

The Manhattan Rental Market Report October 2007



THE REAL ESTATE GROUP
NEW YORK

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LETTER FROM OUR CHIEF OPERATING OFFICER



On behalf of The Real Estate Group, it is my pleasure to present the tenth issue of our monthly Manhattan Rental Market Report for October 2007 and the start of the 4th Quarter. This unique monthly report has been specifically compiled for the renter, landlord and developer to bring transparency to the Manhattan apartment rental market. This study examines offering rental rates from over 10,000 currently available listings below 100th street and omitting ultra-luxury property.

As we enter the 4th Quarter, average October rents across Manhattan saw a notable decline since this summer's boom, showing the continuation of a weakening rental market. Although landlords attempt to minimize projected vacancies by offering discounts and incentives to entice potential tenants, it appears that their efforts simply aren't enough to avoid the market downturn that is historically typical in the fall. This downturn was expected, both because of the seasonable rental cycle and more importantly because of the decline that we saw in August, which foreshadowed an aggressive cooling ahead.

Looking forward through the 4th and into the 1st Q of 2008, it is likely that the cooling trend will continue. However, much will be determined by the strength of the Manhattan sales market, as previously mentioned in the September issue. There is a possibility that the apartment rental sector may regain its strength, but only if the sales volume of Condos and Co-Ops suffer, and the Manhattan economy overall remains strong.

Sincerely,

Daniel Baum, C.O.O.
The Real Estate Group

Tips for Renters:

1. Trendy SoHo apartments might soon fit your budget, as non-doorman two bedroom rents continue to fall since January 2007. These units are now priced at an average \$4,011, a new low for 2007. Service studios and two bedrooms are also falling since the end of the 2nd Quarter.

2. You might be surprised that non-doorman rents on the Upper West Side are comparable to those in the traditionally affordable Lower East Side. It's much harder to find vacancies on the UWS, but try your luck as we are entering into a cooling rental market and you might find your dream pre-war apartment.



A QUICK LOOK

Non-Doorman Buildings (Average Prices)		
	Most Expensive	Least Expensive
Studios	Tribeca \$2,708	LES \$1,752
One Beds	TriBeCa \$4,622	UWS \$2,230
Two Beds	TriBeCa \$6,975	Midtown West \$3,231

Doorman Buildings (Average Prices)		
	Most Expensive	Least Expensive
Studios	Tribeca \$3,095	LES \$2,390
One Beds	SoHo \$5,165	LES \$2,958
Two Beds	SoHo \$6,975	LES \$4,284

Greatest changes since September:

- Doorman studios – Gramercy Park \$282 decrease = -8.9%
- Doorman 1-beds – Gramercy Park \$496 decrease = -11.1%
- Doorman 2-beds – Gramercy Park \$390 decrease = -5.6%
- Non-doorman studios – Chelsea \$129 decrease = -6.0%
- Non-doorman one-bedrooms– Midtown East \$315 decrease = -10.3%
- Non-doorman two-bedrooms – Murray Hill \$412 decrease = -9.8%

Notable Trends:

For the First Time in 2007, All Average Manhattan Rents Decreased Across the Board– All Mean rental rates throughout Manhattan posted a decline in October, signifying the continuation of a cooling apartment rental market typical at the start of the 4th Quarter.

Doorman One and Two Bedroom Market Cools Significantly - These apartments exhibited the greatest decline in rental rates this October, as increased vacancies are forcing landlords to reduce prices.

One Bedroom Inventory Spikes – The number of vacant one bedrooms in doorman buildings is substantially higher than it has been in the last 6 months.

Studios Still Doing Well – Studio prices in both the non-doorman and service category are still bearing the market, with average decreases under \$50.



A QUICK LOOK

Notable Trends Continued...

Landlords Offer Unconventional Incentives In Addition to Discounts - In an attempt to salvage rent rolls, minimize vacancies and prevent an even more significant downturn in the apartment rental market, Manhattan landlords are increasingly offering to pay the potential tenant's one month rent or their agent's broker fee. Some have resorted to unusual rewards for agents ranging from iPods to airline tickets. For example, in Peter Cooper Village / Stuyvesant Town, the leasing office is offering a free all-inclusive trip to Cabo San Lucas to the broker who closes the most deals in the complex, and an iPhone to the 5 runners-up.

Where Prices Decreased:

As we enter the 4th Quarter, the rental market in Manhattan cools noticeably in these neighborhoods:

Upper West Side – This month, the Upper West Side replaced Midtown West as most affordable neighborhood for these units.

Upper East Side – Rents in all apartment sizes declined this month, with the exception of service studios, which posted a nominal increase.

Midtown - If you prefer to live in this bustling area, you're in luck. Two-bedrooms in **Midtown East** fell by about \$300 this month. **Midtown West** also saw significant price declines in most unit categories.

Gramercy Park - The doorman sector as a whole is suffering in this neighborhood, as rental prices decreased by hundreds of dollars in all apartment types. Tenants who were priced out of the neighborhood earlier this summer seem to have turned to non-doorman one and two-bedrooms and forgone luxury to remain in the neighborhood.

Greenwich Village - Although there is still demand for studios, all other apartment types here decreased in rent in October. Most noticeably, service 2-bedrooms fell by about \$300.

East Village - Doorman two-bedroom rents finally dropped this month, after a steady climb since the end of the 2nd Quarter, thus signaling that even some of the strongest neighborhoods are seeing a reduction in demand at the start of the 4th Quarter.

SoHo -Two bedrooms are losing their appeal, as non-doorman two-bedroom apartment rents are maintaining their decline since January. In the doorman category, two-bedrooms continued their slide since May after briefly leveling off last month.



A QUICK LOOK

Where Prices Decreased cont...

Lower East Side - Not surprisingly, this area continues to be the best value for doorman apartments regardless of size. Landlords cut rental rates for all properties this October even in this affordable neighborhood.

Tribeca - Landlords were forced to reduce rents in almost all units after pricing them excessively high last month. The exception are Tribeca's non-doorman studio rents, which remained virtually the same.

Where Prices Increased:

Despite a seasonable downturn in Manhattan apartment rents, the following neighborhoods continue to outpace the market:

Murray Hill - A sure sign that Murray Hill continues to attract more of the young affluent crowd is the fact that regardless of service level, studios and one bedrooms are continuing to fare well.

Chelsea - One-bedroom apartments increased by about \$150 in October, continuing its fluctuation only slightly from month to month. Chelsea seems to be the most realistically priced neighborhood, as this trend exhibits.

Financial District - Down below Chambers Street, new luxury developments in the Financial District keep doorman rent rolls up, rivaling prices in its sister neighboring Battery Park City. Deals can now be found in the studio and one bedroom non-doorman sector.

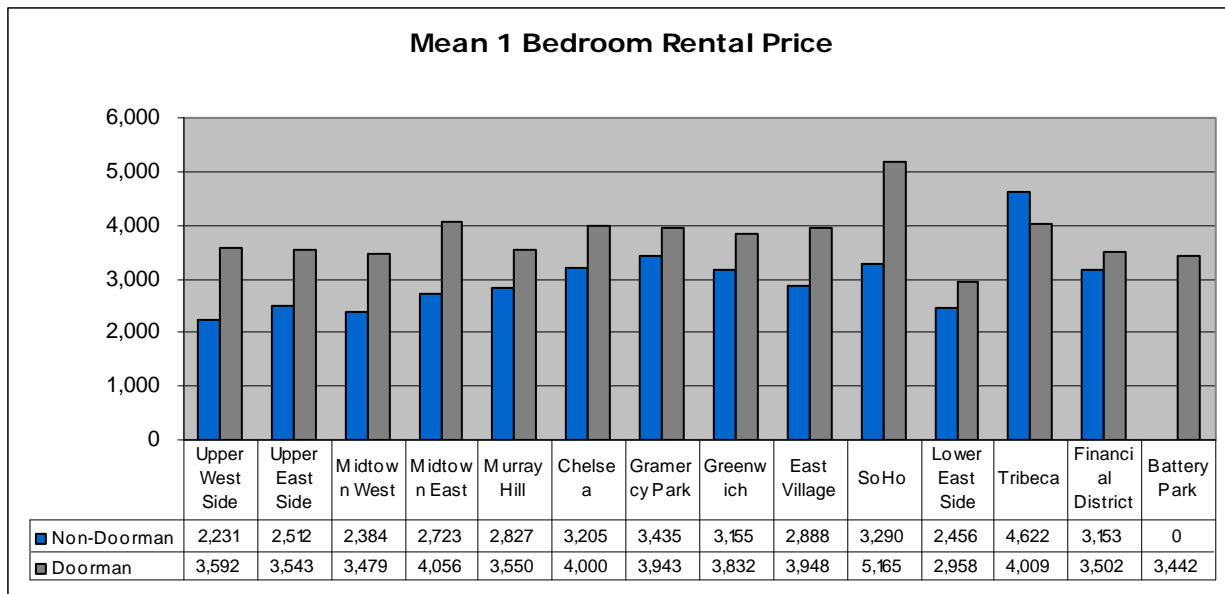
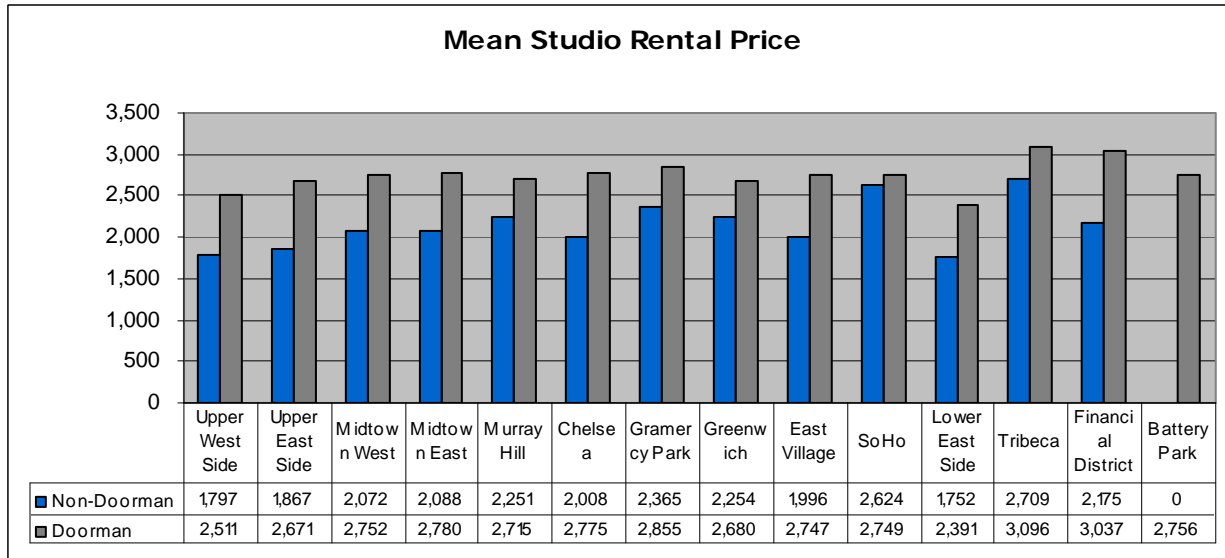
Battery Park City - Rental prices remained relatively stable in October, exhibiting only slight changes each month, as is typical of the neighborhood.



