led by 1-bedrooms** 1-bedroom rental price indicators showed the largest overall increases from prior year levels. Median 1-bedroom rent increased 6.7% to \$3,410 from \$3,195 year-over-year.
- The monthly vacancy rate tightened from prior year levels** The West Side monthly rental vacancy rate fell to 2.22% from 2.87% in the prior year quarter, reflecting tightening market conditions.

West Side Studio	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$2,509	2.0%	\$2,460	1.9%	\$2,463
Rental Price per Square Foot	\$63.75	2.3%	\$62.33	7.7%	\$59.20
Median Rental Price	\$2,450	6.5%	\$2,300	3.6%	\$2,365
Number of New Rentals	167	50.5%	111	35.8%	123

West Side 1-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$3,433	-5.3%	\$3,625	6.3%	\$3,230
Rental Price per Square Foot	\$57.32	-5.9%	\$60.89	8.4%	\$52.86
Median Rental Price	\$3,410	0.6%	\$3,390	6.7%	\$3,195
Number of New Rentals	341	43.3%	238	18.0%	289

West Side 2-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$5,127	2.6%	\$4,999	0.9%	\$5,080
Rental Price per Square Foot	\$55.82	3.0%	\$54.17	4.5%	\$53.43
Median Rental Price	\$4,890	4.0%	\$4,703	4.3%	\$4,687
Number of New Rentals	179	82.7%	98	31.6%	136

West Side 3+-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$8,985	14.8%	\$7,828	10.5%	\$8,129
Rental Price per Square Foot	\$59.73	44.8%	\$41.25	17.7%	\$50.73
Median Rental Price	\$7,206	18.2%	\$6,095	-0.5%	\$7,244
Number of New Rentals	41	5.1%	39	46.4%	28

UPTOWN

- Month-over-month rental price indicators mixed; number of new rentals jumped** The number of new rentals expanded 23.1% to 176 from 143 in September. Studio activity slipped as the remaining categories expanded.
- Rental price indicators softened year-over-year** All three rental price indicators and number of new rentals showed year-over-year declines across all apartment sizes; however, rental price indicators remained at elevated levels. The small size of rental activity captured for this region often results in monthly volatility.
- Vacancy rate expanded** The vacancy rate expanded to 2.13% from 1.86% in the same period a year ago. The increase in availability, albeit at very low levels, was consistent with the declining number of new rentals and rental price indicators.

Uptown Studio	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$1,394	-12.5%	\$1,594	-26.2%	\$1,888
Rental Price per Square Foot	\$37.66	-15.1%	\$44.38	-7.5%	\$40.70
Median Rental Price	\$1,427	7.9%	\$1,323	-20.5%	\$1,795
Number of New Rentals	15	-37.5%	24	-68.1%	47

Uptown 1-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$1,823	11.4%	\$1,637	-5.5%	\$1,929
Rental Price per Square Foot	\$30.22	1.9%	\$29.65	-12.8%	\$34.64
Median Rental Price	\$1,595	2.9%	\$1,550	-3.3%	\$1,650
Number of New Rentals	61	-1.6%	62	-47.4%	116

Uptown 2-Bedroom	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$2,336	7.0%	\$2,184	-15.4%	\$2,760
Rental Price per Square Foot	\$29.27	-1.2%	\$29.64	-22.4%	\$37.73
Median Rental Price	\$2,195	10.0%	\$1,995	-13.9%	\$2,548
Number of New Rentals	71	61.4%	44	-34.3%	108

Uptown 3+-Bedroom	SEPT-12	% Chg (mos)	AUG-12	% Chg (yr)	SEPT-11
Average Rental Price	\$3,029	9.1%	\$2,776	-17.0%	\$3,651
Rental Price per Square Foot	\$30.00	5.5%	\$28.44	-11.9%	\$34.06
Median Rental Price	\$2,364	-18.3%	\$2,895	-33.3%	\$3,545
Number of New Rentals	29	123.1%	13	-3.3%	30

