



THE REAL ESTATE GROUP

NEW YORK

THE MANHATTAN RENTAL MARKET REPORT

DECEMBER 2007

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LETTER FROM OUR CHIEF OPERATING OFFICER



The Real Estate Group is proud to close out 2007 with December's Manhattan Rental Market Report, which marks our twelfth month of publishing this unique study. Our report is designed to analyze current trends and bring transparency to the Manhattan apartment rental market for renters, landlords and developers. We average rental rates from over 10,000 listings below 100th Street, omitting ultra-luxury property, to bring you market research with unparalleled reach across our industry.

The continued reduction in rental asking prices in most of the city's neighborhoods comes as no real shock this month. Real estate professionals generally expect the rental market to be sluggish from mid November through year end, looking towards a bounce in demand after New Years.

On the other hand, even during the historically cooler rental season, the Financial District's disproportionately weak doorman apartment market struck us as a noteworthy trend. Though FiDi landlords continually try to incentivize renters with free-rent and owner-paid fees, it seems concessions alone are unable to support existing rental prices.

Looking forward, possible layoffs in the financial sector and overall economic ambiguity lay heavily in the mind of many New Yorkers. The question of course is how long Manhattan can continue to evade the "financial crisis" and "mortgage meltdown" hurting much of the rest of the country.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Baum'.

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



A QUICK LOOK

Non-Doorman Buildings (Average Prices)		
	Most Expensive	Least Expensive
Studios	SoHo \$2,436	UWS \$1,734
One Beds	TriBeCa \$4,476	Midtown West \$2,374
Two Beds	TriBeCa \$6,971	Midtown West \$3,061

Doorman Buildings (Average Prices)		
	Most Expensive	Least Expensive
Studios	TriBeCa \$3,054	Midtown West \$2,433
One Beds	SoHo \$2,745	Financial District \$3,162
Two Beds	SoHo \$6,744	LES \$4,347

Greatest Changes Since November:

- Doorman studios – \$503 decrease – Financial District
- Doorman 1-beds – \$403 decrease – Financial District
- Doorman 2-beds – \$373 decrease – Midtown East
- Non-doorman studios – \$163 decrease – SoHo
- Non-doorman one-bedrooms – \$161 increase – Chelsea
- Non-doorman two-bedrooms – \$201 decrease – Financial District

Notable Trends:

Financial District rents drop dramatically as supply exceeds demand—Doorman studio and one-bedroom rents dropped this month due to the exponential growth of residential property in the Financial District. FiDi landlords still commonly offer renters incentives such as owner-paid fees (also known as OP's) and/or free rent. However, it appears that in December, even generous landlord concessions couldn't bridge the gap between the large number of available FiDi spaces and the smaller number of people seeking them out.

Average citywide rents continue to decline—With the exception of doorman studios (whose monthly rents increased by a mere \$1), the average price points of rents throughout Manhattan continued to decline through the end of the 4th quarter.



A QUICK LOOK

Notable Trends (Continued):

Demand for apartments on the Lower East Side increases as more luxury renters move in—All Lower East Side rents increased this month, particularly in doorman categories. Yet, for non-luxury renters, this neighborhood still retains much of its historic affordability with the city's least expensive doorman two-bedrooms and second least expensive (above the Upper West Side by \$1) non-doorman studios.

Where Prices Decreased:

Upper West Side—Now has the city's best deal on non-doorman studios at \$1,734.

Upper East Side—Other than non-doorman studios, all asking rents decreased slightly.

Midtown East—The expected softening of Manhattan's year-end rental market saw average prices fall in all Midtown East apartment categories this month, with the exception of doorman studios.

Gramercy Park—After a November boost that sent Gramercy's non-doorman studio rents to their 2007 peak, prices for one-bedrooms across both categories fell this month.

SoHo—Though SoHo remains one of the city's most expensive locales, this chic neighborhood finally started to feel the chill of the market with prices nudging downward in every category but service studios.

Where Prices Increased:

Greenwich Village—Rents for doorman one-bedrooms continued their 4th quarter climb and studio demand stabilized, though two-bedroom prices in the Village decreased overall.

East Village—The ever-popular East Village recovered from last month's dips in the non-doorman one- and two-bedroom categories, and rents across all other categories either increased or stabilized.

Murray Hill—Doorman rents bounced back from their November decline, most notably in the two-bedroom category.

Lower East Side—Recent ultra-luxury residential property openings—and the ritzier appeal they



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A QUICK LOOK

Where Prices Increased (Continued):

give this traditionally affordable neighborhood—caused end-of-year rents to climb across the board.

Battery Park City—Doorman studios and one-bedroom rents rose, while doorman two-bedrooms in this area have been on the downswing since the 3rd quarter.

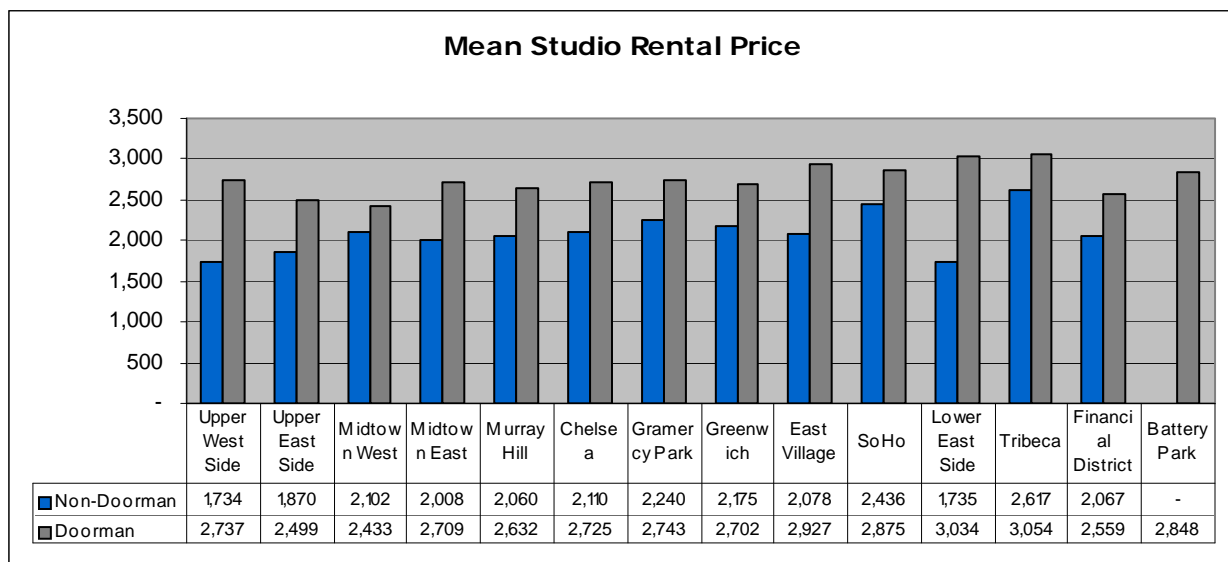
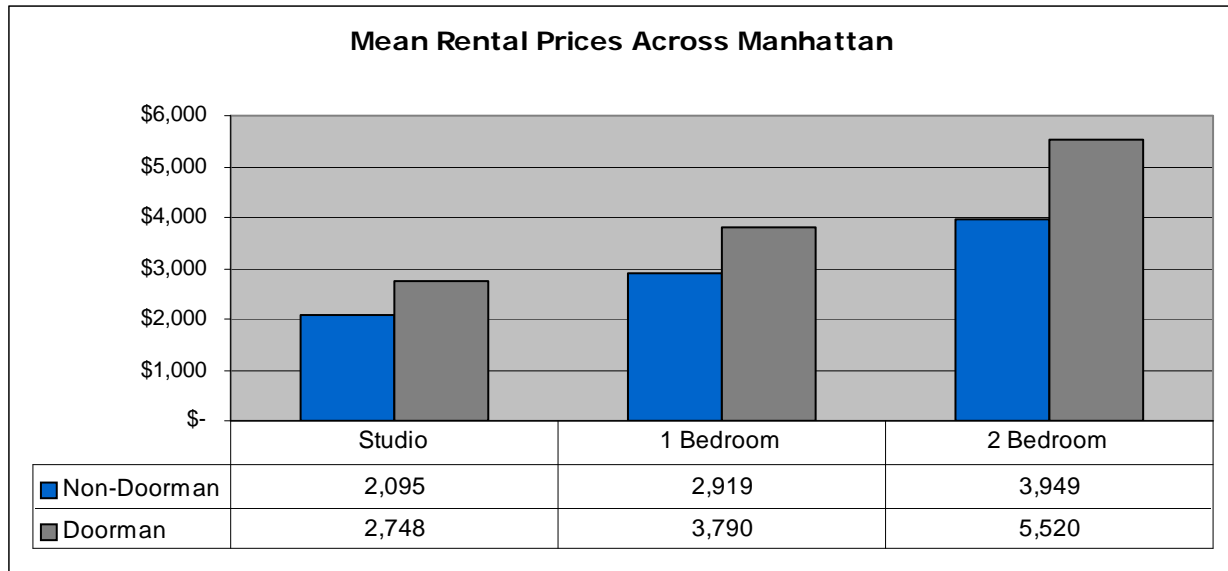
Tips for Renters:

- Ongoing conversions and new construction in the Financial District have created a vast amount of inventory in this neighborhood, and, as indicated by this month's steep all-around drop in rents, supply currently exceeds demand. FiDi is now the place to find great deals, especially on service buildings. Keep an eye out for incentives—FiDi landlords have been offering heavy handouts to minimize vacancies.
- If you're looking for a smaller, more affordable Manhattan space and can live without the luxury of a doorman, rents for non-doorman studios citywide have reached the lowest point since the 2nd quarter. Expect these rents to continue their slow decline as the market cools further into the New Year.
- You may want to consider TriBeCa if you can afford the area's steep price tag and you're on the hunt for a service building. Currently, TriBeCa stands out as the only Manhattan neighborhood whose doorman one- and two-bedroom apartments cost less to rent than their non-doorman counterparts.
- As a result of new luxury vacancies tipping the Lower East Side's rental market, Midtown West stole the LES' "Best Bargain" crown this month. Midtown West boasts December's least expensive average asking rents in non-doorman one- and two-bedrooms as well as doorman studios. Make this neighborhood your starting point if you're tackling the formidable task of Big Apple apartment hunting on a budget.