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MEAN RENTAL PRICES THROUGHOUT MANHATTAN

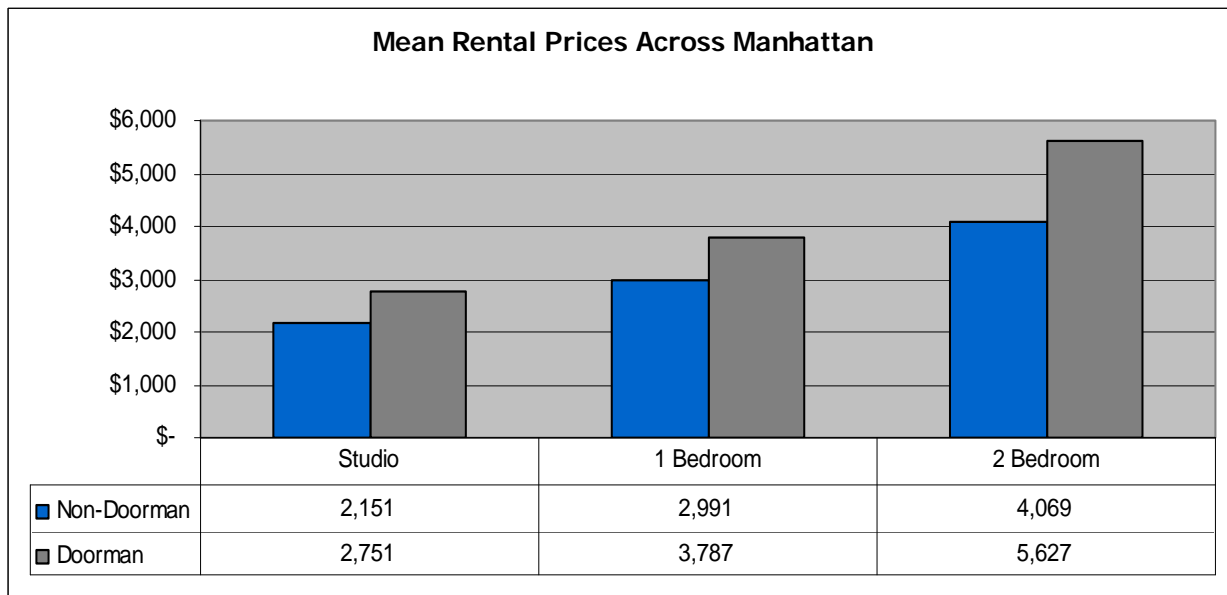
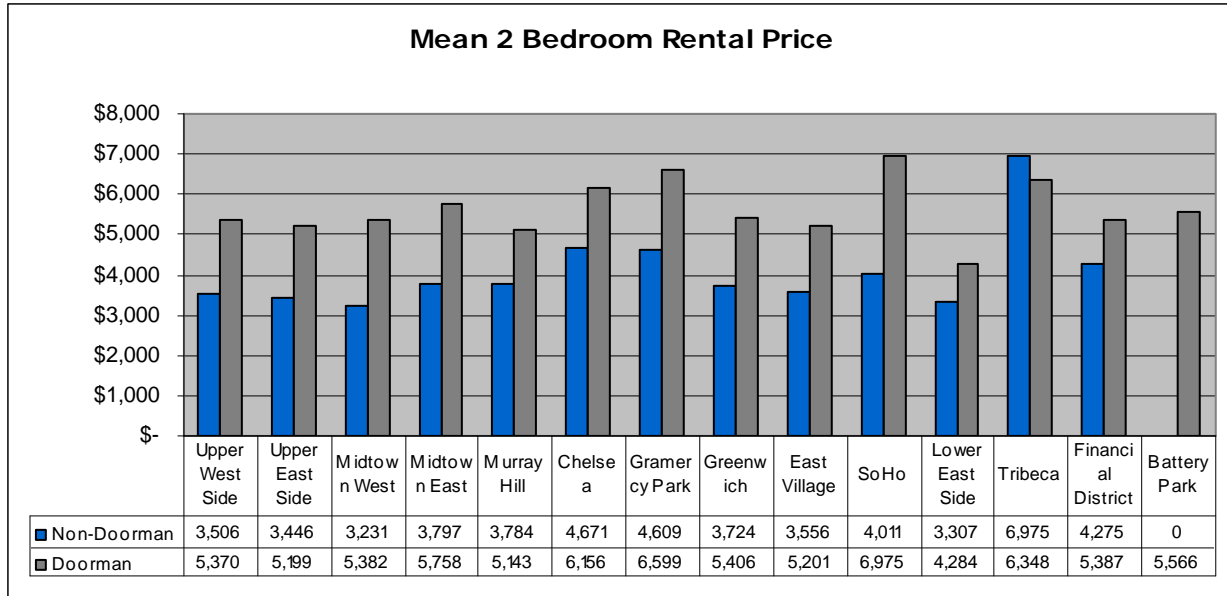
The following graphs compare the difference in average monthly rental prices in doorman and non-doorman buildings throughout Manhattan for the month of October 2007. Each graph depicts the average price for one of three unit types: studio, one bedroom, or two bedroom apartments. In the following pages you will find graphs illustrating average rental price trends for each unit type as well as individual graphs for the various neighborhoods.





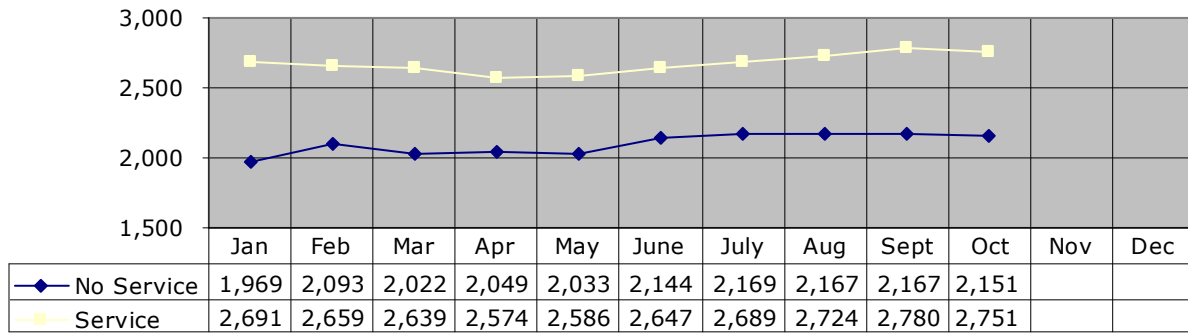
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MEAN CITYWIDE RENTAL PRICES CONTINUED...

