

# the **Black & White** report

## Year-End 2010

A Comprehensive Analysis of the **2010**  
Manhattan Residential Rental Market

**CitiHabitats**  
MORE BROKER PER SQ FT



# the Black & White report

## Year-End 2010

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## EXECUTIVE SUMMARY

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The 2010 Black & White Report offers a comprehensive look at conditions in the Manhattan rental market last year. Approximately 75% of New Yorkers are renters, so what happens in the rental market impacts a great number of us. 2010 was a year of recovery in many respects, so our goal is to illustrate for the reader the remarkable shift that occurred quietly as 2010 progressed.

I like to say that 2010 is truly a "tale of two markets." Allow me to explain. When determining the health of the city's rental market, we focus on three key metrics; namely vacancy rates, average rents, and the percentage of leases signed that offered a move-in incentive to sweeten the deal. While still an improvement from early 2009, conditions as we began 2010 could best be described as "stable." No longer indicative of a marketplace where tenants had the upper hand, average rents and vacancy rates showed a balance in power between the landlord and the tenant.

The proverbial pendulum began to swing in the landlords' favor as we entered spring, however. While average rental prices across all apartment categories began to climb slowly, the first signs of a big shift in the market were reflected in the city's vacancy rate. In May 2010, the Manhattan vacancy rate dropped to 0.98% from April's rate of 1.23%, the first time vacancy had dipped below 1% since August of 2007.

Concessions began to dry up rapidly as well during this same period. Typically one month of free rent to new tenants and/or payment of the broker's fee, these incentives are generally used only in new construction properties during a strong rental market, as the goal is to lease up the project as quickly as possible. However, during a down rental market, landlords in a variety of properties - new and old - use incentives as a way to attract clientele.

While remaining relatively steady from January to April of 2010, the use of concessions began to drop significantly in late spring. In April, 41% of leases brokered by Citi Habitats included an owner-paid incentive. The following month, that number was down to 34%. Then again, from May to June, another substantial dip, this time from 34% to 28%. The use of incentives reached a low point during October 2010, when only 18% of leases included a concession. Even during the traditionally slower winter months, concessions didn't stage a comeback. During December 2010, still only 22% of tenants' signed a lease that included an incentive.

Why such a focus on concessions? It is the first practice owners will eliminate as market conditions improve, so it is a reliable early indicator as to where in the market is headed. While landlords in 2010 had been relatively slow to issue dramatic rent increases, the fact that incentives are largely a thing of the past improves their bottom line regardless.

The rental market currently shows no signs of losing steam. Evidence to this fact can be found when looking at new developments. These projects continue to lease at a rapid pace and for great prices. Our new development arm (Citi Habitats Marketing Group) is reporting brisk activity at each of its job sites; including the iconic 903-unit New York by Gehry building, which at 76 stories, is the tallest residential building in the Western Hemisphere.

Despite the improving outlook for landlords, right now is still a great time to be in the market for a new apartment. The economy is still in recovery, and as a result, attractive opportunities exist compared to the market's peak prior to the 2008 recession. Although they may need to act fast to secure their dream apartment, tenants may be surprised at the values available. We are here to help. Our agents are trained to help clients make informed and smart real estate decisions regardless of the market climate.

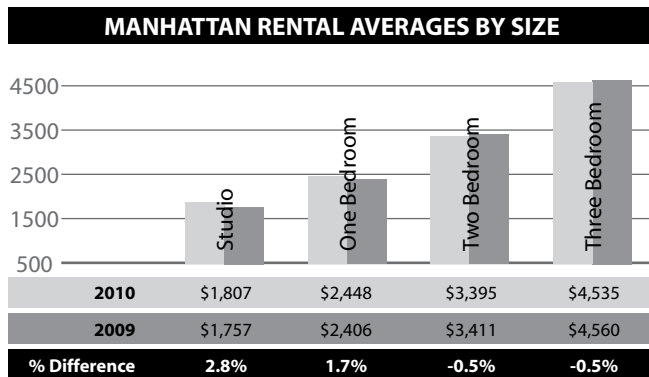
A lot of hard work went into the creation of the 2010 Year End Black & White Report. We expect you'll find it to be a valuable resource, and hope you walk away with a better understanding of the ever-shifting, always exciting, New York rental market.

A handwritten signature in black ink, appearing to read "Gary Malin". The signature is fluid and cursive, written over a white background.

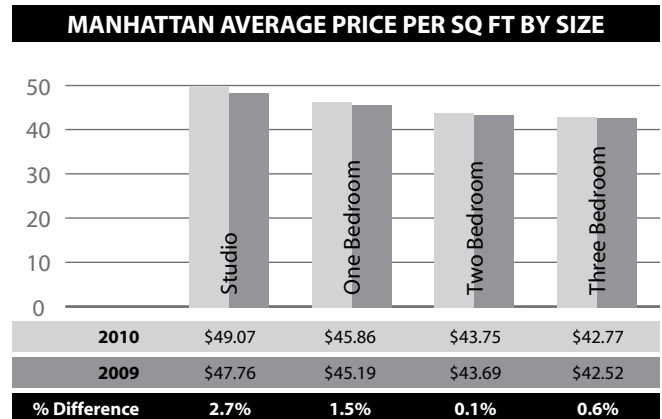
Gary Malin  
President of Citi Habitats

# Overall Rental Averages

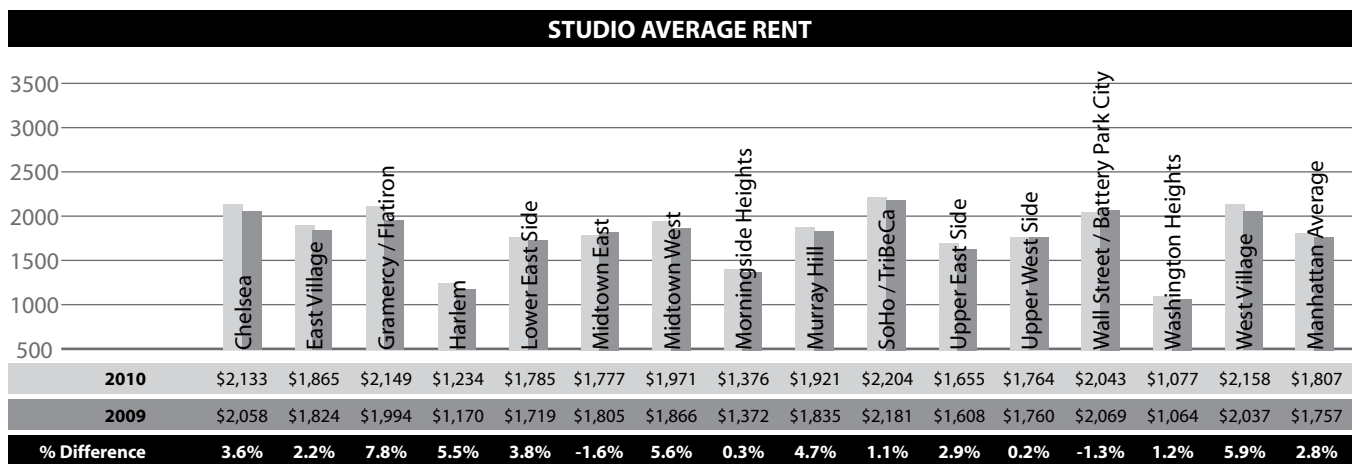
- Due in large part to a slow economic recovery and limited improvement in the unemployment rate, Manhattan rents rose slightly for some categories in 2010, and decreased in others.
- The price gains occurred in studio and one bedroom apartments (increases of 2.8% and 1.7%, respectively). As these sized apartments make up 75% of the city's inventory, these rent shifts impact the majority of housing units in Manhattan.
- Where in Manhattan the apartment is located has a huge impact on whether the average rent is up or down from last year. For example, while the average one bedroom apartment is 10.3% less expensive than last year in the Washington Heights neighborhood, it is 6.3% more expensive to rent a one bedroom in the West Village.
- It is also important to remember that in each Manhattan neighborhood there are a myriad of "sub-locations" that affect the overall price average in that neighborhood.