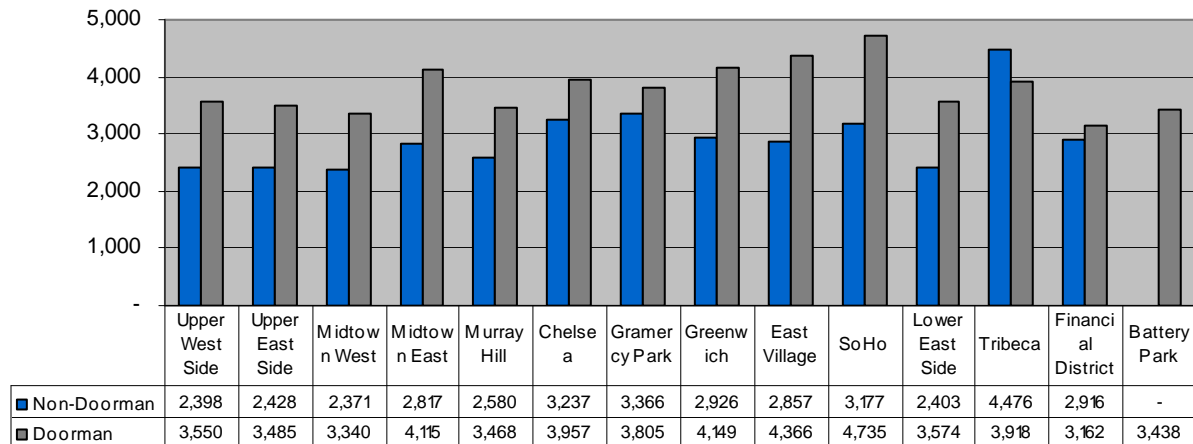
MEAN RENTAL PRICES THROUGHOUT MANHATTAN

In the following pages you will find graphs illustrating average monthly rental prices for studios, one-bedrooms and two-bedrooms in doorman and non-doorman buildings throughout Manhattan for the month of December 2007, as well as individual graphs for the various neighborhoods.

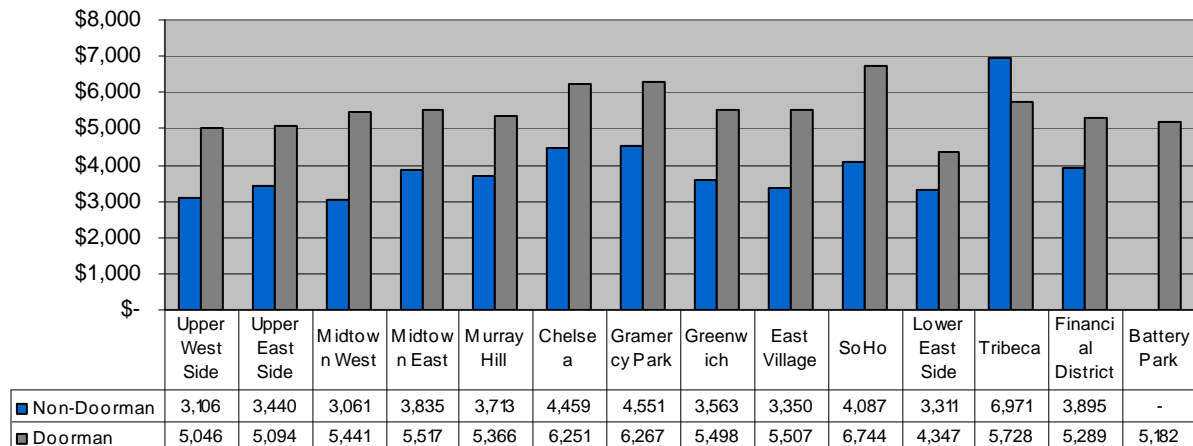


MEAN RENTAL PRICES THROUGHOUT MANHATTAN

Mean 1 Bedroom Rental Price

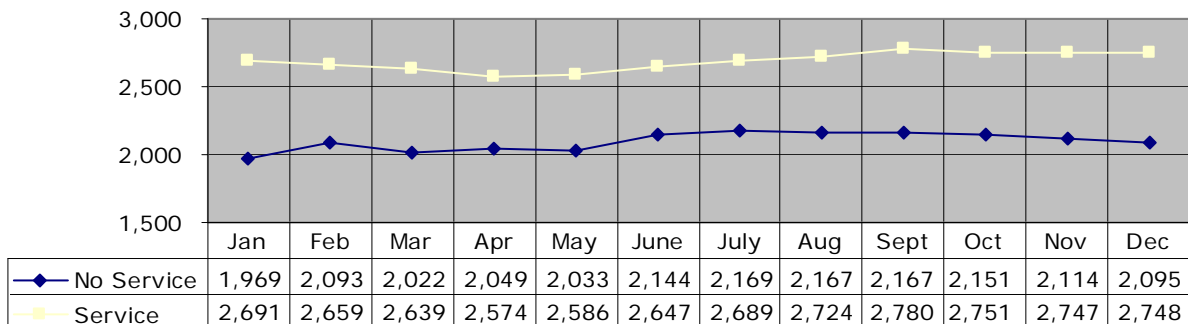


Mean 2 Bedroom Rental Price

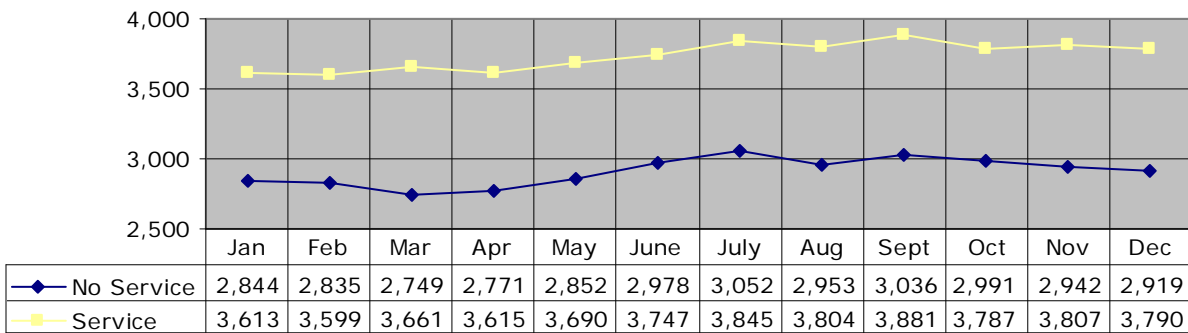


MANHATTAN RENTAL PRICE TRENDS IN 2007

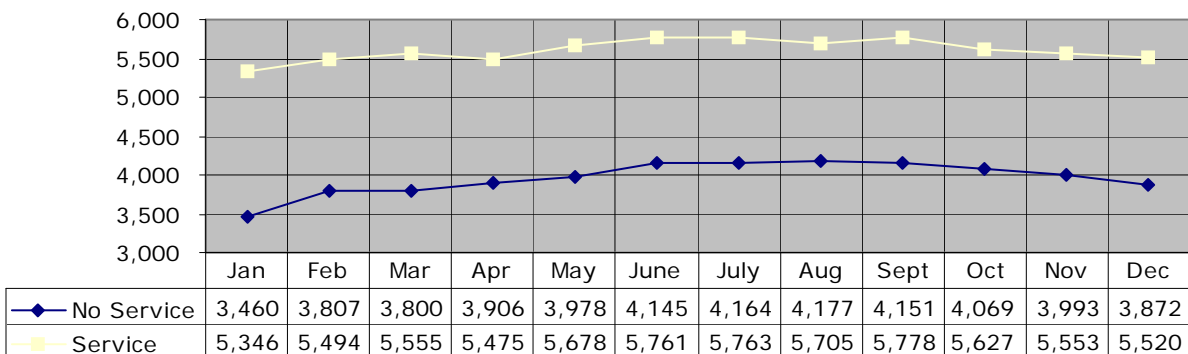
City Wide Studios - 2007 Price Trends



City Wide One Bedrooms - 2007 Price Trends



City Wide Two Bedrooms - 2007 Price Trends



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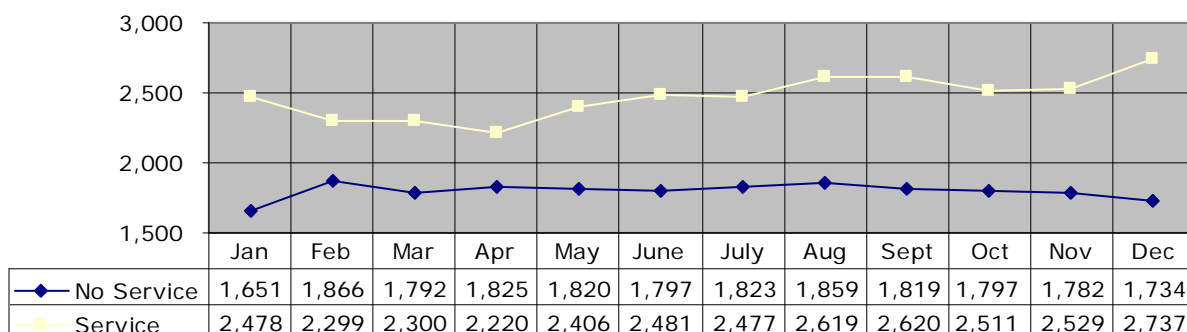
NEIGHBORHOOD PRICE TRENDS