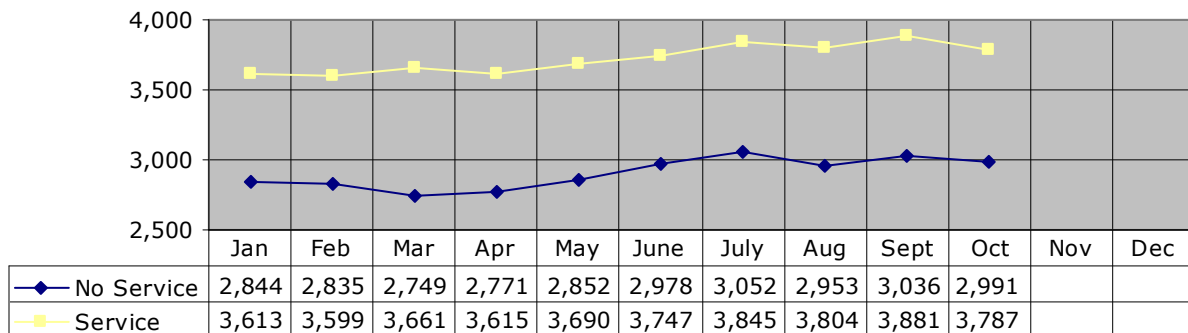


MANHATTAN RENTAL PRICE TRENDS IN 2007

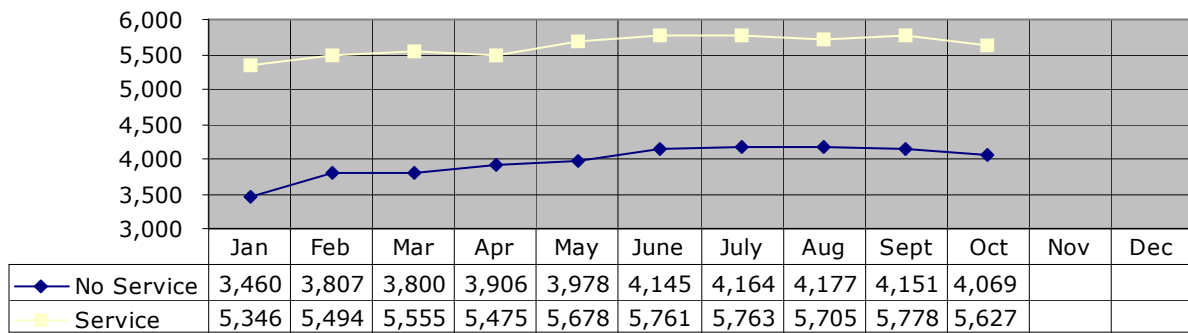
City Wide Studios - 2007 Price Trends



City Wide One Bedrooms - 2007 Price Trends



City Wide Two Bedrooms - 2007 Price Trends

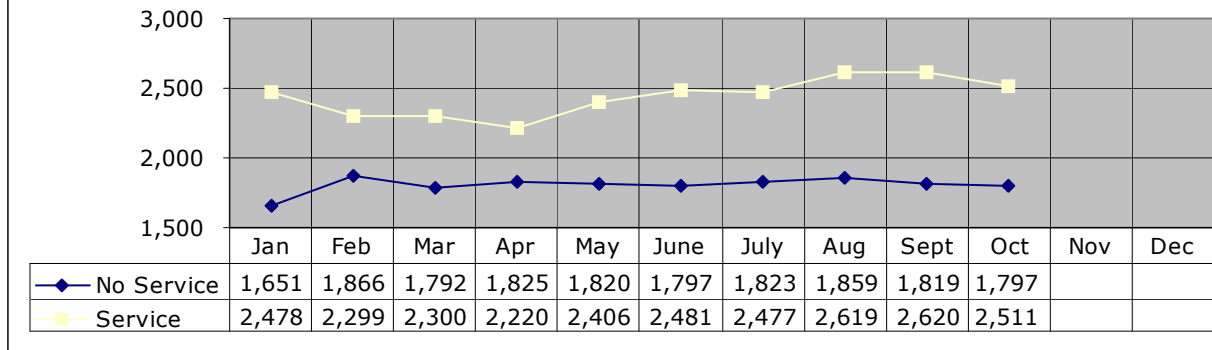


Neighborhood Price Trends

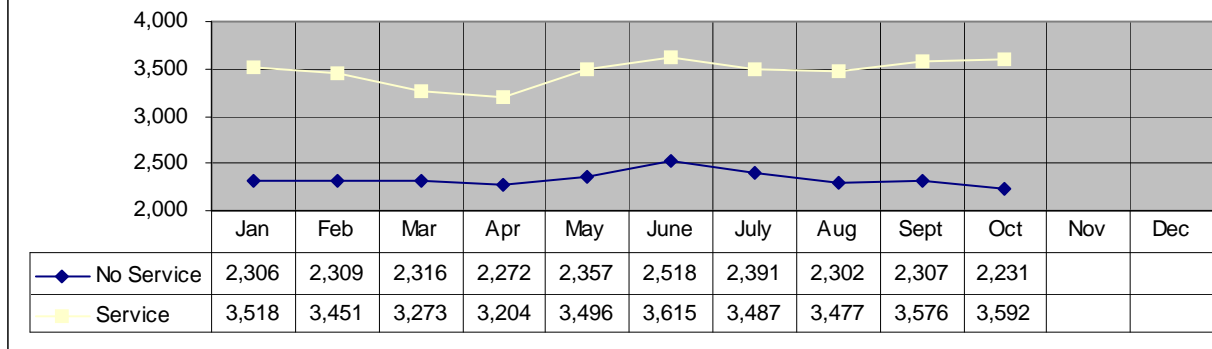


UPPER WEST SIDE

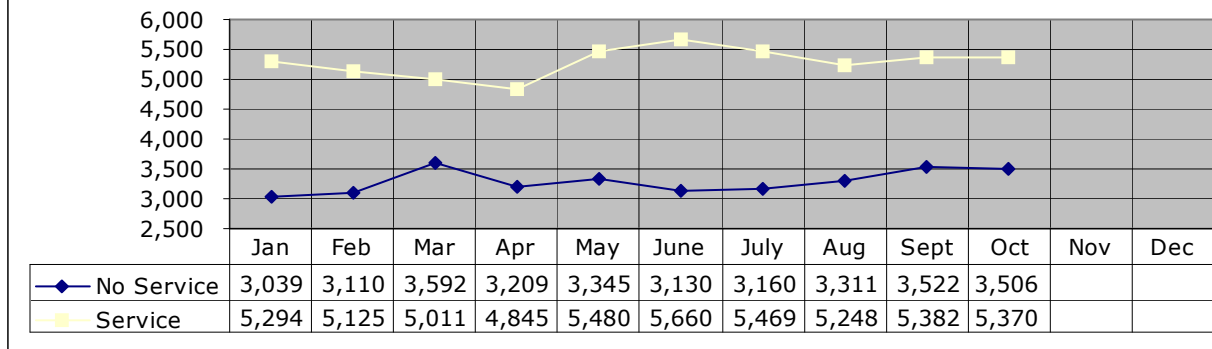
Upper West Side - Studio 2007 Price Trends



Upper West Side - One Bedroom 2007 Price Trends

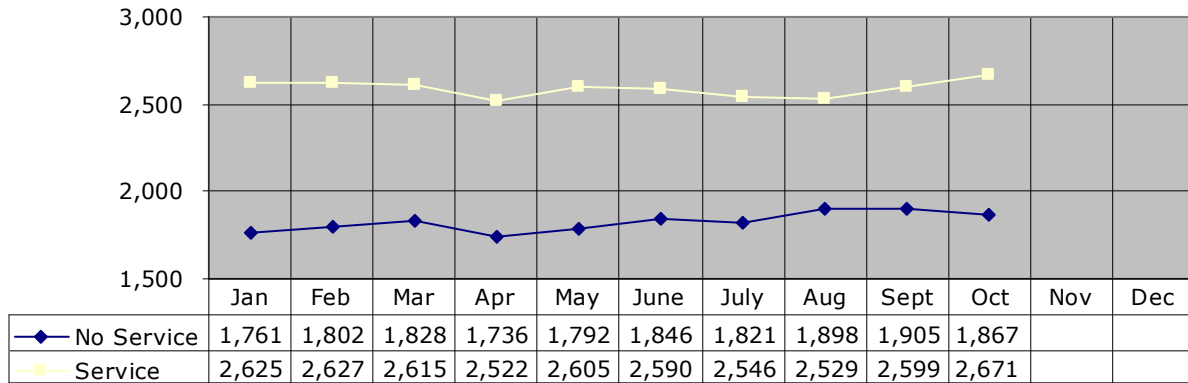


Upper West Side - Two Bedroom 2007 Price Trends

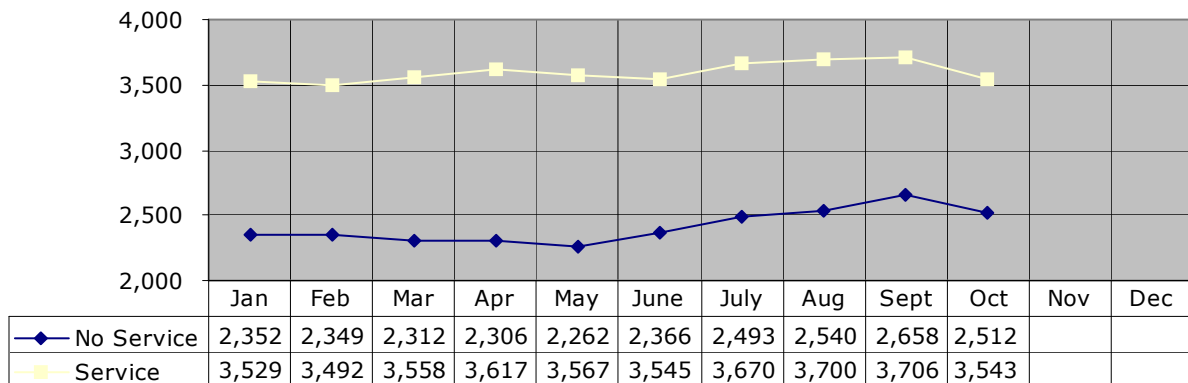


UPPER EAST SIDE

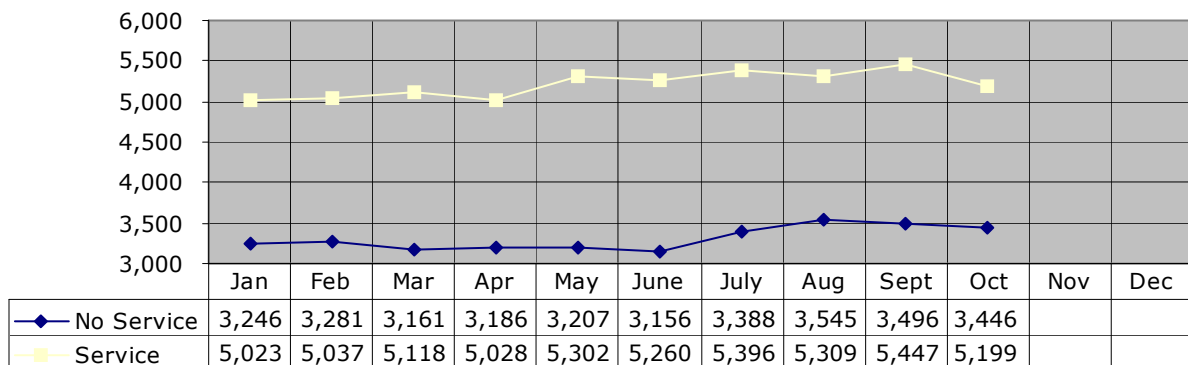
Upper East Side - Studio 2007 Price Trends