Source: All Citi Habitats transactions from January 2009 - December 2010.



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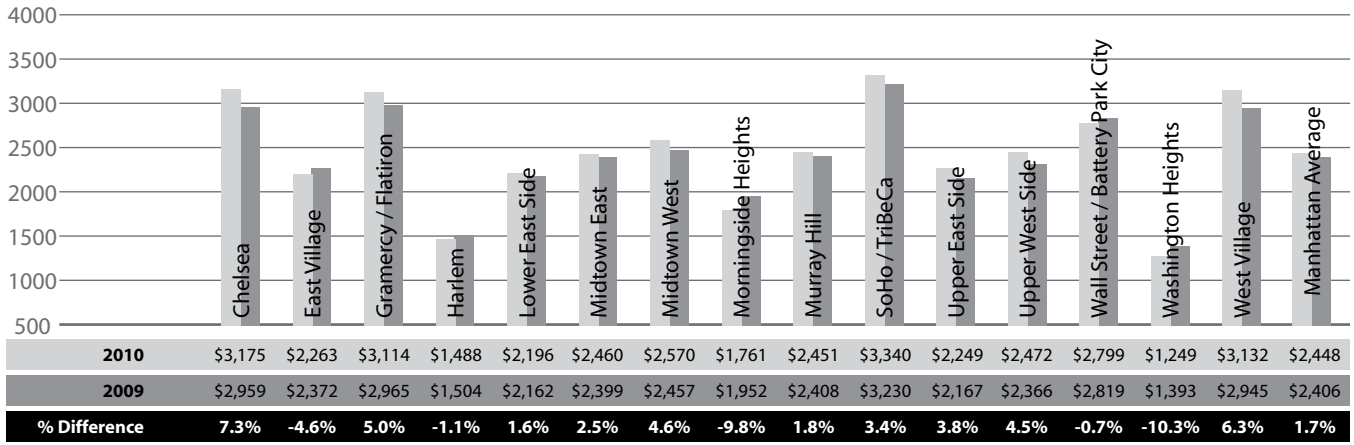


### STUDIO: AVERAGE RENTAL PRICES PER SQ. FT.

Year	Chelsea	East Village	Gramercy / Flatiron	Harlem	Lower East Side	Midtown East	Midtown West	Morningside Heights	Murray Hill	SoHo / TriBeCa	Upper East Side	Upper West Side	Wall Street / Battery Park City	Washington Heights	West Village	Manhattan Average
2010	\$55.28	\$51.26	\$55.52	\$33.40	\$50.92	\$46.88	\$51.84	\$46.60	\$51.20	\$59.80	\$44.16	\$49.00	\$50.56	\$31.76	\$57.88	\$49.07
2009	\$53.21	\$50.28	\$52.98	\$31.85	\$48.96	\$47.02	\$47.44	\$46.23	\$48.72	\$58.26	\$44.52	\$48.17	\$52.11	\$31.44	\$55.20	\$47.76
% Difference	3.9%	1.9%	4.8%	4.9%	4.0%	-0.3%	9.3%	0.8%	5.1%	2.6%	-0.8%	1.7%	-3.0%	1.0%	4.9%	2.7%

Source: All Citi Habitats transactions from January 2009 - December 2010.

### ONE BEDROOM AVERAGE RENT

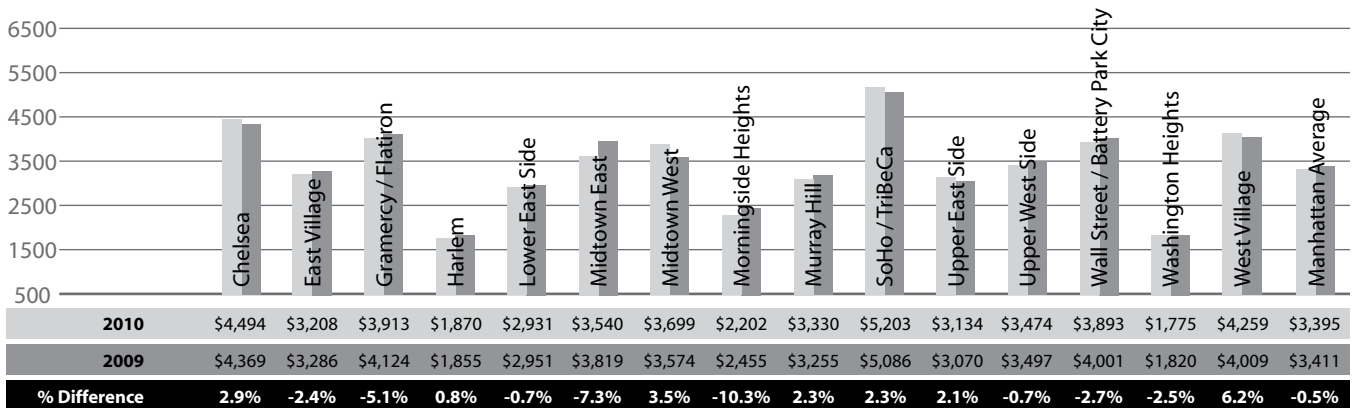


#### ONE BEDROOM: AVERAGE RENTAL PRICES PER SQ. FT.

Neighborhood	2010	2009	% Difference
Chelsea	\$56.28	\$53.13	5.9%
East Village	\$46.84	\$48.88	-4.2%
Gramercy / Flatiron	\$55.60	\$53.20	4.5%
Harlem	\$28.96	\$29.48	-1.8%
Lower East Side	\$46.24	\$46.36	-0.3%
Midtown East	\$46.80	\$45.52	2.8%
Midtown West	\$48.96	\$46.32	5.7%
Morningside Heights	\$34.44	\$36.48	-5.6%
Murray Hill	\$46.56	\$46.80	-0.5%
SoHo / TriBeCa	\$60.08	\$57.56	4.4%
Upper East Side	\$43.56	\$43.16	0.9%
Upper West Side	\$46.92	\$44.80	4.7%
Wall Street / Battery Park City	\$46.68	\$47.04	-0.8%
Washington Heights	\$24.56	\$26.52	-7.4%
West Village	\$55.48	\$52.56	5.6%
Manhattan Average	\$45.86	\$45.19	1.5%

Source: All Citi Habitats transactions from January 2009 - December 2010.