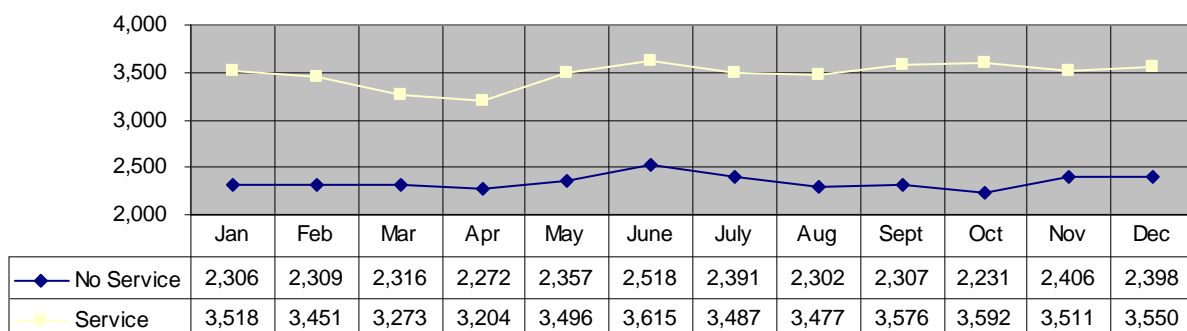
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UPPER WEST SIDE

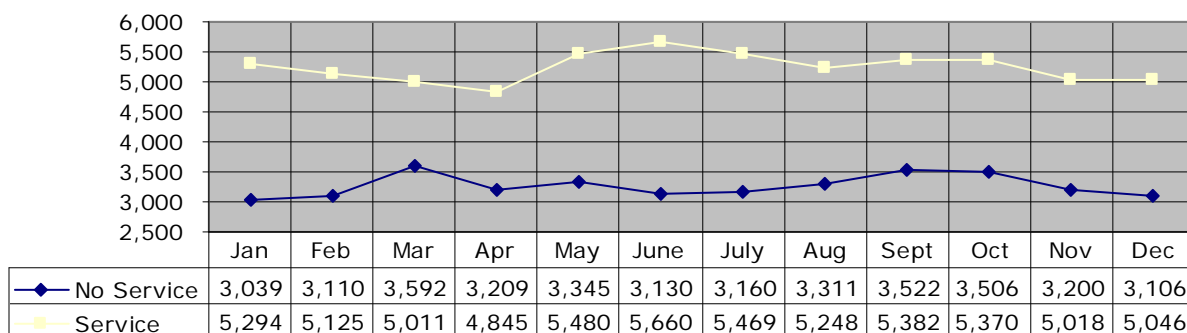
Upper West Side - Studio 2007 Price Trends



Upper West Side - One Bedroom 2007 Price Trends



Upper West Side - Two Bedroom 2007 Price Trends

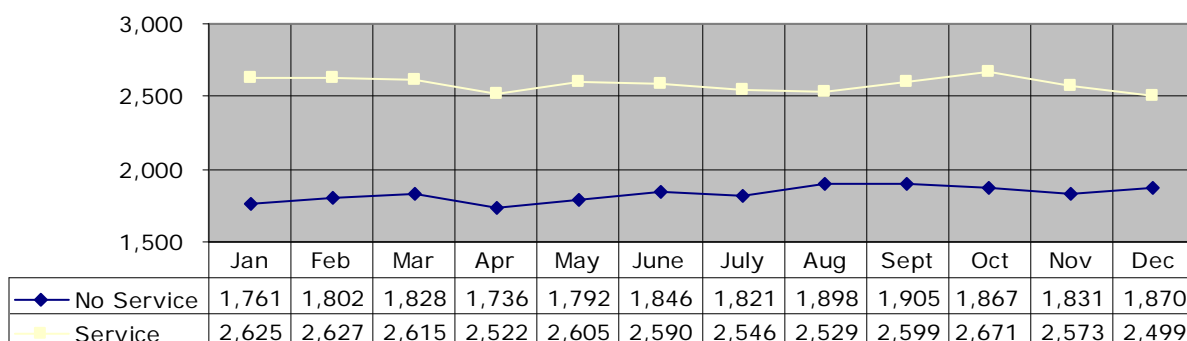


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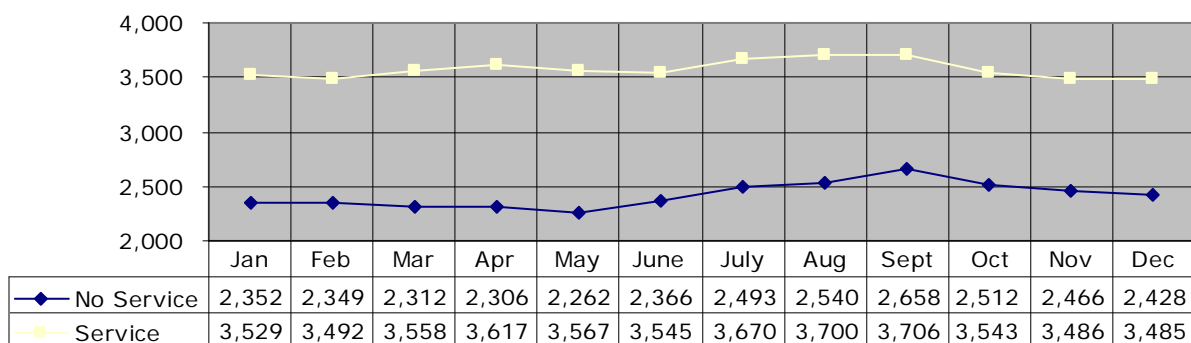
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UPPER EAST SIDE

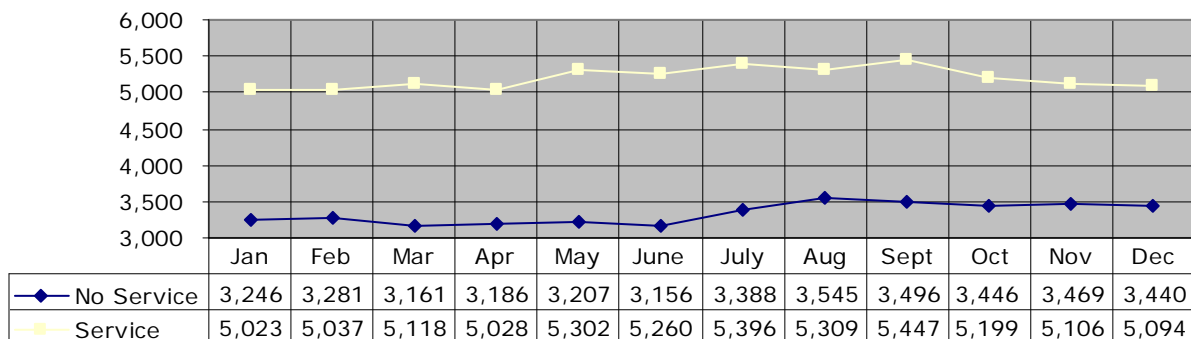
Upper East Side - Studio 2007 Price Trends



Upper East Side - One Bedroom 2007 Price Trends



Upper East Side - Two Bedroom 2007 Price Trends

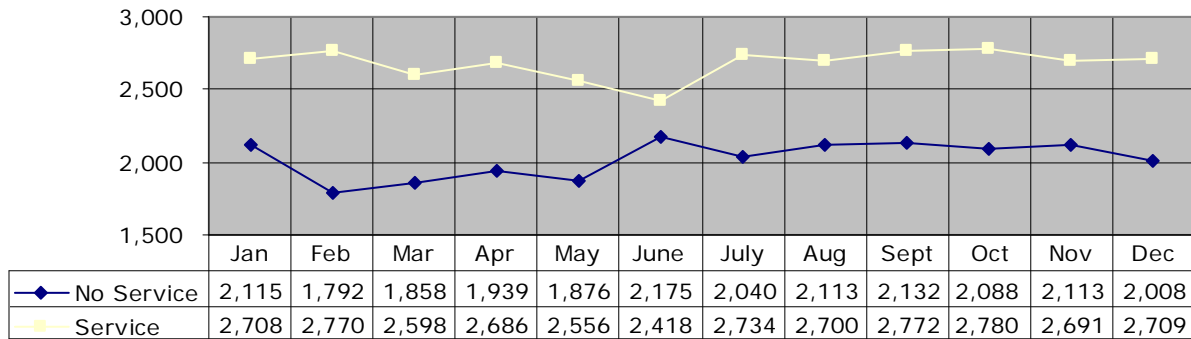


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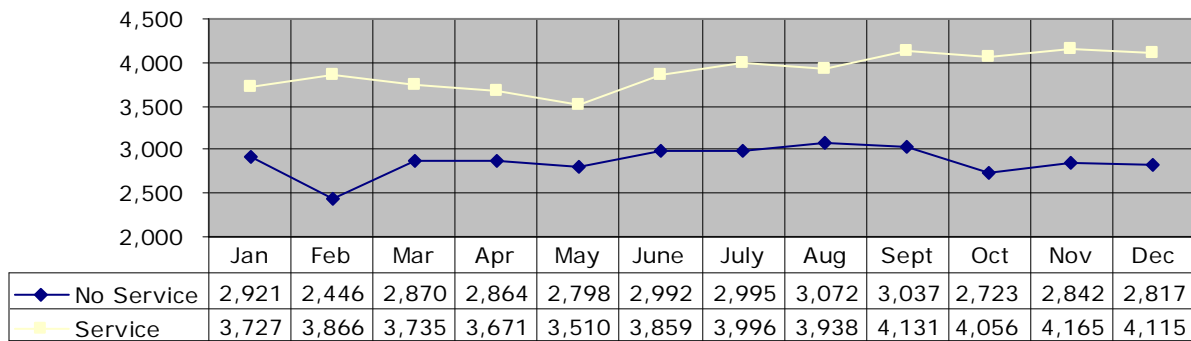
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MIDTOWN EAST