Upper East Side - One Bedroom 2007 Price Trends

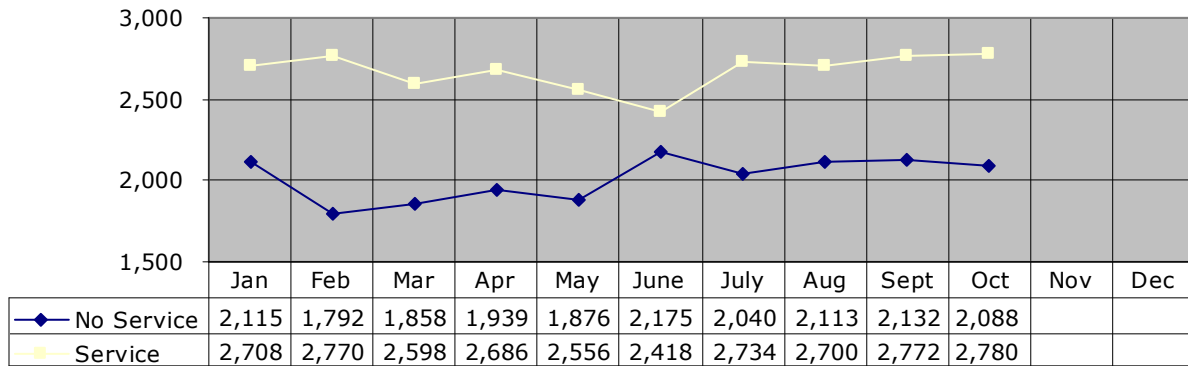


Upper East Side - Two Bedroom 2007 Price Trends

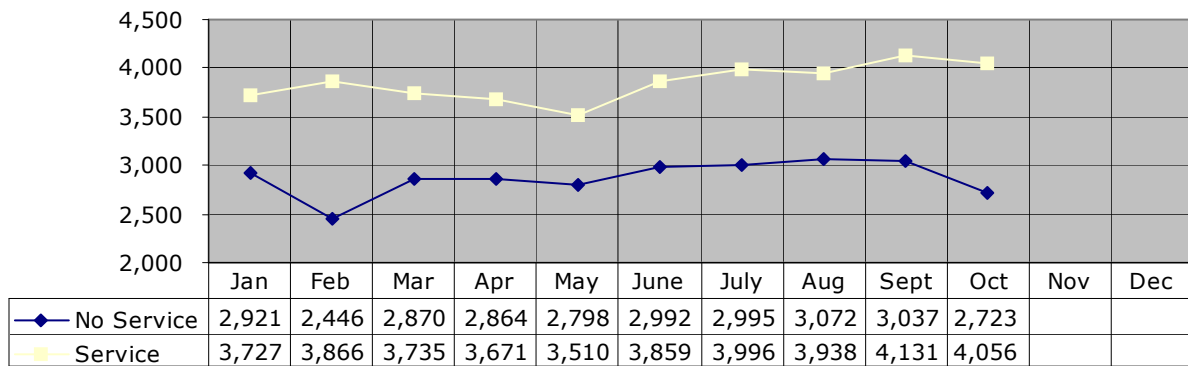


MIDTOWN EAST

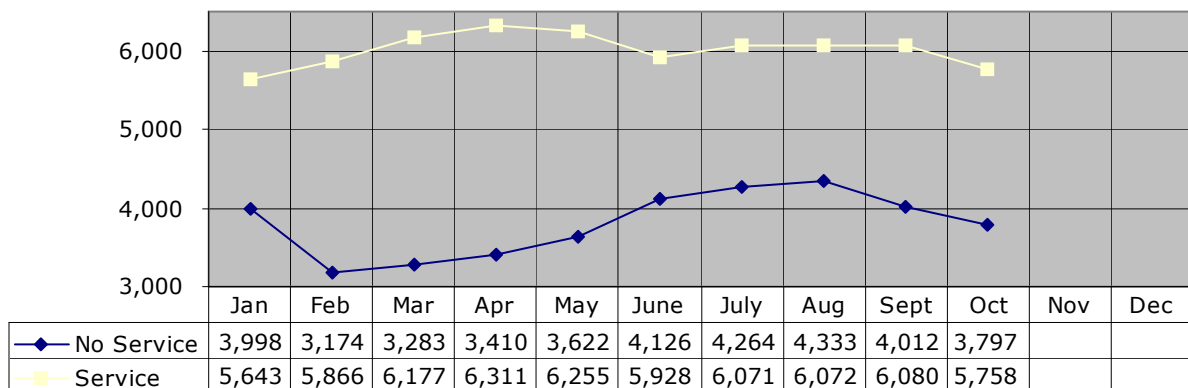
Midtown East - Studio 2007 Price Trends



Midtown East - One Bedroom 2007 Price Trends

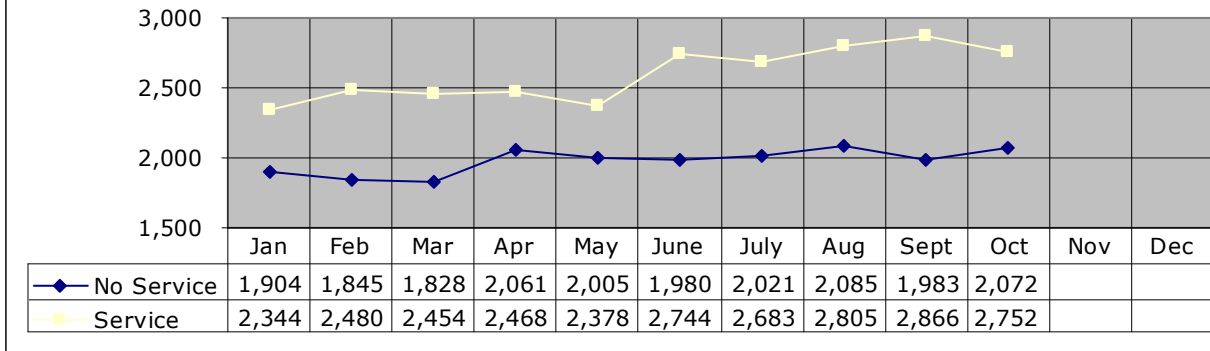


Midtown East - Two Bedroom 2007 Price Trends

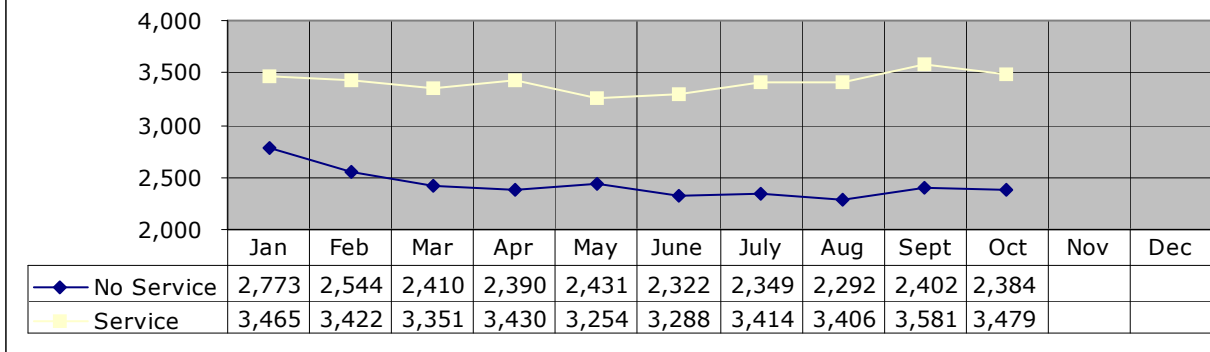


MIDTOWN WEST

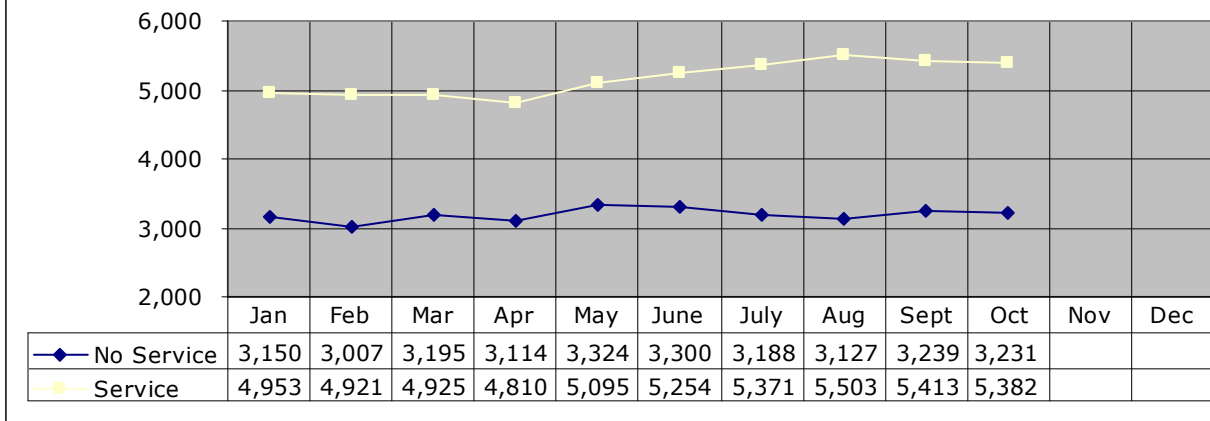
Midtown West - Studio 2007 Price Trends



Midtown West - One Bedroom 2007 Price Trends

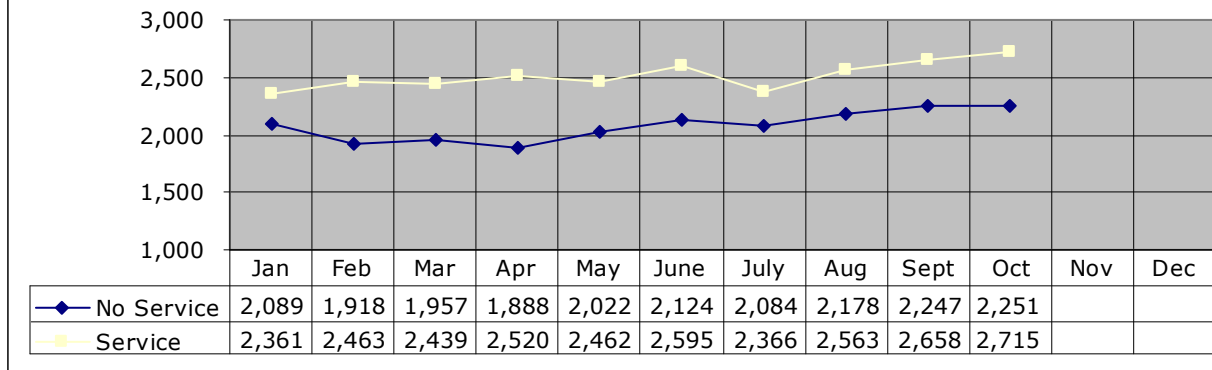