### TWO BEDROOM AVERAGE RENT

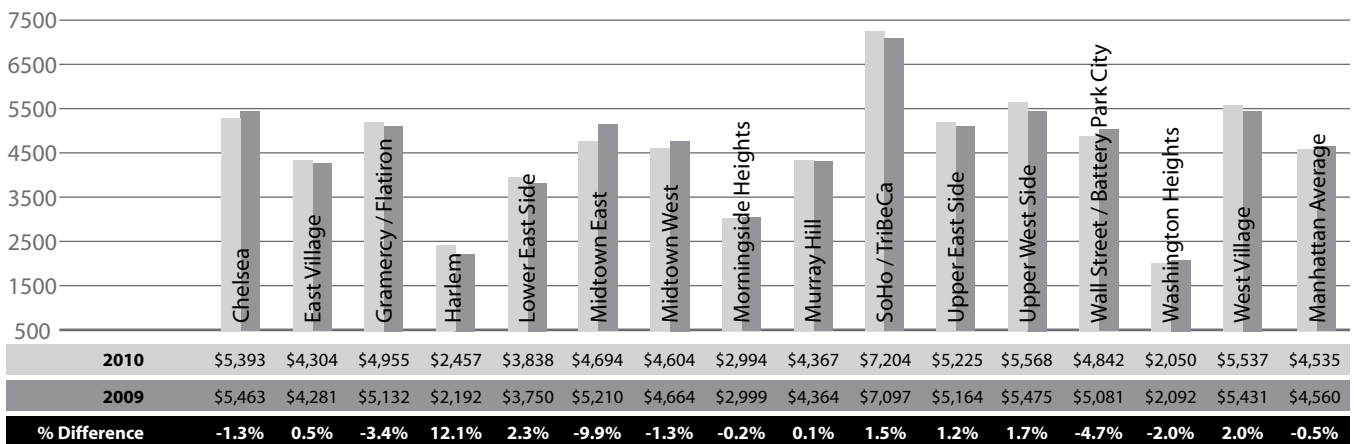


#### TWO BEDROOM: AVERAGE RENTAL PRICES PER SQ. FT.

Neighborhood	2010	2009	% Difference
Chelsea	\$54.68	\$52.28	4.6%
East Village	\$47.02	\$47.92	-1.9%
Gramercy / Flatiron	\$50.76	\$51.80	-2.0%
Harlem	\$25.32	\$25.80	-1.9%
Lower East Side	\$43.88	\$44.00	-0.3%
Midtown East	\$43.68	\$44.68	-2.2%
Midtown West	\$46.76	\$45.68	2.4%
Morningside Heights	\$30.00	\$32.32	-7.2%
Murray Hill	\$45.16	\$44.76	0.9%
SoHo / TriBeCa	\$57.76	\$55.84	3.4%
Upper East Side	\$42.68	\$42.32	0.9%
Upper West Side	\$44.08	\$43.84	0.5%
Wall Street / Battery Park City	\$45.44	\$47.24	-3.8%
Washington Heights	\$23.32	\$24.00	-2.8%
West Village	\$55.76	\$52.84	5.5%
Manhattan Average	\$43.75	\$43.69	0.1%

Source: All Citi Habitats transactions from January 2009 - December 2010.

### THREE BEDROOM AVERAGE RENT



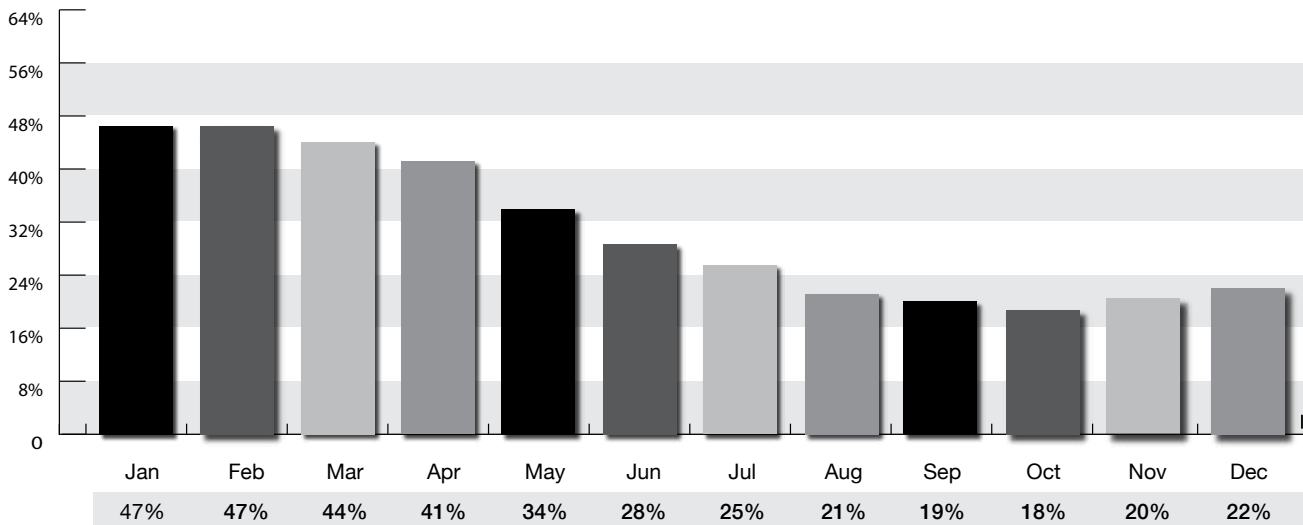
#### THREE BEDROOM: AVERAGE RENTAL PRICES PER SQ. FT.

Neighborhood	2010	2009	% Difference
Chelsea	\$51.72	\$51.64	0.2%
East Village	\$45.92	\$45.64	0.6%
Gramercy / Flatiron	\$49.56	\$50.96	-2.7%
Harlem	\$27.40	\$25.04	9.4%
Lower East Side	\$42.44	\$42.04	1.0%
Midtown East	\$42.20	\$44.44	-5.0%
Midtown West	\$43.92	\$44.32	-0.9%
Morningside Heights	\$31.24	\$31.80	-1.8%
Murray Hill	\$43.76	\$42.56	2.8%
SoHo / TriBeCa	\$56.04	\$54.40	3.0%
Upper East Side	\$42.44	\$41.76	1.6%
Upper West Side	\$44.04	\$42.44	3.8%
Wall Street / Battery Park City	\$44.96	\$45.96	-2.2%
Washington Heights	\$22.28	\$23.06	-3.4%
West Village	\$53.56	\$51.76	3.5%
Manhattan Average	\$42.77	\$42.52	0.6%

Source: All Citi Habitats transactions from January 2009 - December 2010.

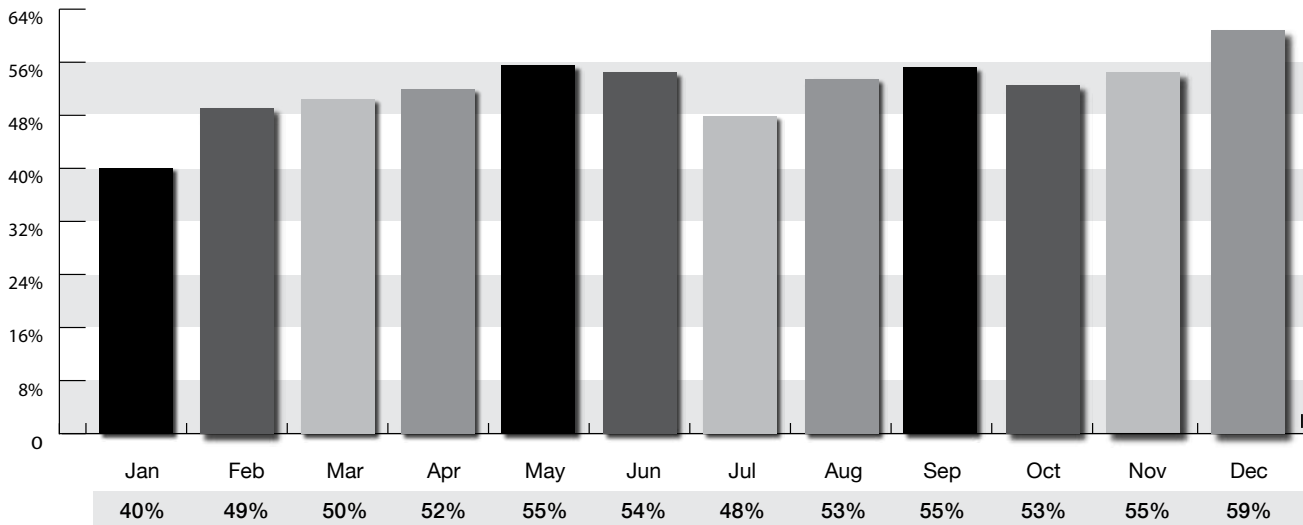
# Deals with Owner Paid Incentives

## JANUARY – DECEMBER 2010



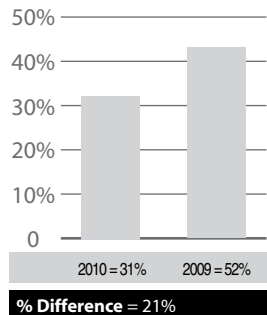
Source: All Citi Habitats transactions from January 2010 - December 2010.