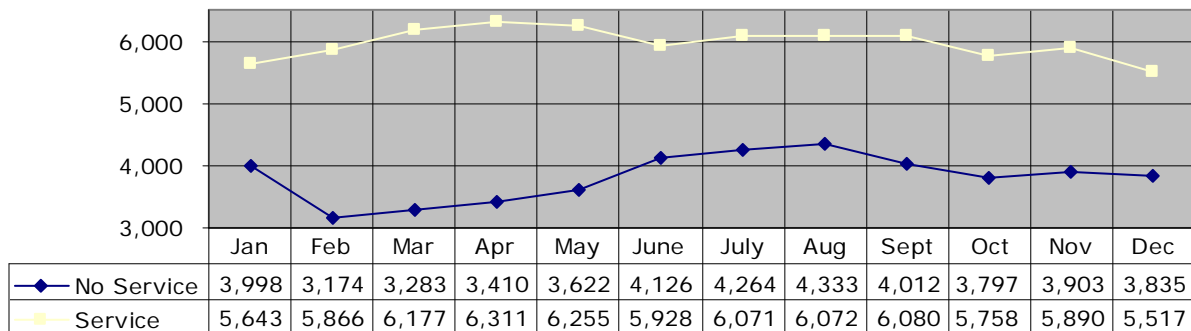
Midtown East - Studio 2007 Price Trends



Midtown East - One Bedroom 2007 Price Trends



Midtown East - Two Bedroom 2007 Price Trends

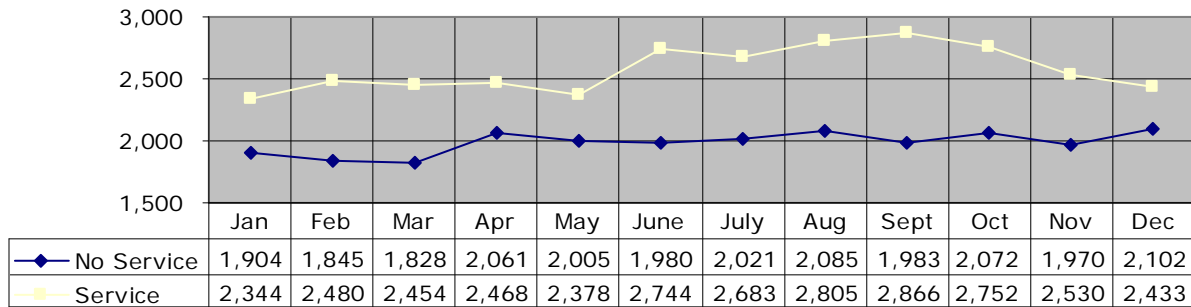


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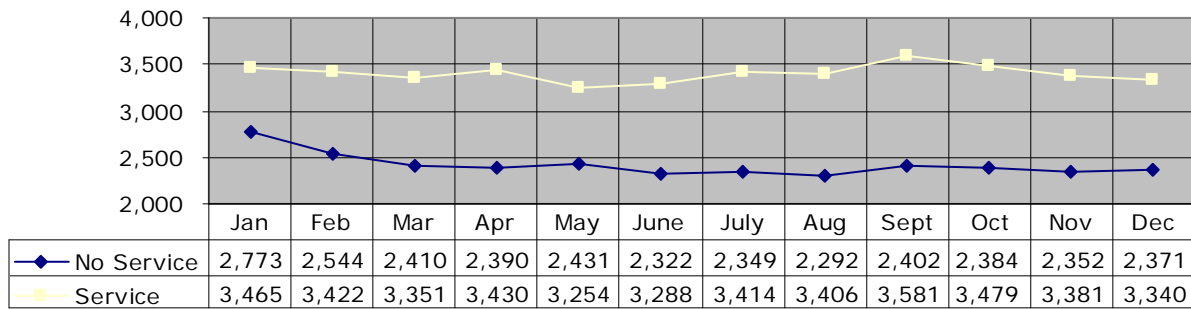
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MIDTOWN WEST

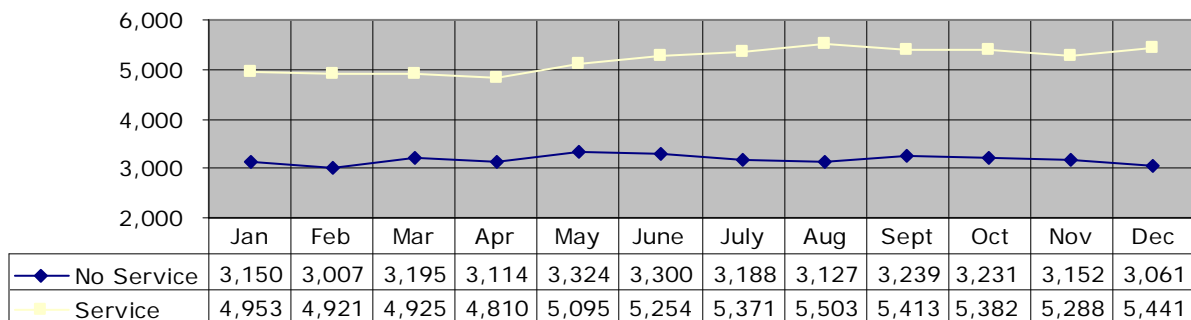
Midtown West - Studio 2007 Price Trends



Midtown West - One Bedroom 2007 Price Trends



Midtown West - Two Bedroom 2007 Price Trends

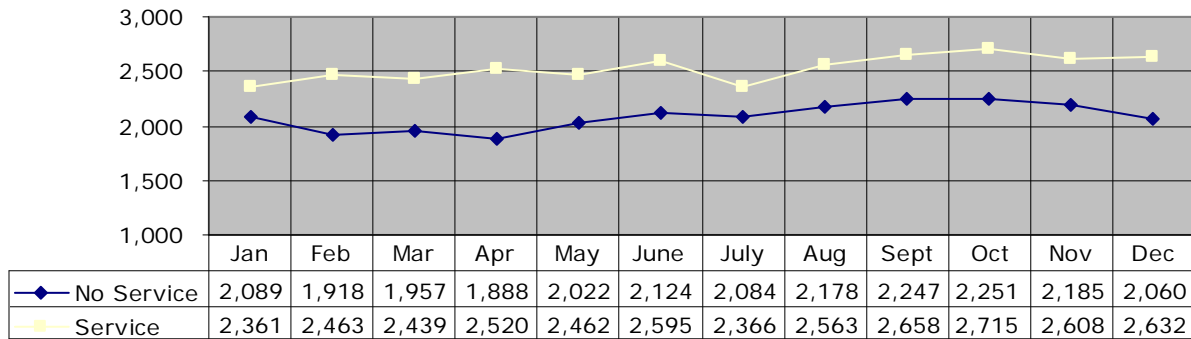


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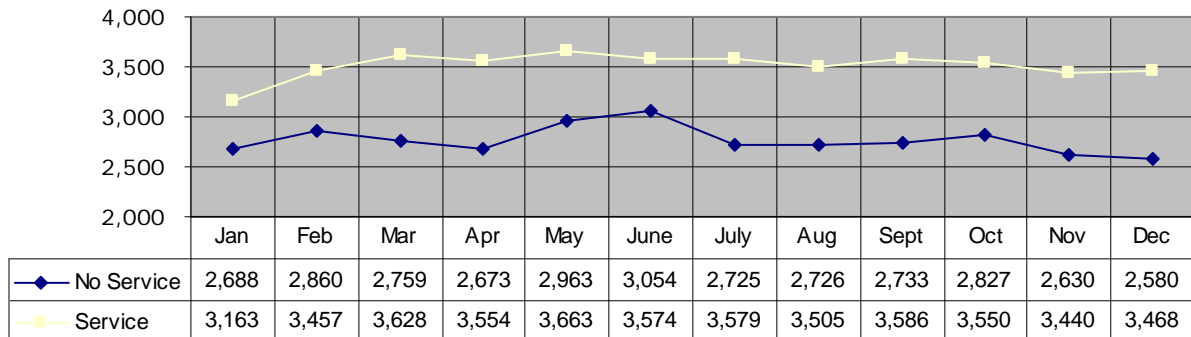
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MURRAY HILL