Midtown West - Two Bedroom 2007 Price Trends

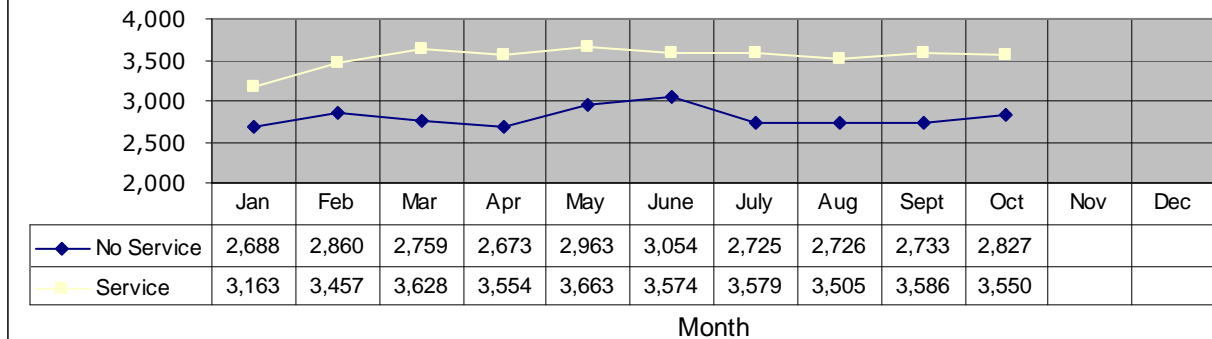


MURRAY HILL

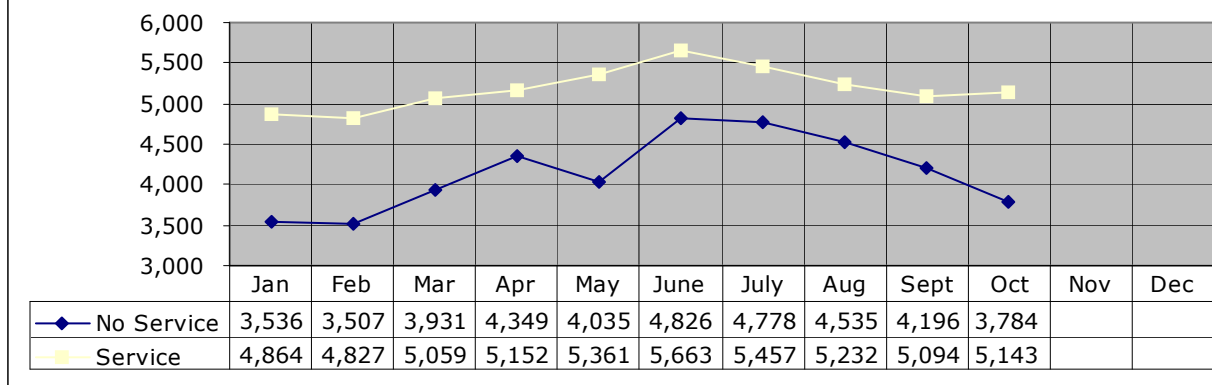
Murray Hill - Studio 2007 Price Trends



Murray Hill - One Bedroom 2007 Price Trends

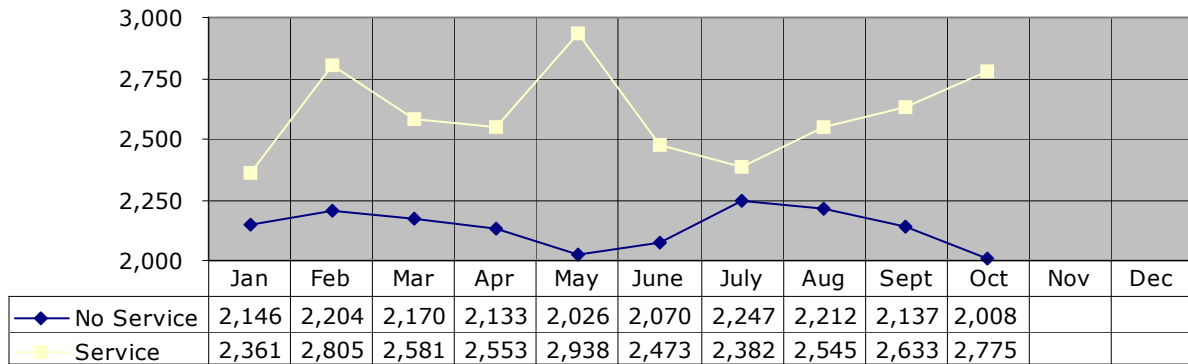


Murray Hill - Two Bedroom 2007 Price Trends

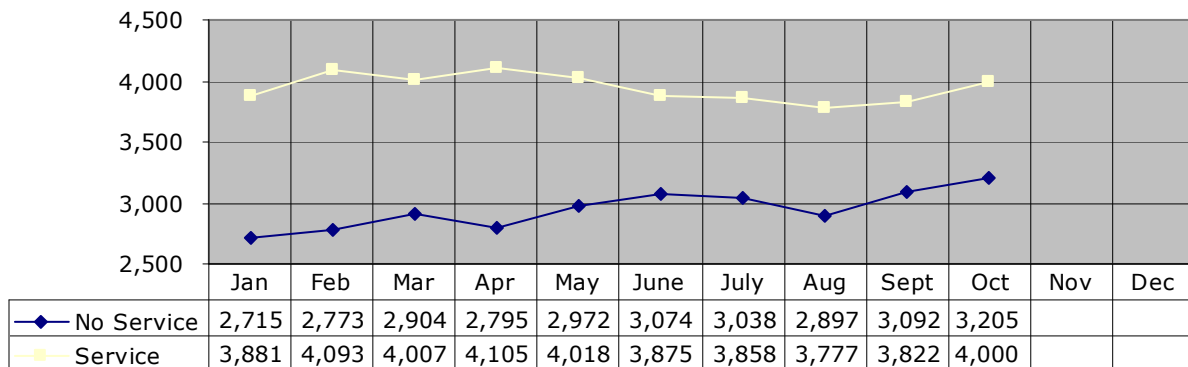


CHELSEA

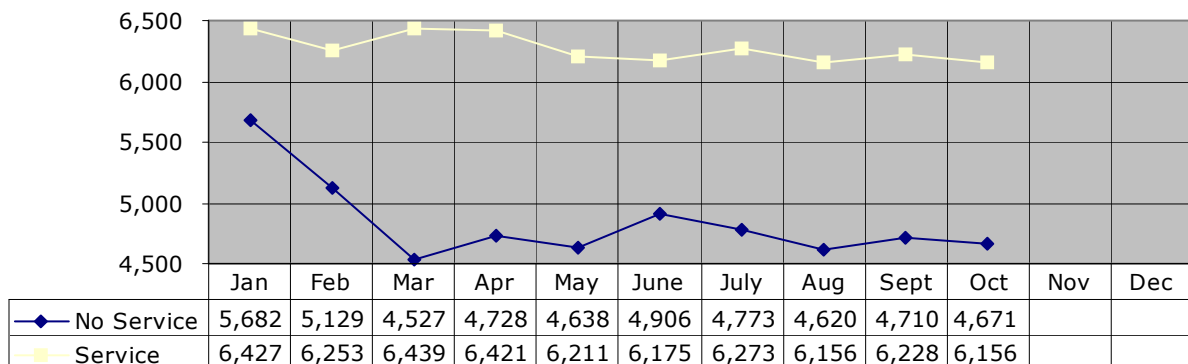
Chelsea - Studio 2007 Price Trends



Chelsea - One Bedroom 2007 Price Trends

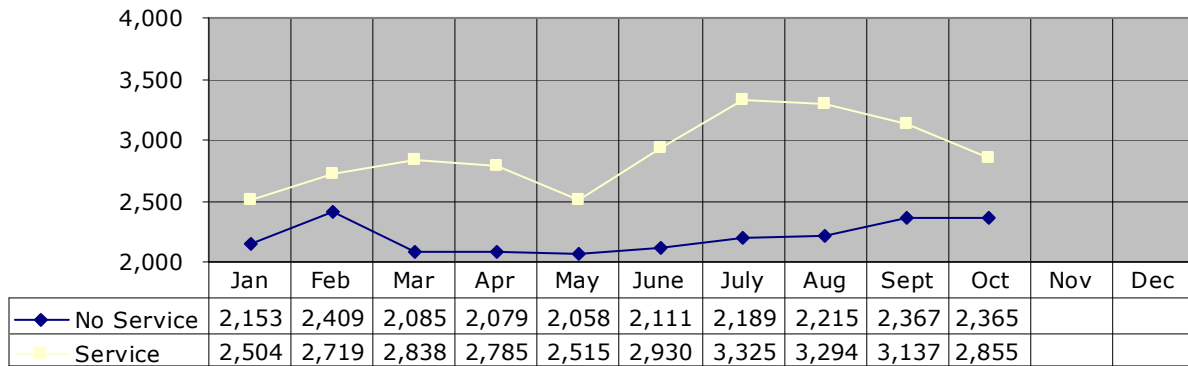


Chelsea - Two Bedroom 2007 Price Trends



GRAMERCY PARK

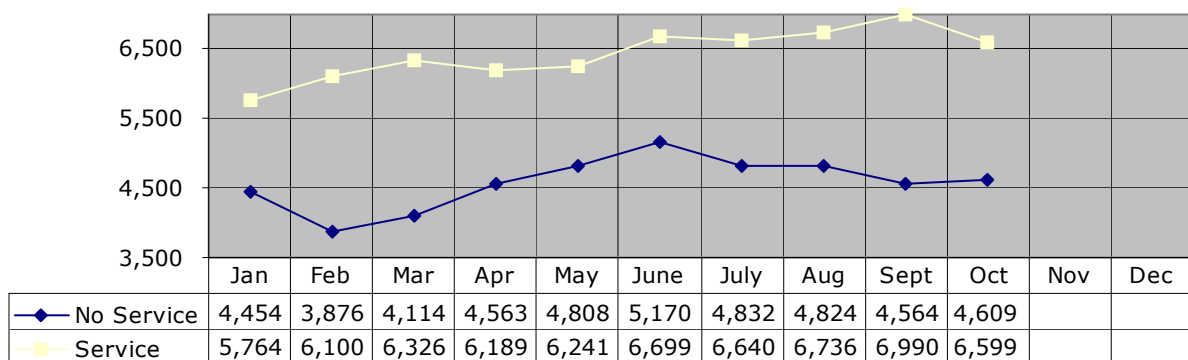
Gramercy Park - Studio 2007 Price Trends