## JANUARY – DECEMBER 2009



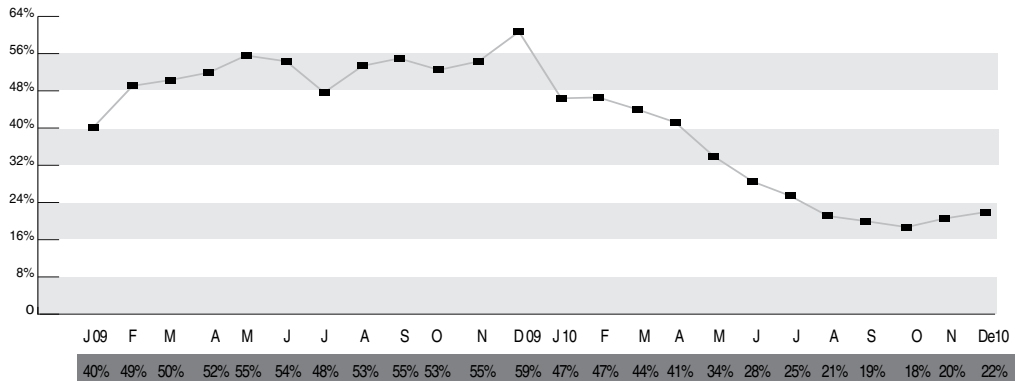
Source: All Citi Habitats transactions from January 2009 - December 2009.

### OVERALL 2010 VS 2009



Source: All Citi Habitats transactions from January 2009 - December 2010.

### OWNER PAID INCENTIVES 2009 TO 2010

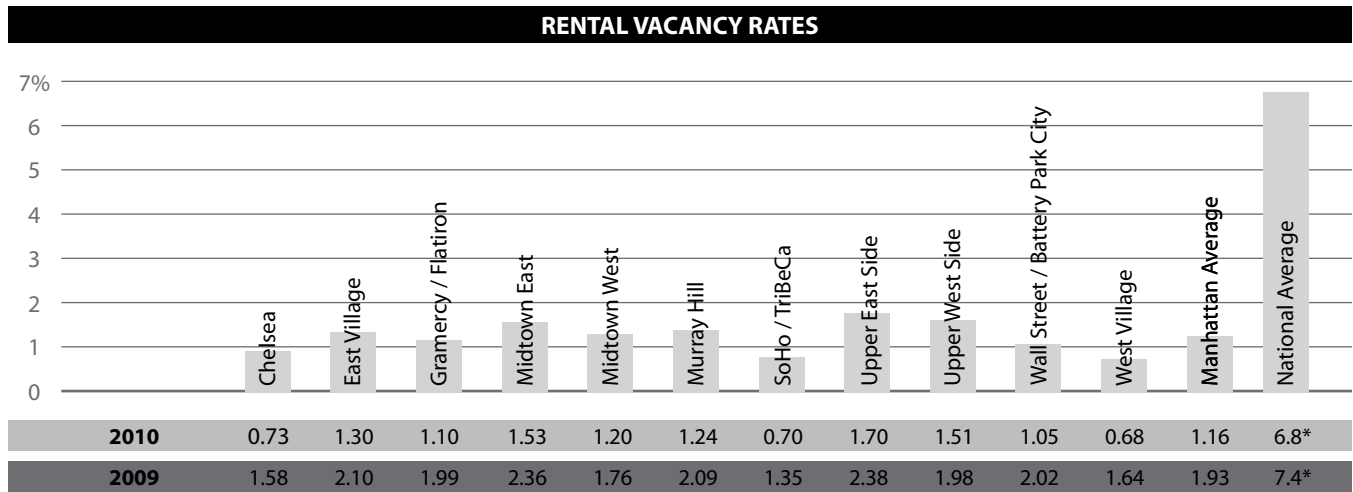


Source: All Citi Habitats transactions from January 2009 - December 2010

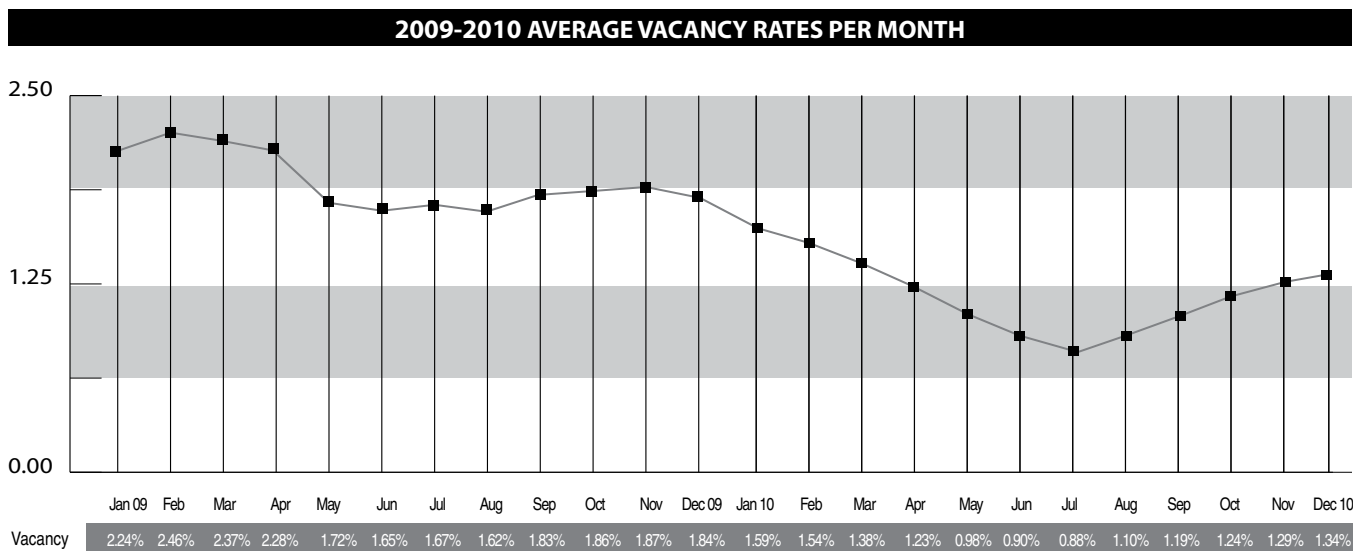
# Rental Vacancy Rates

- In 2010, the rental vacancy rate peaked in January @ 1.59% then steadily declined, dropping below 1% in May to 0.98%. This was the first time the city had experienced a sub-1% rate since August 2007.
- Manhattan's vacancy rate bottomed out in July, at 0.88%, and then began a slow climb back upwards, ending the year at 1.34%.
- The overall, Manhattan-wide vacancy rate for 2010 was 1.16%, a substantial decrease from 2009's vacancy rate of 1.93%
- When compared to 2010's national vacancy rate of 6.8%\*\* Manhattan's 2010 average rate of 1.16% is minimal by any standard. Manhattan is unique in the fact that many industries drive the local economy, and people flock to the city in good times and bad in search of the opportunities that exist here.