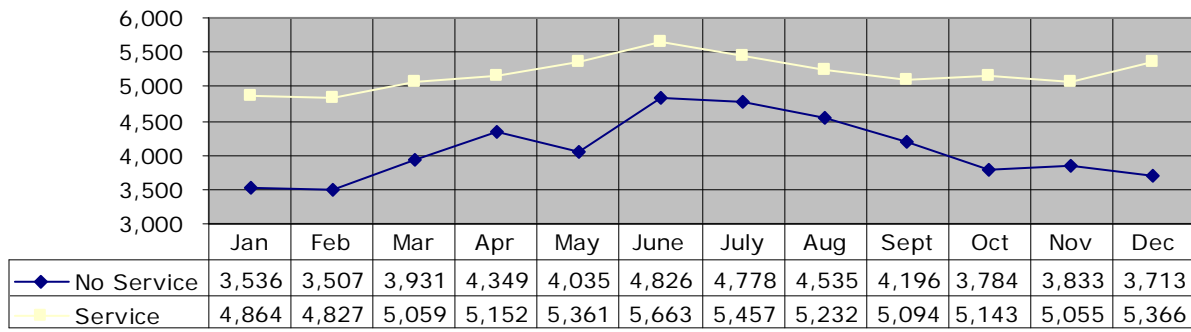
Murray Hill - Studio 2007 Price Trends



Murray Hill - One Bedroom 2007 Price Trends



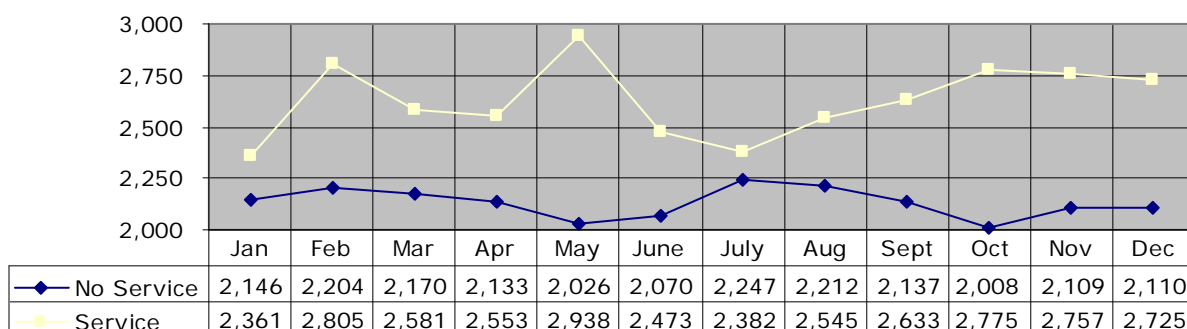
Murray Hill - Two Bedroom 2007 Price Trends



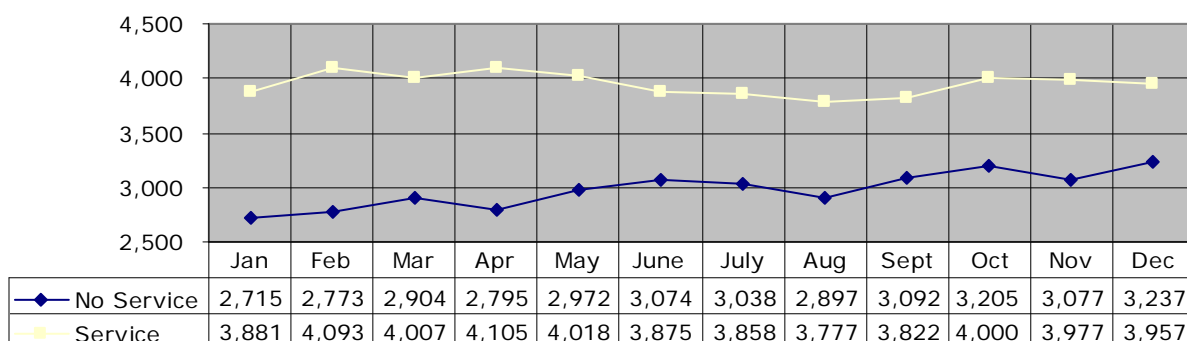
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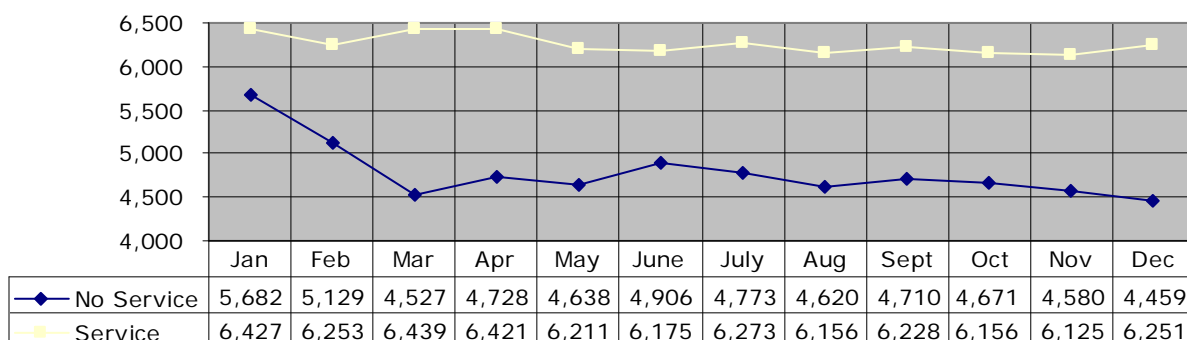
Chelsea - Studio 2007 Price Trends



Chelsea - One Bedroom 2007 Price Trends

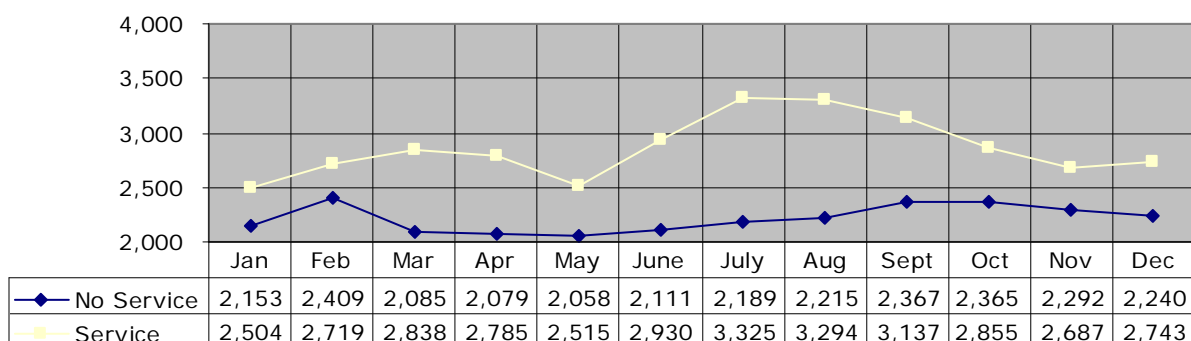


Chelsea - Two Bedroom 2007 Price Trends

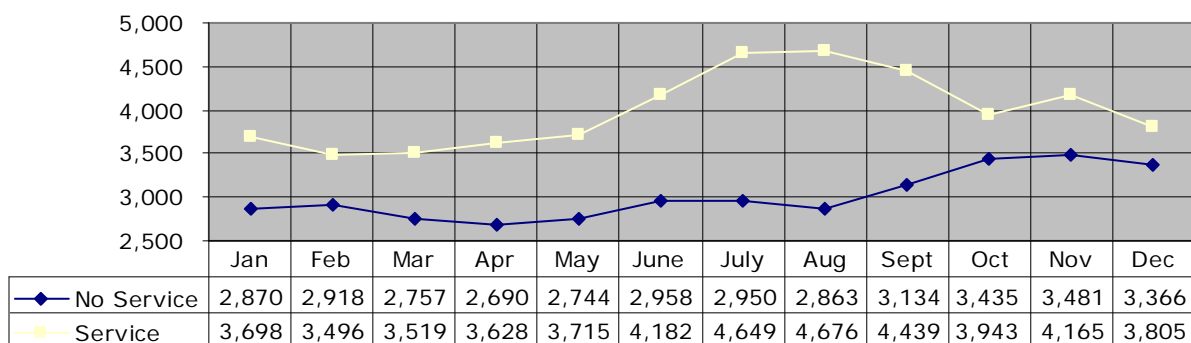


GRAMERCY PARK

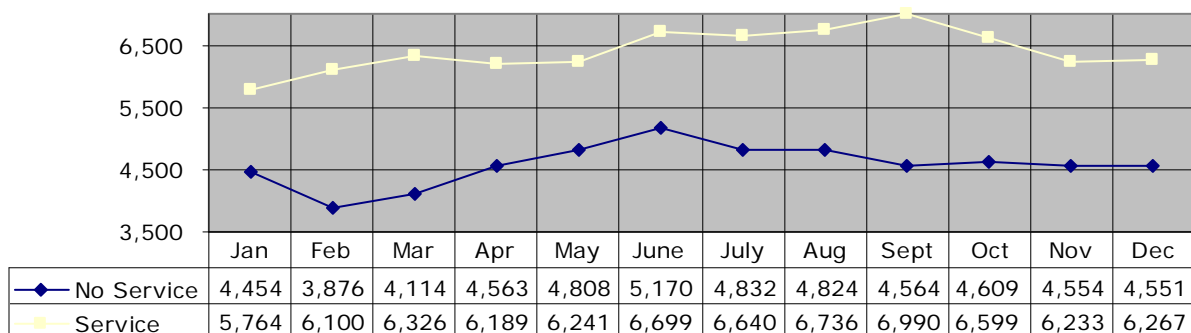
Gramercy Park - Studio 2007 Price Trends



Gramercy Park - One Bedroom 2007 Price Trends



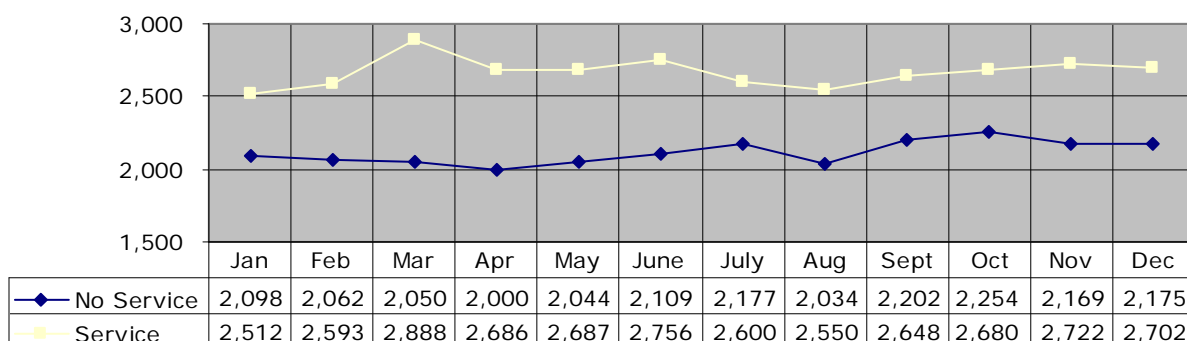
Gramercy Park - Two Bedroom 2007 Price Trends