Gramercy Park - One Bedroom 2007 Price Trends

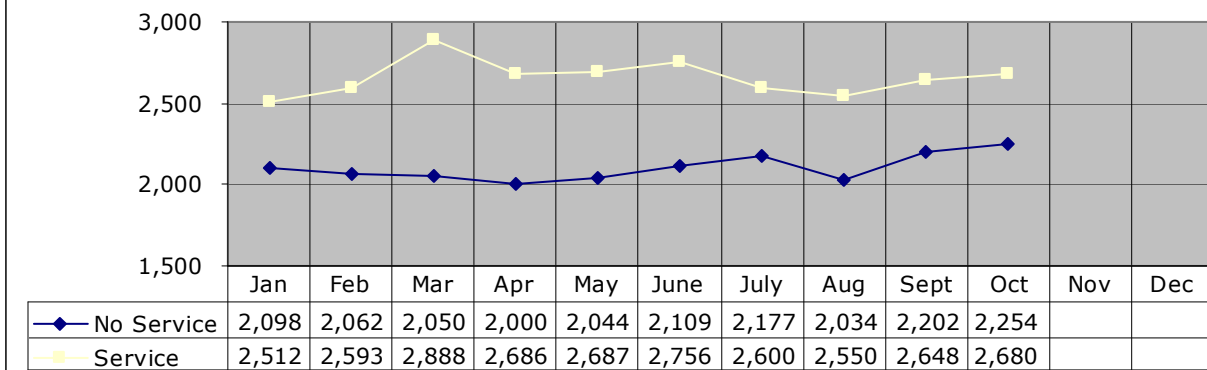


Gramercy Park - Two Bedroom 2007 Price Trends

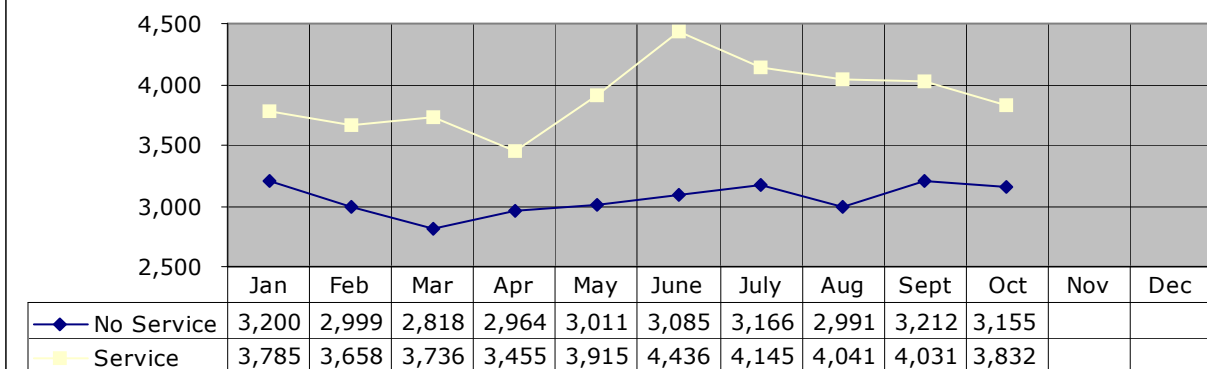


GREENWICH

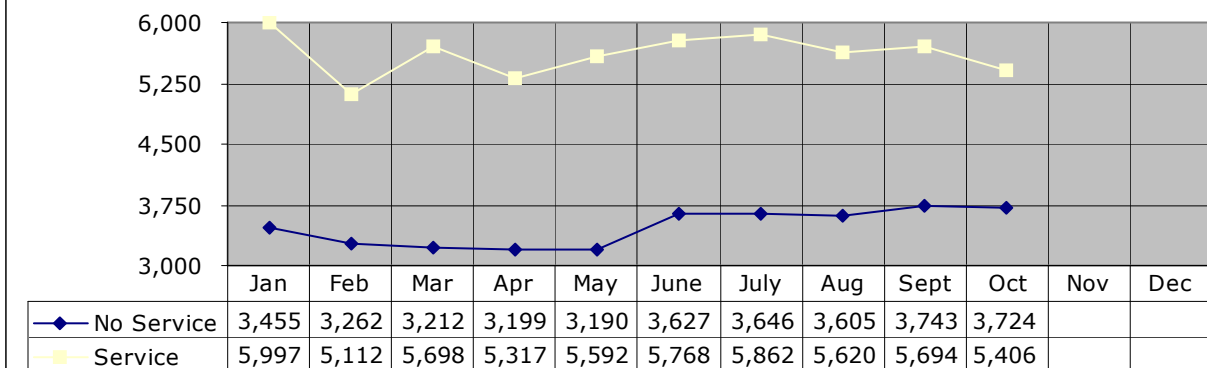
Greenwich - Studio 2007 Price Trends



Greenwich - One Bedroom 2007 Price Trends

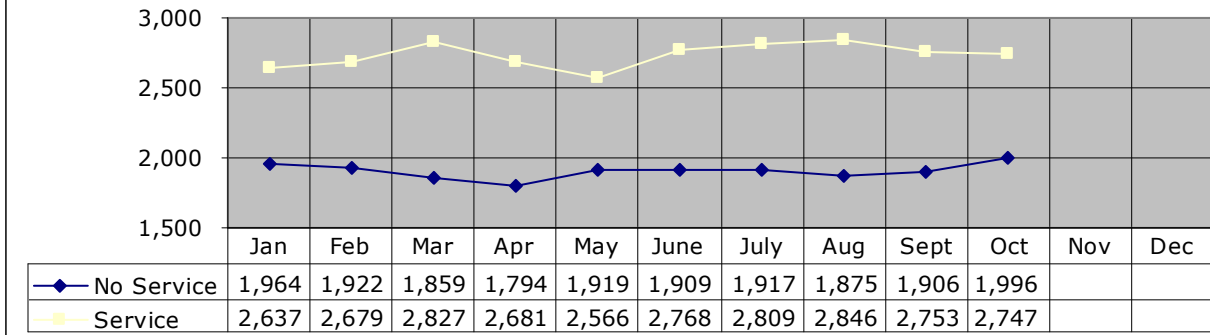


Greenwich - Two Bedroom 2007 Price Trends

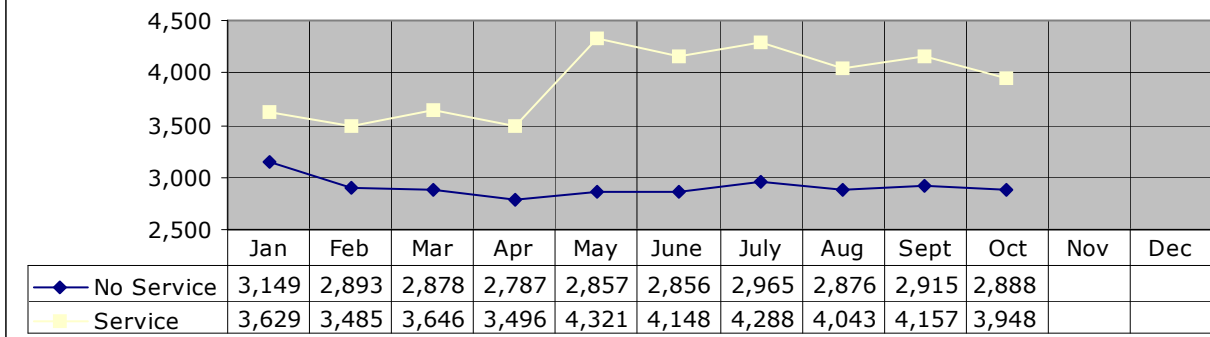


EAST VILLAGE

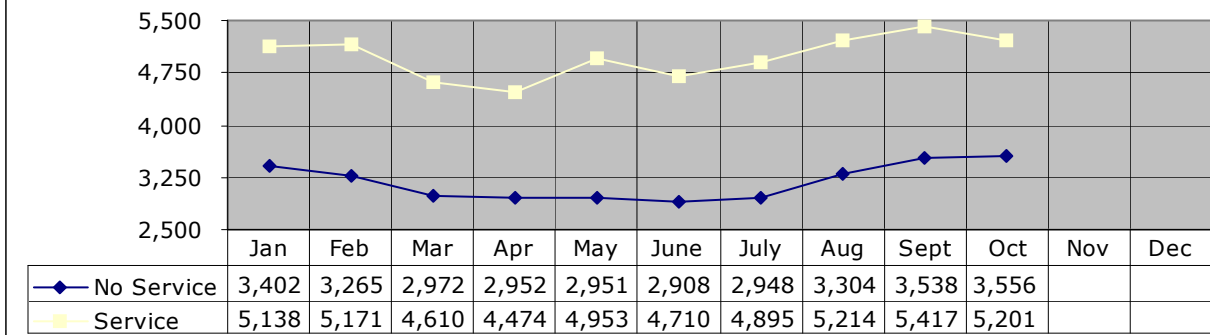