\*\*Source: CB Richard Ellis Group and Bloomberg News



Source: A sampling of 25-30 key rental buildings in each Manhattan neighborhood below 100th Street, including doorman and non-doorman buildings. \*Source C.B. Richard Ellis and Bloomberg News

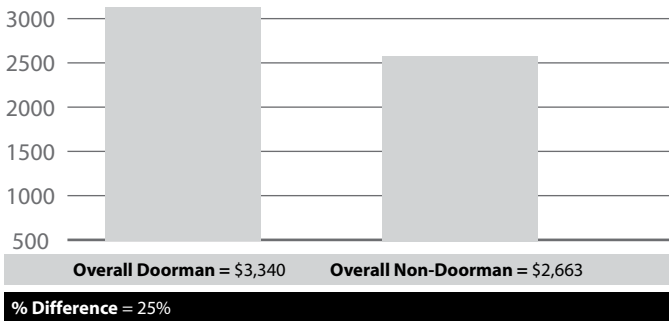


Source: A sampling of 25-30 key rental buildings in each Manhattan neighborhood below 100th Street, including doorman and non-doorman buildings.

# Doorman vs. Non-Doorman Rental Comparison

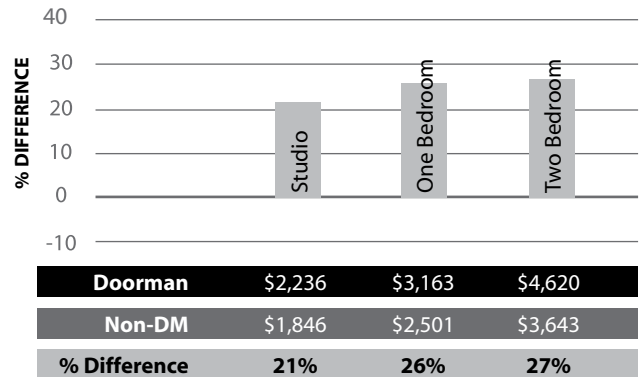
- In Manhattan, the average price of an apartment in a non-doorman building was \$2,663 in 2010, which is a 5% increase from 2009's average of \$2,533. For doorman buildings, the average price was \$3,340 which is also a 5% increase from the prior year's average of \$3,169.
- Across all apartment sizes, doorman buildings carried a 25% premium in 2010.
- The specific category with the smallest price differential between doorman and non-doorman buildings is studio apartments in SoHo/TriBeCa. Doorman studios only carry a 9% premium over studio units in non-doorman buildings in the neighborhood.
- On the other end of the spectrum, Doorman 2 bedroom apartments in Midtown East and The Upper West Side rent for 36% more than do buildings in these neighborhoods without a staffed entrance. The wide variety of housing stock in these neighborhoods (from walk-up tenements to ultra-lux high rises) is likely the reason.

## 2010 OVERALL MANHATTAN BLENDED AVERAGES



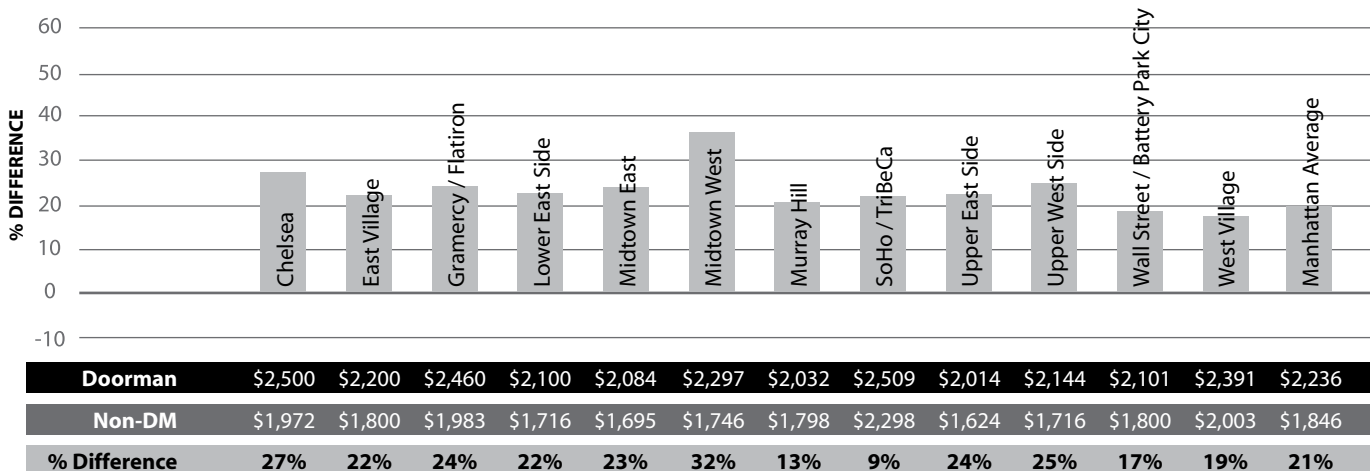
Source: All Citi Habitats transactions from January 2010 - December 2010.

## 2010 MANHATTAN RENTAL AVERAGES BY SIZE



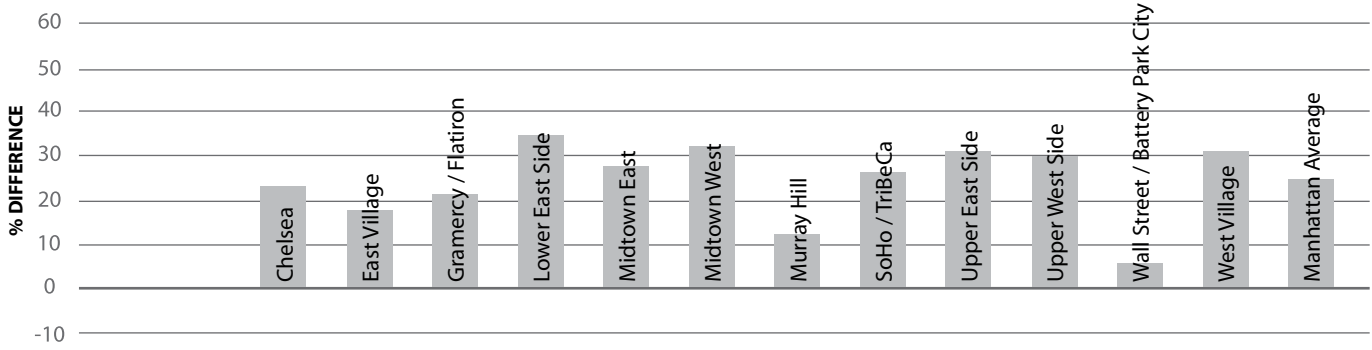
Source: All Citi Habitats transactions from January 2010 - December 2010.

## 2010 STUDIO RENT COMPARISON



Source: All Citi Habitats transactions from January 2010 - December 2010.