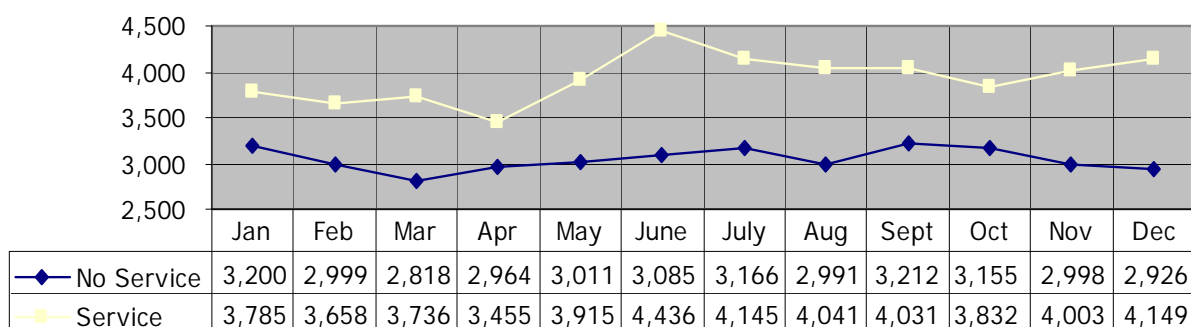
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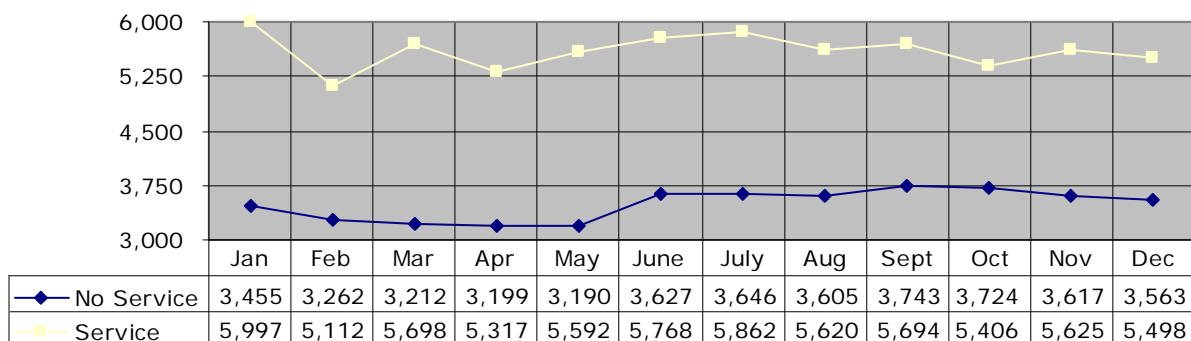
Greenwich - Studio 2007 Price Trends



Greenwich - One Bedroom 2007 Price Trends



Greenwich - Two Bedroom 2007 Price Trends

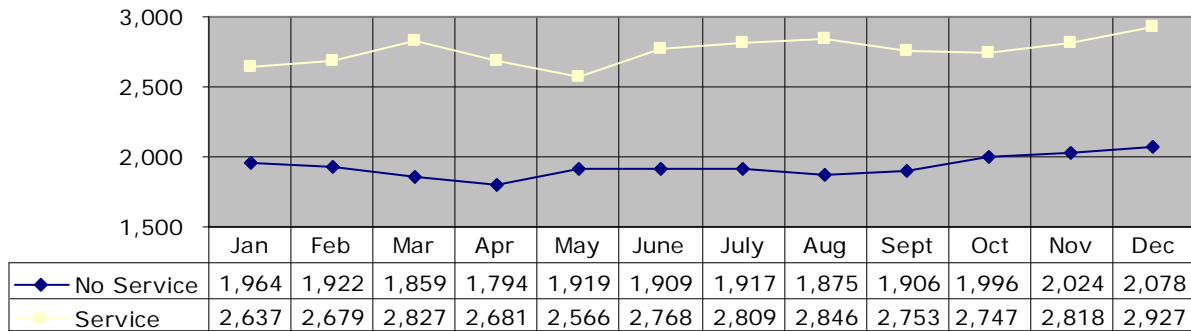


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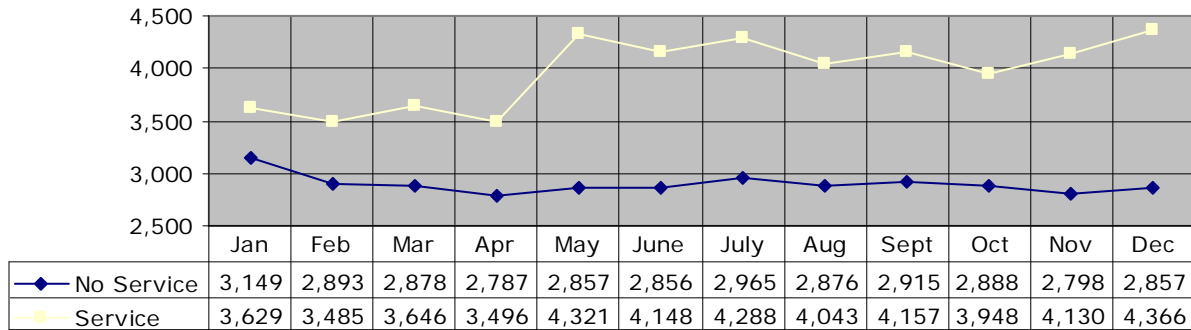
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EAST VILLAGE

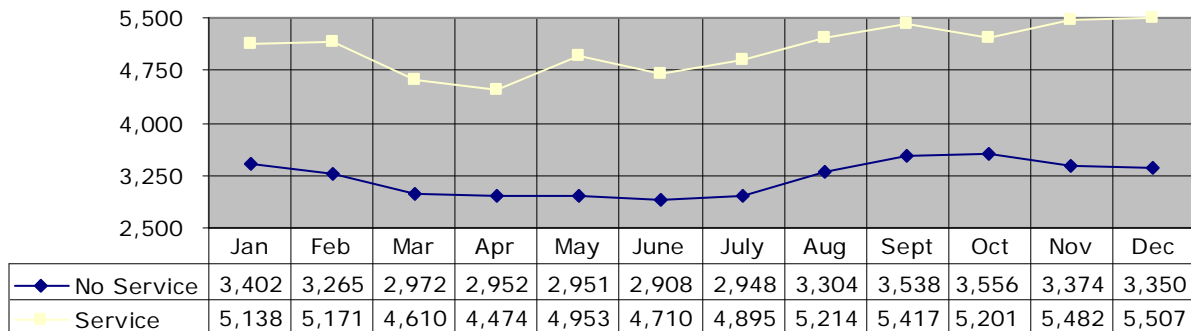
East Village - Studio 2007 Price Trends



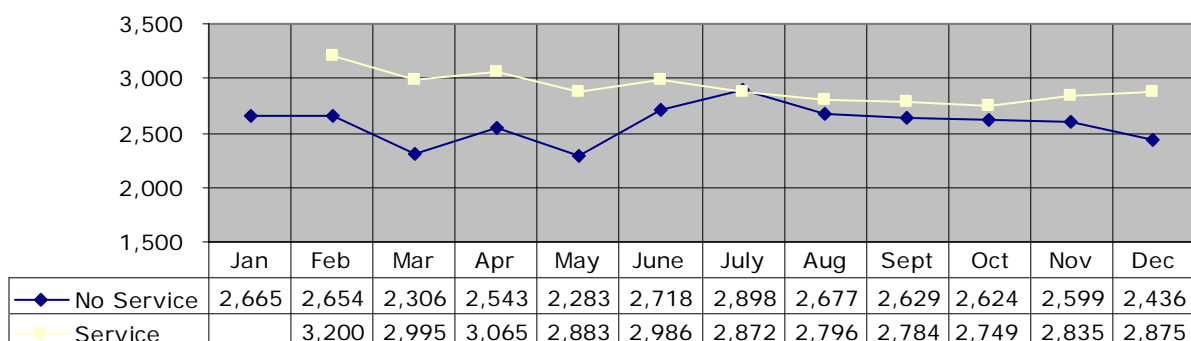
East Village - One Bedroom 2007 Price Trends



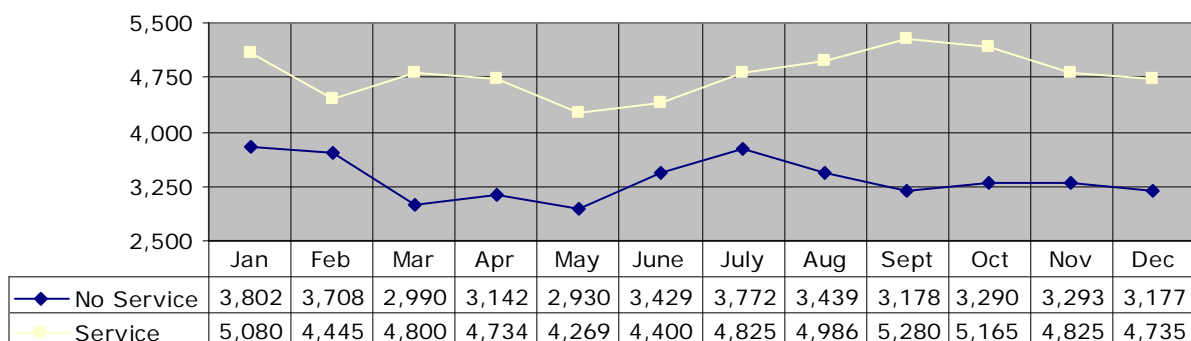
East Village - Two Bedroom 2007 Price Trends