Brooklyn rental market by SIZE

BROOKLYN

- Rising rents pushed tenants to seek alternative accommodations** There were 23.2% more new rentals in October than there were a year ago, as high rent levels caused more “churn” in the marketplace. The jump in listing discount and days on market also reflected landlords tending to push for rent increases at the time of lease renewals.
- Rental price indicators remained near multi-year highs** Although rental price metrics showed mixed year-over-year results, they remained elevated. Average rental price per square foot was \$34.72, the highest level for October in more than four years. The declines in average and median rents were attributable to the 10.6% decline in average square footage from the same period last year, falling to 958 square feet.
- Luxury market rent gains outpaced overall market** The average rent per square foot in the luxury market rose 10.9% from \$40.23 in the same period last year to \$44.63, more than double the 5.2% increase in the overall market.
- Market share growth of entry-level outpaced upper end** The combined rental market share of studio and 1-bedroom apartments was 60% in October, expanded by 12.7% from 47.3% in the same period last year. Conversely, market share for 2-bedroom and 3-bedroom apartments fell 12.7% to 40% from 52.7% over the same period. The shift in the mix to smaller apartments accounted for the smaller average size and lower average and median rents.

Brooklyn Rental Market	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$2,771	1.8%	\$2,722	-6.0%	\$2,947
Rental Price per Square Foot	\$34.72	5.8%	\$32.82	5.2%	\$33.01
Median Rental Price	\$2,527	-0.4%	\$2,536	-2.8%	\$2,600
Number of New Rentals	323	-6.6%	346	23.3%	262
Days on Market (From Original List Date)	72	56.5%	46	28.6%	56
Listing Discount (From Original List Price)	11.4%		10.4%		6.4%

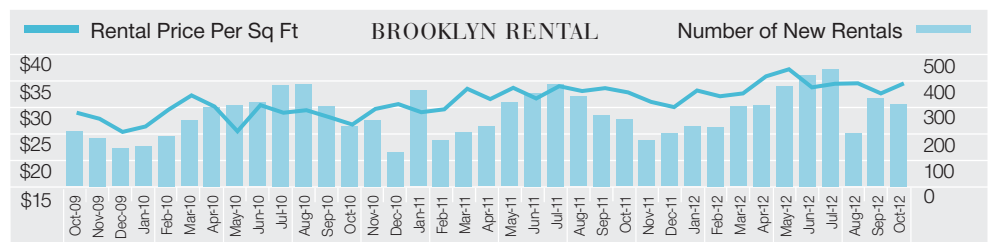
(Face Rent)

Brooklyn Studio Rental Matrix	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$1,776	-10.9%	\$1,994	-28.4%	\$2,482
Rental Price per Square Foot	\$36.90	-13.3%	\$42.58	-16.1%	\$43.99
Median Rental Price	\$1,783	-0.8%	\$1,797	-13.7%	\$2,066
Number of New Rentals	47	-6.0%	50	42.4%	33

Brooklyn 1-Bedroom Rental Matrix	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$2,343	-0.5%	\$2,355	-6.5%	\$2,507
Rental Price per Square Foot	\$34.06	-3.7%	\$35.38	-1.9%	\$34.72
Median Rental Price	\$2,200	-5.7%	\$2,334	-12.0%	\$2,500
Number of New Rentals	147	16.7%	126	61.5%	91

Brooklyn 2-Bedroom Rental Matrix	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$3,235	10.1%	\$2,938	8.4%	\$2,984
Rental Price per Square Foot	\$35.72	10.1%	\$32.45	9.9%	\$32.51
Median Rental Price	\$2,989	6.6%	\$2,803	12.8%	\$2,650
Number of New Rentals	99	-26.7%	135	-10.8%	111

3+-Bedroom Rental Matrix	OCT-12	%Chg (mos)	SEPT-12	%Chg (yr)	OCT-11
Average Rental Price	\$4,207	2.3%	\$4,113	-15.9%	\$5,004
Rental Price per Square Foot	\$34.22	9.1%	\$31.37	5.1%	\$32.56
Median Rental Price	\$3,899	4.0%	\$3,750	-2.3%	\$3,991
Number of New Rentals	30	-14.3%	35	11.1%	27



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

For more information or electronic copies of this report please visit elliman.com/marketreports. Email report author Jonathan Miller at jmiller@millersamuel.com with questions or comments.

Report Methodology:

<http://www.millersamuel.com/research-reports/methodology>

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