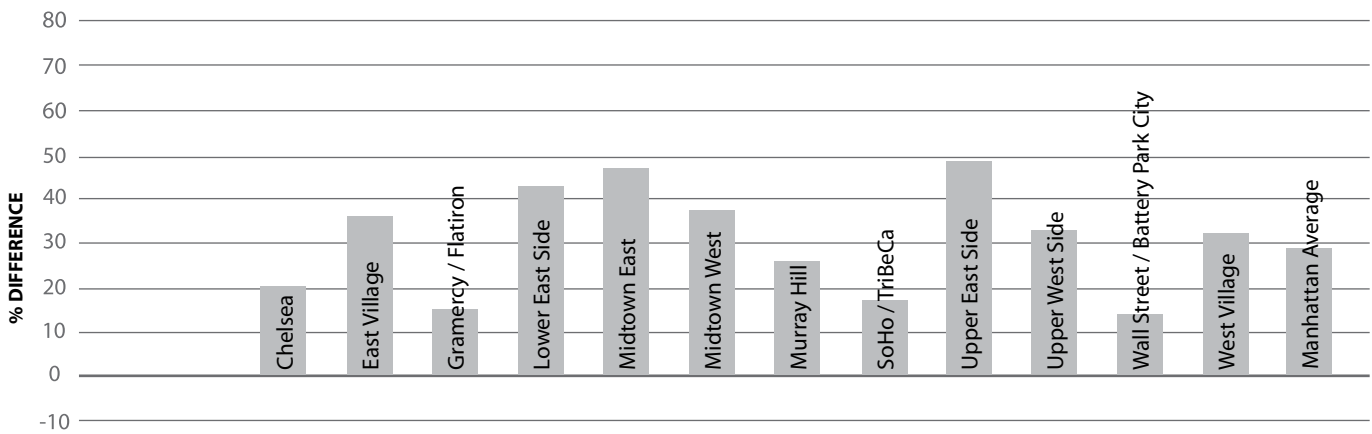
### 2010 ONE BEDROOM RENT COMPARISON



<b>Doorman</b>	\$3,496	\$2,944	\$3,231	\$3,010	\$2,767	\$3,070	\$2,751	\$4,278	\$2,815	\$2,995	\$2,838	\$3,765	\$3,163
<b>Non-DM</b>	\$2,741	\$2,471	\$2,757	\$2,341	\$2,106	\$2,296	\$2,292	\$3,175	\$2,119	\$2,307	\$2,571	\$2,841	\$2,501
<b>% Difference</b>	<b>28%</b>	<b>19%</b>	<b>17%</b>	<b>29%</b>	<b>31%</b>	<b>34%</b>	<b>20%</b>	<b>35%</b>	<b>33%</b>	<b>30%</b>	<b>10%</b>	<b>33%</b>	<b>26%</b>

Source: All Citi Habitats transactions from January 2010 - December 2010.

### 2010 TWO BEDROOM RENT COMPARISON

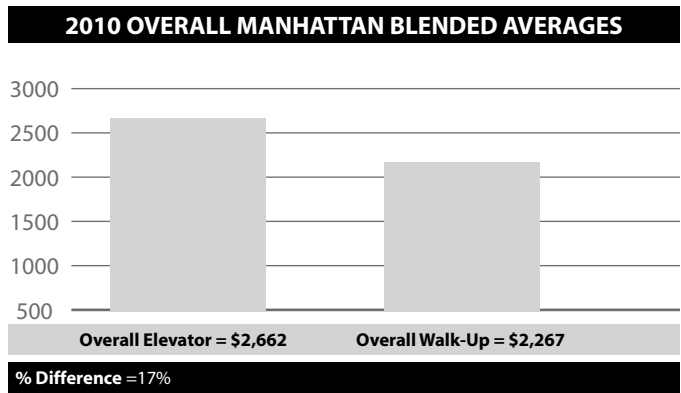


<b>Doorman</b>	\$5,079	\$4,210	\$5,099	\$4,169	\$4,065	\$4,287	\$4,092	\$6,215	\$4,084	\$4,348	\$4,276	\$5,517	\$4,620
<b>Non-DM</b>	\$4,375	\$3,238	\$4,320	\$3,097	\$3,000	\$3,188	\$3,251	\$5,046	\$3,062	\$3,186	\$3,660	\$4,289	\$3,643
<b>% Difference</b>	<b>16%</b>	<b>30%</b>	<b>18%</b>	<b>35%</b>	<b>36%</b>	<b>34%</b>	<b>26%</b>	<b>23%</b>	<b>33%</b>	<b>36%</b>	<b>17%</b>	<b>29%</b>	<b>27%</b>

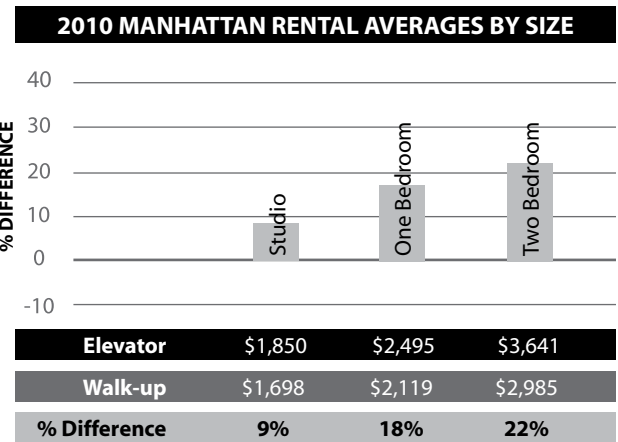
Source: All Citi Habitats transactions from January 2010 - December 2010.

# Elevator vs. Walkup Rental Comparison

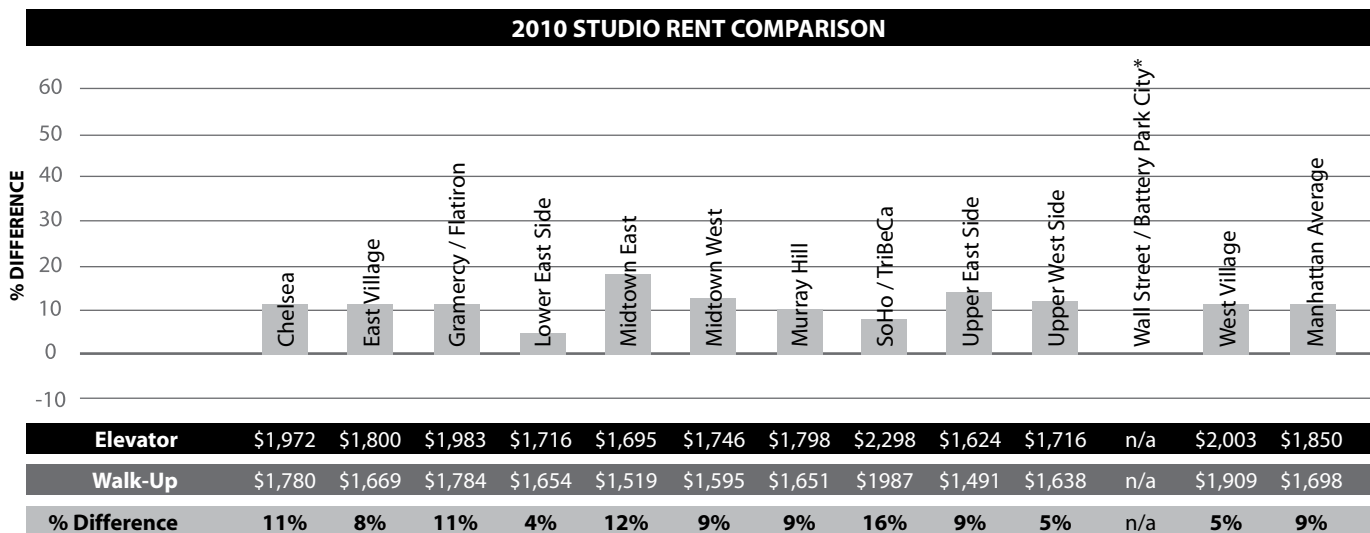
- In Manhattan, the average rent for an apartment in an elevator building was \$2,662 in 2010, which is a 5% increase from 2009's average of \$2,521. For walk-ups, the average rent in 2010 was \$2,267, a 4% increase of 2009's average rental price of \$2,168.
- Across all apartment sizes, buildings equipped with an elevator carried a 17% premium in 2010. This number is up 1% from 2009.
- Apartment seekers will pay the largest premium for an elevator if they are looking for 3 bedroom units. This sized apartments rent for 22% more than a similar sized apartment without an elevator. The differential for studio and one bedroom apartments was 9% and 18%, respectively.



Source: All Citi Habitats transactions from January 2010 - December 2010.