East Village - Studio 2007 Price Trends



East Village - One Bedroom 2007 Price Trends

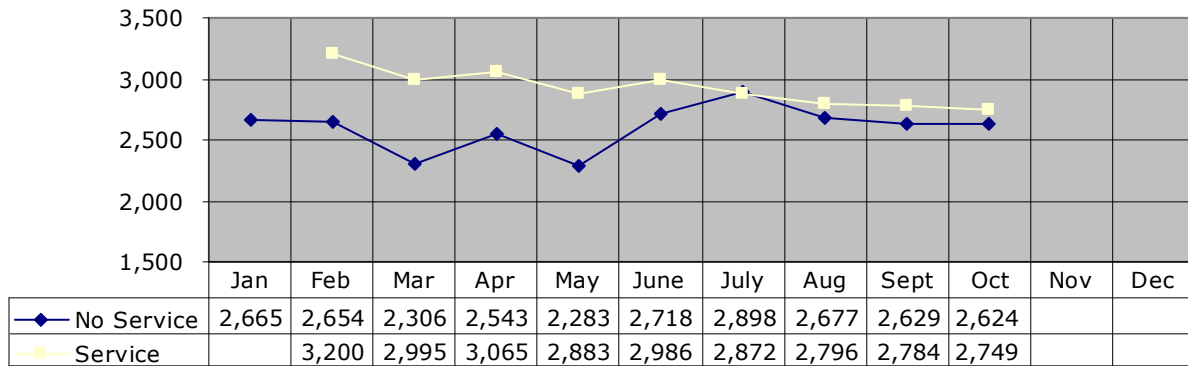


East Village - Two Bedroom 2007 Price Trends

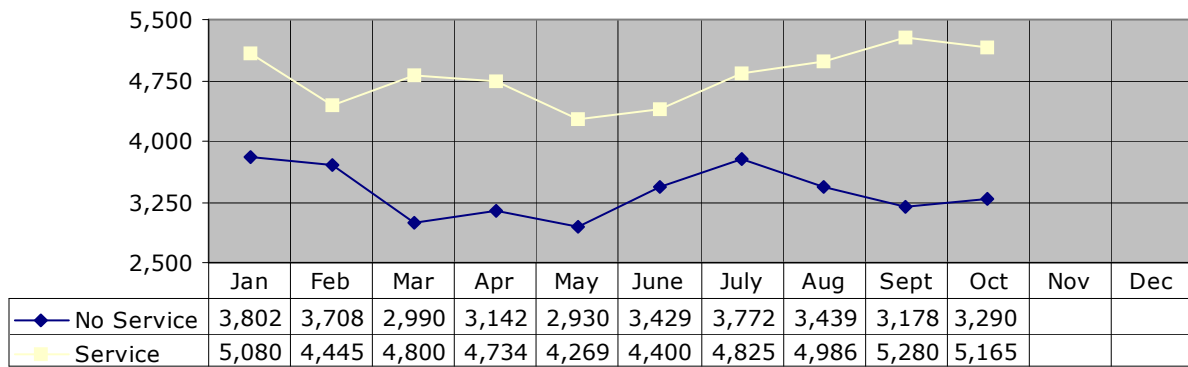


SOHO

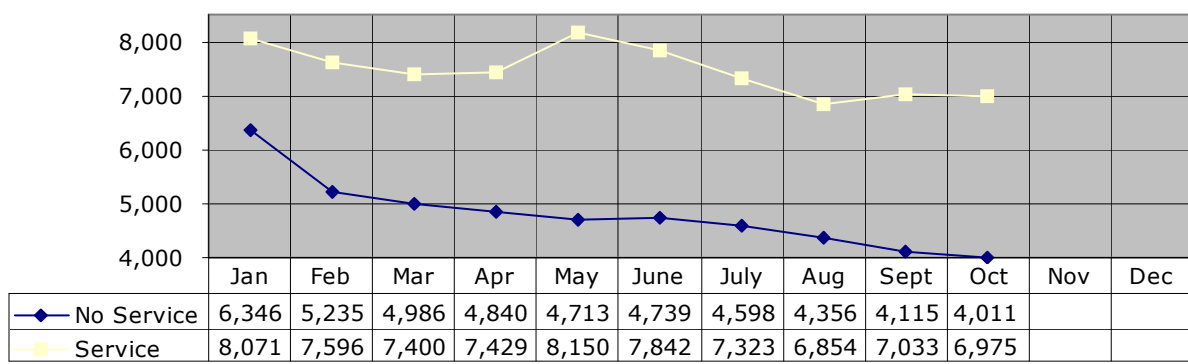
SoHo - Studio 2007 Price Trends



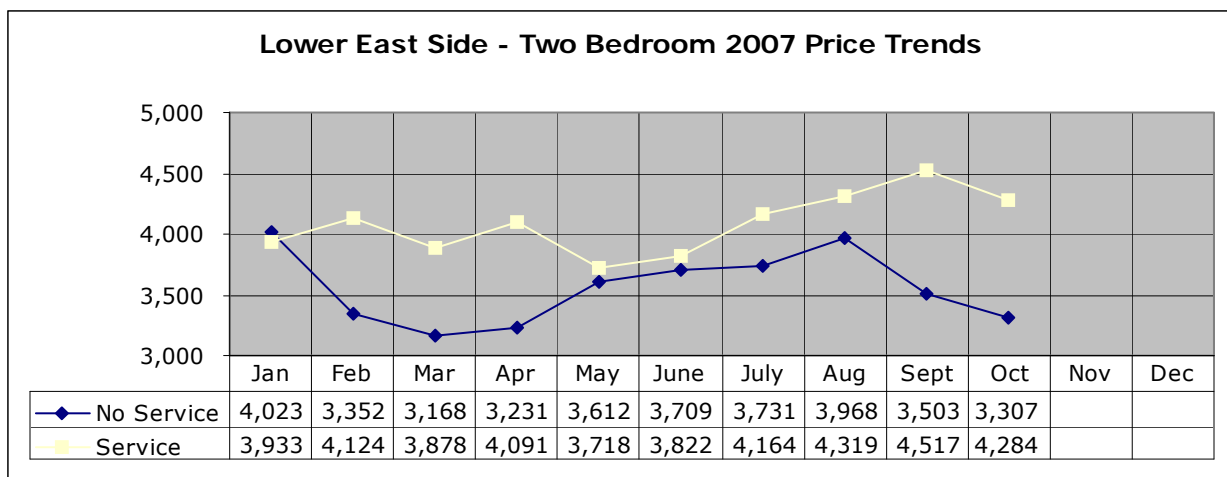
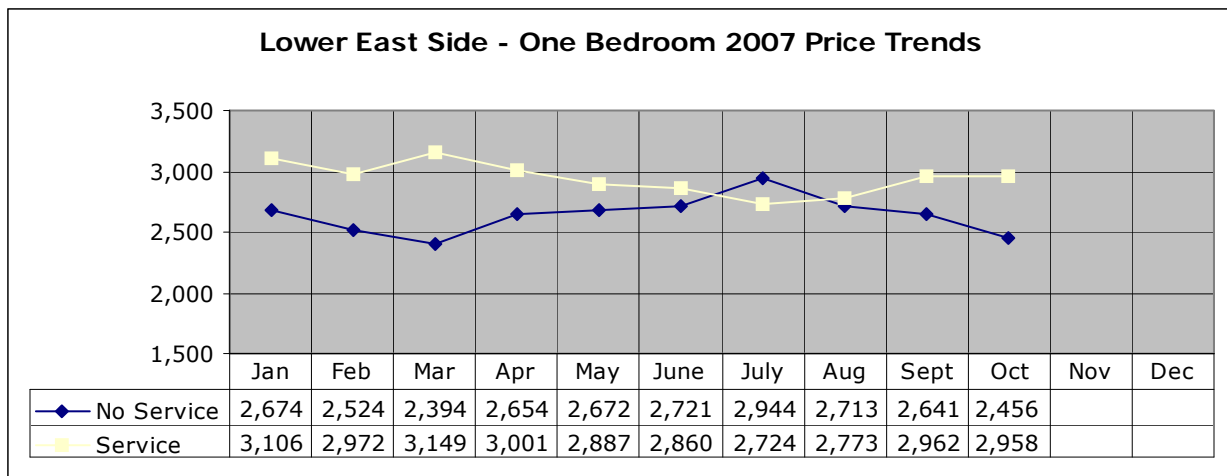
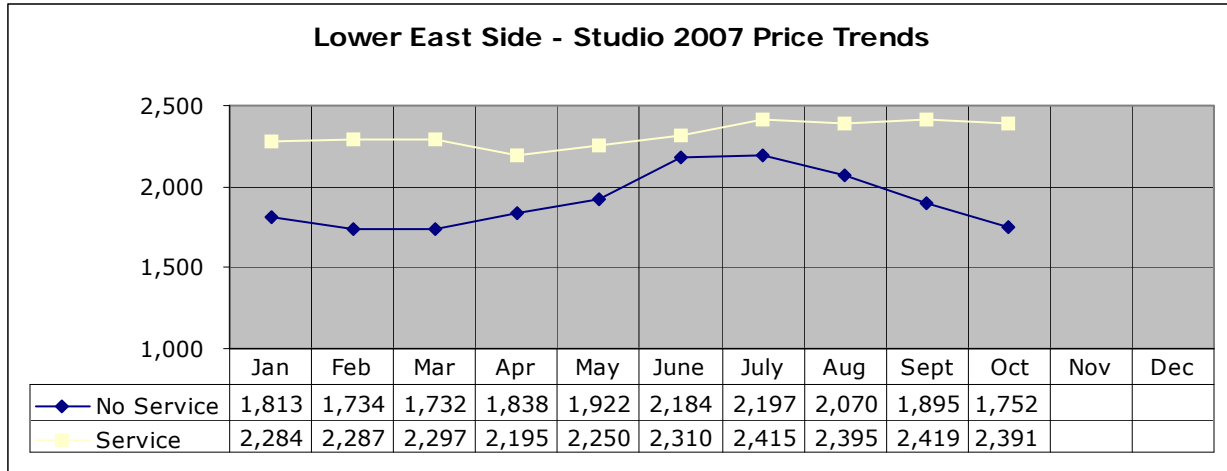
SoHo - One Bedroom 2007 Price Trends