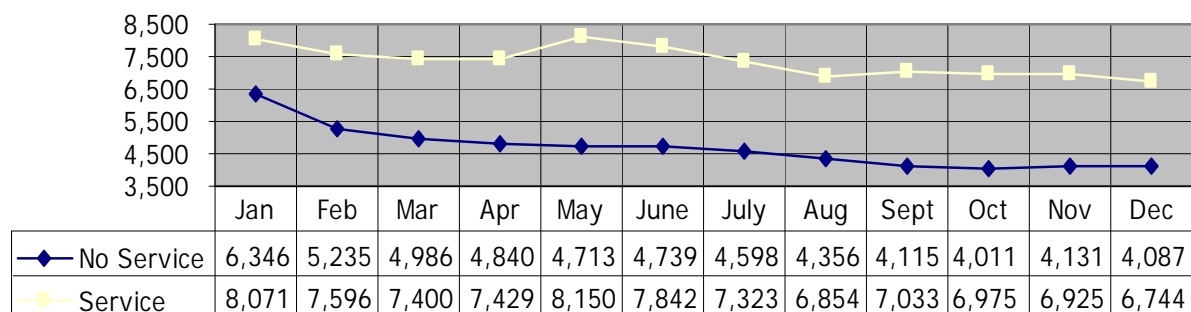
SoHo - Studio 2007 Price Trends



SoHo - One Bedroom 2007 Price Trends



SoHo - Two Bedroom 2007 Price Trends

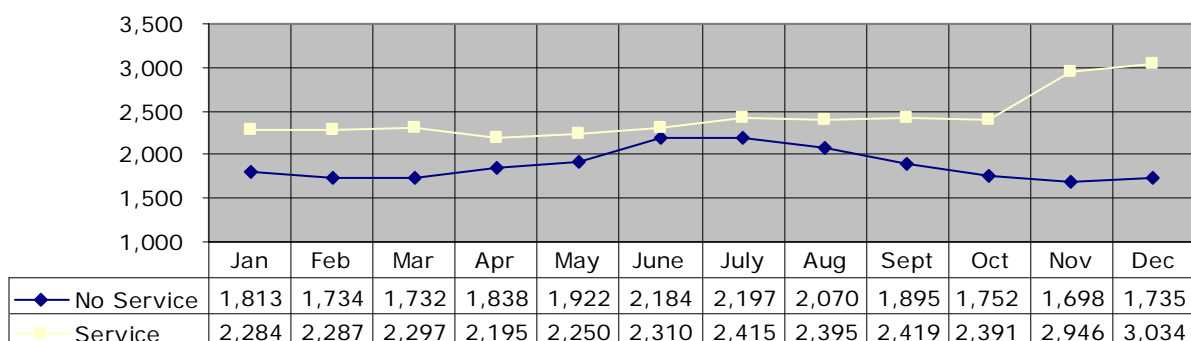


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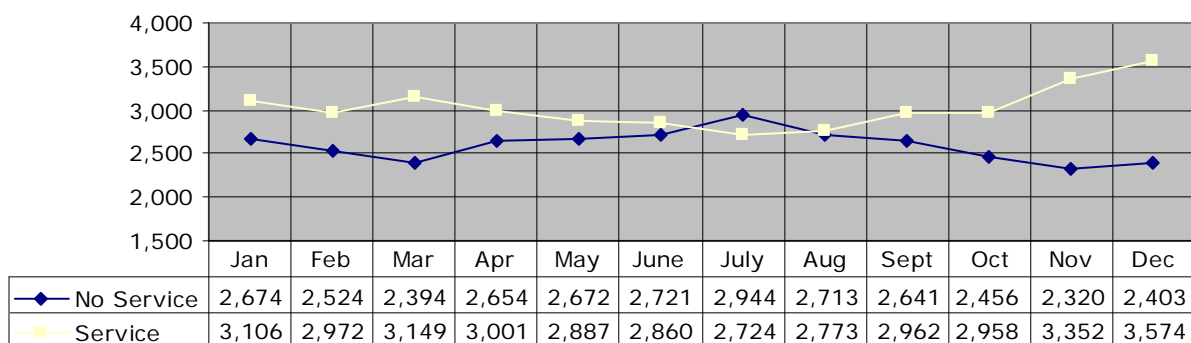
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LOWER EAST SIDE

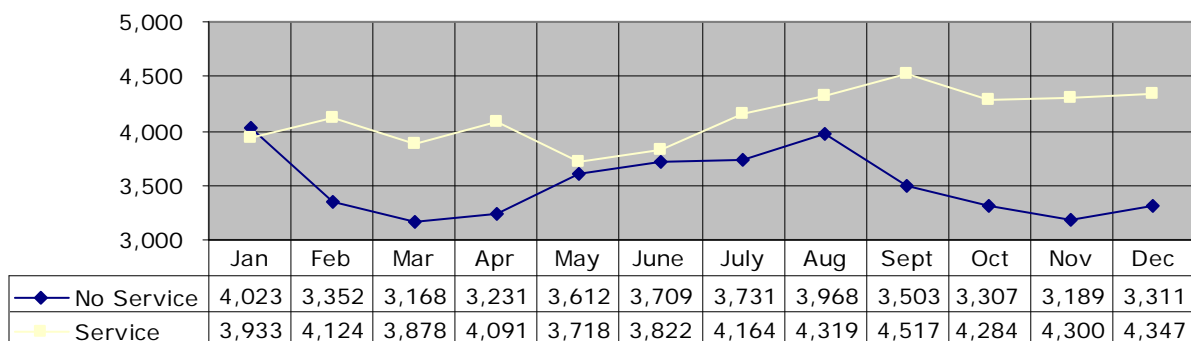
Lower East Side - Studio 2007 Price Trends



Lower East Side - One Bedroom 2007 Price Trends



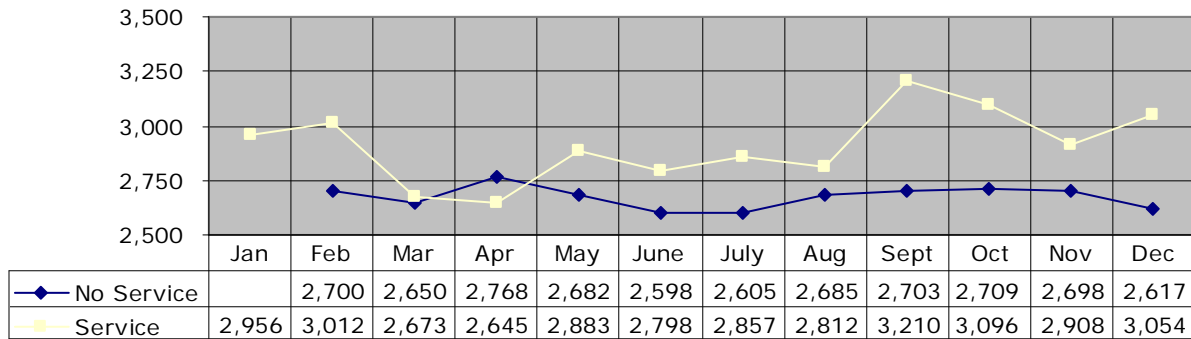
Lower East Side - Two Bedroom 2007 Price Trends



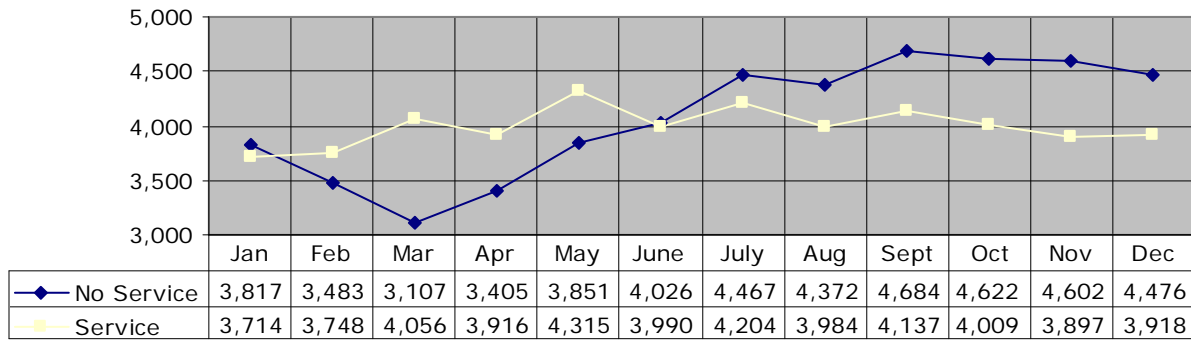
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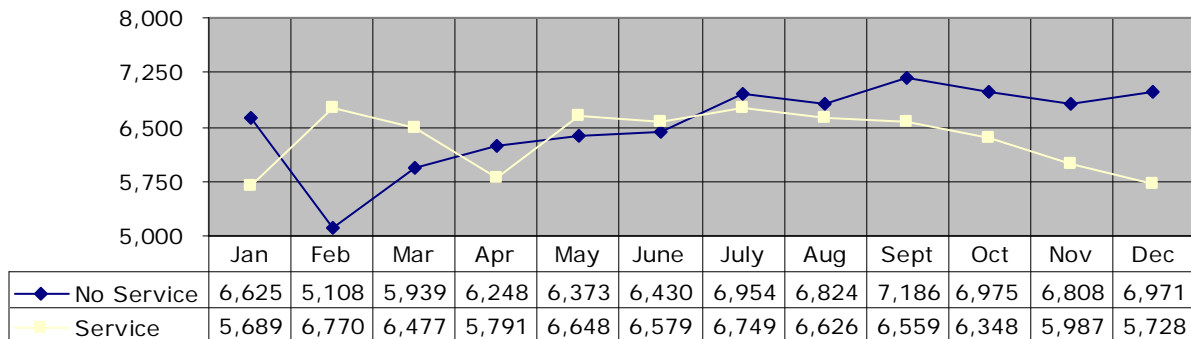
TriBeCa - Studio 2007 Price Trends