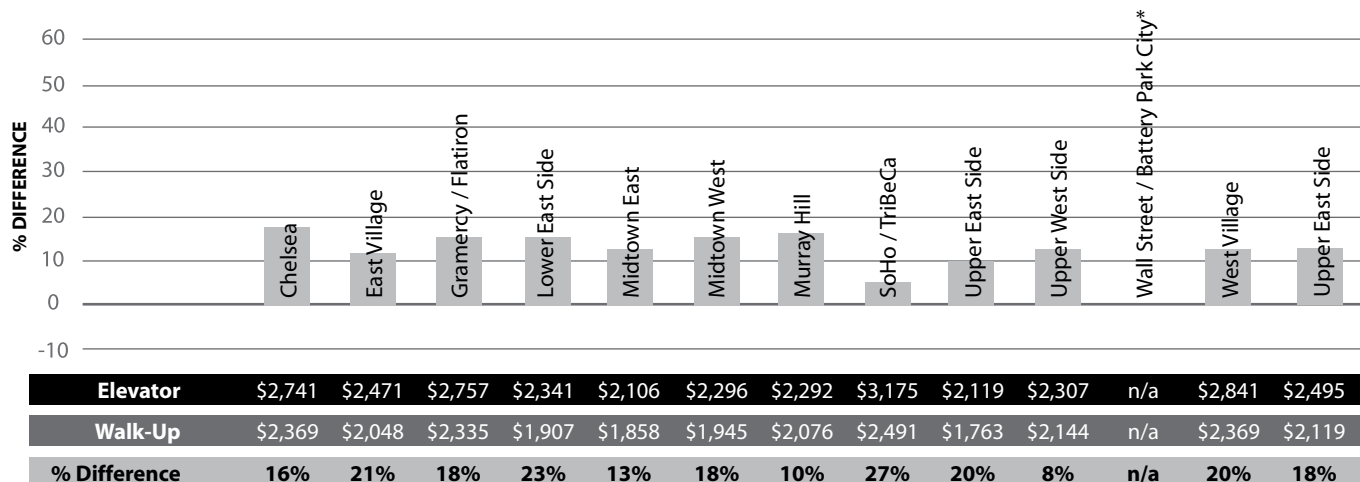


Source: All Citi Habitats transactions from January 2010 - December 2010.



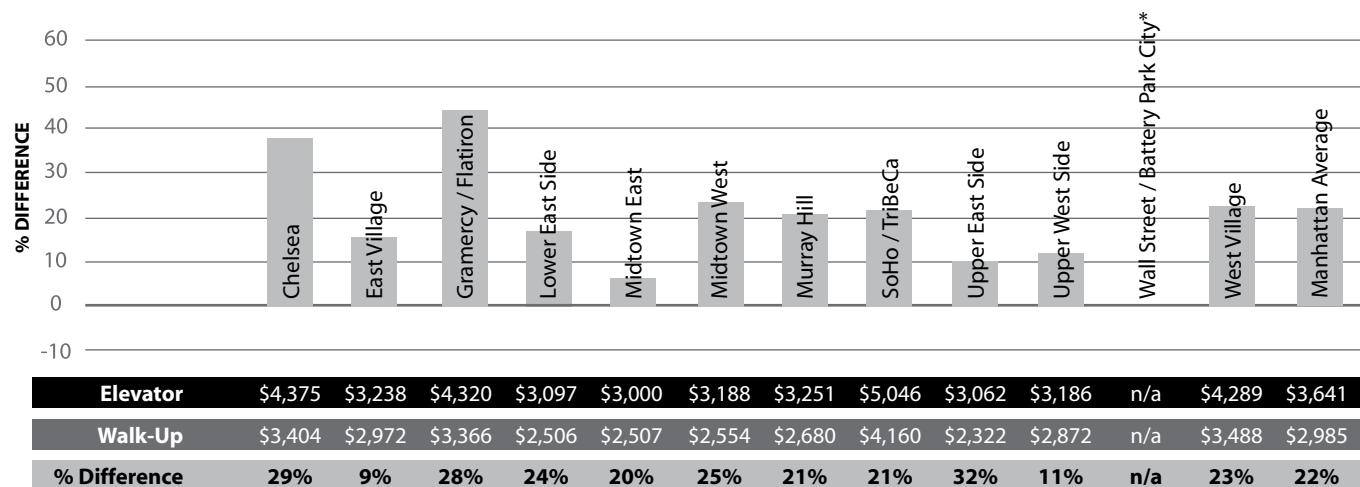
\*Wall Street/Battery Park City does not have a large enough sample group of elevator and walkup buildings to be included in this comparison.  
Source: All Citi Habitats transactions from January 2010 - December 2010.

### 2010 ONE BEDROOM RENT COMPARISON



\*Wall Street/Battery Park City does not have a large enough sample group of elevator and walkup buildings to be included in this comparison.  
Source: All Citi Habitats transactions from January 2010 - December 2010.

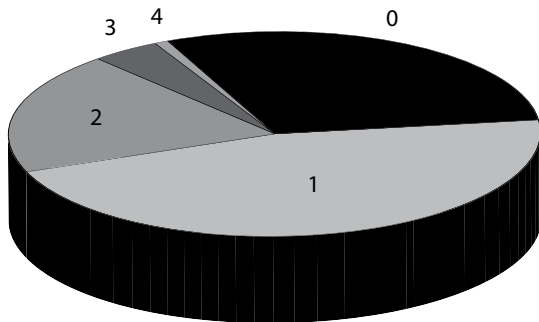
### 2010 TWO BEDROOM RENT COMPARISON



\*Wall Street/Battery Park City does not have a large enough sample group of elevator and walkup buildings to be included in this comparison.  
Source: All Citi Habitats transactions from January 2010 - December 2010.

# What Unit Types Are Renting?

- Since 2003, the percentage of each unit type rented during the respective reporting period has remained very consistent. Generally, this can be attributed to the fact that many buildings follow a roughly 30% studio, 50% one bedroom, 20% two bedroom and combined 5% three and four+ bedroom unit mix. Our brokers report that due to their relative scarcity, 3 bedroom apartments are always in high demand.



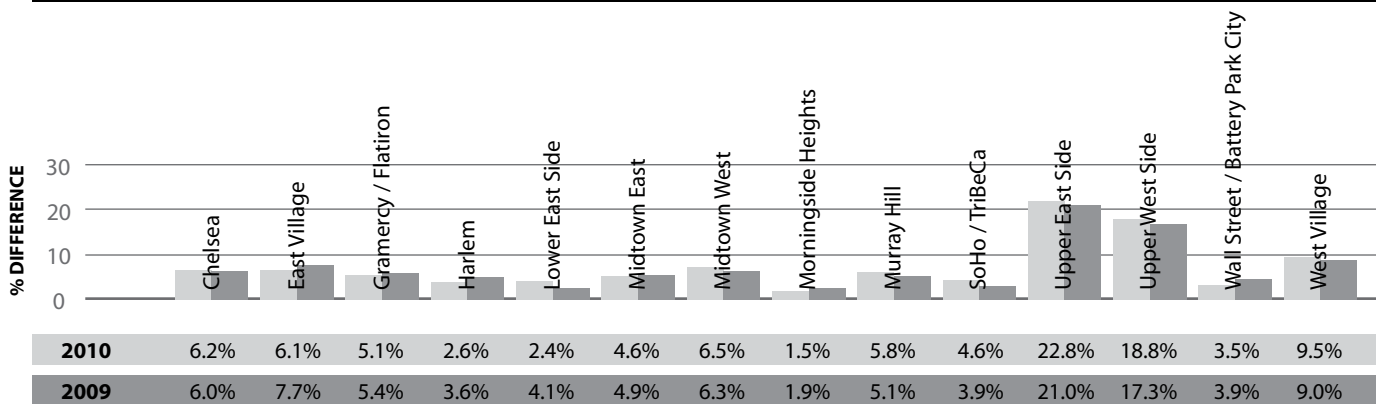
<b>2010: Studios 25%</b> 2009: 25%	<b>0</b>	<b>2010: Three Bedrooms 6%</b> 2009: 5%	<b>3</b>
<b>2010: One Bedrooms 46%</b> 2009: 46%	<b>1</b>	<b>2010: Four+ Bedrooms 1%</b> 2009: 1%	<b>4</b>
<b>2010: Two Bedrooms 22%</b> 2009: 23%	<b>2</b>		

Source: All Citi Habitats transactions from January 2010 - December 2010 versus stated time periods.