SoHo - Two Bedroom 2007 Price Trends

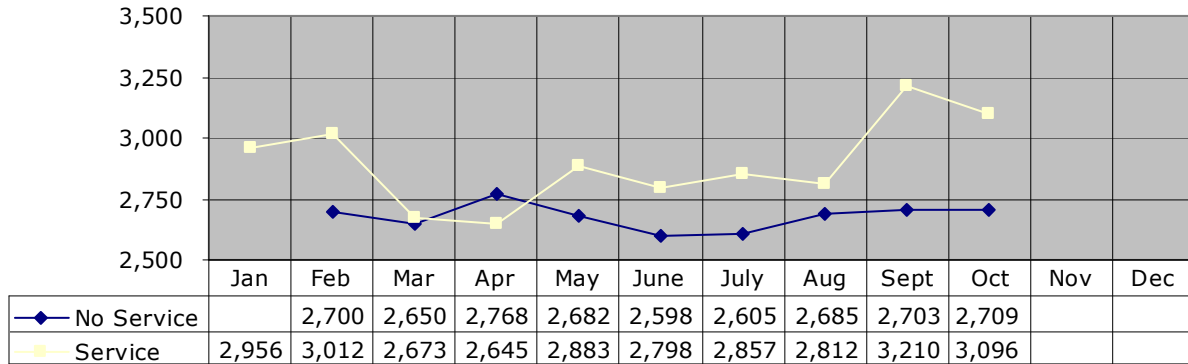


LOWER EAST SIDE

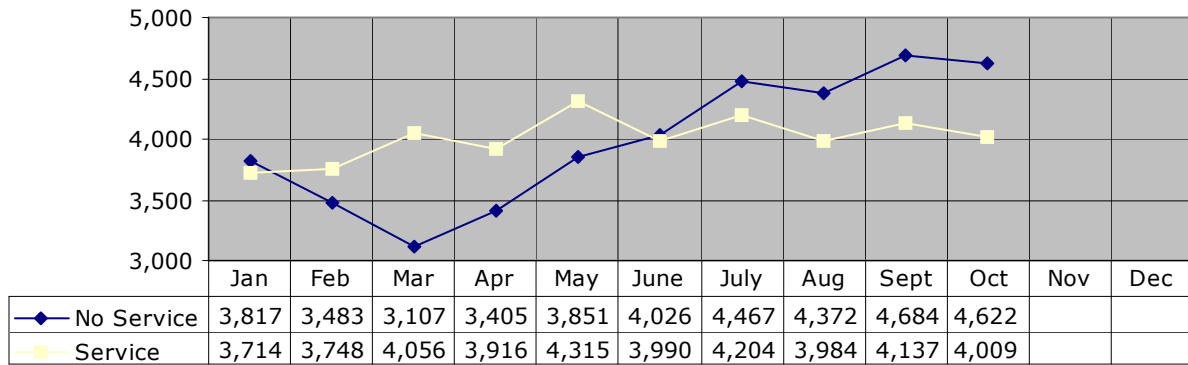


TRIBECA

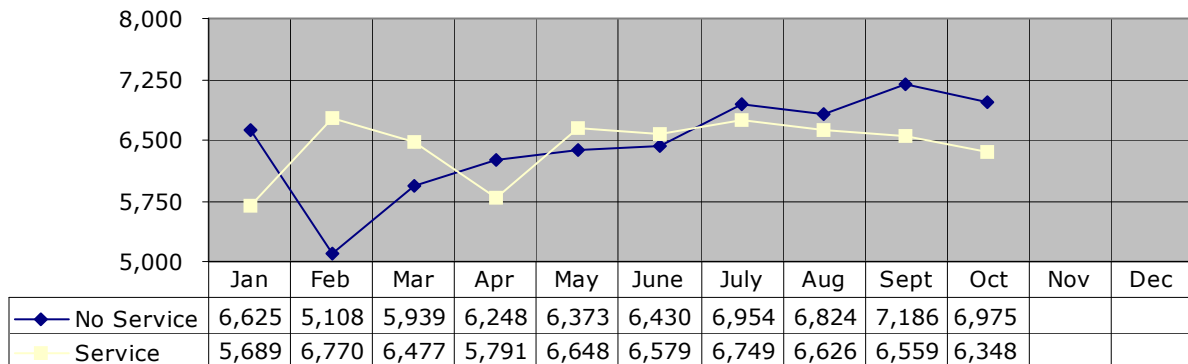
TriBeCa - Studio 2007 Price Trends



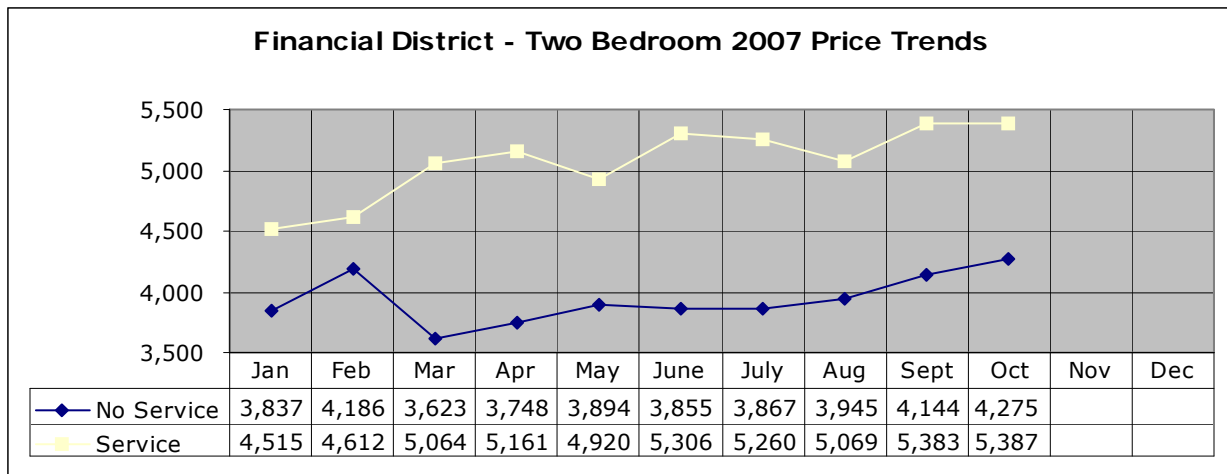
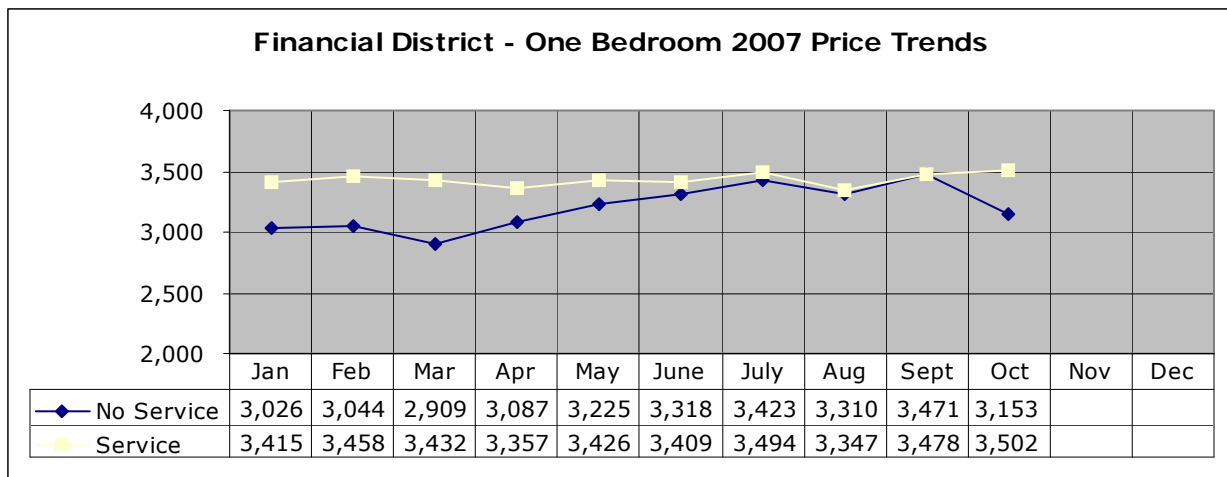
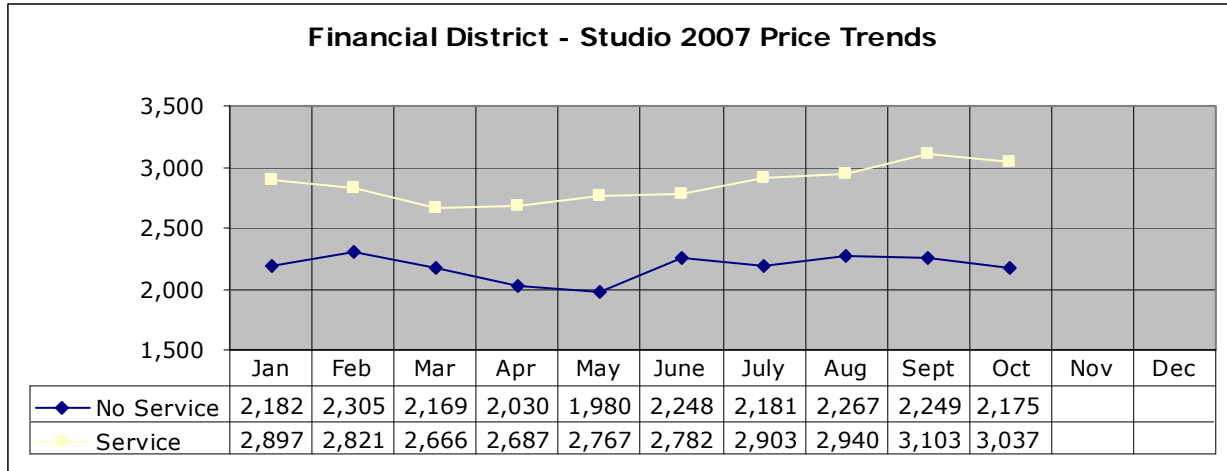
TriBeCa - One Bedroom 2007 Price Trends



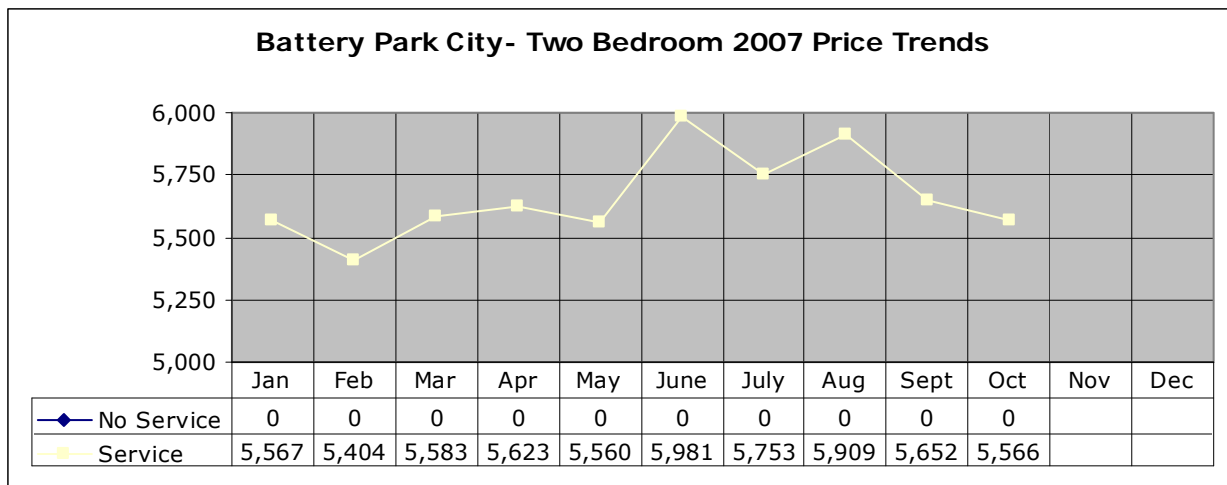
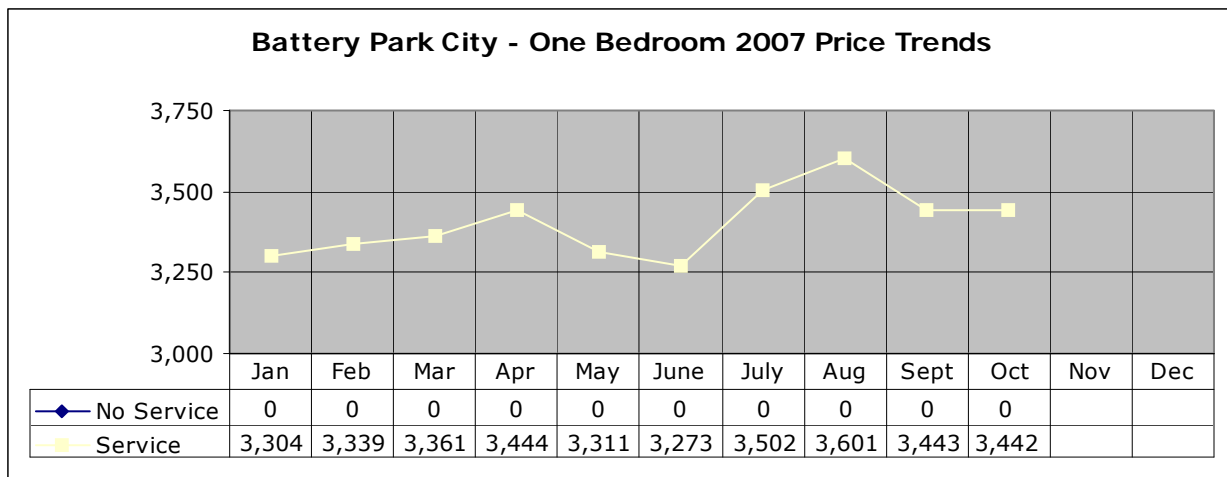
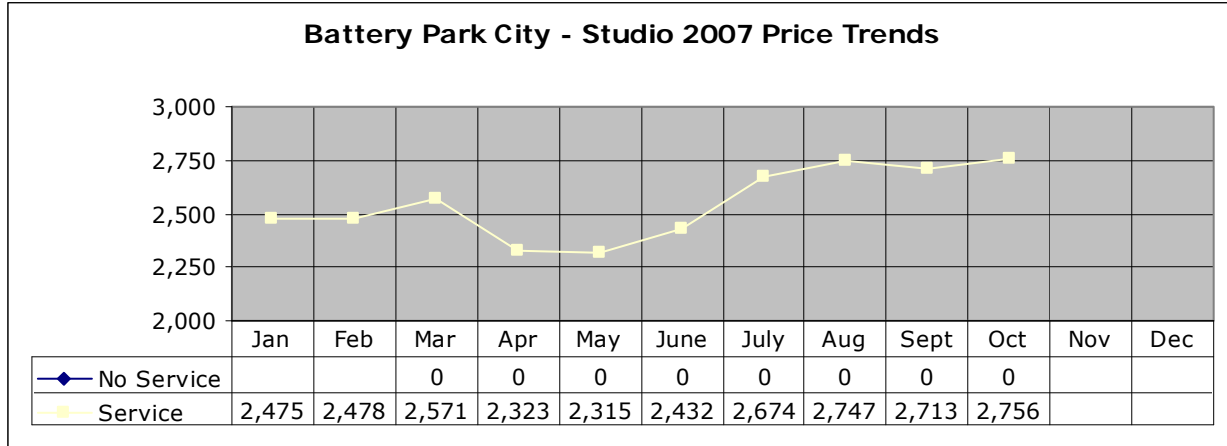
TriBeCa - Two Bedroom 2007 Price Trends



FINANCIAL DISTRICT



BATTERY PARK CITY





THE REPORT EXPLAINED

The Manhattan Rental Market Report *is the only report* that compares fluctuation in the city's rental data on a monthly basis. It is an essential tool for potential renters seeking transparency in the NYC apartment market and a benchmark for landlords to efficiently and fairly adjust individual property rents in Manhattan.

The Manhattan Rental Market Report is based on data cross-sectioned from over 10,000 currently available listings located below 100th Street and under \$10,000, specifically to obtain a true monthly rental average by omitting ultra-luxury property. Our report is based on data aggregated from the TREGNY proprietary database and sampled from a specific mid-month point to record current rental rates offered by landlords specifically that month. It is then combined with information from the REBNY Real Estate Listings Source (RLS), Online Residential (OLR.com) and R.O.L.E.X. (Real Plus).

Contact us now: **212.475.9000**

Note: Information has been collected and compiled by The Real Estate Group's marketing department. All information is overseen by C.O.O. Daniel Baum.

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