TriBeCa - One Bedroom 2007 Price Trends

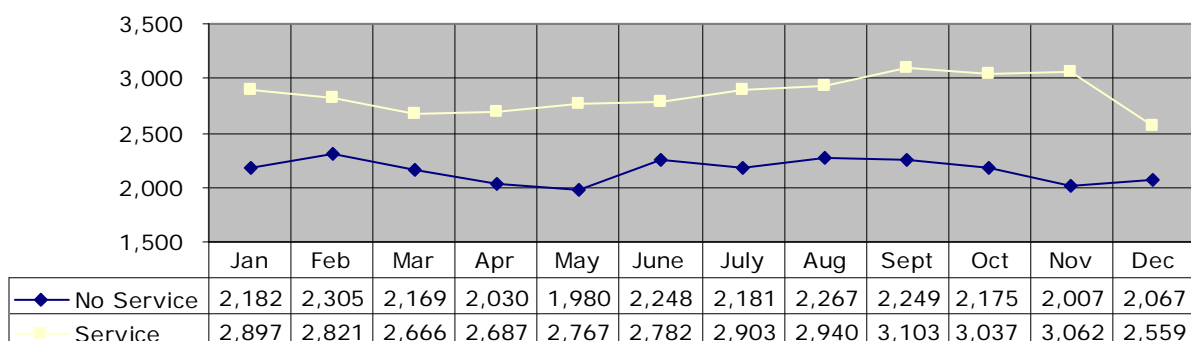


TriBeCa - Two Bedroom 2007 Price Trends

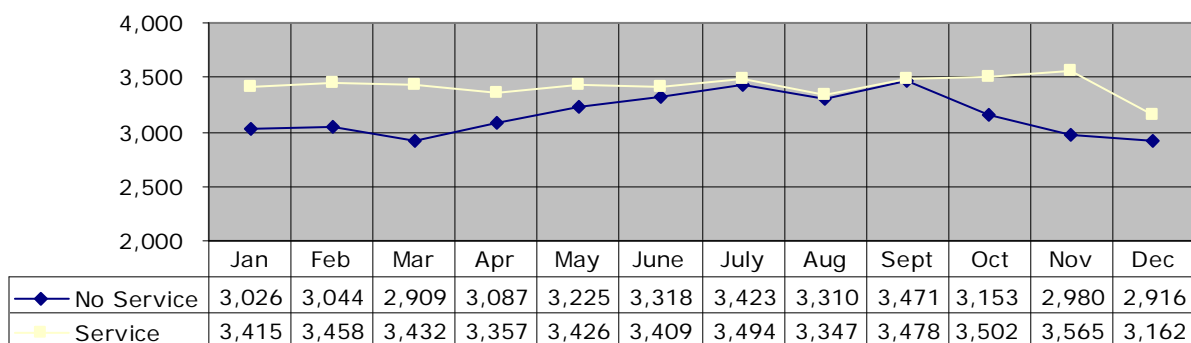


FINANCIAL DISTRICT

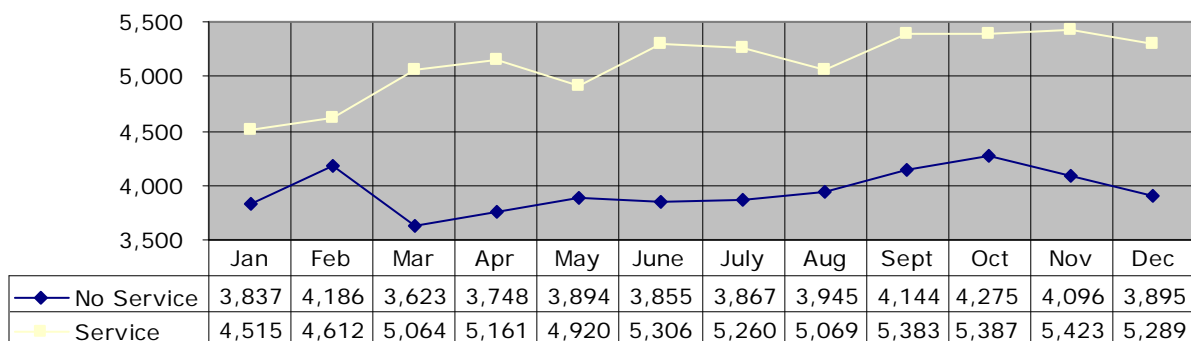
Financial District - Studio 2007 Price Trends



Financial District - One Bedroom 2007 Price Trends



Financial District - Two Bedroom 2007 Price Trends

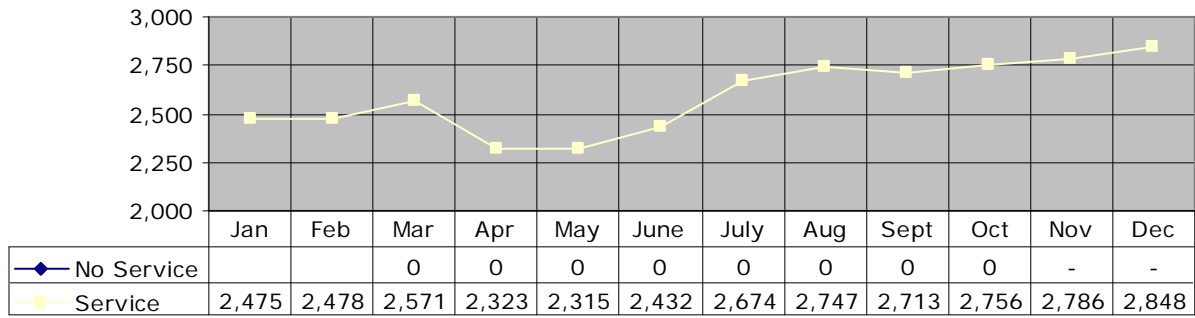


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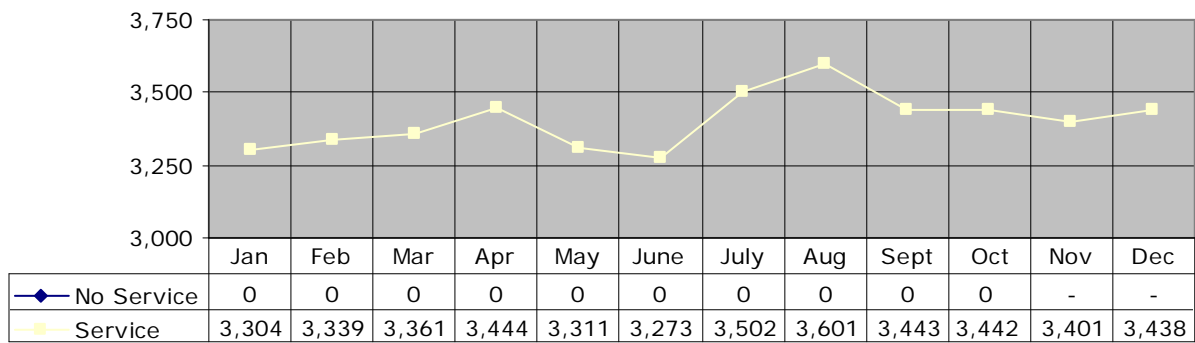
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BATTERY PARK CITY

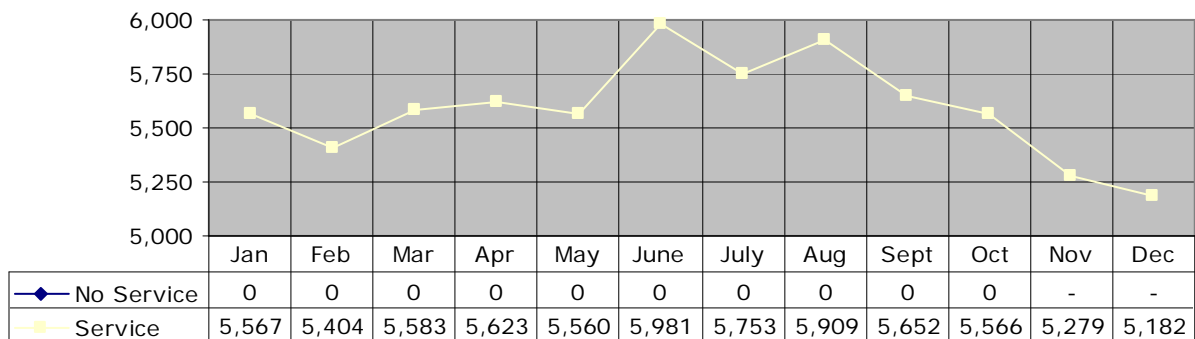
Battery Park City - Studio 2007 Price Trends



Battery Park City - One Bedroom 2007 Price Trends



Battery Park City- Two Bedroom 2007 Price Trends



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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), On Line 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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