# Where Are People Renting?

- The percentages below reflect the number of rental transactions by neighborhood in 2009 vs. 2010. Due to their residential nature with large amounts of inventory, diverse housing options and access to transit and parks, the Upper East and West Sides remain the most popular areas with renters.

## PERCENTAGE OF RENTAL TRANSACTIONS

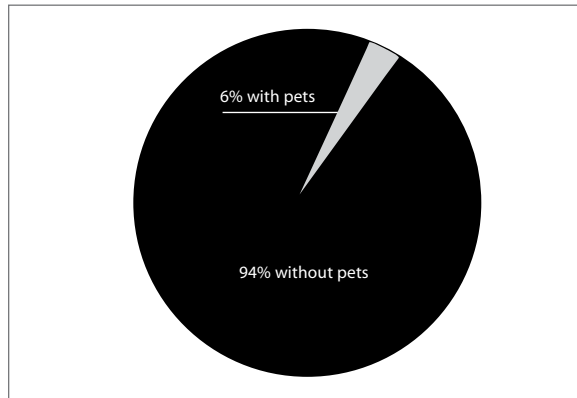


Source: All Citi Habitats' transactions from January 2009 - December 2010

# Profile of Manhattan Renters

- The summary below provides a snapshot of the average Manhattan renter. This data has served as a useful tool for developers as they design projects to meet the needs of their clientele.
- At 37%, the most common income range of a Manhattan renter is between \$50,000 and \$99,999. Considering Manhattan's notoriously high rents, this may seem surprising. One must consider that shared apartments and the use of guarantors is much more prevalent here than in other parts of the country. Many people love Manhattan and are willing to compromise to reside here.

## PERCENTAGE OF MANHATTAN RENTERS WITH PETS



**AVERAGE AGE OF RENTER: 31**

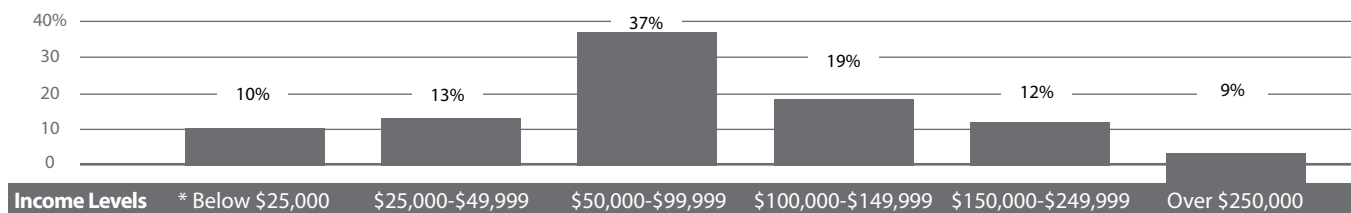
**MEDIAN AGE OF RENTER: 30**

**% OF FEMALE RENTERS: 49%**

**% OF MALE RENTERS: 51%**

Source: All Citi Habitats' transactions from January 2010 - December 2010

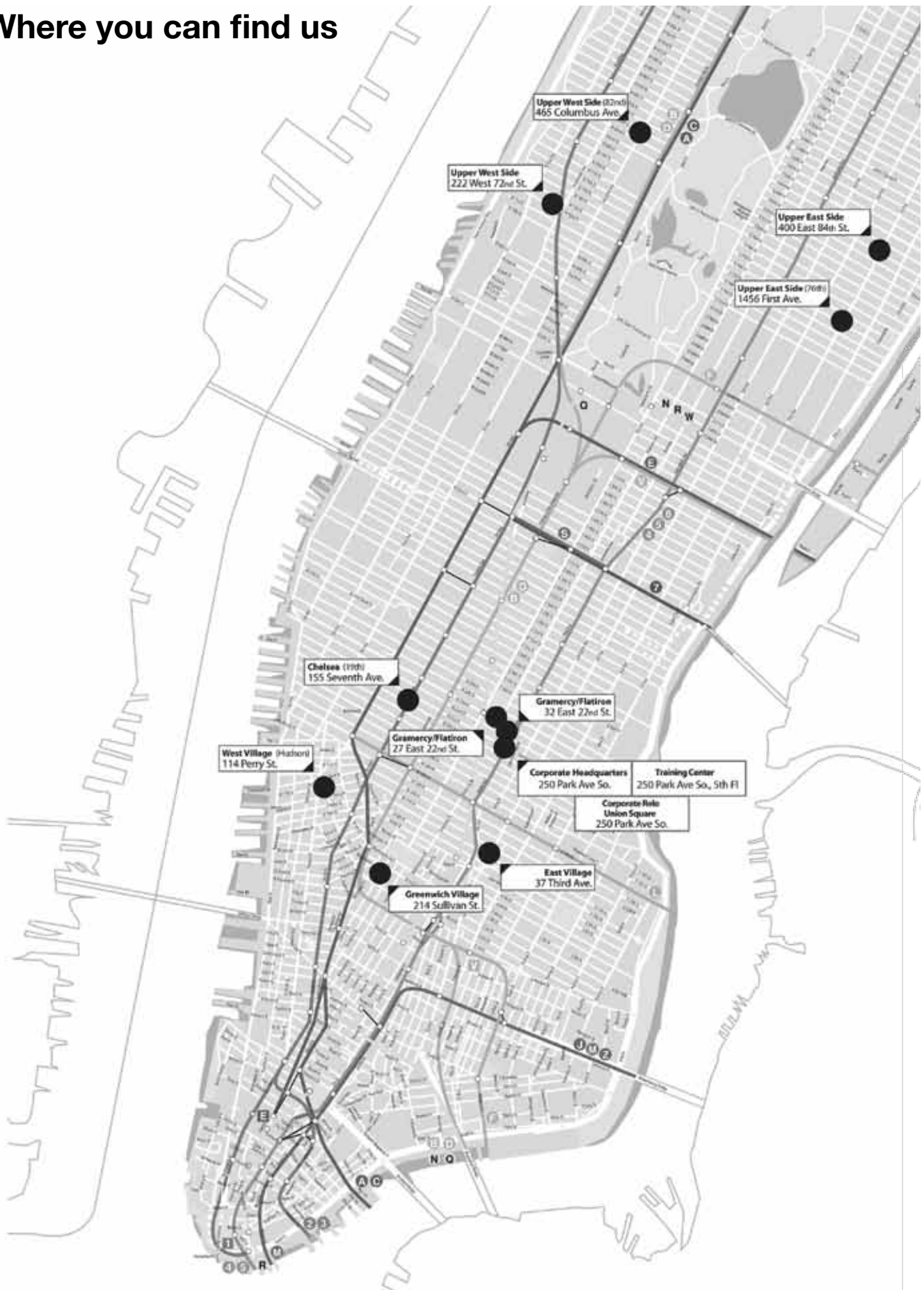
## PERCENTAGE OF MANHATTAN RENTERS AT VARIOUS INCOME LEVELS



\*This sample group includes students and applicants who require guarantors.

Source: All Citi Habitats' transactions from January 2010 - December 2010

# Where you can find us



Owned & operated by NRT LLC.